Brazil: Lula, Rousseff, and the Workers Party Establishment in Power

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Dilma Rousseff of the Workers Party (PT) won Brazil's presidential election on October 26, meaning that when her term ends her party will have held the nation's top office for a remarkable 16 years, longer than any party in Brazilian history. Rousseff began as part of an armed revolutionary guerrilla organization during the dictatorship from 1964-85, then helped found the Democratic Workers Party (PDT), and only joined the PT in 2001. The PT of the 1980s and 1990s represented the political expression of militant labor and social movements tending toward socialism, yet today the PT is the establishment. Now others are attempting to build a new revolutionary movement to its left.

Tremendous opposition to Brazil's PT establishment has come from both left and right, as seen in the June 2013 demonstrations that swept the country. And in the October 2014 elections, both the left and especially the right grew as a result. The more conservative Brazilian Social Democratic Party (PSDB) succeeded in harvesting much of the discontent that expressed itself in the tremendous demonstrations of June 2013, other right-wing parties have also grown, and a number of far-right candidates have been elected. Thus we see a polarization of Brazilian society with gains for both the far right and the far left.

On the left, the Party of Socialism and Freedom (PSOL) proved most successful, especially in Rio de Janeiro where it emerged as a real electoral force to the left of the PT. There are also at least two other important far-left parties, the United Socialist Workers Party (PSTU) and the Brazilian Communist Party (PCB), though they are both less-significant electoral forces, the former having received 188,473 votes and the latter 66,615 votes in the recent national election. The PSTU is a more important force in the labor unions, while PSOL has deeper roots in other social movements. There have been proposals for electoral fronts of all three parties in the past, but in 2010 and 2014 PSOL was not an attractive electoral ally because it was too weak, so PSTU ran its own candidates. With PSOL's strength in this election, a left electoral front is more likely, as has already happened in some states.

We look here at the PT's almost 12 years in power and at the way in which what began as an inspiring workers' movement tending toward socialism became transformed into part of a new political capitalist establishment.

Brazil's Workers Party:
Once the Hope of the Left

After Cuba and before Venezuela, there was Brazil. Brazil was, we recall, the hope of the left.

From the late 1970s until the early 2000s, Brazil represented for the left, especially for the Marxist left, the great possibility for social revolution in the twentieth century. Unlike Fidel Castro's guerrillas who had seized power in Cuba and eventually established a Communist regime, and different than the charismatic colonel Hugo Chávez who led a populist movement in Venezuela, Brazil's left political movement originated in working-class struggles for a better life and for democracy. The Brazilian labor and socialist movement seemed in the late twentieth century to be moving forward almost as if they were following a classical Marxist script. First, during the late

1970s the metal workers of the ABC district around São Paulo carried out strikes that played a crucial role in bringing an end to the military dictatorship. Then in 1983 those workers organized a new United Federation of Labor (CUT) that became the leading center of labor organizations in the country at the head of a rambunctious proletariat. The industrial, service, and government workers who affiliated with the CUT, and the Christian left, also used their resources in 1984 to help organize the Landless Workers Movement (MST) which fought aggressively for the redistribution of land to those who had nothing.

Already in 1980 the new labor movement, radical intellectuals, small far-left political parties, and the Christian base communities inspired by the Theology of Liberation had created the Workers Party (PT). The Workers Party called for socialism, even if there were widely differing views about whether that meant social reform and regulation, redistributive programs to help the poor, or a political and social revolution to overthrow capitalism and create a socialist society. As it grew, the PT bubbled with internal discussion and debate while in a constant process of interaction with labor unions and community groups. Here it seemed was the radical, democratic workers' movement that we had been waiting for as an alternative to populist *caudillos*, the authoritarian bureaucracy of Communism, and the ostensible reformism but more typically austerity policies of contemporary social democracy.



In 1989 the PT put forward as its presidential candidate Luiz Inácio da Silva, better known by his nickname Lula, the foremost leader of the metal workers. Lula seemed to those of us in the United States like a Brazilian Eugene V. Debs, a workers' leader who had built a radical labor movement and then a workers party, and who was putting socialism on the agenda in the biggest country in Latin America.[1] During the 1990s the PT developed models of democratic and participatory government, the most celebrated element of which was Porto Alegre's and other cities' participatory budgeting. Within the PT a variety of revolutionary socialist organizations were active, among them the Socialist Democracy of the Fourth International which believed that the PT had the potential to develop into a revolutionary socialist party.[2] Brazil was a Marxist dream. It seemed too good to be true. And, as it turned out, it was.

