

# Behind Lula's reelection: Brazil's crisis deepens

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Despite all the exposures of rampant corruption that characterized Brazilian President Luiz Inacio “Lula” da Silva’s first term in office, despite several of his ministers being found guilty of the crime of forming a gang, despite the disarray in his Workers Party (PT), which has gone through four different presidents in the last year alone (José Genoíno, Tarso Genro, Ricardo Berzoini and now Marco Aurélio Garcia), despite the deep political crises that several times threatened to lead to the president’s impeachment, despite all of this, Lula was reelected in a second round vote October 29.

He won 60 percent of the valid votes, against 39 percent for his challenger Geraldo Alckmin, the candidate of a coalition of the right. Without any doubt, Lula’s capacity for survival surpassed all expectations, including the most optimistic. How can this development be understood?

One possible hypothesis would be that the government’s crisis was only an artificial creation of the bourgeois media, as the PT’s supporters today still try to maintain. This hypothesis is absolutely unsustainable. The major media did not systematically work to bring down Lula. In reality, the exposures of scandals and corruption in large part emerged out of the differences, struggles and mistakes of sectors of the bourgeoisie itself and the sectors in power, including those allied with the PT and, in some cases actually within the PT.

This was the case in the initial exposure of the “mensalão” (the monthly stipend paid by the PT to members of smaller parties in exchange for their voting with the ruling party) by the deputy Roberto Jefferson (a member of the PTB, that is, of a party that formed part of the base of support for the government). It was also the case in the grand financial schemes of the PT treasurer, Delúbio Soares, involving state agencies, PR firms and the banks; it was thus as well in the case of the PT leader caught with a large quantity of dollars hidden in his underpants or in the more recent episode involving an attempt to buy a dossier against the candidate for governor of the state of São Paulo, when PT members carrying almost two million reais (approximately US\$937,000) were jailed.

If some of the press carried out systematic opposition to the Lula government, this had little to do with the dimensions assumed by the crisis. The great majority of the population does not read newspapers or magazines; television is the most important medium in terms of a president’s image.

But, in this sense, the principal television network, Globo, which has by far the largest audience for its National Journal (close to 80 million viewers), never carried out a systematic attack against Lula. On the contrary, in general, it covered up for him, diverting attention with non-political news. Most recently, in the second round of the elections, for example, the “National Journal” spoke only of the crash of the Gol airliner over the Amazon jungle, diverting attention from the investigations into the latest PT scandals involving the attempt to buy a dossier against members of the PSDB.

Thus, the crisis was not a fiction created by the bourgeois press in an

attempt to bring down a “left” president governing in favor of the workers. This PT version of reality is totally false. The political crisis was a manifestation of the breakdown of the forms of bourgeois rule that have existed in Brazil, and as such an expression of a far deeper crisis rooted in the socioeconomic structure itself, in which more and more serious contradictions have been building up over the course of decades.

When he was first elected in 2002, Lula was seen by a good part of the Brazilian population as the head of a government that would bring about relative social transformations and rule in favor of the workers. Big capital and the Brazilian bourgeoisie, however, from the outset expected him to maintain continuity with the previous economic policy, to the detriment of the workers. In fact, it was the latter that took place.

From an economic standpoint, Lula acted in the same manner as the previous government and even went so far as to sharpen the measures against the workers in a way that his predecessors had not dared carry out. In addition to jacking up interest rates, he carried out a social security reform and began a university reform, transferring enormous financial resources to the private universities. He prepared other similar measures, including a labor reform, but was not able to implement them, thanks to the grave political crisis that almost brought him down.

This political crisis arose originally out of a struggle within the state itself between different groups that used it to pursue private ends—either for their own personal benefit (the union bureaucrats as well as the politicians of the PT and other parties), or for the accumulation of capital (including various corporate and financial sectors). In this sense, the crisis, seen as a struggle within the state apparatus, appeared as one that was essentially political. Nonetheless, it expressed deeper contradictions that had been developing over the previous decades in the country’s economic and social structure.

