

BRAZIL: THE FAILURE OF THE PT AND THE RISE OF THE 'NEW RIGHT'

ALFREDO SAAD-FILHO AND ARMANDO BOITO

Hundreds of thousands of chiefly white upper middle-class protesters took to the streets in Brazil in 2015 in an organized upsurge of hatred against the federal administration led by President Dilma Rousseff of the Workers' Party (*Partido dos Trabalhadores*, PT).¹ These demonstrations were organized through, and backed up by, a brutally hostile campaign against her administration in the mainstream newspapers and TV stations and on social media.² The 2015 protests were very different from the previous wave of demonstrations in mid-2013. The latter were ignited by radical left workers and students contesting a public transport fare increase, although the movement was soon captured by an odd amalgam of the middle class, anarchist 'black blocks' and the far right.³ The 2015 protests were far more cohesive and better organized. Their demands, moreover, unambiguously aligned with the political right, and primarily included the country's upper middle class and the bourgeoisie. The protest wave expressed, in our view, the disintegration of the political hegemony of the PT and the emergence of a 'new right' in Brazil.

The 2015 demonstrations erupted in the political vacuum created by the paralysis of Dilma's administration because of its own failings and Brazil's worsening economy. Those difficulties were compounded by aggressive media reporting of the *Lava Jato* corruption scandal. That scandal focused on a network of firms channelling vast sums to assorted individuals and political parties through the state-owned oil company Petrobras. Yet, at a deeper level, the economic and political crises in Brazil are due to the achievements and limitations of the administrations led by Luís Inácio Lula da Silva (2003–2006 and 2007–2010) and Dilma Rousseff (2011–2014 and 2015–present). They led a partial economic and social break with neoliberalism that delivered significant gains in employment and distribution, but also entrenched poor economic performance and left Brazil vulnerable to the continuing global

downturn. In the political domain, the PT transformed the social policies of the Brazilian state, while simultaneously accepting a fragile hold on power as a condition of power itself.

The PT governments have almost invariably followed the path of least resistance: there was no meaningful attempt to reform the constitution, the state or the political system, challenge the ideological hegemony of neoliberalism, reform the mainstream media or transform the country's economic structure or its international integration. The PT also maintained (with limited and temporary flexibility in implementation) the neoliberal macroeconomic policy imposed by the preceding administration. This 'policy tripod' included inflation targeting and central bank independence, free capital movements and floating exchange rates, and tight fiscal policies. The PT administrations limited their aspirations to the 'reformism lite' permitted by their unwieldy political alliances at the top. This strategy alienated the party's base and provoked the opposition into an escalating attack that came to the boil in March 2015.

LULA I

Lula, the founder and uncontested leader of the PT, was elected president on his fourth attempt, in 2002. His bid was supported by a 'neo-developmental front': a coalition of disparate forces that had in common the experience of losses under neoliberalism and hazy expectations of a neo-developmental alternative.⁴ These groups included the internal ('productive' as opposed to 'financial' and 'internationalized') bourgeoisie (see below for further details), the organized (formal) working class, the lower middle class, some informal workers and assorted political chieftains from marginalized regions.⁵ This supporting coalition won against the 'neoliberal alliance', including the international fraction of the bourgeoisie, the upper middle class, that was ideologically committed to neoliberalism, and most informal workers that, in Brazil, traditionally voted with the right.⁶

The PT had been building this neo-developmental front for several years through the dilution of its own left-wing aspirations, disorganization of its militant supporters, exclusion of far left groups, containment of the trade unions, NGOs, community and other associations and movements previously linked to the Party, increasingly close dialogue with business organizations – in particular the Industrial Federation of the State of São Paulo (*Federação das Indústrias do Estado de São Paulo*, FIESP), the most powerful manufacturing sector organization in Brazil – and the construction of coalitions to win local elections and govern effectively. As this process unfolded, the PT became defined more by its 'competence', 'incorruptibility' and commitment to

'economic growth based on production rather than speculation' rather than by radical goals.

The aspirations of the neo-developmental front remained unfocused in Lula's early years, but they centred on more expansionary and minimally distributive economic policies. These hopes were limited not only by the imperative of managing an unwieldy coalition, but also by Lula's 'Letter to the Brazilian People', issued weeks before the election in order to commit his government to the neoliberal policy tripod. With this reassurance in place, Lula sailed to victory largely untroubled.

