

The Implosion of Brazilian Democracy – And Why It Matters

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Brazil is going through an unprecedented economic and political crisis that risks overwhelming the country's young democracy.

The high hopes with which political democracy was achieved against an almost universally detested dictatorship endured the untimely death of President-elect Tancredo Neves, in 1985. Democracy was consolidated despite the petty manoeuvring and robbery of public assets under President José Sarney (1985–1990). Democracy provided an exit route from the thieving megalomania of gangster-President Fernando Collor, in 1992. Democracy held the country together during the tenure of Vice-President Itamar Franco (1992–1994), a shallow man who never missed an opportunity to disappoint. Democracy resisted the arrogance and plunder of the national patrimony orchestrated by the Marxist sociologist-turned-neoliberal-guru, Fernando Henrique Cardoso (1994–2002). The democratic consensus seemed to flourish under the four consecutive presidencies of the Brazilian Workers' Party (*Partido dos Trabalhadores*, PT), first with Luís Inácio Lula da Silva (2003–2006, 2007–2010), then with his hand-picked successor, Dilma Rousseff (2011–2014, 2015–2016). But this happened only too briefly in what turned out to be democracy's swansong.

Lula, the trade union leader, was pragmatic, intuitive, and charismatic. He was also detested by the traditional elites, but they could do business with him. Lula was also fortunate, as global economic circumstances favoured his years in power. It was different with Dilma Rousseff. A former left-wing guerrilla under the dictatorship, she was an excellent manager but lacked the talent, experience, inclination and nous to lead a divided country with a political system vulnerable to deadlock and underpinned by pernicious and powerful elite interests. Then the economy began to fall apart. Years of slowing growth rates followed by successive contractions of national output reduced income per capita back to its level in the early 2000s. Open unemployment rose exponentially; the fiscal deficit and the domestic public debt mounted, and large firms in the oil, shipbuilding, construction, nuclear, food processing and other industries were wrecked.

On the political front, the Constitution was ripped to shreds. Dilma Rousseff was impeached in 2016 by an 'alliance of privilege' fronted by a larcenous political mob, pantomimic judges, police officers cloaked as national saviours, self-interested media moguls, and a rabid and vengeful middle class. Their rebellion anointed the sinister Michel Temer as President, whose tenure offered the world a calamitous spectacle of greed and incompetence. In the meantime, a large number of political leaders – including Temer himself – were implicated in a staggering array of corruption scandals. The judiciary went rogue, taking inexplicable pride in disabling both the economy and the political system in the name of 'fighting corruption'. Congress was demoralized and the Executive was disorganized. Policy-making was bogged in confusion, except in what concerns the rollout of

an excluding form of neoliberalism. A miasma of hatred enveloped the PT, the left and the poor, eventually to harden into élite indifference for the social consequences of the coup.

Examination of the Brazilian crisis throws into question two common assumptions. First, that the Brazilian disaster is unique. In reality, neoliberal democracies around the world are engulfed in turmoil. In the Eurozone periphery, elected governments were replaced by so-called non-party technocrats in order to implement perverse strategies to address the economic crisis (Greece, Italy). Later, elected administrations advocating unconventional strategies were crushed (Greece). Then the crisis of neoliberal politics reached the periphery. There, authoritarian governments were installed by different means, including more or less honest elections (Argentina, Hungary, India, Poland), judicial-parliamentary coups (Brazil, Honduras, Paraguay), the abuse of Constitutional prerogatives (Turkey), and military coups (Egypt, Thailand). The malaise eventually reached 'core' NATO countries. A hard-right Trump administration was elected in the USA despite the superior experience and larger number of votes received by Wall Street vassal Hillary Clinton; Brexit marginally won the popular vote in the UK, even if nobody could agree what the vote was *for*. In France, Marine Le Pen failed to capture the Elysée, but she did reach the second round of the elections; in addition, the hollowness of Emmanuel Macron's triumph was revealed almost immediately. Nativist populism thrives in Austria, Switzerland and Scandinavia and, in the Eastern periphery of the EU, tinpot far-right politicians lead rudderless societies against 'enemies' weaker than themselves; at their most obscene, charging against dark-skinned refugees fleeing even worse realities further South. Brazil's tragedy is one of many.

The second assumption is that the Brazilian disaster is due to the contamination of economic life by political corruption and fiscal irresponsibility driven by the PT. This is utterly wrong. Important gains for the majority were achieved during the administrations of Lula and Dilma, at least while external conditions were permissive. Those gains included the expansion of citizenship, social inclusion driven by the expansion of social programmes (transfers, benefits, admissions quotas for universities and the civil service, the expansion of provision of public goods, and so on) and, to a limited extent, the democratization of the state itself; for example, through changes in its social composition brought about by the recruitment of thousands of activists and popular cadres associated with the PT.