Lula, campaigning for the presidency in 1989, 1994, and 1998, was finally elected in 2002 and became president with 61.3 percent of the vote, carrying all but one state, a stunning achievement. But during that first term, rather than leading the working class forward in struggle against the country's capitalists and politicians as many expected, he made peace with them.

Surprising many of his supporters and shocking members of the Workers Party, Lula continued many of the neoliberal policies of his predecessor Fernando Henrique Cardoso (1995-2003), continuing privatization and deregulation. Lula turned his back on agrarian reform, instead promoting large scale agriculture. At the same time, however, he maintained Cardoso's targeted social benefits such as *Bolsa Escola*, an education subsidy that provided monthly cash payments to poor families whose children are enrolled in school. Lula's administration changed the program's name to *Bolsa Família* and expanded and extended it rapidly beginning in 2003 until it covered virtually the entire poor population. As a result, the country's poverty rate fell between 2003 and 2009 from 22 to 7 percent, lifting millions out of poverty and bringing some of them into the working class. Yet, even as he began to institute social programs that lowered the poverty rate, it was during

his first term that Lula began to turn the party toward the right. How and why did Lula and the PT turn right?

The Political Decline of the PT and the Emergence of a New Left

Let's go back to the beginning. The PT as a young party won a following, especially among the better educated and better paid sectors of society in the southeast of Brazil, that is, in the states of Minas Gerais, Espirito Santo, Rio de Janeiro, São Paulo, and in the south, especially in Porto Alegre in Rio Grande do Sul, and soon succeeded in electing mayors in several towns and cities. Lula who ran as the party's candidate for president in 1989 did exceptionally well in the run-off, winning 47 percent of the vote, but then in 1994 Lula was trounced by Fernando Henrique Cardoso, while at the same time PT governors, senators, and mayors failed to win reelection in 1992 and 1996. Lula and his supporters drew the conclusion—one they had been coming to since 1989—that they had to move to the right. Their view was reinforced by Cardoso's success in establishing neoliberal policies which, at least in the short term, had proven successful and had received broad acceptance from a majority of the Brazilian population.

Though the PT's radical left wing held a majority at the party's 1993 Congress (the eighth *Encontro*) and adopted a left program calling for *a luta revolucionaria* (the revolutionary struggle), Lula exerted his personal influence to win greater autonomy for his campaign in 1994—as he would do again in 1998, 2002, and 2006. Under Lula's influence the party moderated its political language, sought closer relations with business groups, and began to make alliance with centrist and even conservative parties.

Lula's government's poverty programs were aimed particularly at the Northeast's large poor population. By 2002 Lula chose José Alencar, an industrial billionaire, as his running mate, while at the same time the party dropped the word "socialism" and adopted the slogan of "*Lula, Paz e Amor*" (Lula, Peace and Love) and "*O PT para um Brasil Decente*" (The PT for a Decent Brazil). As president, Lula headed one of the largest parties in the Brazilian Congress, but it was still a minority, so he formed alliances with centrist and even rightist parties and in order to cement his political coalition, he began to buy the representatives of other parties, paying them a monthly allowance called the *mensalão* as revealed in the 2005 scandal.[3]

Lula and the PT leadership began to become more autonomous, more loosely connected to their social base. Though created by the unions, the PT had never been a labor party with any official ties to organized labor, but now Lula subordinated the labor unions to the party. The CUT and the metal workers that had lifted Lula to power, having become more bureaucratic and less connected to their social bases, became political captives of the PT, while many of their leaders formed the party's leadership and staff. At the same time, union leaders

appointed as "workers' representatives" to the boards of pension funds had, by dint of their positions, become major players in Brazilian finance; their task now being to press for redundancies, sell-offs, and shut-downs, in pursuit of high returns on their investments. Today the principal institutional investors are the Previ, Eletros, Sistel, Petros, Portus, and Funcef funds, and others whose names indicate the firm or sector from which they originated; they carry great weight on the stock exchange, and have played a decisive role in defining the parameters of state privatizations. Well before 2002, this fund-management stratum had crystallized within the core leadership of the Workers Party.[4]

The PT bureaucratically collectivized worker benefit funds and entered into the capitalist financial markets.

