

The crisis of the Lula government: the end of an era in Brazil

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The deep crisis of the Workers Party (PT) government of Luis Ignacio “Lula” da Silva marks the end of a long cycle of bourgeois rule in Brazil, which opened up with the fall of the military dictatorship more than 20 years ago.

In the early 1980s, with the withdrawal of the military after 20 years of dictatorship, a new cycle of bourgeois rule in Brazil began: sectors of the conservative and corrupt oligarchy of the North and Northeast of the country gained hegemony within the Brazilian state. Ex-allies of the military rulers, politicians like José Sarney, Collor de Melo, Antônio Carlos Magalhães and Inocêncio de Oliveira, became the senior partners in the administration of the Brazilian state. What was involved was a type of “comprador bourgeoisie” that served as an intermediary to big capital in the division of the spoils that passed through the state’s hands.[1]

Then came the first government of the intellectual Fernando Henrique Cardoso (FHC). It appeared to be something new. It claimed it intended to break with the “archaic model” of running the state. It spoke of “modernizing” the Brazilian state and even of carrying out a “bourgeois revolution” in Brazil, as Francisco Weffort wrote.[2] In an article written during that period, Weffort justified his desertion from the PT, announcing that FHC, with his cadres drawn from the principal Brazilian universities, would carry out structural transformations in the country, would insert Brazil into the process of globalization, would overcome the archaic structures and would guarantee the country an honorable place at the international table.

In the end, during FHC’s entire first term, nothing promised was realized. He remained president only as the hostage of the PFL (the right-wing party), with which he allied himself to obtain a majority in the Congress. Antonio Carlos Magalhães, the conservative senator from the Northeast, for a certain period managed to control both the Senate and the Federal Chamber of Deputies.[3] FHC did nothing new at all. Was this a temporary problem? Would the “modernizing” and “revolutionary” agenda be completed in the second term? Grand illusion! In the middle of the second term, when FHC finally succeeded in reducing the power of the old oligarchy of the North and Northeast, freeing himself from Magalhães and limiting the power of Sarney, the economic crisis took charge in blocking the implementation of any of the “modernizing” goals; the government ended without accomplishing anything, even more a prisoner of international capital and the IMF.

At the end of eight years of government, FHC and the university cadres of the PSDB revealed themselves to be almost as incompetent as the conservative Northeastern oligarchy and no more able or willing to carry out elementary reforms—the democratization of the state, the amelioration of poverty and social inequality, etc. Dr. FHC, the great sociologist and theorist of dependency, one of the supposed geniuses among the economists of CEPAL (Economic Council for Latin America), ended his era of power a cultured parody of the corrupt Menem of Argentina or Fujimori of Peru.

But the question is: How was it possible, after the fall of the

dictatorship, with the disappearance of military repression, that all of these failed and incompetent governments (Sarney, Collor, Itamar Franco and FHC) did not face stronger opposition or any more dangerous and serious movement of the masses?[4] How could all of these governments manage to so deepen poverty and unemployment, multiply the public debt (internal and external), exploit the workers with constantly declining wages, without there arising any mass revolutionary movement?

In the end, this was possible thanks solely to the PT and the CUT (Central Única dos Trabalhadores, the country’s largest union federation)[5], which from the 1980s on succeeded in aborting the creation of a revolutionary party in Brazil. The various groups calling themselves Trotskyist maintained their illusions in the PT for year after year: Convergência Socialista (aligned with the Argentine tendency led by Nahuel Moreno), Organização Socialista Internacionalista (followers of Pierre Lambert’s group in France), Causa Operária (linked to the Argentine group of Jorge Altamira) and Democracia Socialista (the Brazilian followers of Michel Pablo and Ernest Mandel).[6]

During all these years, from Sarney to FHC, big capital used the Brazilian state as an instrument for capitalist accumulation in the most devastating form, inflicting upon the population levels of misery similar to those in the poorest countries of Latin America. The immense Brazilian public debt is the highest expression of this process of utilizing the state. As Marx said in chapter 24 of *Capital*, the public debt is the only portion of the national wealth that is socialized; that is, it is paid by the entire population, and this is what occurred over these years in Brazil. But this impunity was possible only because of the role played by the PT and the CUT in diverting all attempts at opposition into parliamentary and electoral illusions. And, in fact, they enjoyed great success on this road, electing ever-greater numbers of council members, mayors, deputies, and governors, and finally, in 2002, winning the presidential elections and taking control of the federal government.

