

# Brazil's president rejects resignation as prosecutors demand Lula's arrest

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Brazil's Workers Party (PT) President Dilma Rousseff publicly rejected mounting calls for her resignation Friday, one day after public prosecutors in the state of Sao Paulo called for the arrest and preventive detention of her predecessor and the founder of the PT, Luiz Inacio Lula da Silva.

Both the current and former president as well as the ruling PT itself have come under a mounting siege in relation to the Operation Car Wash (Lava Jato) investigation into a bribery and kickback scandal that siphoned some \$2 billion from Brazil's state-run energy conglomerate, Petrobras, the largest corporation in Latin America.

Rousseff refuted media reports, based on statements attributed to unnamed PT officials, that she was resigned to being forced out of office before the end of her current term in 2018. "I was imprisoned and tortured for my convictions," she said, referring to her jailing as a member of an urban guerrilla organization resisting the country's military dictatorship at the end of the 1960s. "I am not resigned to anything."

Rousseff also confirmed reports that she is prepared to offer ex-President Lula a position in her cabinet, which would enable him to avoid being tried in a normal criminal court and provide him with greater legal resources for his defense.

Lula is charged by the state prosecutors in Sao Paulo with money laundering and concealment of ownership in relation to a luxury beachfront apartment in the resort town of Guarujá outside Sao Paulo. The apartment's legal owner is OAS, one of Brazil's largest construction firms, which also carried out extensive renovation of the property. Prosecutors are charging that it was given to Lula and his family in return for political favors.

OAS along with Odebrecht, the biggest construction

and engineering firm in Latin America, have both been charged with paying bribes and kickbacks to politicians to secure lucrative and often padded contracts with Petrobras. Marcelo Odebrecht, the billionaire CEO of the conglomerate founded by his grandfather, was sentenced Tuesday to 19 years in prison on charges of money laundering, corruption and membership in a criminal organization over bribes paid to Petrobras officials through secret offshore accounts.

The sentencing of the construction mogul, who was a donor to the PT, followed the arrest late last month of João Santana, a prominent political consultant who served as campaign strategist for both Lula and Rousseff. He is charged with receiving millions of dollars in illicit cash deposited in secret offshore accounts by the Odebrecht firm and another businessman involved in the bribe and kickback scheme at Petrobras. Santana, dubbed "the maker of presidents," also served as a political consultant in the campaigns of Venezuelan presidents Hugo Chavez and Nicolas Maduro, Peruvian President Ollanta Humala and other heads of state.

The conviction of Odebrecht and the arrest of Santana have brought the Lava Jato probe significantly closer to both Rousseff, who chaired the Petrobras board of directors from 2003 to 2010, and to Lula.

On March 4, Lula was forcibly taken into custody for questioning after a dawn raid on his home. The ex-president and his lawyers have charged that both that arrest and the current call for his jailing are part of a politically motivated and media-driven campaign to discredit him and his party.

Concerns have been raised by jurists and political opponents of the PT over the unprecedented actions of federal prosecutors in arresting the former president for the sole purpose of taking his testimony. Even more

questions have arisen over the demand for his preventive detention. Prosecutors justified it in part with the claim that he represented a threat to the “public order for disrespecting the institutions that comprise the justice system.” Evidence of this “disrespect” was his public criticism of his arrest and his appeal for public support.

While there is little doubt that the PT leadership as a whole is implicated in the Petrobras scandal, so too are leaders of right-wing parties opposed to the PT. For example, Aécio Neves, presidential candidate of the Brazilian Social Democracy Party (PSDB) who narrowly lost the 2014 election to Rousseff, has been accused of taking bribes in a scheme involving a subsidiary of Eletrobras, the state-run power company.

Underlying the drive to oust Rousseff and the PT is the conviction within predominant layers of the Brazilian financial and corporate oligarchy that a change of government is required to carry out drastic austerity measures under conditions in which the country’s economy is rapidly sliding into depression.

For the past dozen years, the PT has served as the principal party of Brazilian capitalism, using a small portion of the revenues generated by the commodities boom and massive influx of foreign capital to fund minimal social welfare programs aimed at curtailing the class struggle in what is one of the most socially unequal societies in the world.

With the reversal of economic conditions, there is a growing consensus within ruling circles that these programs, along with other social rights and benefits of the working class, must be slashed. The PT government has itself advanced a “fiscal adjustment” program replete with social cutbacks and a pension “reform,” but it has been blocked by its right-wing opponents as part of the maneuvers to bring down Rousseff.

In a column published by the daily *Folha do S. Paulo* Friday, prominent businessman Pedro Luiz Passos gave voice to sentiments within the ruling class, calling for Rousseff to resign. Without the president stepping down, he writes, “there is no possibility of constructing a minimum consensus in relation to urgent measures to stem the unfolding political and economic breakdown.”

He goes on to warn that Brazil faces “the danger of social convulsions, whether from the rise in unemployment and the absence of positive perspectives, or from the incitement of those who fish

in troubled waters.”

This fear of social upheavals is pervasive within ruling circles. Last week’s arrest and brief detention of Lula prompted the generals in Brazil’s military high command to personally contact elected officials in key states to discuss with them the necessity of maintaining “social peace.”

The Military Police have reportedly been placed on a state of high alert and have reinforced security arrangements in preparation for mass protests Sunday organized by the Brazilian right and the employers’ associations calling for the ouster of Rousseff and the PT.

In the wake of Lula’s arrest, PT supporters had called for demonstrations in his and Rousseff’s defense on the same date, but the PT leadership has since called them off, warning of the potential for violent clashes. Rui Falcão, president of the PT, issued a statement Friday instructing the party’s membership to “avoid provocations and not to enter into confrontation.”

Whether or not such clashes would have taken place, it is apparent that any demonstration in defense of the PT leaders would have been heavily outnumbered by those demanding Rousseff’s removal.

The danger is that, in the absence of any mass party that genuinely represents the interests of the working class, the political right has been able to capitalize on the rising anger among broad sections of the population against not just corruption, but the wave of layoffs, now running at 100,000 a month, and the rise in the rate of inflation to over 10 percent.



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