Lula's poverty programs, combined with affirmative action policies first adopted in 2001 that opened Brazil's universities to graduates of public schools, many of whom were Afro-Brazilians, promised to have a significant impact on poverty in Brazil over the long term. The result was that in 2006, the poor people of Brazil's Northeast, who had long formed the base for more conservative parties, began to vote for Lula, and later for Dilma Rousseff, a political shift of enormous significance. Lula's programs shifted the party's base from the historically more politically active, better educated, and better paid social groups of the Southeast to the more politically passive and much poorer people of the Northeast who had historically voted for conservative parties.[5]

With his political power based on a partnership with high finance and big business on the one hand and with the poor on the other, Lula developed a political strategy that has been called "social liberalism"—neoliberalism with a social, human face, one might say—forming an alliance with the bankers, realtors, and construction companies, while at the same time establishing the *Bolsa Família* welfare system for the poor that made it possible not only for some of them to better feed and clothe their families, but also permitted more of their children to go to school. The PT government also put development—that is capitalist expansion—ahead of the country's environmental and social objectives, offering incentives to the auto companies—thus keeping both them and the metal workers union happy, but leading to terrible traffic and pollution problems in the big cities like São Paulo with its twenty million inhabitants. Lula dropped agrarian reform and neglected indigenous and traditional communities in the countryside. At the same time, though, there was a gradual decline in industrial production, as Brazil shifted to extractive industries like mining, lumber, and agriculture, particularly soya.

As Lula moved to the right, he was criticized and publicly challenged by the PT's left-wingers, particularly the Trotskyists of the Fourth International, but also former Communists and independent leftists. These struggles led in December 2003 to the expulsion of four legislators. Congressional representatives João Batista Oliveira de Araujo (known as Babá) and Luciana Genro, together with Senator Heloísa Helena, went on to form the Partido Socialismo e Liberdade (PSOL) in June of 2004. Helena ran for president in 2006, winning 6 percent of the votes cast (6.6 million votes) the highest number of votes cast for a woman for political office in Brazilian history at the time. To understand the possible future for this new left party, we have to know something about the history of the old left. Heloísa became the head of the party, but when PSOL endorsed Dilma in the second round, she resigned in protest.

Brazil's Old Left: Anarchists, Communists, and the Others

To understand how the PSOL differs from other parties of the left, one has to look at the old left. At the turn of the last century, the Brazilian labor movement, made up of European immigrants, was led by anarchists who carried out strikes, formed unions, and created the country's first labor federation. The Brazilian Communist Party (PCB) was founded in 1922 by former anarchists under the impact of the Russian Revolution; it was headed for years by the charismatic Luis Carlos Prestes who had commanded a revolutionary uprising in the 1920s and then led the famous 14,000-mile "long march," after which he joined the PCB. By the 1930s, the Communists—though still headed by Prestes—had become a typical, pro-Soviet party, following all the gyrations of the Communist International and the Soviet Union.[6] More fissiparous than Communist parties in other countries, the PCB splintered every few years, flaking off Trotskyists in the late 1920s as well as other revolutionary socialist tendencies every decade thereafter. Still it remained Brazil's most important left party until 1964.

With the coming to power of the authoritarian populist government of Getulio Vargas in the coup of 1930, the Communists were driven underground. Yet, ironically, following the Communist Party's Popular-Front-period line, the PCB supported Vargas when Brazil entered World War II and sent troops to fight in Europe. While the Communists grew in Brazil, and had some influence in the unions during the 1940s, unlike, say, the French Party, they never became the dominant force in labor, the unions being controlled by the state. Then the Communists went into crisis in the 1950s after Nikita Khrushchev delivered his revelations of Stalin's crimes at the Twentieth Soviet Communist Party Congress.[7] For all of these reasons the Communist Party never became a major force in Brazilian politics, and neither did the Trotskyists or any of the other fragments of that left.