But why and for what purpose did they take over the government? Clearly, it was not to initiate a socialist transition: socialism had already been forgotten many years earlier, if it ever was really part of the project of the dominant sectors within the PT.[7] Did the PT then come to power to realize social and political reforms that the others had failed to carry out in the aftermath of the dictatorship? Not even this was seriously proposed or projected. Outside of empty rhetoric, the PT took over the federal government only to continue and preserve the same form of bourgeois rule that had prevailed over the previous two decades.

This task, in 2003, was already beyond the ability of any of the traditional bourgeois political formations. Only the PT and the CUT could manage the continuation of this form of rule. Only a semi-bonapartist government with popular front characteristics could allow the continuity of this devastating economic policy (continued payment of the foreign debt, continued charging of the highest interest rates in the world, maintaining a primary budget surplus equal to 4 percent of the gross internal product, thus slashing more and more the spending on education,

health and social programs). It was for this that the Lula government came to power. The PT, thanks to its broad social and union base, was the only option that would allow the continuation of this cycle of bourgeois rule in Brazil. Big finance capital knew it and, for this reason, got behind the PT.[8]

Initially, the new government was able to ram through a pension reform package, attacking the gains of public sector workers. It announced a labor reform and prepared a university reform, all measures aimed at carrying out cuts in social spending and meeting the demands of the International Monetary Fund (IMF). After two years of this, new contradictions began to surface. The PT and the CUT started to take on the characteristics of a powerful parasitic caste within the state, a caste that was much larger and more expensive (because of its social breadth) than any of the oligarchies that in the previous years had served as the intermediaries of big capital in the Brazilian state. This served as the point of implosion of the current crisis. The dominant sectors within the PT and the CUT began to claim a major share of the state budget surplus that was being extracted from the workers. The PT and CUT bureaucracies are numerically much larger than the oligarchy of the North and Northeast and more extensive than the techno-bureaucracy of the PSDB or any other bourgeois party, provoking greater contradictions in the inter-bourgeois struggle for control of the state.

The PT-CUT bureaucracy began to emerge as a parasitic caste with its own projects and interests. To realize its objective of perpetuating itself in power and fulfill its desires for private appropriation, it reactivated part of the old political oligarchy (Sarney, Renan, Jefferson and other ex-partners of Collor) and allied itself with the most corrupt bourgeois parties of the right (PP, PL, PTB). The corruption that was revealed in Santo André on the municipal level took on nationwide proportions.[9]

Scandals have followed one upon the other: first, it was Waldomiro Diniz (advisor to José Dirceu, minister of government) involved in extorting bribes and political contributions from businessmen running illegal gambling operations; then, it emerged that the use of presidential credit cards had led to a spectacular increase in spending; later, there was the revelation of the manipulation of state industry pension funds. Then came the victory in the election for the president of the Federal Chamber of Deputies of the inexpressive Severino Cavalcante, a corrupt deputy of the extreme right.

All of these and other similar events came together explosively with the denunciations of the PTB deputy, Roberto Jefferson: the PT was paying monthly bribes to deputies from various parties (close to US\$20,000 each) to ensure their support for government proposals. Where did all this money come from, if not through the diversion of public funds?

More scandals began to emerge involving various state enterprises, such as the postal service, all linked to spectacular schemes involving private banks and public relations firms that distributed suitcases full of money to deputies every month. The scandals have already brought down José Dirceu, the leading figure in both the PT and the Lula government; Gushiken, a direct advisor to Lula; the president of the PT, José Genoíno; and virtually the entire leadership of the party, including its treasurer, Delúbio Soares, who must have played a leading role in its financial operations.[10]

All of these events are links in the same chain, expressing the methods employed in the utilization of the Brazilian state for the interests of big capital, a process based upon a union bureaucracy committed to the betrayal of the proletariat.