If Lula and the trade union bureaucracy had achieved power, it was in order to attend to the needs of big capital: to smother the social contradictions that had grown and accumulated over the previous 25 years. Only Lula and the PT, which alone enjoyed a broad popular and trade union base, could implement such interest rates, carry out such “reforms” in favor of capital and at the same time maintain a relative social peace. However, by ruling for big capital, Lula and the bureaucracies of the PT and the CUT (the principal Brazilian union federation) soon constituted themselves as virtually a new bourgeois sector—even if its members still referred to each other as “companheiros”—which fought for its own share in the private appropriation of state resources. Certainly, this new PT “class” displaced and displeased various sectors of the bourgeoisie, removing them from power and depriving them of the ability to appropriate part of this social wealth.

During the following years of their government, it became clear that Lula and the PT were ruling in the interests of big business, while at the same time they evicted part of the bourgeoisie from the state apparatus, usurping its position. The Lula government, which began as a bourgeois-

democratic administration with some popular-front characteristics, began to assume more and more openly the characteristics of traditional bourgeois regimes, including increasingly authoritarian and even semi-bonapartist characteristics.

Supported by finance capital as well as by the party and union bureaucracies, Lula came to control all of the state enterprises and pension funds, and soon to totally dominate the National Congress, buying deputies both in his own allied base and in the opposition, who approved everything that he desired. In addition to asserting control over the social movements by granting them state funding, the government elaborated measures to assert a certain amount of power over the press and cultural production. It also reached the point of suggesting “reforms” to the judiciary, attempting to undermine its autonomy. It was this mutation in the forms of government which gave rise to the crisis of 2005.

The crisis thus had its origins in class contradictions and in the transformations in the relations of production that found expression in the transition of a bourgeois-democratic government into a government with semi-bonapartist characteristics. Or, in other words, the crisis stemmed from the fact that part of the bourgeoisie began to lose its position in sections of the market and production at the same time that it was ousted from state power. Lula and his allies governed on behalf of big capital, but the cost began to appear too high, at least for some sections of the bourgeoisie who were losing their control over the state.

But how did Lula overcome, at least for now, such a deep crisis and manage to win reelection?

### **How was Lula re-elected?**

The president was reelected thanks to the lack of any real alternative, either from the discontented sectors of the bourgeoisie, as well as from the left, mobilizing sections of the working class and the youth.

Lula survival was possible in the first place because sections of his bourgeois opposition (the PSDB and PFL) thought that, given the corruption exposures, they would easily win the next election and therefore decided not to unleash impeachment proceedings against the government in 2005. They feared losing control of the mass movement that could emerge out of an impeachment crisis, while they also knew that in general they had no differences with the economic premises of the Lula government. Moreover, if the president, with the support of the unions, was having difficulties in governing, what would happen with a government based upon a break with the PT and the CUT? In the face of these questions, the opposition based on sections of the bourgeoisie preferred to cautiously await the elections, believing it would be easy to defeat a Lula discredited by the exposures.

In the second place, Lula’s reelection was possible because opposition parties on the left—PSOL (the party formed by PT dissidents), PSTU (the Brazilian Morenoite group) and others who formed the “Left Front” electoral coalition—counted on winning major electoral gains thanks to the discrediting of Lula and the PT. Thus, rather than seeking to mobilize the working class against this anti-worker and corrupt government, since 2005 they concentrated their efforts behind the candidacy of former PT Senator Heloisa Helena for president.

While both the bourgeois right and the reformist left were biding their time until the election, the Lula government was little by little recovering from the depth of its crisis reached in August and September of 2005.

With the backing of big finance capital, which never enjoyed such profits as it has attained under his government, Lula was able to maintain relative stability on the markets. The economy had almost no growth, but also avoided major oscillations. Soon, Lula also received public support

from various CUT unions, from the National Union of Students (UNE) and from social movements, such as the MST (Landless Movement), the MLST (Movement for the Liberation of the Landless) and the MTST (Movement of Homeless Workers). These social sectors, in exchange for major public funding, began organizing demonstrations in support of the government.

In addition to this, the government began to invest heavily in the “Bolsa familia” (family grant) assistance program, which consists of small monthly amounts of financial aid (less than \$25) to the poorest families, particularly in Brazil’s North and Northeast. The program became a major instrument of political propaganda as well as a means of co-opting some of the most oppressed layers. It was largely responsible for Lula’s overwhelming victory in the most backward areas of the country. He obtained 84 percent of the vote in the state of Maranhão, 82 percent in Ceará, close to 78 percent in Bahia and Pernambuco and 77 percent in Piauí. On the other hand, he lost in Brazil’s more developed states, such as Rio Grande do Sul, Paraná, Santa Catarina and São Paulo.