For the first time Brazil was led by a genuine worker-leader. Lula's election was followed by a striking change in the social composition of the state. The Brazilian president appoints hundreds of cadres who, in turn, choose thousands of subordinates: in rough terms, every election potentially decapitates the federal administration and hundreds of nominally autonomous federal trusts and state-owned enterprises (SOEs). Within the limits of the coalition, Lula appointed dozens of progressive political, trade union and NGO cadres to prominent positions.⁷ Whilst this effectively captured or 'nationalized' many left organizations – with the notable exception of the landless peasants' movement (*Movimento dos Trabalhadores Rurais Sem Terra*, MST) – it simultaneously changed social composition of the state institutions: for the first time, workers and left-wing militants occupied important positions at the top of the federal administration. This does not imply that the class character of the state had changed, or that public policies would necessarily shift to the left, but it changed the *appearance* of the state: millions of workers could recognize themselves in the bureaucracy, which increased hugely the legitimacy of the state among the poor and spread further a feeling of shared citizenship in Brazil.

Lula's power was limited by the appointment of a similarly large number of bourgeois cadres by his coalition partners, and by a powerful Congress that was, and remains, fragmented across two dozen or more raucous and unreliable parties. The PT has never elected even 20 per cent of Deputies and Senators, and the 'reliable' left (including the PT itself) rarely exceeded one-third of seats. Consequently, Lula (and later Dilma) had to cobble together fissiparous coalitions that were intrinsically prone to corruption – both from government, through pork-barrel politics or worse, or from capitalist interests buying votes and funding rival parties fighting expensive elections every other year. The PT had to manage this ungainly Congress under the gaze of an unfriendly judiciary, a hostile media, an autonomous Federal Prosecution and a corporatist Federal Police often working in cahoots. This unholy coalition – what Pierre Bourdieu called the 'right hand of the

state' – may be explained, in part, by the social background of many civil servants employed at these levels (primarily the upper middle class, which opposes the PT with increasing ferocity) and their own functional position as enforcers of public order. The PT has become, in contrast, associated with 'social disorder'.⁸

The first Lula administration introduced moderate distributional policies, including the formalization of labour contracts, rising minimum wages and new transfer programmes; they also expanded the role of development finance through the Brazilian Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*, BNDES) and shifted the country's foreign policy in a progressive direction. These changes were significant, but deeper social and economic gains were limited by the government's determination to buy 'market credibility' through the dogged implementation of the neoliberal policy tripod. The ensuing economic fragilities were disguised by the global commodity boom gaining speed in the background. At a later stage, the boom would raise export revenues, taxes and aggregate demand, and allow the government to channel the proceeds of growth toward a broad range of gains. They included social transfers and rising minimum wages, the marginal expansion of infrastructure and the promotion of selected industries, especially those where competitive advantages could be easily achieved: large-scale agriculture, mining, oil, food processing and construction, and the expansion of low wage-low productivity employment in services.⁹

In the meantime, however, low GDP growth rates in the first Lula years frustrated everyone, especially the PT's traditional supporters. They felt that their concerns were being ignored and their support was taken for granted, while government officials schmoozed with bankers and industrialists and parroted their discourse. Even this apparent sell-out was insufficient to remove the political resistance against Lula, and his administration was criticized both for what it did ('packing up the state with acolytes' and 'taxing producers to fund sloth') and for what it did not do (deliver rapid growth).

The government's growing political isolation created vulnerabilities that exploded in 2005, through the grotesque *Mensalão* scandal.¹⁰ Without clear evidence, the government was accused of paying a monthly stipend to Deputies and Senators in order to secure their support. The media and the opposition pressed those claims relentlessly, with destructive implications for the PT. The *Mensalão* led to the resignation of José Dirceu, Lula's Chief of Staff and PT strategist, the President of the PT, and several high-ranking cadres of the administration. Years later, leading Party members were imprisoned after a contested trial at the Supreme Court.

Those pressures fatally destabilized the alliance supporting Lula. The

government lost its residual support among the middle class, and the internal bourgeoisie gained an uncontested hegemony: they led Lula's defence in the *Mensalão* and prevented the scandal from leading to his impeachment.¹¹ The industrial working class remained supportive but passive, while the informal workers flocked to Lula because of his working-class image and the distributive programmes introduced in his first administration: *Bolsa Família*, university admissions quotas, the formalization of the labour market, mass connections to the electricity grid and a rapidly rising minimum wage, which triggered automatic increases to most pensions and benefits.¹² For the first time support for the PT became inversely correlated with income: the party was strongly rejected by upper middle-class voters and widely supported by poorer strata of the population.¹³

