11-7-2014

Re-elected Brazilian President Dilma Rousseff Faces Second-Term Challenges

Gregory Scruggs

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation
https://digitalrepository.unm.edu/notisur/14286

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Re-elected Brazilian President Dilma Rousseff Faces Second-Term Challenges

by Gregory Scruggs
Category/Department: Brazil
Published: 2014-11-07

The leftist Partido dos Trabalhadores (PT) will remain in power for another four years after Brazilian voters re-elected incumbent Dilma Rousseff in the presidential runoff on Oct. 26. She narrowly defeated the conservative challenger, Aécio Neves, of the Partido da Social Democracia Brasileira (PSDB). Following a victorious first round of voting (NotiSur, Oct. 17, 2014), Rousseff received 51.64% of the national vote, while Neves took 48.36%. This extremely thin margin was the smallest in Brazil’s modern history of free, democratic elections. It extended the PT’s number of consecutive presidential victories to four, which has kept the PSDB out of power since former President Fernando Henrique Cardoso (1995-2003) finished his second term.

The close election came on the heels of a hotly contested campaign that energized voters, who defied expectations of blank ballot casting (voting is mandatory in Brazil). The percentage of invalid votes was below that in the 2010 election. As a result of the fractured electorate, Neves called for national unity during his congratulatory phone call to Rousseff. "I wished her success in the conduct of her new government and reasserted that I consider the top priority to be unifying Brazil around an honorable project worthy of the dignity of all Brazilians," he said in election-night comments from Belo Horizonte.

Rousseff disagreed with the repeated claims of a divided country in her first public speech after the election. "I don’t believe, sincerely, from the bottom of my heart, I don’t believe that these elections divided the country in half. Understanding, yes, that they mobilized ideas, sometimes contradictory emotions, but motivated by a common feeling, the search for a better future for our country," Rousseff said.

Regardless, the challenges for Rousseff in her second term are significant. The economy continues to underperform and inflation remains above desirable rates. Prices have dropped on commodities that fueled the country’s recent boom. Rousseff must appoint a new finance minister, having publicly declared before the election that she would replace the current one. Although both the June 2013 protests and a general call for change did not result in Rousseff’s defeat, it is clear that Brazilian voters expect her to chart a new course in her second administration.

Analysts dispute regional division in election results
Although Brazil elects its presidents by popular vote, the national map, color-coded red and blue by state, has become a popular symbol of a perceived regional division opposing a low-income north and northeast with an affluent south and southeast. In general, Rousseff’s PT performed well in the north and northeast while Neves’ PSDB won in the south and southeast.

"There is no surprise in this result," said Albert Fishlow, professor emeritus of international affairs at Columbia University and former deputy assistant secretary of state for inter-American affairs, in an interview following a roundtable on the election. "The Brazilian electoral results correspond to long-standing regional differentiation. The north and northeast have been much poorer than the...
other regions and have benefited from the extension of Bolsa Família, as well as allocation of federal funds to states and municipalities for health and education. The south and southeast in Brazil reflect more than 70% of GDP, but a lesser 55% in population."

However, there are some exceptions to this characterization, as other analysts have pointed out. Rogerio Waldrigues Galindo argued in the Gazeta do Povo that statements such as Rousseff is "president of the northeast" are overstated. She won in Rio de Janeiro and Minas Gerais, where Neves was a successful governor, although lost in São Paulo, the state that gave birth to her party. Moreover, she lost in northern Roraima and Acre, the latter home to third-place candidate Marina Silva, who endorsed Neves after losing in the first round. Pernambuco, power base of Eduardo Campos, the third major candidate in the race who died in an August plane crash (NotiSur, Sept. 5, 2014), also voted for Rousseff, an indication of the candidate’s appeal beyond party lines as Campos’ Partido Socialista Brasileiro (PSB) endorsed Neves.

In light of the electoral map used by mainstream Brazilian media to justify the interpretation of a divided country, graphic designer Amanda Dassié recast the map with each state color-coded by percentage of votes for the two candidates. The result is a checkerboard map that intersperses red and blue to create the impression of a more mixed electorate. The map went viral on social media under the title, "Yes, Brazil was divided, but not by region." Much of the election’s back-and-forth played out on Facebook, where the topic received 674.4 million comments, posts, and "likes," the highest number of any global election in the social media site’s history.

Reform and new economic direction likely in Rousseff’s first 100 days

The first order of business for Rousseff is the appointment of a new finance minister. A reduced credit rating by major ratings agencies, projected 2% growth in GDP next year, and declining soy and oil prices are all indications of a challenging economic direction for Brazil. Consequently, during the campaign she publicly declared that Guido Mantega would not continue as finance minister during her second term.

The current leading candidates are Rossano Maranhão, ex-president of the Banco do Brasil and an executive at Banco Safra; Luiz Carlos Trabuco, president of Bradesco; and Nelson Barbosa, former secretary of finance. Media reports say that Trabuco declined an informal invitation to serve, and Barbosa remains Rousseff’s leading choice for the job. Ex-President Luiz Inácio "Lula" da Silva, Rousseff’s predecessor who remains influential in high-profile political matters, had previously suggested Henrique Meirelles, former president of the Central Bank, whom Rousseff rejected because of his economic orthodoxy. It is expected that the new minister will be announced before the G-20 convenes on Nov. 15.

Regardless of who assumes the ministry, economic policy is expected to take a new direction. "Major effort is needed in fiscal policy," Fishlow said. "There is need to increase productivity throughout the economy and on a continuing basis. The general view is that Dilma has learned her lesson and that government policies now will help rather than hurt. But the public wants immediate results, and they are not in the cards."

Inflation remains stubbornly high at 6.75%, although unemployment remains low at 4.9% in September. Investors oscillated wildly ahead of the election with an apparent concern that Rousseff’s re-election would hamper financial markets. In July, an internal memo to clients from Santander Bank was made public to much criticism. It warned that a second Rousseff term would
cause further economic decline in Brazil. Although widely criticized as an undue attempt to influence voters, some of its fears were borne out as the Bovespa, Brazil’s stock exchange, fell 3.24% the day after the election to 50,713, its lowest level since April. The real, the Brazilian currency, also dropped in value against the US dollar immediately following the election, although it rebounded slightly by the week ending Oct. 31.

Traditionally, Brazilian presidents in recent history have struggled in their second terms, making Rousseff’s first few months in office vital as she sets the tone for the next four years. "In the first 100 days, Dilma should send strong signals to Brazilian society that she will commit to strengthening institutions and abiding by rule of law," opined Sidney Nakahodo, lecturer at the School of International and Public Affairs of Columbia University, also speaking in an interview after the election roundtable. "This could be done by appointing a strong Cabinet, dialoguing with Congress, and fighting corruption in all levels of the administration."

-- End --