Thus, with the support of big finance capital, with the backing of the unions and those social movements tied to the state, with “Bolsa familia” and enjoying the relatively favorable coverage from the Globo television network, Lula overcame the crisis and easily defeated the discontented sectors of the bourgeoisie and the centrist left which expected to bring him down through the election.

### **The failure of the Left Front**

The Left Front, which joined together the PSOL, the PSTU, the PCB (Brazilian Communist Party) and various centrist and so-called “Trotskyist” groups, was the big loser in this election. The candidacy of Heloísa Helena for the Left Front was presented in Brazil as well as internationally as a major advance in the unification of the left. She received the backing of a good part of the ex-PT Brazilian intellectuals as well as from hundreds of “left” intellectuals abroad, such as Michael Lowy, Daniel Bensaïd, James Petras, Noam Chomsky and others.

But during the campaign, the candidate Heloísa Helena descended to the lowest level of seeking votes at whatever cost. She assured voters that socialism was not part of her program and was something only for a very remote future. She declared herself to be religious and reached the point of taking a position against the right to abortion. These electoral maneuvers produced little success. In the first round, she won only 6.85 percent (less than the number of blank and nullified ballots cast which accounted for 8.41 percent).

Moreover, the defeat extended to all the candidates of the Left Front. The PSOL, for example, had begun the campaign with seven federal deputies who had originally been elected as candidates of the PT. In this election, it succeeded in electing only three. It likewise lost the only seat in the Senate that the party previously held. The other parties in the front succeeded in electing no one. In short, their electoral opportunism produced a total failure. In the end, the Left Front served only to legitimize Lula’s reelection.

After its defeat in the first round, the PSOL entered into a deep crisis, as did the PSTU and the other groups within the Front of the Left. The candidate for vice president on the ticket with Heloísa Helena, César Benjamin, declared that the leadership of the PSOL represented “a rare combination of ignorance, truculence and arrogance.” The PSTU, for its part, began to denounce what it claimed was sabotage that its candidates were suffering within the Left Front, charging that Heloísa Helena was doing things that not even Lula would have dared. For example, in the state of Sergipe, according to the PSTU, Heloísa Helena supported the

candidate of the PDT (the bourgeois nationalist Democratic Labor Party of the late Leonel Brizola) against the candidate of the Left Front. In short, the much vaunted “unity of the left,” built on a complete absence of political principles, ended up, as was to be expected, in a complete fiasco.

### **Lula’s reelection: the end of the crisis?**

Lula was reelected with more than 58 million votes, that is with a margin close to the one that brought him first into office in 2002. Nonetheless, without any doubt, his popular legitimacy is today immensely inferior to what he enjoyed in those days. He lost in the majority of Brazil’s big urban centers. In the traditional victory celebration on São Paulo’s Avenida Paulista, while in 2002 close to 100,000 people turned out, this time barely 4,000 came. While in 2002 Lula had substantial support among the more advanced layers of the working class, among the youth and the intellectuals, now, in 2006, his voters are for the most part drawn from the unorganized rural masses as well the unemployed and underemployed of the North and the Northeast, the direct or indirect beneficiaries of the government’s “Bolsa-familia” program.

The only sections of organized workers and the social and youth movements that Lula is still capable of mobilizing are for the most part those led by bureaucrats who receive direct economic advantages from their relationship with the government. The epoch in which the PT and Lula could spontaneously mobilize thousands and thousands of workers and youth is gone.

Despite the results at the polls, Lula today is far weaker than in 2002. The PSDB (the Brazilian Party of Social Democracy—a leading bourgeois party) won the elections for governor in the most important states. It controls six states which contain 54.1 million voters (43 percent of the national total) and which account for the majority of the country’s production. The PT managed to elect only three governors, but, with the support of allied parties, Lula can count on support from a total of 16 governors controlling states that account for 58.2 voters (46.3 percent of the electorate). Also, these 16 states with governors backing Lula elected 267 deputies, or the equivalent of 52 percent of the House. While it appears that the government will maintain a majority in the House, it does not hold one in the Senate.

Moreover, as is now well known, maintaining the support of parties “allied” to the PT is an expensive proposition. Parties like the PMDB and the PTB, which are totally corrupt and lack any independent program, back the government only in exchange for major “favors,” including ministerial posts and direct payoffs, such as those awarded through the “mensalão.”

