

# After Brazilian election, Dilma taps “Chicago Boy” as finance minister

Bill Van Auken  
2 December 2014

One month after winning re-election by a thin margin in a second-round vote, President Dilma Rousseff has unveiled a new cabinet whose composition points to plans for a frontal assault on the Brazilian working class and impoverished rural masses.

Topping the bill is Joaquim Levy as finance minister. Levy is leaving a position directing asset management at the Bradesco banking conglomerate to take charge of the government’s economic policies. He is a leading Brazilian proponent of orthodox neoliberalism, having earned a PhD at the University of Chicago, the same institution from which former Chilean dictator Augusto Pinochet drew his principal financial and economic officials.

With Rousseff and the ruling Workers Party (PT) having waged an election campaign warning that the victory of her opponent, Aécio Neves (Social Democracy Party—PSDB), would mean turning over the country’s economy to the bankers and a return to the policies of a dozen years ago, before the PT first came to power, the irony was lost on no one.

Indeed, Neves himself commented that Levy’s appointment was akin to a top CIA agent being tapped to “run the KGB.”

While elements of the Brazilian pseudo-left have feigned shock over Rousseff’s “betrayal,” in reality, Levy is reprising a role he played in 2003, when the newly elected Luis Inacio Lula da Silva, the former metalworkers union leader and the first PT candidate to win the presidency, selected him to run the Brazilian treasury.

Then, the selection of Levy was intended to calm any remaining nervousness among international and Brazilian capitalists over the PT’s pseudo-socialist rhetoric translating into government policies that would infringe on their profit interests.

A senior economic official in the previous government of President Fernando Henrique Cardoso, Levy had also held top posts at the International Monetary Fund and the European Central Bank. His appointment signaled continuity with the neo-liberal policies of the previous government and subservience to the international financial markets.

Earning the nickname “Scissorhands” for his budget-cutting policies, Levy has been brought back into government to steer an economic course designed to win the approval of international capitalist investors, who were the new finance minister’s clients at Bradesco, by implementing a series of attacks on the Brazilian working class.

Leaked reports of Levy’s appointment late last month briefly drove up share prices on the São Paulo stock exchange, but they fell again on declining oil and commodity prices, with Petrobras, Brazil’s state-controlled oil company, leading the downturn.

The appointment won the praise of the international financial press. The *Financial Times* of London commented that by naming Levy, Rousseff had “tacitly acknowledged the error of her ways.” It added, however, that Levy’s “overarching challenge” was to “provide Brazil with a durable credibility shock.” It lamented the fact that Levy failed to “come out at his first press conference last Friday with a front-loaded adjustment plan.”

Similarly, the *Economist* approved of Rousseff’s appointment of Levy while warning that she will “have to defend an economic programme that will be unpopular” and which “is closer to that of her defeated opponent, Aécio Neves, than to the one she campaigned on.”

The Brazilian economy has entered into a state of stagflation over the past year, with the first two quarters

registering negative growth, signaling the onset of recession, and a persistently high inflation rate, reaching 6.59 percent. The third quarter saw a dismal rise in GDP of just 0.2 percent.

It is universally acknowledged that the policies being prepared for Rousseff's second term, which begins on January 1, will only deepen the economic downturn. Levy made clear that he would enforce strict adherence to the accumulation of a primary surplus—achieved by reducing spending in order to pay off public debt. He also said that government funding of public banks with the aim of spurring investment in infrastructure would be halted.

And interest rates are to be kept at their new highs or raised even further. While during her campaign Rousseff had warned that if her opponent Neves were elected he would jack up interest rates, thereby driving up unemployment, within three days of her re-election the PT president announced her first major policy shift, raising interest rates 25 basis points to 11.25 percent.

In an appointment that has a similar significance as that of Levy, although arguably is even more provocative, Rousseff named Katia Abreu, a senator and member of the Brazilian Democratic Movement (PMDB) from the central state of Tocantins, as agricultural minister.

Abreu is also a rancher and head of the National Confederation of Agriculture and Livestock, the principal lobbying organization of agribusiness in Brazil. A self-declared admirer of the late right-wing British Prime Minister Margaret Thatcher, she earned the nicknames of “Miss Deforestation,” and the “chainsaw queen” for her relentless drive to weaken laws protecting the Amazon rainforest. She has also denounced environmental movements as well as those defending landless peasants and Brazil's indigenous population as agents of hostile foreign interests.

Abreu's appointment signals an intensification of a simmering campaign of violence in the Brazilian countryside, which has seen leaders of rural workers and indigenous communities targeted for assassination by big landowners and their hired thugs.

For nearly a dozen years, the Brazilian ruling class has entrusted the government to the Workers Party, confident that its leaders would defend capitalist interests against those of the workers that it purported to represent and counting on its minimal social

assistance programs and phony left rhetoric to keep a lid on the social powder keg produced by levels of inequality that are among the highest on the planet.

The recent elections—the most closely contested since Lula won the presidency in 2002—and even more so the massive spontaneous protests over social conditions that brought millions into the street in the summer of 2013, have demonstrated that this model of bourgeois rule is reaching its limit. The sharp turn to the right being prepared for the Rousseff government's second term places it on a collision course with masses of Brazilian workers and poor.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**