LULA II

The resources made available by the commodity boom and the transformations in Lula's base of support catalyzed the emergence of a 'winners' alliance', that is, a strongly bound and relatively coherent neo-developmental front which included the internal bourgeoisie and most of the formal and informal working class.¹⁴ They supported an economic policy inflection that diluted the Policy Tripod through the accretion of selected aspects of neo-developmentalism, especially bolder industrial and fiscal policies and higher public sector and SOE investment, and stronger distributive programmes. Importantly, the government approved in 2009 new regulations for the oil industry, following the discovery of vast deep-sea reserves in the Atlantic Ocean. The earlier regime of concessions to the oil majors was abandoned, and Petrobras would henceforth dominate oil exploration. This led to the restructuring and rapid expansion of the oil chain, across components, refineries and shipbuilding. This macroeconomic policy shift was triggered by the replacement of Finance Minister Antonio Palocci, who was heavily involved in the *Mensalão*, by the neo-developmental Guido Mantega, who was strongly supported by FIESP – that is, exactly the opposite of what the neoliberal alliance was aiming for when it unleashed the *Mensalão* scandal.

Accelerating economic growth helped to consolidate the new front, and Lula's political talent supported his elevation to spectacular heights. He balanced the demands of prima facie rival groups through his legendary shrewdness and the judicious distribution of public resources through state investment, development funds, wages, benefits and labour law. The economy picked up speed, and taxation, investment, employment and incomes increased in a virtuous circle. The dynamics were sufficiently strong to support bold expansionary policies in the wake of the global crisis, and

Brazil recovered strongly in 2009–10. The country was anointed as one of the BRICS, and Lula became a global statesman. By the end of his second administration, Lula's approval rates touched on 90 per cent. The fraction of the bourgeoisie that supported orthodox neoliberalism remained intransigent in opposition, but it became isolated politically.

The political divide in the country deepened. The opposition crystallized around a renewed 'neoliberal alliance' led by the financial and international bourgeoisie (suffering economic losses and dwindling control of state policy and resource allocation), and populated by the upper middle class (tormented by job losses and its dislocation from the outer circle of power, and jealous of the – partly subsidized – economic and social rise of the broad working class), and scattered segments of the informal workers (notably fast-growing right-wing evangelical Christians).¹⁵ This alliance was cemented and driven ideologically by an aggressive mainstream media.¹⁶

The 'Lula Moment' was limited by this constant process of political erosion, its faltering external driver and the restrictions imposed by the policy tripod. Even though the neoliberal policy framework had been diluted, the government remained only weakly committed to the rearticulation of the systems of provision hollowed out by the neoliberal transition, and it was unable to diversify exports and raise the technological content of manufacturing production. Brazil created millions of jobs but they were mostly precarious, poorly paid and unskilled; urban services were neglected, manufacturing shrank and there was alarming underinvestment in economic infrastructure.

DILMA I

Dilma Rouseff was a revolutionary activist in her youth, and she rose in the PT as a manager and fixer. She had never been elected to public office until she was handpicked by Lula to be his successor for the 2010 election.¹⁷ By then, she had already established an impressive reputation as Minister of Mines and Energy and, later, Lula's Chief of Staff. There is no doubt that Dilma is the most left-wing President of Brazil since João Goulart was deposed in 1964. However, Dilma had no personal base of support. Having been anointed by Lula, she inherited both his voters and his detractors and, unsurprisingly, the voting pattern in 2010 closely mirrored that of the 2006 elections: Dilma won in the poorer states and, in each state, her vote was concentrated in the poorer areas and among the least educated voters. Her main rival, from the nominally social democratic and strongly neoliberal PSDB (Party of Brazilian Social Democracy, *Partido da Social Democracia Brasileira*), won in the richer states and among higher income voters and

those with more years of formal education.

Dilma's first administration maintained Lula's core economic team, but she replaced the President of the Central Bank, Henrique Meirelles, a commercial banker affiliated to the PSDB, with Alexandre Tombini, a civil servant more closely aligned with Dilma's own priorities. The government expanded its social programmes and tilted economic policy further towards neo-developmentalism, but did not abandon the neoliberal tripod. The strategic goal was to shift the engine of growth away from a faltering external sector and towards domestic investment and consumption. Real interest rates fell to their lowest levels in 20 years, fiscal policy became more expansionary, new public investment programmes were introduced, several SOEs were restructured and strengthened, limited capital controls sought to moderate the overvaluation of the *real*, and the government introduced protection measures against 112 imported goods as part of a minimum national content policy in purchases made by the public sector and the SOEs. The administration intervened in an increasing array of sectors to reduce costs and expand infrastructure, strong-armed the private operators into reducing the price of electricity, held back the price of petrol, and BNDES financed an expanding portfolio of loans. Additionally, the government sought to attract private investment into infrastructure and transport through concessions, public-private partnerships and regulatory changes in order to bypass budgetary constraints and legal limitations to state funding, and to commit the internal bourgeoisie to the government's investment programme.

