

# Brazil crisis threatens second impeachment in less than a year

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Brazil's influential Bar Association (Organização dos Advogados do Brasil, OAB), has called for the impeachment of President Michel Temer, increasing the odds that Latin America's largest nation will see its second change of power in less than nine months.

The move came as details continue to emerge on the plea-bargain agreement negotiated by Joesley Batista and other executives of the J&F private investment holding company directly implicating President Temer in Brazil's sweeping political corruption scandal.

The 25-1 vote by the OAB's governing council is a barometer of the mood within Brazil's ruling circles, echoing similar votes taken preceding the country's last two impeachments: in 2016 of Dilma Rousseff of the Workers Party (PT), handing power to Temer; and previously in 1992, when the darling of the IMF, President Fernando Collor de Mello, resigned after his ouster became inevitable.

The Bar Association also gave its consent in 1964 to the toppling of the bourgeois reformist President João Goulart in a US-backed military coup, signaling the capitulation of the so-called bourgeois-democratic forces to the imposition of a brutal dictatorship that was to last for 21 years.

J&F controls JBS, considered the world's leading animal protein processing company,

and has reported 170 billion reais (US\$54 billion) in revenues in 2016, a 35-fold increase since 2007, during the first term of the Workers Party's 13-year rule. The formation of such a monopoly was made possible largely through the PT federal government's aid via the National Development Bank (BNDES) and the anti-trust oversight agency, CADE. The company was a target of multiple Federal Police (PF) investigations stemming from the ever-widening Operation Car Wash (Lava Jato) investigation into illegal government contracts, bribes and kickbacks in major industrial areas such as oil extraction and refining, shipbuilding and hydro-electric projects.

According to the influential financial daily *Valor*, the Brazilian market now accounts for only 10 percent of the company's revenues. J&F owns 54 meatpacking plants in the US alone, operates in 22 countries and exports to 150. As part of its growth, J&F was able to buy thermoelectric plants and pine forests and negotiate lucrative energy contracts with state-owned and private providers, linking it directly with other major targets of the Car Wash and related investigations.

Against this backdrop, President Temer was taped by the company's CEO and owner, Joesley Batista, consenting to payoffs to buy the silence of Eduardo Cunha, the former head of the lower house of Congress. Temer is also recorded indicating that Batista should "speak in his name" when asking for favors from the CADE anti-trust agency, and being told that Batista was paying off prosecutors and

judges involved in investigations into his company. Furthermore, Batista received privileged information on impending changes in the country's public debt interest rates, giving him an insider's advantage in negotiating trades in government bonds.

After the conversation with Temer was handed over to the investigators, a sting operation was set up by federal prosecutors to have Batista ask Paraná state federal representative Rodrigo Loures to negotiate favors with the CADE and later tape him picking up money to pay for them.

With hard evidence of Loures's access to high officials, and since Temer failed to report the conversation to the police or the Attorney General, Supreme Court Justice Edson Fachin last Friday authorized the opening of an investigation against the president on the grounds that he consented to multiple crimes. According to the Brazilian Constitution, while in office, the president may only be investigated for crimes committed during the current term. Previously, Temer had been shielded from prosecution on evidence that, before taking the reins as president, he was involved in the ubiquitous bribery and kickback scandal.

The lifting of this protection underscores the depth of the current crisis, which has been underscored by the timeline of events since the newspaper *O Globo* leaked information on the tapes last Wednesday.

The authorization of the investigation was followed by the official release not only of the full content of the tapes but also of videos with confessions by Batista and his associates to officials of the Attorney General's office, in which they claimed to have put more than a thousand leading politicians on both the local and federal level on their payroll. They also confessed to having made illegal payments of almost \$50 million to former PT presidents Rousseff and Lula da Silva through negotiations with former Finance Minister Guido Mantega in exchange for political favors.

As further details became known, *Valor* reported on Thursday that the taping of Temer was part of the sting operation from the start, but then retracted the claim on Saturday. Later, *Folha de São Paulo* reported on Saturday, May 20, that a close Batista associate had met a Federal Police investigator and a federal prosecutor to be "lectured" on the subject of plea bargains two weeks before the meeting in which the president was secretly recorded.

The meeting of Batista with the prosecution reported by *Folha* indicates that rogue elements inside the state might have been behind a bid to topple the president, since, according to Brazilian law, Batista should have had no prior advice on the conditions for a plea bargain before handing himself over to the investigators.

Temer's defense also claims that the tape is not valid evidence since Batista aimed to provoke the president, rather than to protect himself,

as would be required by law.

