

# The arrest of former President Lula and the crisis of rule in Brazil

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Last week's detention and questioning of former president and Workers Party (Partido dos Trabalhadores—PT) founder Luiz Inácio Lula da Silva in connection with the spiraling Petrobras scandal has dramatically intensified the crisis, not only of the country's ruling party, but of bourgeois rule as a whole in Brazil.

Lula is accused of being “one of the main beneficiaries” of the corruption at Petrobras, allegedly receiving favors and kickbacks from Brazilian construction firms in return for contracts with the energy conglomerate.

The PT has remained in power for more than a dozen years, emerging as the principal party of Brazilian capitalism, defending the interests of a ruling financial and corporate oligarchy both at home and abroad, while faithfully diverting hundreds of billions of dollars in social resources to service the country's debt to Wall Street.

The presidencies of first Lula and then his hand-picked successor, current President Dilma Rousseff, coincided with an unprecedented commodities boom, largely fueled by the industrialization of China and India, and the frenzy of foreign capital investment in “emerging markets,” with Brazil one of those in the lead.

This temporary economic environment served as the foundation for the so-called “turn to the left” in Latin America, which saw governments from Brazil to Venezuela, Bolivia, Argentina and Ecuador pursue limited social welfare programs aimed at dampening class tensions, while adopting a left nationalist posture.

The commodities boom has run into a brick wall with the deceleration of Chinese growth, while Brazil, the former darling of the financial markets, has been reduced to junk status by the Wall Street ratings agencies.

The crisis of the PT in Brazil has run parallel to those of *chavismo* in Venezuela, Peronism in Argentina and the Movement toward Socialism government of Evo Morales

in Bolivia, all of them driven by the same global crisis of the capitalist system.

Of all of these political movements, the PT is the most consequential and enduring, governing the largest country and economy in Latin America, with the majority of Brazil's population having lived their entire conscious lives under Workers Party administrations.

Founded in 1980, in the wake of a militant wave of mass strikes that fatally destabilized Brazil's 20-year military dictatorship, the PT and the trade union federation with which it is affiliated, the CUT, served as instruments for diverting the revolutionary strivings of the Brazilian working class back under the domination of the bourgeois state.

Along with union functionaries, Catholic activists and academics, the crucial role in constructing the PT was played by a coterie of pseudo-left organizations, which promoted the Workers Party as an alternative to the building of a mass revolutionary party of the working class. Their counterparts in Europe, particularly the groups aligned with the United Secretariat, the revisionist trend identified historically with Ernest Mandel, promoted the PT as a model for the development of similar parties internationally.

Some of these pseudo-left groups, including the Morenoite tendency now organized in the PSTU (United Socialist Workers Party), were thrown out of the PT as it moved ever further to the right. Others managed to remain inside, including the Mandelite Democracia Socialista group, whose principal leader, Miguel Rosseto, became minister of agrarian reform, and is today Rousseff's chief of staff and principal spokesman.

The critical role played by these tendencies, both those who were expelled and those who remained, was to provide a “socialist” veneer to a thoroughly reactionary and corrupt capitalist party. They did so by promoting not only the PT, but the CUT trade unions and various

housebroken “social movements,” all of which served to subordinate the struggles of the Brazilian working class to the profit interests of Brazilian and international capital.

The historic betrayal of the revolutionary movement that was emerging in opposition to Brazil’s military dictatorship some 35 years ago now finds its finished expression in the deep-going crisis and disgrace of the PT, whose leading figures are all being dragged into the morass of the \$2 billion bribery and political payoff scandal surrounding Petrobras.

The past week has seen reports that the PT leader in the Brazilian Senate, Delcidio Amaral, who was arrested last November in connection with the Petrobras scandal, has reached a plea bargain with federal prosecutors in which he has accused Lula of attempting to silence witnesses in the investigation and Rouseff of having had “full knowledge” of a deal in which Petrobras bought an aging refinery in Pasadena, Texas at a vastly inflated price, with millions in proceeds funneled back to executives, politicians and the coffers of the PT. Rouseff chaired the oil company’s board at the time.

These charges, along with the interrogation of Lula, have revived the drive by the Brazilian right to impeach Rouseff. This Sunday, it has called for mass demonstrations across the country to demand the PT president’s ouster. Rallies have been called the same day by PT supporters in defense of Lula and Rouseff, and there have been warnings of potential violent clashes.

For Brazilian workers, the present crisis, the worst since the Great Depression of the 1930s, is having catastrophic effects. Over 1 million jobs were wiped out in 2015, many in auto and related industries. Millions of young people are graduating from universities with no job prospects. An inflation rate of 10 percent has cut into real wages, with household spending declining by 4 percent last year, further exacerbating the slide into depression.

The Rouseff government’s answer to the crisis is a set of austerity measures attacking pensions and social spending, further worsening the conditions of the working class. While the PT’s right-wing opponents are blocking these measures as a political tactic aimed at furthering impeachment, their prescription is the same or worse.

Bourgeois economists and capitalist think tanks have advanced the thesis that the real challenge facing the Brazilian economy is that of stripping the Brazilian population of the limited social rights contained in the 1988 constitution, which was enacted in the aftermath of the military dictatorship, and opening up the country to the unfettered domination of international capital.

Such measures cannot be implemented peacefully. Perhaps the most significant development surrounding last week’s brief detention of Lula was reported by a pair of columnists for the right-wing Brazilian daily *O Globo*.

Ricardo Noblat of *O Globo* reported that in the midst of the arrest, an army battalion in Sao Paulo was placed on a state of alert in case protests got out of control.

“Members of the Army High Command phoned governors of the states most subject to conflicts between political militants and prepared them for the necessity of maintaining social peace,” according to Noblat. Writing in favor of impeachment, the columnist affirmed that the generals do not want “to be called upon to intervene to guarantee law and order, as foreseen in the Constitution.”

*O Globo* columnist Merval Pereira invoked this same constitutional “mission” of the military, warning that if the right-wing parties opposing the PT did not “unite in search of a democratic way out of the crisis, we will face the threat of an institutional retrogression.” In other words, a return to military dictatorship.

The Workers Party and the various pseudo-left organizations that promoted it are responsible for the dangerous impasse now confronting Brazilian workers. The answer to this crisis must be found in the fight to build a new revolutionary leadership in the working class, based on a socialist and internationalist perspective and forged in a merciless struggle against the politics of the PT and its apologists.



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