

Brazil's political crisis deepens after court upholds conviction of Lula

Miguel Andrade
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On January 24, Brazil's Fourth Appeals Circuit (Tribunal Regional Federal da Quarta Região—TRF-4), upheld the conviction of former Workers Party (PT) president Luís Inácio Lula da Silva, better known as Lula, on charges of passive corruption and money laundering. It went further, extending his original nine-and-a-half-year prison sentence to 12 years and one month. The three-judge panel rejected all the motions of Lula's lawyers, voting unanimously in favor of the prosecution's appeal to extend the sentence handed by 13th District Court Justice Sérgio Moro.

Since 2017, Lula has led the polls for the October 2018 presidential election, with an average of 35 percent support for the first-round balloting and an average a 15 percent lead over any potential rival in a run-off. The latest poll from the Datafolha Institute, conducted after the appeals court ruling, saw no change in the polling numbers.

Lula is now virtually barred from running for president, pending rulings by higher courts that are unlikely find that his conviction represented a miscarriage of justice. Lula's closest competitor in the presidential polls—with just 18 percent support—is the fascistic reserve army captain Jair Bolsonaro, a seven-term representative from Rio de Janeiro in the lower house of Brazil's federal legislature.

Nineteen percent of those polled indicated that they do not intend to cast ballots for anyone in October, a record number that reflects the broad popular hostility and disgust toward every political party, including the PT.

The unexpected unanimous decision by the appeals court on both the conviction of Lula and the lengthening of his jail sentence unleashed a frenzied run-up on the Sao Paulo stock exchange. The bourgeois media responded with a wave of right-wing triumphalism. This was in line with the media's increasing subservience toward far-right elements in the upper-middle class, the military and the state apparatus which have for almost three years demanded the punishment of the Workers Party as a criminal organization and the “chief corrupter” of Brazilian society.

The leading prosecutor, Deltan Dallagnol, went so far as proposing in 2016 that political parties be shut down as a maximum penalty for involvement in corruption, a so-far stalled move which was nonetheless supported by Workers

Party-appointed Attorney General Rodrigo Janot.

The charges ruled upon by TRF-4 on January 24 stem from the four-year-old Lava-Jato (carwash) investigation into a bribes-for-contracts scheme at the state-run oil giant Petrobras. This is the first case—out of nine—against Lula to reach a verdict. The corruption charge upon which he was convicted stemmed from his alleged acceptance of a seaside penthouse in the resort city of Guarujá, 70 km south of São Paulo, in exchange for favoring the national construction giant OAS on Petrobras contracts during his two terms in office, from 2003 to 2010. A separate charge of money laundering stems from the prosecutor's allegation that the penthouse, officially owned by OAS, was covertly reserved for Lula.

Neither Justice Moro nor the TRF-4 appeals panel, however, have named any specific favor either granted or promised by Lula to OAS, instead arguing that the “whole” of his demonstrated relationship with several construction giants—including details of unrelated and unfinished investigations—made it “likely beyond reasonable doubt” that the apartment had been provided for services rendered.

The bulk of the evidence presented to the court consisted of internal OAS documents that the company's president and other executives declared, while negotiating still unconcluded plea bargain agreements, contained nicknames for Lula, his wife and their collaborators, and allegedly showed that the penthouse, legally owned by the company, would be in the future used by Lula.

There is no doubt that Lula, in the course of a more than 35-year political career as head of the PT and as a two-term president, carried out crimes and betrayals against the Brazilian working class and oversaw a political system steeped in corruption. The evidence used to convict him and bar him from running again for president, however, is exceedingly thin.

Lula's two terms earned him well documented international prestige among imperialist officials and nationalist politicians alike, who used his political success to propagandize the viability of world capitalism. US President Barack Obama famously declared in 2009 that Lula was “the man,” and the most popular politician on earth.

This assessment stemmed particularly from Lula's pivotal role, as a moderately nationalist metalworkers union leader and

later Brazilian president, in propping up Brazilian industrial and commodity monopolies, especially during the early-2000s commodity boom. His policies, as he always boasted, “allowed the rich earn money as never before,” at the same time that token cash transfer programs were employed to reduce extreme poverty and quell social unrest.