The combination of the decline of Communism, together with the thrill of the Cuban Revolution of 1959 and the the rise of Maoism as an international tendency in the early 1960s, just as the military coup occurred in 1964, led to the proliferation of small far-left sects, neo-Communist, Castro-Guevarist, Trotskyist, and Maoist, some of them involved in the armed clandestine movement. Dilma Rousseff herself was a member of one of these underground groups, the Marxist Revolutionary Organization – Workers Politics (ORM-POLOP), for which she was arrested, imprisoned, and tortured during the years of the military dictatorship. Dilma then joined the PT and rose to the top as a close advisor of Lula and ultimately his handpicked successor for president. When she took office in 2011, Dilma continued Lula's strategic approach of collaborating with the financiers, industrialists, and agribusiness, while at the same time expanding even further the social programs, which by improving the lot of the poor had created a new social base for the party. Still, by the 2010s it was clear that the PT's economic model was running into difficulties.

The Crisis of the Brazilian Economic Model

Under Lula and Dilma, Brazil's economic model depended on the expanding export of agricultural products, including biofuels; on the sale of minerals, most important of all iron ore to China; and on the growth of the internal consumer market, made possible by the poverty programs. The model worked well from 2004-2010 when growth averaged 4.5 percent, making possible the expansion of government infrastructure and social welfare programs that stimulated the consumer market. Brazil rapidly overcame the 2008 economic crisis. After a brief downturn in 2009, it achieved an outstanding 7.5 percent growth rate in 2010. After that, however, the economy began declining, growing by only 2.7 percent in 2011, by a mere 0.9 percent in 2012, and by just 2.5 percent in 2013. Many economic analysts believe that the PT's economic model has now been exhausted. Because Brazil's consumer market has expanded rapidly as consumers purchased goods made in other countries, Brazil has a balance-of-payments problem, with its account balance deteriorating steadily since 2004. Brazil is heavily dependent upon Chinese economic expansion, but China, which has until now invested heavily in infrastructure such as railroads and in building construction, may be leaving its iron age, meaning that its purchases of Brazilian iron ore may fall.[8] The development model promoted by Lula and Dilma has led to an economy based on cheap labor, rather than good jobs. Some 94 percent of the jobs created pay only US$400 per month. Even so Brazil's wages may be too high to compete in the global markets with China and other even lower-wage economies. In fact, some critics argue that deindustrialization is already a serious problem.[9]

One of Brazil's historic problems, a legacy of more than 300 years of slavery, was that an enormous number of poor people had never entered the formal labor market.[10] The expansion of the Brazilian economy under Lula made possible increases in the minimum wage, which had a ripple effect throughout the labor market, while the expansion of social programs for the poor, including especially the *Bolsa Família,* also lifted millions out of poverty and carried some into the working class. At the same time, economic expansion helped other millions of people already in the working class adopt a more middle-class lifestyle based on the purchase of consumer durable goods such as automobiles and washing machines. The rise of the poor and of working people created anxiety and resentment among the better-off middle classes and the wealthy who felt their privileges, such as the ready availability of low-paid maids, were being threatened by the rise of those below.

The astonishing, massive demonstrations that swept the country in June 2013 represented a social eruption such as had not been seen in forty years and constituted an explicit rejection of the Workers Party government, but even more important, of political parties and government at all levels. The protests reflected both the rising expectations among the working class and a smaller right-wing backlash from the middle and upper classes. According to the highly regarded poling agency IBOPE, some 8.5 million people (out of a total population of 200 million) joined demonstrations in 400 cities and 22 state capitals, first against high transportation costs and then against just about everything else that had to do with government policies. Largely made up of young people, many with good educations but without good jobs, the demonstrations gave expression to both their own personal aspirations revolving around public transportation, health care, housing, and employment and also the collective sentiment that the society could do better. Dilma's government's enormous investment in building stadiums for the World Cup exacerbated the sense of frustration of those who felt more schools and health clinics were needed.

The protesters were first violently repressed by the government, but then when it became apparent that they had the public's sympathy, the government quickly made minor concessions, offered promises of reform, and then studiously turned its back on the discontented and ignored the issues they raised.[11] IBOPE found that 72 percent of the population approved of the demonstrations and that 89 percent had no faith in the political parties.[12] The protests were followed by a wave of strikes—by transit workers, teachers, and street cleaners—involving 3.5 million workers, a labor upheaval such as had not been seen in the country for decades.