This strategy failed. The continuation of the global economic crisis further tightened Brazil's fiscal and balance of payments constraints; quantitative easing in the USA and UK destabilized the *real* and other developing country currencies, and global uncertainty and strident domestic critiques of 'interventionism' limited private investment.¹⁸ The government raised its bets, intervening in additional sectors, building infrastructure and reducing taxes and energy prices – to no avail. Private investment tapered off, public finances deteriorated, inflation crept up and GDP growth sagged. Brazil's prospects worsened further as China's economy cooled and commodity prices fell. Stagnant exports and growing imports raised the current account deficit, and tax revenues faltered. Even the weather turned against the government, with a severe drought enveloping the southeast.

As the drivers of economic growth successively failed, the administration lost the ability to reconcile interests within and beyond the neo-developmental front. International capital and the internationalized bourgeoisie used these economic difficulties to justify an attack against the Dilma

administration, demanding the restoration of the orthodox neoliberal policies implemented in the 1990s. The ensuing siege by the mainstream media and the PSDB pushed the government towards a policy shift. Dilma's economic team increasingly deferred their neo-developmental ambitions and leaned back towards the neoliberal policy tripod. Fiscal austerity returned gradually, and the inflation target became increasingly important. Yet this policy shift did not reduce the intensity of the neoliberal attack. Instead, it increased the confidence of the opposition, which doubled its efforts to win the 2014 elections.

Dilma's administration had to confront not only a worsening economy but also mounting political turmoil. Since Lula stepped down, the political hegemony of the PT depended on perceptions of 'managerial competence', the absence of corruption scandals, continuing growth and distribution, and stable political alliances. None was easily achievable under adverse economic circumstances; worse still, Dilma never had Lula's talent to bridge differences and bring together disparate interests. She was allegedly impatient with her political allies, intolerant with self-interested entrepreneurs, uninterested in the social movements, and she intimidated her own staff. A vacuum formed around the president just as the economy tanked. The neoliberal alliance smelled blood. The media ratcheted up the pressure and started scaremongering about an impending 'economic disaster'; the government's base of support buckled and it became increasingly difficult to pass new legislation. The judiciary tightened the screws around the PT. Successive corruption scandals came to light.

The neo-developmental front began to crumble and, with it, the political hegemony of the PT. In early 2013, the opinion polls suggested that support for the government was falling, and in June vast demonstrations erupted around the country. They encompassed a melange of themes loosely centred on 'competent government' and 'corruption'. Those demonstrations exposed the tensions due to the economic slowdown, the government's isolation and its failure to improve public service provision in line with rising incomes and expectations. The middle classes also vented their fury against the widening of social citizenship, including changes in the state, transfer programmes, university quotas for blacks and state school pupils, labour rights for domestic servants and so on.

In response, the government proposed a revision of the constitution in order to reform the political system. But the idea was shot down by most other parties, including the administration's key centrist ally, Vice-President Michel Temer's PMDB (*Partido do Movimento Democrático Brasileiro, Party of the Brazilian Democratic Movement*). The government also introduced a

programme bringing mainly Cuban doctors to municipalities with no health facilities. Despite this proviso and the immediate impact and popularity of the programme, it was bitterly resisted by several Medical Associations, the media and most commentators. Their rejection was transparently informed by élitism, racism and rejection of the Cuban regime.

As the economy ground to a halt the government reverted more fully to the policy tripod in order to buy time and 'credibility': once pinned in the corner, the PT abandoned their own social and political base in order to try and please domestic, international, industrial, financial and agrarian capital. This was still insufficient. The government never had the support of the international and financial bourgeoisie, and was not about to gain it now. It lost most of the middle class after the *Mensalão* and because of its distributional and citizenship initiatives. It alienated the organized workers because of the worsening economic situation, corruption scandals, the policy turnaround and the persistent failure to address their key demands: the limitation of the working week to 40 hours, the reduction of subcontracting and the improvement of pensions. It distanced some informal workers for those same reasons, although in this segment support for Dilma has mostly held up. And it lost the internal bourgeoisie because of the economic slowdown, lack of influence over the president and changing public policies. These disparate groups were bestowed a semblance of coherence by an antagonistic media claiming that the government was incompetent and the state was out of control. The administration also further earned the hostility of a highly conservative Congress because of its inability to negotiate. And, to cap it all, Dilma's own relationship with Lula deteriorated badly.