Lula left the presidency in 2011 to earn big money on the lectures circuit, much in the fashion of former US Presidents Bill Clinton and Obama.

Whatever Lula’s political guilt and responsibility for the wholesale corruption that characterized not only the PT, but every bourgeois party in Brazil, the methods used to prosecute him have been characterized by a complete contempt for democratic rights within the Brazilian ruling establishment and its state apparatus.

“Crusading” prosecutors have employed arbitrary detentions, perp walks and illegal phone bugs—including bugging law firms’ phones on the theory that lawyers were “collaborators” of their indicted clients, and, most notoriously, a phone call between Lula and his successor as president, Dilma Rousseff.

The corrosion of democratic forms of rule in Brazil has rapidly accelerated since the world capitalist crisis first hit the country with full force in 2013.

Rousseff was impeached in 2016 on trumped up charges of budget manipulation in order to intensify austerity measures about which the PT held tactical reservations, above all fearing they would provoke a social explosion. The takeover by Michel Temer, Rousseff’s vice-president and impeachment conspirator, failed to tackle the country’s worst economic crisis in a century, and the government has thus far proven unable to push through a pension “reform” which is key to its austerity agenda.

As Lula’s lead in the presidential campaign widened—and Temer’s crisis deepened—questioning of the investigations against the ex-PT president began to emerge in the media. The financial daily *Valor* ran a high-profile article on January 22 titled “Jurists see flaws in Lula’s conviction,” signaling the expectation that the TRF-4 panel would have at least one dissenting justice, opening the way for Lula’s appeals to higher courts and a possible election win.

Similarly, the BBC reported on the morning of the appeals court decision that the Eurasia Group had sent international investors a letter advising that a unanimous decision by the TR-4 panel was highly unlikely and that the court’s decision would have “zero say on Lula’s future.” *Folha de São Paulo*, for its part, published an editorial on the same morning declaring that “the case involves complex evidence and that is why it is going through a second evaluation, which won’t be the last.” *Folha*, *Valor* and the Eurasia Group were at this point cautiously preparing international and national investors to once more consider Lula as the best-suited candidate to preside over Brazil’s explosive social inequality.

All this was dropped 24 hours later, with the media bowing to

the stock market, which saw a 3.72 percent rally in the hours after the appeals court decision, reaching an all-time high. *Folha* in its January 25 editorial did an about-face, stating, “Facts, in their complexity, resist any attempt by the defense to portray Lula as innocent.” Within 24 hours, eliminating Lula from the election by means of an upheld conviction that renders him ineligible under Brazilian law had become an accomplished fact.

The Lava Jato operation, and Rousseff’s impeachment, have been used by Brazil’s desperate bourgeoisie to push the whole political system far to the right. This includes not only the press, but also Lula and the Workers Party, which accepted the impeachment drive with no attempt to mobilize workers against it. Since then, they have worked with the unions to impose a straitjacket on the working class in order not to jeopardize Lula’s electoral ambitions, even as labor “reforms,” privatizations and the rolling back of environmental and other regulations have devastated conditions of life for the working population.

Despite his lip service to workers at rallies organized by his oligarchic allies around Brazil, Lula placed his true confidence in national and international capital to free him from the corruption conviction

These hopes were not unfounded. In its response to the appeals court decision, the *Financial Times* of London published an editorial titled “Lula’s conviction will not make Brazil great again,” warning that “the many opponents of Lula are mistaken in their joy. Brazil, one of the most unequal countries in the world, needs a strong, center-left party like the PT.”

Such a strategy, based on preserving the interests of Brazilian and foreign capital, inevitably demands further shifts to the right. Lula’s promise to subject Temer’s “reforms” to referendums should be seen in the light of Syriza’s referendum on austerity in Greece, laying the groundwork for a similar fraud and betrayal should he be given a third term.

As late as December, all the talk about a “left turn” by the PT notwithstanding, *Folha de S. Paulo* reported discussions within the party about inviting Luiz Trabuco, CEO of Bradesco, Brazil’s largest bank, to serve as Lula’s running mate.



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