The workers and the poor also benefitted from faster economic growth because of the flexibilization of neoliberalism and improvements in distribution through a higher minimum wage, the creation of millions of low-paid jobs and the formalization of labour. The PT government rebuilt the oil sector, expanded economic infrastructure and implemented a nationalist foreign policy that, among other achievements, derailed the US-led Free Trade Area of the Americas. Finally, even after Brazil was engulfed by economic crisis, the PT administrations managed to shelter the workers, at least until 2014. At that point, unemployment rates touched on the historical minimum of 4% and real wages peaked, despite the deterioration of the economy.

These accomplishments provoked the revolt of the élite. Their uprising was triggered by Dilma Rousseff's re-election in 2014. Her victory came as a complete surprise to the neoliberal élites, who underestimated the capacity of the PT and the left to mobilize a progressive coalition drawing upon the working class and the poor. However, Rousseff's triumph was fragile, as it coincided with her relentless political isolation and the deterioration of the economy. The distributional improvements that had legitimized the PT administrations stagnated. Repeated policy failures, the media onslaught, and the disorganization of the government's base within the most right-wing Congress in decades created a generalized sense of dissatisfaction focusing upon the state.

The mainstream media and the judiciary launched successive waves of attack against the PT, with corruption emerging as the ideal tool to fell the Rousseff administration. The *lava jato* (car-wash) operation, led by the Federal Police since 2014, revealed that a cartel of engineering and construction companies had bribed a group of politically appointed directors of the state-owned oil

conglomerate Petrobras, in order to secure a virtual monopoly over oil and other contracts. Those bribes allegedly channeled funds to several political parties, among them the PT.

The Federal Police and public prosecutors made overt political use of these investigations. They disregarded evidence that other parties were involved in similar cases, selectively leaked compromising information to the media, and sought to implicate the PT wherever this was possible. Prominent politicians and managers of several large firms were routinely arrested in order to extract plea bargains. Those refusing to cooperate were imprisoned indefinitely. When they eventually surrendered, the aspersions cast on the PT were used to fuel the scandal mill. Accusations against the other parties were normally ignored.

The unfolding scandal catalysed the emergence of a mass right-wing movement populated by the middle class, whose grievances included a laundry list of deeply felt but unfocused dissatisfactions articulated as demands for the 'end of corruption' and Dilma's impeachment. This coordinated attack by the judiciary and the media disconnected the PT from its principal sources of funding among the domestic bourgeoisie, and from its sources of mass support. The loss of millions of jobs and billions of dollars in output and investment were merely collateral damage. In the meantime, the mainstream media trumpeted the message that the PT was at the centre of a web of thievery without precedent: Lula and Dilma robbed the republic by day and, at night, they conspired to turn Brazil into a satellite of Venezuela. Rousseff was fatally undermined; her government was increasingly paralysed. She lost the impeachment vote in the Chamber of Deputies by 367 to 137, on 17 April 2016, and by 61 to 20 in the Senate, on 31 August.

In the following months, the administration led by Michel Temer engaged in a fully-fledged attempt to restore orthodox neoliberalism, undermine employment rights and internationalize the economy: 'austerity' served as a disguise for the imposition of a turbo-charged form of neoliberalism. The government's attack on the workers and the poor was limited only by the venality of the new Executive, and by their stunning incompetence and endless tribulations, as Temer stumbled against the law, emerging mass resistance and the ongoing menace of disintegration of his parliamentary base of support.

Inspection of the political rubble left by the destruction of the PT's administrations suggests that the impeachment of Dilma Rousseff can be interpreted at four levels.

First, Rousseff became vulnerable because of the escalating economic crisis, which crept through the fault lines of a process of economic growth overdetermined by neoliberalism and the political ambitions of the PT. In order to secure political stability, the PT administrations never challenged the neoliberal economic policy framework in place since the 1990s. The PT implemented industrial policies only at the margin, and distributed the gains from growth marginally more equitably. This was important, and it led to significant gains for the poor. However, given the limitations that neoliberalism imposed on aggregate demand, the exchange rate and the balance of payments, GDP growth remained fragile. No self-sustaining growth cycle could be conjured. Moreover, neoliberal economic policies rewarded speculation, depressed investment, fostered deindustrialization and pushed the country towards a growing reliance on primary commodity exports. Under Lula and Dilma, Brazil inserted itself into the global division of labour below China: while China became the world's assembly hub, Brazil became one of the world's largest suppliers of unprocessed inputs for industry based overseas. It was impossible to raise investment levels or to improve the pattern of job creation. Economic growth eventually faltered, inflation increased, the fiscal and current account deficits rose and GDP growth rates tumbled down.