DILMA II

Dilma was re-elected in 2014 by the narrowest margin in recent Brazilian history. Her victory was achieved through a last-minute mass mobilization triggered by left perceptions that the opposition candidate, former governor Aécio Neves, would impose harsh neoliberal economic policies and reverse the social and economic achievements of the PT.

In the first weeks of her second administration, Dilma faced converging crises leading to the collapse of the two axes of PT rule: the economic model and the political alliances supporting the administration. The government's earlier unwillingness to remove the policy tripod, the long global crisis and the insufficiency of the country's industrial policies fed the overvaluation of the currency, deindustrialization and a rising current account deficit. Balance of payments and fiscal constraints weakened the labour markets and induced inflation, and this vicious circle eliminated the scope for distribution and

growth. Rising incomes in the previous period and insufficient investment in urban infrastructure led to an intolerable deterioration in service provision, symbolized by transport in 2013 and water scarcity in 2014–15. In both cases, the fulcrum was in São Paulo, the country's largest metropolitan area, its economic powerhouse and – crucially – the bedrock of the political right as well as the birthplace of the PT.

Dilma's desperate response to these crises was to invite the banker Joaquim Levy, a representative of international capital based in Bradesco, one of Brazil's largest private banks, to the Ministry of Finance, and charge him with the implementation of a 'credible' adjustment programme that inevitably alienated the government's social base. The government's weakness and its adoption of a large part of the macroeconomic programme of the opposition – while maintaining its own social policies that grated the upper middle class – triggered an escalation of the political crisis. Another massive corruption scandal, long lurking in the background, captured the headlines.

The *Lava Jato* operation led by the Federal Police unveiled a large corruption network centred on Petrobras and including cartels, fraud and illegal funding for several political parties, among them the PT.¹⁹ Blanket media coverage focusing on the PT alone led to the further erosion of the government's credibility in Brazil and its demoralization abroad. This scandal also catalyzed the emergence of a new right mass opposition movement demanding the 'end of corruption' and 'Dilma's impeachment', even though there is no legal justification for it. Examination of the opposition's grievances instantly leads to a laundry list of deeply felt, unfocused and conflicting dissatisfactions that tend to be articulated by expletives rather than logic, let alone law.²⁰

THE BRAZILIAN 'NEW RIGHT' AND ITS LIMITATIONS

The 'new right' describes a large and heterogeneous field of social groups, interests and values that have converged around an unremitting rejection of the PT and selected aspects of its rule. These groups include (mainly, though not exclusively, US-based) imperialist interests, large domestic capital integrated with the empire (the international Brazilian bourgeoisie dominated by finance but including segments of manufacturing and agribusiness), the upper middle class and sections of the broad working class that, for religious or ideological reasons, oppose the expansion of civic rights and progressive values, with current flashpoints centred around abortion and homosexuality (a generation ago divorce fulfilled a similar role).

Politically, the new right encompasses an authoritarian fringe campaigning for the return of military rule, a larger moderate grouping demanding 'only' the impeachment of President Rousseff, and a jumble of participants

protesting against more or less clearly defined policies but not necessarily supporting the removal of the government by military, parliamentary or judicial force. Despite their significant differences, these groups converge around the fight against corruption, which they associate directly with the PT as if it were previously absent.

This selective anti-corruption discourse replicates older right-wing movements in Brazil, especially the campaign against President Getúlio Vargas in 1954, and President João Goulart in 1964. The movement against Vargas collapsed when the president committed suicide on the verge of being overthrown; the movement against Goulart culminated in a military coup. Further right-wing entanglements with anti-corruption campaigns include the presidential election of Janio Quadros in 1961, who promised to clean up the country and resigned after only seven months, having failed to extract emergency powers from Congress; and the short-lived triumph of Fernando Collor, 'the hunter of Maharajahs' (i.e., overly paid or corrupt civil servants), in 1990, who became tangled up in an extraordinary tale of robbery and multiple additional crimes and was impeached after two years. These events suggest that anti-corruption campaigns can have mass appeal, but corruption itself is resilient and movements against it have been used regularly to throttle the left.

