Amid economic disaster, Brazilian unions promote Lula da Silva 2018 presidential bid

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On Tuesday, March 7, the Brazilian Statistical and Geographical Institute (IBGE), the country's official demographic and economical metrics organ, published its comprehensive annual economic report on fiscal year 2016, revealing the deepening extent of Brazil's economic crisis.

The GDP fell 3.6 percent, compounding the 3.8 percent fall of 2015, bringing the country's economy back to its 2010 level. The two-year fall is also the sharpest since the IBGE began keeping records in 1948, confirming the current crisis as the worst in a century.

It was also the first time since 1996 that industry, agriculture and services had simultaneous declines, with a combination of a fall in international demand and severe draughts in the north as well as frosts in the south bringing agricultural output down by 6.6 percent. The 3.8 percent drop in industrial output follows a 6.6 percent drop in 2015. Against this backdrop, Brazil's investment rate stands at 16.4 percent of GDP, the worst figure since current metrics were adopted in 1995, with a fall of 28.6 percent since 2013.

Nonetheless, most revealing is the acceleration of the fall in household consumption, from a 3.9 percent drop in 2015 to a 4.2 fall in 2016, a sharp exposure of the long-term effects of the crushing unemployment level, which officially has reached a record of 13 million workers, or 12 percent of the workforce. The category of "broad unemployment," according to a January Credit Suisse report which includes workers who have abandoned the search for a job due to persistent unemployment, includes 23 million workers.

The fall in consumption brought inflation to its lowest level since 2000, at the end of the government of President Fernando Henrique Cardoso (FHC), which followed the prescriptions of the International Monetary Fund, waging a class war against workers with a policy of currency devaluation, privatizations and mass unemployment that shattered wages and buying power across the board and led to the electoral victory of the Workers Party (PT) in 2002.

The dismal economic figures will almost certainly accelerate the drive by the current government of President Michel Temer to sell off the country's assets, an increasingly difficult task in the face of the sharp drop in expected profits amid the ongoing crisis. On March 15, *Folha de São Paulo* reported that three companies had dropped their bids in the privatization of northeastern airports previously considered "highly lucrative" due to the possibility of concentrating the linking of flights between South America and the northern hemisphere. The public sale of management rights over four major airports was completed on Thursday, March 16.

The Temer government is compounding sweeping attacks on social rights in the form of Labor and Pension "reforms" aimed at raising retirement age and casualizing work relations with radically pro-imperialist measures, such as the sale of key energy and transport infrastructure and allowing foreign companies to own land. The Brazilian bourgeoisie is rapidly dispensing with even the pretense of the "national independence" policies touted by the Workers Party government during the heyday of the commodity boom of the early 2000s.

After breaking the monopoly of the state-run oil giant Petrobras over the unexplored deep-extraction (so-called pre-salt) oil fields off Rio de Janeiro's and São Paulo's coast, in late February, the Temer administration imposed upon the government of the state of Rio the sell-off of its water and sewage infrastructure under the threat of financial strangulation, later hailing the maneuver as a model for the whole country.

But as a matter of fact, virtually every measure imposed by the Temer administration had already been initiated by the Workers Party governments of presidents Dilma Rousseff and Lula da Silva.

The privatization of all the commodity-oriented infrastructure—ports, railways, channels—initiated by the Workers Party government faces challenges similar to those in the airport sector. On March 8, the influential financial daily *Valor Econômico* ran a lengthy interview with the former transport and ports secretary under Rousseff, Cesar Borges, in which he complained about the reluctance of the current Temer administration to include pension funds and public banks in the privatized infrastructure expansion as had previously been decided under the PT government.

The nationalist, and at times even "anti-imperialist," pretenses of the Workers Party policies are further exposed by the fragility of the economic growth under its rule. The PT's

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policies amounted to little more than putting the whole state apparatus behind a handful of “national champions”, or private Brazilian monopolies, such as the building company Odebrecht and its oil subsidiary Braskem, in order to beat the competition for Chinese demand and, during its heyday, in securing projects from Africa to the Caribbean and South America.

