



POLITICS | [BRAZIL](#)

## Brazil: Bolsonaro's 'economic miracle' claims don't hold up

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**Can Brazilian President Jair Bolsonaro take advantage of an economic upswing to win the upcoming runoff election? Experts say not everyone is benefiting.**

Just ahead of the October 30 runoff elections in [Brazil](#), both the incumbent Jair Bolsonaro and his challenger Luiz Inacio Lula da Silva are promoting themselves as economic saviors.

To back up his claim, the far-right Liberal Party (PL) candidate Bolsonaro has boasted of the latest outlook released by the Brazilian central bank on October 7. It said that Brazil's gross domestic product will grow by 2.7% this year, a much higher rate than in the United States, for example.

"In just one year, Brazil has recorded the largest drop in unemployment compared to 40 other countries," the president tweeted.

"The unemployment rate dropped from 13.1% to 8.9% in August 2022 compared to the same period last year. And that's during the pandemic and the Ukraine war," he added.

"What the PT Workers' Party destroyed in peacetime, we have rebuilt in the midst of the pandemic, an extreme drought and a war with global repercussions," he said, referring to his opponent's leftist party.

But one Lula da Silva supporter pointed out that his presidency from 2003 to 2011 had been a period of similar successes, saying: "Lula created 15 million jobs during his eight years in office. The unemployment rate dropped from 12.4% to 6.7% between 2003 and 2010."

## Brazil is an exception

Forecasts for global GDP worldwide and in selected countries (in percent)

■ Before the war (Feb) ■ September 2022



DW Source: Bloomberg and BCB

## Lowering fuel prices

Brazil's presidential elections are **headed for a second round** after neither candidate was able to claim an outright victory on October 2.

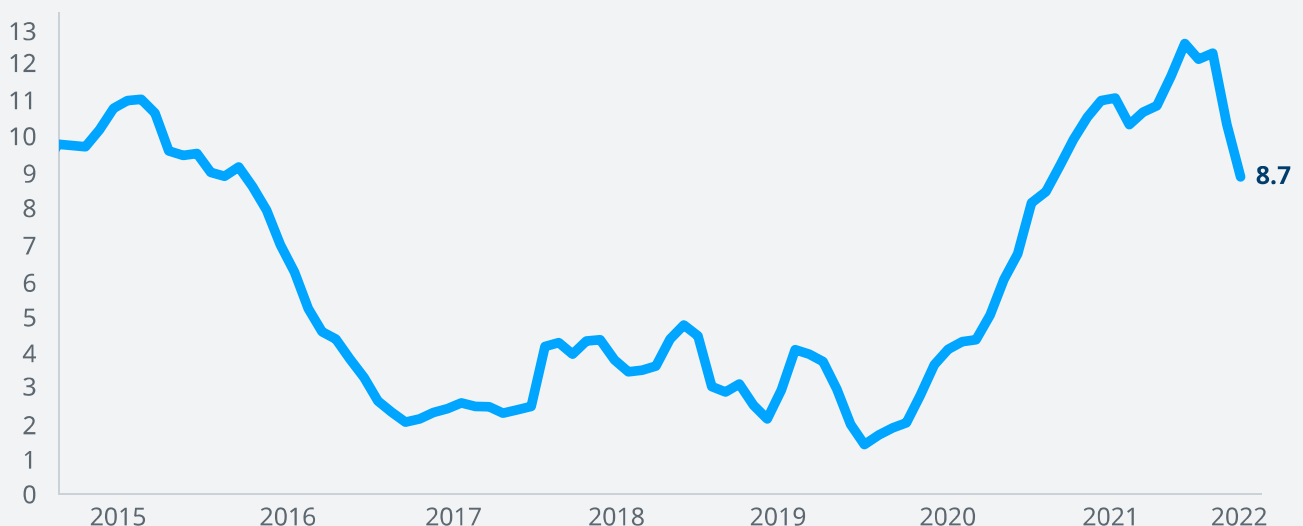
The **election campaign** has been confusing and contradictory with regard to economic indicators, and not just for the Brazilian public. Many wonder, for example, why energy costs are falling in Brazil right now, while they are going through the roof everywhere else in the world. Or why inflation is also going down.

One reason is Bolsonaro's stimulus policies. The Brazilian Congress recently passed a relief program that the president had been pushing for. It provides for lower taxes on fuel, electricity, gas, telecommunications and public transport, among other things.

Additionally, the welfare benefits for millions of Brazilians living below the poverty line will be increased from the equivalent of €78 to €117 (around \$77 - \$116) by year's end. Recipients will also receive an extra month's payment for the year.

## Prices rise slower

Development of the inflation rate in Brazil (in % YoY)



DW Source: IBGE, BCB

## Gifts for voters

Former Brazilian Finance Minister Henrique Meirelles criticized this as "campaign spending dressed up as social policy."

"The economy is growing because of the artificial intervention by the government," he told Brazilian business magazine *Carta Capital*.

Excessive spending increased the national debt and meant that inflation and interest rates would soon rise again, he said, predicting that the current economic growth did not equal a sustained upswing and will level off again in 2023.

Both candidates see themselves as saviors of Brazil

Image: Lucas Dumphreys/AP/picture alliance

## Economic roller coaster

The Brazilian credit rating agency Austin Rating also seems unimpressed by the economic indicators announced by Bolsonaro. "Brazil's development is shameful if you look back at the past 10 years," its chief economist Alex Agostini told the Brazilian magazine *Veja*, adding that as an emerging market, the country should actually be growing faster than wealthier industrialized countries.

The economic roller coaster ride of the last decade is reflected by its ranking among the world's largest economies. Between 2010 and 2014, Brazil ranked seventh. In 2020, it slipped to 12th place. And in 2021 it dropped to 13th, according to Austin Rating.

University of Sao Paulo economist Heron Carlos do Carmo doubts that Bolsonaro will be able to score points in the election campaign with Brazil's economic recovery. "Even if an improvement is usually credited to the incumbent, it is not decisive in changing an election result," he said.

Much of Brazilian society was plunged into poverty by the COVID-19 pandemic

Image: Bruna Prado/AP/dpa/picture-alliance

Overall, the economic situation is still quite critical, with millions of people slipping into poverty, the economist told Brazilian daily *Folha de S.Paulo*. For the majority of the population, economic indicators are a "fiction," he said.

Former President Lula put it more dramatically: "In Brazil, 33 million people don't have enough to eat," he wrote on Twitter. "We managed in the past to get Brazil off of the world map of hunger. But hunger is back."

*This article was originally published in German. It has been amended and updated.*

■ Final campaigning in Brazil's bitter presidential race

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