

Brazil's markets plummet amid corruption charges against president

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Shares on Brazil's principal stock market plummeted 10.47 percent in the first minutes after opening Thursday, triggering the so-called automatic "circuit breaker," halting trading for the first time since the global financial meltdown of 2008.

The panic selling in the financial capital of Sao Paulo was driven by the dramatic intensification of the country's political crisis, with both President Michel Temer and his principal political ally, Senator Aécio Neves, leader of the right-wing PSDB (Brazilian Social Democracy Party), directly implicated in the protracted Operation Car Wash corruption scandal.

The country's media giant O Globo reported Wednesday night that, as part of a plea bargain deal, a prominent business executive had turned over tapes to the country's Supreme Court. The tapes record Temer expressing his support for the payout of hush money to imprisoned politician Eduardo Cunha, and Neves soliciting 2 million reais (nearly \$600,000) to pay for his own defense against corruption charges.

According to O Globo, the tapes, made secretly last March, record Joesley Batista, the CEO of JBS, one of the world's largest meatpacking companies, telling Temer that he is making monthly payments to Cunha, the former head of the lower house of the Brazilian congress who was jailed on multiple corruption charges, to keep him from exposing others involved in the sprawling bribery and kickback scandal centered around the state-run oil company Petrobras. Temer is reportedly heard on the tape telling Batista, "You've got to keep this up, OK?"

Cunha, a member of Temer's Brazilian Democratic Movement Party (PMDB), was the initial architect of the impeachment of Workers Party (PT) President Dilma Rousseff that brought Temer to power. He was also the nexus of the vast bribery operation that has

implicated virtually every party in Brazil, including the PT.

Temer delivered a brief speech Thursday afternoon, declaring, "I will not resign, I repeat I will not resign." He claimed to have "nothing to hide" and demanded a "full investigation and a rapid clarification of matters for the Brazilian people. This situation of uncertainty cannot go on for a long time."

He went on to warn that the revelation of the "secretly recorded conversation" threatened to intensify the country's political crisis to an unprecedented level, rendering the "immense effort to pull the country out of recession" useless. "We cannot throw into the garbage can of history so much work done for the country," he said.

Temer was referring to the social counterrevolution that his government has embarked upon since taking office following Rousseff's impeachment. Deepening the assault on the social rights of the working class already begun under the PT and Rousseff, the government has brought before congress a sweeping pension reform that drastically increases the age of retirement, slashes benefits, increases workers' contributions and forces them into private retirement plans. This has been accompanied by a "labor reform" that would strip workers of their rights by scrapping restrictions on part-time work and outsourcing and allowing unions to negotiate away rights protected under the country's labor code.

Both pieces of legislation were meant to open up a wholesale agenda of austerity measures aimed at placing the full burden of Brazil's deepest economic crisis in a century squarely on the backs of the Brazilian working class.

Unemployment now stands at record levels, with more than 14 million officially listed as jobless. The

real figure is likely closer to 25 million when those who have given up looking for work are included. Workers' family incomes, meanwhile, has fallen by more than 10 percent since 2014.

Despite these increasingly desperate conditions for the masses of Brazilian workers, the corporate and financial media and big business politicians have hailed a supposed turnaround in the country's economy, based in large measure on the enthusiastic response of the stock markets and international finance capital to the apparent progress made by Temer in pushing through his attacks on pensions and labor laws.

Thursday's market sell-off reflected fears that implementation of these measures will now be impeded by the mushrooming political crisis enveloping every layer of Brazil's ruling political establishment.

Senator Ricardo Ferraço (PSDB), who was in charge of drafting the labor law, confirmed Wall Street's and Brazilian finance capital's fears Thursday, saying that Temer's "reforms" were being placed on hold.

"The institutional crisis we are facing is devastating, and we need to prioritize finding a solution," the senator said in a statement. "Everything else is secondary now."

Meanwhile, Brazil's Supreme Court suspended Aécio Neves from his Senate seat Thursday as federal police raided his multiple homes in Rio de Janeiro, Belo Horizonte and Brasília. The court failed to grant prosecutors' requests for a warrant to arrest Neves, who lost the 2014 presidential election to Rousseff by a thin margin. Federal police did, however, arrest both his sister and his cousin in Belo Horizonte for their role in taking the money from the meatpacking executive.

Even before the latest revelations, Temer's approval rating stood at barely 9 percent, with large sections of the population seeing his presidency as wholly illegitimate. He has appeared largely indifferent to this popular hostility, however, seeing his real constituency as Brazilian and international big business and finance capital.

If he were to resign, or be impeached in a process that could drag on for months, under the Brazilian constitution, it is the Congress that is charged with an indirect election of a successor to serve out the remainder of the presidential term until after the October 2018 presidential election. This body is just as discredited as the presidency, with 39 representatives

and a third of the Senate under investigation in the bribery scandal. Rodrigo Maia, the right-wing chairman of the lower house of Congress and next in the line of succession after Temer, the former vice president, is accused of soliciting campaign donations from the construction firm OAS, a major Petrobras contractor, in return for political favors.

The Brazilian unions and the pseudo-left organizations have raised the demand for a constituent assembly and direct elections. Their aim is to channel the rising anger against the entire capitalist setup in Brazil back behind the discredited Workers Party (PT) and, in particular, the candidacy of Luiz Inácio Lula da Silva, the former metalworkers union leader who occupied the presidency from 2003 to 2010. Lula is himself facing multiple trials over corruption charges. His PT government was instrumental in creating the system of corruption through its funneling of state resources to promote the growth and profits of Brazilian capitalist corporations like JBS, Odebrecht and OAS, with political payoffs coming back in return.

A return to power by Lula and the PT would mean a continuation of the capitalist austerity policies initiated by his government, continued under Rousseff and deepened under Temer. The mission of another Lula government would be to contain the growing militancy of the Brazilian working class and keep it subordinated to capitalist interests.



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