

# CRS Insights

Brazil's October 2014 Presidential Election

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September 30, 2014 (IN10157)

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Brazil, the fifth most populous country and seventh largest economy in the world, is scheduled to hold presidential, legislative, and state office elections on October 5, 2014. The presidential race appears to be headed to a close finish, and could lead to changes in the economic and foreign policies of a nation that the Obama Administration considers to be an [emerging](#) center of influence.

## Presidential Race

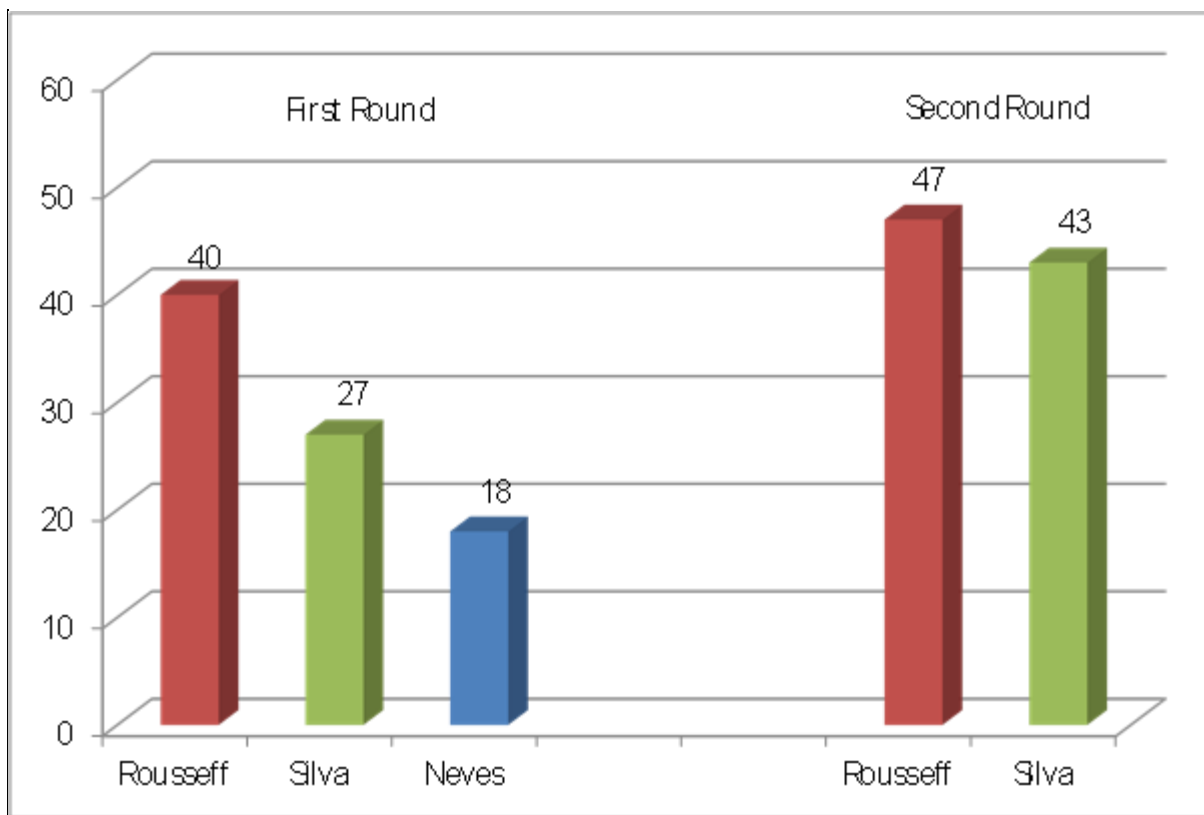
President Dilma Rousseff, the candidate of the center-left Workers Party (PT), is seeking reelection. She was originally elected to a four-year term in 2010 after promising to maintain the popular policies of President Luis Inácio Lula da Silva (2003-2010), during whose administration the Brazilian economy expanded by an average of [4% per year](#), poverty and inequality were [reduced significantly](#), and nearly 40 million Brazilians joined the middle class. The economy has slowed since Rousseff took office, however, and inflation has increased; the Brazilian government [expects](#) growth to fall to 0.9% and inflation to reach 6.2% this year. While unemployment has remained near record lows, many Brazilians [are frustrated](#) by the stagnation in their [living standards](#). Mass demonstrations took place across the country in June 2013, with citizens taking to the streets to denounce corruption, call for better quality public services, and voice a number of other grievances. [Nearly 80%](#) of Brazilians polled in August 2014 would like the next President to pursue different policies than those of the current administration.