Despite this common trait with earlier right-wing mobilizations, the emerging new right in Brazil does not appeal to the traditional anti-communist discourse grounded on Cold War imperatives, and it is not inspired by traditional Catholic values. Instead, the new right proclaims the (ill-defined) dangers of Bolivarianism and the closely related (but wholly chimerical) threat of 'left-wing authoritarianism' in Brazil.

Beyond empty calls for 'the end of corruption', which implicitly means 'the end of the PT', the central objective is the elimination of the neo-developmental elements in PT government policy, if necessary through a rupture with democracy. These policy changes would impose a rigid neoliberal policy tripod and a sharp 'fiscal adjustment', and reverse the independent turn of Brazilian foreign policy. In addition, Petrobras would be 'reformed', with a new extraction policy offering significant concessions to the oil majors, the local content rules for government and SOE purchases would be eliminated, and BNDES loans would be cut drastically.

The PSDB expresses the interests of segments of the bourgeoisie that would benefit from this, and the Party strongly advocates strictly neoliberal policies in the name of 'economic efficiency' and 'competitiveness'. However, those policies lack mass appeal because they offend the widely shared notion of a national economy in Brazil; they also threaten many

thousands of jobs. In order to bypass these difficulties, the PSDB too has placed corruption at the centre of its discourse. Unsurprisingly, the Party only points to instances or allegations of corruption involving the PT and the Rousseff administration, while avoiding entirely scandals involving the PSDB itself and other right-wing parties. This political acrobatics is facilitated by the collusion of the media and the connivance of the judiciary: scandals involving the mainstream parties seldom make headlines and rarely reach the courts; in contrast, those involving the PT are investigated noisily and even hysterically, leading to (frequent but rarely reported) complaints of abuse because of the overzealous diligence of the Federal Police and the judicial system. It is also noticeable that the institutions where corruption has been most often investigated are precisely those with key roles in the PT economic strategy: Petrobras and, more recently, BNDES. In contrast, there has never been interest in corruption in the central bank or other institutions of strategic interest to the bourgeoisie.

In sum, while the 2015 demonstrations were ostensibly against corruption and for Dilma's impeachment, they were actually about party political jockeying, shifting alliances between influential groups and disputes about political funding. More generally, corruption cannot be extricated from Brazilian political life by chasing up one criminal, firm or Swiss bank account at a time. While punishment must be part of the package, meaningful change must be based on constitutional and political reforms addressing the functioning and funding of the political parties and the structures of representation in Brazilian democracy. This is as yet not being contemplated.

The PSDB has been split over the campaign to impeach President Rousseff. While the destruction of the PT administration would bring obvious advantages to the PSDB, this could also have destabilising consequences. The relatively more cautious strategy of keeping Rousseff under siege in order to extract from her a steady flow of concessions is currently more appealing to the leadership of the PSDB. If the Party eventually decides to support the impeachment campaign, with or without military intervention, the PSDB will have forfeited its claim to be a democratic organization. It would have, instead, completed its drift to the extreme right, following its earlier reluctance to accept defeat in the 2014 presidential elections. In the following weeks the PSDB appealed to the courts on spurious grounds and objected to Dilma's swearing in, deploying implausible legal arguments. Currently, part of its national leadership advocates impeachment with the flimsiest of arguments: since Dilma is the country's president she must have been aware of several instances of corruption; ergo, she is complicit and must be removed from power – no specific proof is required.

The 2015 wave of demonstrations was called by social media, backed up by the mainstream media, the PSDB and other mainstream parties, but the latter are careful to blend into the background so the protests appear spontaneous. While this helps to keep the focus on the government instead of the political system as a whole, it also serves to disguise the rejection of most if not all political parties within the new right, ranging from the disillusioned ('all politicians are corrupt') to the fascist ('my Party is my country'). Unsurprisingly, members of the PT and other left organizations are routinely harassed in most demonstrations but, on occasion, even representatives of the bourgeois opposition have been prevented from speaking. It is apparent that, just as there are conflicts between classes and fractions within the neo-developmental front, there are also significant tensions within the new right.

The upper middle class provides the mass base of the new right, for example, through the Free Brazil Movement (*Movimento Brasil Livre*, MBL), one of the groups leading the demonstrations. Together with imperialism and the international bourgeoisie, several upper middle-class groups also argue rhetorically for a 'minimum state', but they do not generally defend a fiscal retrenchment that would cause economic losses to the middle class, and they eschew debates about the structure of the oil industry, BNDES loan policies or domestic content requirements. Instead, their rabid discourse and defence of 'liberalism' and 'meritocracy' targets the social policies of the PT administrations.