Second, vulnerabilities of a different order emerged because of the PT's strategy of class conciliation and political accommodation, which was viable only while the economy was growing. When growth faltered, the administration lost all its sources of support simultaneously, and disintegrated.

Third, the impeachment signalled the exhaustion of the political project of the PT. Over time, the party shifted from a radical to an increasingly moderate version of social democracy, leaving nothing behind by way of a mass left. It follows that Rousseff's impeachment is more than a temporary reversal in the forward march of the Brazilian left. This is a long-term reversal of fortune, based on deep structural and historical, social and political weaknesses that defy simple resolution.

Fourth, the impeachment illustrates the undoing of the pact framing Lula's election, in 2002: the PT was allowed to govern and tweak neoliberalism at the margin, but the defining features of the system of accumulation could not be challenged. Lula abided by this pact, and global prosperity and his own exceptional political talent allowed his administration to temper neoliberalism at the margin. Unsurprisingly, when Lula stepped down in January 2011, his popularity rate approached 90%.

In contrast, Dilma Rousseff strayed from this pact when she attacked financial interests by reducing interest rates, presumably in order to support manufacturing capital; her administration added insult to injury by claiming that a more aggressive interventionism would be tolerated because its policies would benefit capital as a whole, for example, opening new opportunities for accumulation in infrastructure, oil, manufacturing industry and other sectors. This technocratic approach was misguided because *capital will sacrifice economic growth for political control*.

The administration also misjudged the global conjuncture, failed to deliver growth and campaigned from the left in 2014, raising the spectre of ideological confrontation and intensification of class conflict. Capital became alienated from the government and, in rapid sequence, hostile to it. Capital sought solace on a renewed commitment to neoliberalism and financialization. In the meantime, Rousseff's government alienated its own mass base, that was large but disorganized and mostly unable to intervene politically. This limitation of the workers and the poor was partly due to the economic and social consequences of neoliberalism, and partly due to the PT's demobilizing political choices as it climbed its way to power.

The PT also failed to reform media ownership, which secured the space for a virulent opposition aligned with the neoliberal elite. The party endorsed a model of distribution based on financialization, consumption, low paid jobs, and transfers: essentially, both the rich and the poorest gained, while millions of skilled jobs were lost through the 'globalization' of production, privatizations, the simplification of managerial structures and new information technologies. These processes sliced not only the number of 'good jobs' in manufacturing, but also middle management posts, and increased precarity even for relatively senior jobs. The middle class was incandescent with political fury, economic disappointment and social outrage at the advancement of the poor. With the media and the judiciary in hot pursuit, and the opposition choosing the line of intransigence and conflict, no amount of concessions could have kept the PT in power. Yet the party refused to mobilize its mass base; it preferred to try to do deals at the top.

Immediately after the 2014 elections, Dilma Rousseff chose to turn around and implement neoliberal austerity policies in order to build bridges to capital. This was in flagrant contradiction with her own campaign rhetoric, and it destroyed the remaining credibility of the PT. It also left the party vulnerable to attack under the pretexts of corruption, conspiracy to subvert the Constitution, fiscal malfeasance, electoral lies and much else. The PT lost its supporters, and did not gain any allies.

The experience of the PT suggests that transformative projects in Brazil and, perhaps, elsewhere, are bound to face escalating resistance by conservative interests. The form and effectiveness of these attacks will depend on the global environment, the government's response, and the alliances supporting the administration. Experience also suggests that reformist pragmatism has limited efficacy, and the cultivation of wider and wider circles of increasingly unreliable allies can support the administration in the good times but, in adverse contexts, it fosters instability and

political paralysis because – and not ‘despite’ the prevalence of political democracy. Experience also implies that the class, political and institutional sources of conservative power must be targeted openly, rapidly and decisively, through the radicalization of democracy and through the mobilization of the groups with the most to gain, especially the urban poor. The PT failed to do this, and the party was severely damaged. The Brazilian left is paying a heavy price for the PT’s flawed strategy.

The impeachment of Dilma Rousseff shows that the PT was not destroyed for being ‘too bold’ or ‘too leftist’. Instead, its political power buckled because of the party’s attachment to pragmatism even when it had become counterproductive, and because of the PT’s obsessive attempts to triangulate towards a political centre that was collapsing into the far right. If these lessons can guide new left experiences elsewhere, perhaps something can be salvaged from the Brazilian disaster.