Businessmen travel the world (Africa, China, Europe) with President Lula, accompanied sometimes by the PT treasurer, Delúbio Soares (the man who manipulated the money of the enormous corporate structure of the PT). All of them made big deals at the expense of the Brazilian population. In this permanent trade show developed by the Brazilian state, Sadia, the private food export firm run by Minister of Development Luiz

Fernando Furlan, has obtained fantastic profits together with the agro-business exporting firm of Minister of Agriculture Roberto Rodrigues. The banks, thanks to sky-high interest rates, have multiplied their profits by 200 percent. Thus there has developed a type of primitive accumulation “covered with mud and blood” (as Marx said), at the expense of the Brazilian population.

Even if Lula survives this process, which appears a more remote possibility each day, it is unlikely that the PT, exhausted by this crisis, will win the 2006 presidential elections. On the other hand, does this profound degeneration of the PT and of the CUT make it possible to turn back the clock of history? That is, would it be possible, as if nothing had happened, to elect a PSDB-PFL bourgeois coalition or some similar combination? Yes, of course this possibility cannot be excluded. But if this is possible, this or another bourgeois coalition would not be able to govern the country in the same way and with the same tranquility.

In the face of the objective contradictions, no one will be able to govern the country in this way while imposing the same levels of exploitation. For who will hold back the masses after the great overthrow of the PT and the CUT? Could it be some new petty bourgeois party, like the Party for Socialism and Liberty (PSOL), made up of dissidents of the PT? It is not credible. Its union base is very weak, concentrated almost entirely among public employees, as opposed to the PT, which emerged in 1980 out of the metalworkers and in the course of mass workers’ strikes. Nothing appears prepared to occupy the space left by the demise of the PT and the CUT. Who then will block the objective unleashing of a revolutionary movement of the masses? The building of a revolutionary party is posed in Brazil.

Notes:

[1] In the sense given to this expression by the Third International: a comprador bourgeoisie is composed of corrupt national sectors that act as an intermediary for big international capital.

[2] F. Weffort, sociologist and well-known university professor, was a founder of the PT and its secretary general for some years. When Fernando Henrique Cardoso won the presidential elections he abandoned the PT and assumed the post of culture minister in the new government.

[3] Antônio Carlos Magalhães was president of the Senate and his son, Luís Eduardo, was president of the Federal Chamber of Deputies.

[4] The movement that led to the impeachment of Collor, despite having mass participation, was totally controlled by bourgeois sectors, never posing any real danger to the ruling class.

[5] This is the union federation founded almost together with the PT and always dominated by union officials linked to the metalworkers group loyal to Lula.

[6] It is worth noting that the Lambert group, the OSI, today insignificant, remained within the PT. From this organization there emerged a good part of the principal cadres of the PT and the Lula government: Communications Minister Luiz Gushiken, Finance Minister Antonio Palocci, Glauco Arbix (president of the Institute for Applied Economic Research—IPEA) and many other mid-level officials (all of them, obviously, having abandoned any association with Trotskyism long before). The Democracia Socialista group also remains within the PT and is represented on Lula’s cabinet by the minister of agrarian reform, Miguel Rosseto.

[7] Lula, soon after the electoral victory, confessed: “I was never on the left.”

[8] It should be remembered that one of the first measures taken by Lula was to name as president of the Central Bank Henrique Meireles (ex-world president of the Bank of Boston).

[9] Santo André is a small industrial city administered by the PT. In 2003, the PT mayor, Celso Daniel, was murdered. A subsequent investigation revealed a process of corruption that involved city hall and the city’s transportation companies. Now there have arisen suspicions that the

mayor was murdered by other PT members involved in seeking kickbacks. It is also suspected that José Dirceu, until recently Lula's principal advisor, may have been involved.

[10] Just one public relations advisor, Marcos Valério, who acted as an intermediary for the PT, today charges the party a fee of close to 100 million reais, or close to \$40 million.



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