Their objections are due to the perception that these policies harm the economic interests and social privileges of the upper middle class. Economically, transfers to the poor allegedly misuse the taxes paid by the middle class in order to benefit the undeserving poor and the workshy. The upper middle class also abhors the racial and social quotas introduced in the universities and the civil service during the last decade, and they complain bitterly about the extension of labour rights to domestic servants: upper middle-class families have traditionally had at least one (generally female) servant, who is normally treated with a mixture of paternalism and authoritarianism, if not outright abuse, and these social relations are threatened by the regulation of domestic work.

There is also abundant evidence that the upper middle class believes that distributive policies threaten its social privileges, for example, because environments that were traditionally reserved for white and relatively well-off patrons have recently been 'invaded' by black and brown working-class users. They include airports, sports clubs, private clinics and even roads, where automobile use has expanded rapidly fuelled by easy credit. Finally,

quotas promoting the access of black students and those from state schools to university and the civil service have been subjected to successive legal and political challenges, since they break the near-monopoly of higher education by the upper middle class.²¹ In sum, although the opposition against the PT by the upper middle class converges with the interests of the international bourgeoisie, the underlying drivers are distinct and they may come into conflict.

There is also evidence that the new right discourse has been spreading among the wider working population, partly through the fast-growing protestant (especially Pentecostal) churches. These churches draw upon highly conservative values and rally overtly against the rights of women and homosexuals, and even distil a disguised racism through their prejudice against the Afro-Brazilian religions. For example, the (Pentecostal) Speaker of the Chamber of Deputies has declared that he refuses to submit to a vote proposals to decriminalize abortion or to criminalize homophobia.

Interminable mainstream media aggression against the government in general and corruption specifically has fed popular dissatisfaction with their own economic and social circumstances. In turn, the concessions offered by Rousseff to the neoliberal opposition have alienated the organized workers that might still be expected to defend the government. The resulting widespread malaise suggests that the new right can gain ground among social sectors traditionally committed to the left and to the PT.

CONCLUSION

The protest movement against Dilma Rousseff overtly focuses on government corruption, but this is a diversion. The mainstream media and the opposition stress the financial flows involving the PT and downplay the involvement of the other parties, but a disconcertingly large number of politicians of every stripe is tangled up in *Lava Jato* and other investigations running concurrently. They include the Speakers of the Chamber of Deputies and the Senate, governors, the opposition presidential candidate Aécio Neves, and many more. However, for the media only the PT mattered for two reasons: because scandals can be used to cut off the sources of finance to the Party, throttling it, and they can be used to detach the PT from the internal bourgeoisie that has supported and funded the Party since Lula's election. The detention of prominent executives and the CEOs of some of Brazil's largest construction and oil companies and the threat of bankruptcy against large oil, shipbuilding and construction firms because of the paralysis of Petrobras and public investment sends a clear message that the PT is not to be supported – or else. The consequence of this aggressive approach is the destabilization

of the entire oil chain and the construction industry that, together with BNDES, have played key roles in the PT's neo-developmental policies.

The distance between first impressions and the grand strategy led by the international bourgeoisie and populated by the upper middle class ensured that the mobilization could not be controlled easily or precisely, and it could just as plausibly have grown as tapered off. In either case, it would leave behind a residue of disgust that can fuel a political spiral of unintended consequences.²² Beyond this irreducible uncertainty, the fate of the four federal administrations led by the PT suggests a number of lessons.

Firstly, under favourable circumstances, greater state legitimacy and hybrid economic policies disarmed the political right and disconnected the radical left from the working class. However, when the economic tide turned the fundamental incompatibility between neoliberal and neo-developmental policies fostered policy confusion and political crisis, and contributed to a confluence of dissatisfactions that can overwhelm the administration. Unmet aspirations and the convergence of grievances, even if they are mutually incompatible, can trigger political isolation and volatility that can become hard to contain.

Secondly, while PT administrations managed to reduce the income gap between the middle class and the working class, a second lesson is that the political and ideological distance between them increased. This chasm creates political instability in the short-term and obstacles for democratic social and political reforms in Brazil in the medium- and long-term. Economic growth, social inclusion, the distribution of income and wealth, employment creation and the expansion of infrastructure remain relevant goals in Brazil, but the PT has become increasingly unable to build the political conditions to achieve them.

