Businesspeople are wondering what the presidential candidates — Dilma Rousseff (Labor Party [PT]), José Serra (Brazilian Social Democratic Party [PSDB]), and Marina Silva (Green Party [PV]) — think about the future of industry, and especially what their policies are. Tax policy is once again considered a priority for the next government. For José Augusto Coelho, executive director of the National Confederation of Industries (CNI), to achieve tax reform, the next president “needs to be as energetic as US President Obama was to pass health reform.”

So far the major candidates have presented only generic guidelines. Wagner Iglesias, professor of sociology at the University of São Paulo, points out that there has not been any innovative proposal: “Rousseff, as the candidate of the current administration, promises to follow the same model as President [Lula], focused on growth of the economy and the domestic market and strengthening some Brazilian companies to operate in the world market.”

The main opposition candidate, José Serra, seems likely to carry on the agenda of former President Fernando Henrique Cardoso. Iglesias says that was important in the mid-1990s but could be considered out of fashion in today’s post-crisis world. He also thinks that the PV candidate, Marina Silva, wants to mobilize the population for the difficult balance between economic growth and environmental preservation. “This may seem relevant to some Brazilians, but it is not a priority for most; the issue is distant from the immediate interests of the majority of the electorate,” he says.

A meeting between industry representatives and presidential candidates the CNI sponsored in May allowed the three candidates to give businesspeople a few hints of their industrial policy. CNI tried to persuade the candidates to commit to the industrial sector, arguing that the country could double income per capita every 15 years if the barriers to industry were removed. Robson Braga, president of CNI, says there is no silver bullet solution: “There is need for sustained efforts to modernize the country’s institutional framework.”
**STIMULUS**

The presidential candidates agree with businesspeople about stimulating production for the domestic market and at the same time promoting exports — through tax exemptions, among other measures. According to Serra, it is also necessary to address macroeconomic factors, such as the overvaluation of the real against the dollar, that encourage imports, taking away jobs from Brazilians.

“The Chinese enter the market, crowding out domestic production. Jobs are lost because of macroeconomic policy, which encourages the entry of imported goods and reduces the competitiveness of domestic goods,” he says.

Brazil needs to ensure diversification and productivity, recovering ground lost in world trade in manufactured goods and also continuing to export commodities (iron ore, petroleum, agricultural products), Serra says. Rousseff promises government support for modernization of a diversified industrial sector capable of adding value to national production.

The presidential candidates also agree with business about the high tax burden. Rousseff says the tax situation is “chaotic.” Serra agrees, commenting that “we have the highest tax burden in the world.” Together taxes and social contributions amount to about 35% of gross domestic product (GDP). Silva is more cautious. For her, tax reform is possible, but expectations must be realistic. “If it was easy to do, it would have already been done,” she concludes.

None of the candidates explained how they intend to overcome resistance from some political and business sectors, because while reducing the burden for some, tax reform would increase it for others.

**INFRASTRUCTURE**

Construction of new ports, airports, highways, and railways is essential to move Brazilian production efficiently, ensuring its competitiveness. Serra wants to improve infrastructure with support from private companies. “It’s the lack of infrastructure that creates bottlenecks for future growth,” he notes. Besides continuing the Growth Acceleration Program (PAC), Rousseff, the government’s candidate, points out the importance of stimulating whole chains of production, especially for oil and gas. For her, the pre-salt oil field “is the passport to the country’s future.” Comparing the PAC to a “collage of public works,” Silva says that her plan will be focused on infrastructure, with priority given to major projects like the World Cup in 2012 and the Olympic Games in 2016.

The presidential candidates were unanimous about improving public management. Silva wants to limit government spending to 50% of GDP growth in coming years. She also warns about the need to increase domestic savings. For Serra, the former governor of São Paulo, spending “less on public administration and more on the people” is essential to improving macroeconomic indicators. He says that at the federal level there are far too many people hired for commission positions. Efficiency will rise by lowering the public wage bill. Rousseff would prioritize the use of information technology in government activity.

The three presidential candidates all consider current interest rates and exchange rates to be incompatible with sustained economic growth. But, as with tax reform, none of them has so far explained how to lower the central bank benchmark interest rate and reduce the overvaluation of the national currency against the dollar.