As many of these companies’ CEOs are now in jail awaiting trial on corruption charges, the combination of economic crisis following the deceleration of the Chinese economy and ongoing corruption investigations into the criminal methods employed by these companies is considered “a major risk” in several Latin American countries by the Eurasia Group think-tank, *Valor Econômico* reports. Local governments are now trying to compensate with their own funds for the abandonment of projects by Odebrecht, and the think-tank estimates that the impact of the Odebrecht crisis and withdrawal on Peru’s economy alone could amount to 1 percent of the country’s GDP.

A further study made public by Credit Suisse on March 7 in the wave of reports that followed IBGE’s announcement points to the fragile base of the economic growth under the PT: all the productivity gains of the Lula presidency were reversed under Rousseff, and workforce productivity in Brazil is today the same as in 1980. The annual rate of growth under Lula between 2002 and 2010 was furthermore even lower than under FHC in the 1990s, a period of mass unemployment and deindustrialization.

Nonetheless, as anger grows in the working class with the state of the economy, with the unions forced to call a one-day partial general strike on Wednesday, March 15, all the PT-aligned press has switched to full “volta Lula” (come back, Lula) mode, all but launching his 2018 presidential run. Widowed in early February after his wife Marisa Letícia suffered a stroke, Lula da Silva is now due to return as president of the PT and inaugurate his 2018 presidential bid. To that end, the whole PT-aligned apparatus is now preparing a sharp turn to the right and setting up an opposition to Temer almost exclusively along fraudulent nationalist lines.

The PT-aligned *Carta Capital* magazine is leading the charge. The tone of the PT’s criticism of Temer was made clear in a high-profile interview published by the magazine last October with the economist and historian Pedro Cezar Fonseca, a scholar specializing in the period of the fascist dictatorship of Getúlio Vargas—often described as the Brazilian Peron—with the title, “The Temer project shakes the foundations of capitalism.” The interview amounted to a recipe for the PT to “save Brazilian capitalism from itself,” to paraphrase the infamous words of former Greek Syriza finance minister and pseudo-left star Yanis Varoufakis.

Linking together Rousseff, Lula, the overthrown 1960’s president João Goulart and Vargas, Fonseca says: “the breadth of the political and economic building of Vargas shows a conscious development project.” Temer’s policies, on the other hand, are compared to the *entreguista* (subordinate to foreign and particularly US foreign capital) economic policies of the military dictatorship of 1964-1985 and the bourgeois opposition to Vargas in the 1940s and 1950s.

Along similar lines, on January 19, PT economist Marcio Pochmann declared that Donald Trump’s election in the US demanded the ability exhibited by the dictator Vargas to engage in “brinksmanship,” which he said Temer lacked. The references are even clearer if one considers that Lula himself has for a long period flirted with the image of Vargas and other *caudillos* like the Argentine Juan Domingo Perón, and has stepped up the comparison following his detention in 2016 and later Rousseff’s removal.

On the other hand, disapproving references to the 1964 coup didn’t stop the same *Carta Capital* from lining up with the military, on February 16, opposing the Temer government in the name of “national sovereignty” in the land owning rights debate, and later on March 3, opening up its pages to the vice-president of the São Paulo Industrial Federation (FIESP) to defend the Workers Party industrial policy.

The drumbeat reached its highpoint on March 15 when the “united front” of unions and pseudo-left parties summoned delegations of workers from throughout the state of São Paulo in a 100,000-strong demonstration after the partial general strike to listen to Lula’s demagogic speech in São Paulo city’s main thoroughfare, Paulista Avenue.

The Brazilian pseudo-left has also in this process abandoned any pretense of opposing the PT. Its chief demand since 2016 has been a united front of the union federations tightly controlled by the PT, the Stalinist Communist Party of Brazil (PCdoB), the Morenoite United Socialist Workers Party (PSTU) and the bourgeois Democratic Labor Party founded by Getúlio Vargas in the 1940s.

This policy is all the more criminal in the face of the PT’s sharp turn to the right and the deep international crisis, which is producing gains for the far right in country after country. These gains are the direct outcome of the disorientation produced in the working class by the warfare against it carried out by the official “left,” be it the PT and the “chavista” or “Bolivarian” governments of Latin America, the Social-Democratic and Socialist parties in Europe or the pro-Wall Street Democratic party in the US.

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