Moreover, it was revealed on Monday that the Supreme Court accepted the tapes as evidence without even having them evaluated by experts as to possible editing. After *Folha de São Paulo* reported that the tape could contain more than 50 edits, and at the insistence of Temer's attorneys, it was returned by the Supreme Court to the Federal Police and the investigation put on hold until a new evaluation is made. These developments have set the tone for the São Paulo papers, especially *Folha* and *Estado de São Paulo*, in urging calm and a halt to calls for Temer's ouster, while the powerful *Globo* media conglomerate continues to move against the government.

Meanwhile, it was revealed that Batista traveled to New York with his family with authorization from the investigators in order to put in place plans to transfer his company to another country, probably the Netherlands. This move comes after he reaped US\$80 million in profits after buying a billion dollars the day before *O Globo* leaked his story and the currency went up by 8 percent against the real—the sharpest devaluation for the Brazilian currency since the Asian crisis in 1999. The revelations implicating Temer also triggered the sharpest drop on the São Paulo stock exchange since the global financial meltdown of 2008.

The intensification of the Brazilian crisis raises vital political questions for the working class. Multiple divisions are emerging within the ruling class, bound up with nervousness over the country's deteriorating economy and the inability of Congress to pass legislation embodying the toxic agenda of social counterrevolution that was at the heart of the impeachment of Rousseff in 2016.

The acceptance by the Attorney General's office and the Supreme Court of what was, even without direct initial involvement of state agents, essentially a sting operation against the president, exposes a growing breakdown of constitutional forms of rule.

Congress, threatened by the corruption investigations opened against a third of the Senate, has raised the stakes against prosecutors by threatening to punish them if they fail to prove their charges. A so-called "abuse of power" law is being discussed in Congress in order to make prosecutors "think twice" before bringing charges against politicians. At the same time, the Federal Police have increasingly made use of sting operations after the PT government approved a thoroughly anti-democratic law authorizing them in 2013, and the Supreme Court started validating ill-gotten evidence obtained through their use.

At the same time, the whole political system is thoroughly discredited by the continuous revelations of corruption, and the government's reactionary agenda is intensifying the popular sentiment that its rule is illegitimate. Similar sentiments were initially directed against Dilma Rousseff in 2015 when her second term began with a sharp turn to the right and to austerity measures, along with the repudiation of her election platform. The hostility to the government only increased after Temer's reactionary takeover, with growing factions of the ruling class turning against Temer and to alternatives to "legitimize" bourgeois rule, including amending the constitution in order to bring forward general elections, as initially proposed in Congress by the Workers Party after Rousseff was ousted.

Both *Folha de São Paulo's* Datafolha polling institute and the union-linked Vox populi institute agreed at the end of April that 80 percent of the population supports early elections, and both Congress and the Supreme Court are set to decide on the matter in the next weeks, with one of the largest parties in Temer's coalition, the thoroughly bourgeois Brazilian Socialist Party, abandoning the government and

backing the proposal.

The demand is set to dominate the "occupy Brasília" march called by the unions in the wake of the April 28 general strike that brought out some 35 million workers. The union organizers of the May 24 march, initially called to protest pension and labor "reforms" proposed by the government, say they intend to bring 100,000 demonstrators to the isolated inland Brazilian capital.

The fundamental political premise of the unions and Brazil's pseudo left is that the abandoning of the Temer government by growing sections of reactionary press, big business and bourgeois parties is to be hailed, and workers' struggles must be subordinated to these political maneuvers in order to breathe new life into Brazilian capitalism. This conception was clearly exposed in two contributions published in the PT-aligned *Carta Capital*.

Editor Mino Carta, in an article published Monday, defended the demand for immediate elections. He contrasted the current situation to the conditions that existed under PT rule, while appealing to business, saying that the magazine was "financially asphyxiated by an illegitimate and knowingly corrupt government and by the abandonment by businessmen who used to show more commitment to diversity and plurality."

Meanwhile, pseudo-left star Guilherme Boulos, head of the Homeless Workers Movement and one of the organizers of the May 24 demonstration, warned in the magazine that if an indirect election were to follow the fall of Temer "the country would undergo convulsions. The seriousness of the crisis allows for no arrangements. Congress has no authority to elect anyone indirectly and any succession without elections would maintain the instability."

These elements are emboldened by recent polls showing Lula da Silva leading in the polls on support for likely candidates in the presidential election scheduled for October 2018. Their aim is a speedy restoration of a PT government in order to stabilize bourgeois rule and stifle the growing militancy of the Brazilian working class.



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