At the same time, many people joined the demonstrations to protest corruption, the corruption of the PT government. The media, conservative parties, and right-wing groups seized upon corruption as their slogan in a very general way and linked it to the problem of what they called the "leftist" PT government. They began to put forward conservative programs and parties as the solution to the corruption crisis. While the left attempted to counter the right-wing interpretation of events, it was not generally successful. The demonstrations' lack of a clear direction was accompanied by increasingly violent clashes between the police and anarchist groups identified as the "Black Bloc," making many fearful of participating, and leading to the movement's decline. Clearly the June days were a complex process with very different agendas and political groups attempting to take leadership.

As the October 2014 election approached, the question was, where would those who participated in and sympathized with these movements go? The unexpected death of Eduardo Campos of the Brazilian Socialist Party (PSB) thrust the nomination on Marina Silva, a colleague of Chico Mendes, the famous environmentalist who was assassinated because of his defense of the Amazon and its jungle environment. Silva, a member of the Workers Party, served as Senator and then Minister of the Environment from 2003 to 2008 when she resigned in opposition to the developmental policies of Lula and Dilma. She ran for president in 2011, making an impressive showing by coming in third

with 19 percent of the vote (19 million votes). But Silva failed to put forward a clear political message, for example attempting to win LGBT support without confronting the evangelicals, and lost the election to Dilma and the more conservative Aécio Neves. Dilma, supported by the PT's organization, using attack ads on Neves, and with the vote of those in the Northeast whose lives had improved thanks to the government's poverty program, went on to defeat Neves by a vote of 51.4 percent to 48.5 percent—a slim victory. The PT will still be the largest party with 14 percent of the members of Congress. PSOL urged its members to vote against Aécio, which meant a vote for Dilma, though other parties suggested casting a blank ballot. Most striking was the larger number of conservatives elected and particularly the number of extreme right-wing candidates. The trend might suggest that this will be the last presidential election won by the PT—though there is also talk of Lula returning to run in 2018. In any case, the stage is set for further struggles between Brazil's working classes and the government and for greater polarization between left and right.

Footnotes

1. Margaret Keck, *The Workers Party and Democratization in Brazil* (Yale University Press, 1992). Keck's account captured some of the excitement of the early days of the PT.

2. João Machado, "The Experience of building DS and the PT, from 1979 to the first Lula government," *International Viewpoint*.

3. Perry Anderson, "Lula's Brazil," *London Review of Books* (March 31, 2011). Wendy Hunter, *The Transformation of the Workers' Party in Brazil, 1989-2009* (Cambridge University Press, 2010), passim. Hunter's excellent account of the taming of the Workers Party might be favorably compared to Carl Schorske's classic *German Social Democracy, 1905-1917: The Development of the Great Schism*.

4. Francisco de Oliveira, "Lula in the Labyrinth," *New Left Review* (42, November-December 2006).

5 André Singer, *Os Sentidos do Lulismo: Reforma gradual e pacto conservador* (São Paulo, Brazil: Companhia das Letras, 2012), passim. Lula's shifting of the foundation of his support from the Southeast's working and middle classes to the Northeast's peasants forms a central axis of his argument that under Lula the PT had become a fundamentally establishment party.

6. Though some of its leading intellectuals, such as Caio Prado Júnior, *A Revolucão Brasileira* (São Paulo: Editôr Brasiliense, 1966), criticized the PCB's popular front politics.

7. Ronald H. Chilcote, *The Brazilian Communist Party: Conflict and Integration 1922-1972* (Oxford University Press, 1974), 3-97; Robert J. Alexander, Trotskyism in Latin America (Stanford University, 1973), 69-87.

8. Herwin Loman, "Brazil's economic model: In need of a revamp," Rabobank Economic Research Department.

9. James Petras, "Brazil: Extractive Capitalism and the Great Leap Backward."

10. The legacy of slavery is one of the great issues of Brazilian history—as it is of American history. Communists were some of the pioneers of the study of the colonial economy and of slavery. Caio Prado Jr.'s *Formação do Brasil Contemporâneo* [1942] (São Paulo: Companhia das Letras, 2011) is the classic foundation for the Marxist analysis of the Brazilian economy.

11. Plinio de Arruda Sampaio Jr., ed., *Jornadas de Junho: A revolta popular em debate* (São Paulo:

ICP-Insituto Caio Prado Jr., 2014). The several essays provide an excellent account of various aspects of the June Days.

12. "Pesquisa de Opinao Pública Sobre as Manifestações," *IBOPE* (accessed 9/11/14).