On the other hand the PT today is substantially different from what it was in 2002. Virtually the entire left wing of the party has either been expelled or has quit the PT in the last period, much of it joining the PSOL. A large part of the “old guard” has been wiped out. José Dirceu, Lula’s chief of staff, was sacked after being linked to public scandals. Others facing the same fate have included: Genóino (ex-president of the PT), Sílvio Pereira (ex-secretary general), João Paulo (ex-president of the House), Palocci (ex-minister of the economy), Berzoini (ex-minister and ex-president of the PT), Gushiken (ex-minister) and others.

According to recent reports, despite all of the scandals, the PT has actually grown in the recent period. Of course, one can imagine the political quality of the party’s recruits. It is certain that the vast majority of these new members are opportunists, who from the beginning are in the party with an eye toward achieving power or means of illicit self-enrichment. The idea of the PT as a party of workers has been completely

liquidated. Instead, the party is approximating ever more closely something akin to the Peronist party in Argentina.

Given these developments, it is not creditable that the reelection of Lula signifies an end to his government’s crisis. Legal cases against the PT are still making their way through the courts, while investigations are continuing into the more recent scandals. Of course, much of this can be suppressed by the federal police, which is already being accused of acting like a “political police.” Moreover, for Lula to maintain his most important base of support, that of big finance capital, he must implement another round of “reforms,” all of which will be deeply unpopular.

### **The new reforms**

In the case of social security, a second round of “reform,” on top of that implemented in Lula’s first term, has already been drafted. It proposes raising the minimum age of retirement from 60 to 65. Also being prepared is a labor reform aimed at “reducing costs in Brazil.” This reform seeks to cut benefit contributions by the corporations, reduce maternity leave, loosen the rules on firing workers and reduce the employers’ obligations in relation to severance pay.

The government likewise is preparing a tax reform, which is designed to place a greater burden on working people. There are plans to press forward with the university reform, with the transfer of even more state funding to the private universities. Already before the Senate is a bill proposing greater flexibility in the enforcement of labor laws in small enterprises. All of these reforms, in one way or another, represent an attack on the minimum rights won by previous generations of Brazilian workers.

On top of this, the government is drafting a political reform which is designed to place even greater hurdles in the path of new parties, make their creation—and above all that of parties of the working class—virtually impossible. Given that ballot access laws in Brazil are already extremely severe, such legislation essentially reduces any opposition from the left to a status of near illegality, without any right to public or electoral expression.

### **The crisis has only been covered over**

Lula must implement these reforms in order to maintain the backing of big business. At the same time, he must shore up his support from the trade union bureaucracy and the state-subsidized social movements. He will have to negotiate with his “allied” parties, while also seeking to win the backing of sections of the bourgeois opposition (PSDB-PFL) and the centrist “left” of PSOL.

However, to carry out the so-called reform program and to consolidate such alliances, the Lula government must undergo further transformations, turning more and more against the working class. As a result, he will face social resistance from the workers movement and among the students on a greater scale than during his first term. All of this will be aggravated by the world economic conjuncture, which is emerging as significantly less favorable than during the first term.

Thus, the second-term Lula government will be compelled to confront the resurgence, on a broader scale, of the structural crisis that dominates the country. In this sense, it is probable that the semi-bonapartist characteristics that have already been seen in this government will deepen. This is already indicated by the manipulation of the federal police, whose

investigations have increasingly become a matter of covering up crimes and protecting members of the government, and by open threats to freedom of the press and attempts to intimidate reporters. Also pointing in this direction is the proposal to convene a constituent assembly. This body would allow the approval of sweeping “reforms” by a simple majority, while congressional approval requires a two-thirds vote. The convening of such an assembly would thus represent a grave threat to the constitution and the means of carrying out a frontal assault on the most basic rights of workers and youth.

In short, the crisis that shook the country in 2005 is bound to reemerge with even greater force. The 2005 crisis was not overcome, but merely covered over. It is not a matter of waiting for yet another round of elections. Brazilian workers and youth must prepare now to resist and combat the new attacks that are being prepared by the Lula government on behalf of international finance capital. This will be possible only through the mobilization of workers, the unemployed and the youth, independently of the existing bourgeois parties, on the basis of a socialist and internationalist program that defends the freedoms that are under attack in Brazil as well as the minimal rights of work, a living wage and a decent life for all.



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