In her victory speech, President Dilma Rousseff said she did not believe the nation’s closest election in a generation had divided Brazil.

But she only needed to go online to see the civil war raging on social media to see how much the campaign had split Brazil, pitting rich against poor, friend against friend.

“One thing’s for sure, after these elections, I will not look at a lot of people the same way again,” one supporter of Ms Rousseff’s PT Workers’ Party, a university student from Brasilia, said on Facebook.

She complained that supporters of Aécio Neves, the opposition candidate from the pro-business PSDB, who lost by only about 3 percentage points in the poll on Sunday, did not care about the less well-off in the peripheries of the nation’s cities and the poor northeastern states. “Without the periphery and the northeast, there is no social justice.”

Others reported excluding militant friends supporting one party or the other from Instagram or leaving groups on social media.

Brazilians are emerging from this year’s election in a generation to find a nation more divided, an economy on life support and a deepening corruption scandal afflicting its biggest company, state oil group Petrobras.

During the campaign, Ms Rousseff and Mr Luiz Inácio Lula da Silva, her predecessor, swung the PT to the left, using the party’s formidable political marketing machinery to paint their adversaries – Mr Neves and third-placed opposition leader, former environmentalist Marina Silva – as out-of-touch representatives of the rich who would do away with social welfare benefits and jobs. Mr Neves, meanwhile, counter-attacked by alleging that the PT was intent on a “project of power” aimed at keeping it in office indefinitely.

“After a long and tough election season, Dilma faces a difficult decision: she must either adjust policies and the decision-making process to placate a vocal and growing opposition, or ignore her narrow margin of victory and go on offence,” wrote Ricardo Sennes, non-resident Brazil fellow at the Atlantic Council, a think-tank.

“Considering the PT’s recent history in power, Dilma is expected to opt for a reconciliation strategy.”
margins in recent memory in a country in which the incumbent president normally wins by a convincing majority.

Abstentions were also high at 21 per cent of votes, indicating a strong protest element in the election.

The vote split the nation geographically. Ms Rousseff swept most of the north and northeast, the regions with the highest number of poor families enrolled in the PT’s social welfare programmes, but lost in the richer south and southeast with the exception of Minas Gerais, the home base of Mr Neves, and Rio de Janeiro.

Analysts said the narrow margin, which comes as the PT also lost seats in the Congress during elections held simultaneously with the presidential vote, would lessen Ms Rousseff’s room for manoeuvre during her second term compared with her first.

In addition, the scandal at Petrobras, in which the ruling coalition is accused of taking kickbacks for contracts, will sap the energy of her government. Suspects in the case alleged the involvement of scores of politicians. The PT denies wrongdoing but the case is set to drag on throughout her second term.

“She is going to be politically weak,” said João Augusto de Castro Neves of Eurasia Group.

Ms Rousseff’s first challenge will be to choose a replacement for Guido Mantega, her finance minister. After repeatedly promising growth of 4 per cent a year, Ms Rousseff and Mr Mantega over the past four years have delivered the lowest rates of growth since the early 1990s, coupled with persistent inflation.

Their intervention to control energy prices, the currency, and interest rates has alienated markets, which shed their gains last week once it became clear Mr Neves might lose. The most immediate concern is that fiscal stimulus is failing to produce growth while undermining Brazil’s investment-grade credit rating.

“Let us allocate more resources to economic activity in all sectors especially the industrial sector,” Ms Rousseff said in her victory speech. “We want a partnership with all productive and financial sectors.”

Rumoured candidates for finance minister include senior minister Aloizio Mercadante, Nelson Barbosa, former finance secretary, and Luciano Coutinho, head of the BNDES development bank.

“The economic agenda will be extremely important, it won’t do to pass four more years blaming the negative external environment,” said Rogério Sobreira, of the directorate of public policy analysis at FGV, an academic institution.

The market’s main fear is that having won re-election, Ms Rousseff will double down on her bet on the command-and-control economic policies of her first term, stepping up credit from state banks to try to counter slowing growth. Her campaign platform contains little new on the economy.

But analysts said she will have no choice but to make some adjustments as Brazil’s growing current account deficit weakens its currency, the fiscal deficit widens and inflation threatens to break out beyond the control of the central bank.

“Brazil needs to shift from a consumption-led model of growth to one that is driven by higher rates of investment and saving,” said Neil Shearing of Capital Economics.

The lack of growth will hit the PT where it hurts most by forcing companies to begin lay-offs, thus ending record-low unemployment, the one economic bright spot that helped Ms Rousseff win the election.

“Reality will impose itself at some point, forcing her to make some changes,” Mr Castro Neves of Eurasia Group said. “More of the same won’t do.”

Additional reporting by Thalita Carrico in São Paulo

REALITY will impose itself at some point, forcing her to make some changes
- Analyst, Eurasia Group

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