The two major opposition candidates have sought to capitalize on Rousseff's failure to meet citizens' rising expectations, and the electorate's desire for change. Aécio Neves, a senator and former governor of the state of Minas Gerais and the candidate of the centrist Brazilian Social Democracy Party (PSDB), [has promised](#) to improve the efficiency and effectiveness of the Brazilian government and implement business-friendly economic policies to boost growth. Marina Silva, who took over as the candidate of the center-left Brazilian Socialist Party (PSB) after Eduardo Campos was killed in a plane crash in August 2014, [has proposed](#) similar economic policies while emphasizing environmental sustainability and promising to reform the political system.

Rousseff and her allies have responded by [alleging](#) that the opposition candidates would end popular social welfare programs and threaten the socioeconomic gains made in Brazil over the course of three PT terms. Neves has been more vulnerable to these charges since many Brazilians view the PSDB as the party of Brazil's privileged elite (Neves's grandfather was elected President in 1985), and associate it with the high unemployment and unpopular privatizations of the Fernando Henrique Cardoso Administration (1995-2002). Silva, who [has recounted](#) her impoverished childhood and has a long history on Brazil's political left, including serving as environment minister in the Lula Administration, is less susceptible to such charges. Nevertheless, the PT's critiques of her economic proposals, along with charges that she has reversed her positions on several issues and would generate political instability, appear to have eroded her support.

Recent polls indicate that Rousseff is likely to win a plurality, but not a majority, of the first round vote. According to a [September 26 poll](#), Rousseff has the backing of 40% of the electorate, compared to 27% for Silva and 18% for Neves. If no candidate wins an absolute majority of the valid vote, a second round will be held on October 26, 2014. The same poll suggests a runoff would be close, with Rousseff edging out Silva 47% to 43%. Rousseff performs better among older, less educated, and lower income voters while Silva performs better among younger, more educated, and higher income voters.

Figure 1. Presidential Voting Preferences (percent): September 26, 2014



**Source:** CRS presentation of [data from Datafolha](#).

**Notes:** This poll was in the field from September 25-26, 2014, and reported a margin of error of +/- 2%.

### Potential Policy Shifts

Regardless of who wins the presidential election, some economic policy shifts in Brazil are likely. President Rousseff has acknowledged that Brazil's economy is not performing as well as it should, and analysts [suggest](#) she would adopt some small-scale changes if reelected, such as appointing a new finance minister with a better relationship with investors and attempting to reduce the complexity of the tax system. Silva would seek more extensive [policy changes](#). These include enacting a fiscal adjustment to reduce spending and inflation, rolling back price controls on gasoline, and expanding public-private partnerships to improve infrastructure. Given her history of environmental activism, Silva may also push for more stringent environmental regulations. Both would struggle to move legislation through the Brazilian Congress, though Silva would likely face [greater challenges](#). The coalition of parties supporting her is expected to constitute a minority in Congress, and she has pledged to change the way the political system works by ending traditional practices like distributing control of government ministries to parties in exchange for congressional support.

Foreign policy has not been a major focus of Rousseff's first term, and some analysts [argue](#) that whoever is elected is likely to concentrate on domestic challenges. Others [maintain](#) that Silva is likely to place more emphasis on international affairs and could seek to position Brazil as a global leader on environmental issues such as climate change and [forest conservation](#). Both Rousseff and Silva are likely to try to improve relations with the United States, which have been strained for more than a year as a result of press reports that the National Security Agency (NSA) spied on Rousseff and other Brazilians, and Rousseff's subsequent decision to postpone indefinitely a state visit to Washington, DC. Rousseff would likely build on [recent efforts](#) to normalize relations with the United States while continuing to emphasize Brazil's ties to its South American neighbors and other developing nations. Although Silva would maintain Brazil's independent foreign policy, she has expressed interest in [reemphasizing ties](#) to the United States and the European Union and pursuing trade agreements with each.

For more information on Brazil and its relationship with the United States, see CRS Report RL33456,

*[Brazil: Political and Economic Situation and U.S. Relations.](#)*

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