Thirdly, despite its volcanic energy and strident support for the imposition of an orthodox neoliberal programme in contrast with the presumably obvious shortcomings of the neo-developmental alternative, the new right opposition remains deprived of wide popularity. The PT has been implementing many of the opposition's neoliberal macroeconomic policies while it seeks to preserve, in part, its own social policies. The PSDB does not seek to overthrow the government (although Dilma may have to step down if the situation spirals out of control); the upsurge against Dilma and the PT did not raise the popularity of the opposition ('they are all thieves'), and no one aims to 'end corruption'. This is not, then, a crisis of the state, the political system or bourgeois class rule. But it is a crisis of government and the hegemony of the PT, and it cannot be addressed constructively in the absence of economic growth.

The experience of the PT suggests, fourthly, that ambitious policy changes are needed in order to break with neoliberalism and secure continuing gains in distribution and poverty reduction. They include changes in the country's economic base, international integration, employment patterns, public service provision, structures of political representation and the media. However, these were never contemplated by the PT, and those limitations have now returned to destroy the Party and its leaders. In Brazilian politics, self-imposed weakness is rarely rewarded; instead, it elicits escalating attacks targeting the jugular.

A further lesson is that the Brazilian opposition has become increasingly aggressive. Inspired by the mass movement leading to the resignation of President Fernando Collor in 1992, the media and the political right tried to bring people to the streets against Lula in 2005 because of the *Mensalão*. They failed miserably. In 2013, they attempted to capture an existing movement, but failed again as the demonstrations tapered off. In 2015, the opposition built up the protest movement from scratch and brought it to the streets. This movement is large, cohesive and it belongs entirely to the right. In the meantime, the left both inside and outside the PT remains disorganized and bereft of aspirations and leadership for the first time since the mid-1970s. Despite these successes, the organized right has not gained popularity, despite the *dégringolade* of the PT. The combination of strengths and weaknesses on the sides of the government and the opposition suggests that Brazil is entering a long period of instability. The emergence of a new political hegemony may take several years – and it is unlikely to be led by the left.

As the 'Pink Wave' crashes on Brazilian shores, the Kirchner administration reaches the end of the road in Argentina and *Chavismo* disintegrates in Venezuela. These outcomes suggest that transformative projects in Latin America, however radical (or not), are bound to face escalating resistance. Its form, content and intensity, and impact upon the social and political alliances supporting the government, will tend to fluctuate with the global environment, making it difficult to plan reformist strategies. It follows that broader alliances are not always or necessarily better, because they are prone to instability, and that the social, political and institutional sources of power must be targeted as soon as possible. There can be no guarantee that the task will become easier tomorrow, and no certainty that the future will be better than the present. The future does not belong to the left: it must be seized.

NOTES

- 1 We are grateful to Alison Ayers, Ana Saggiore Garcia, Antonio Carlos Macedo e Silva, Ben Fine, Lecio Morais, Lucas Bertholdi-Saad, Maria de Lourdes Mollo, Neil Coleman, Pedro Loureiro, Ray Kiely, Sadi dal Rosso, Sam Gindin and Sandra Teresinha da Silva for their generous comments to previous versions of this paper. The usual disclaimers apply.
- 2 For an extreme example, see the video 'Por favor, chamem o alto comando!', available on Trip TV's youtube channel, posted 16 March 2015.
- 3 See, for example, Alfredo Saad-Filho, 'Mass Protests under "Left Neoliberalism": Brazil, June-July 2013', *Critical Sociology*, 39(5), 2013; Alfredo Saad-Filho, 'Brazil: Development Strategies and Social Change from Import-Substitution to the "Events of June"', *Studies in Political Economy*, 94, 2014; and Alfredo Saad-Filho and Lecio Morais, 'Mass Protests: Brazilian Spring or Brazilian Malaise?', in L. Panitch, G. Albo and V. Chibber, eds., *Socialist Register 2014: Registering Class*, London: Merlin Press, 2015.
- 4 See Alfredo Saad-Filho and Lecio Morais 'Lula and the Continuity of Neoliberalism in Brazil: Strategic Choice, Economic Imperative or Political Schizophrenia?', *Historical Materialism*, 13(1), 2005.
- 5 The class composition of this alliance is examined in Alfredo Saad-Filho, 'Brazil: Development Strategies and Social Change'. For a broader study, see Armando Boito, 'Governos Lula: a Nova Burguesia Nacional no Poder', in Armando Boito e Andréia Galvão, eds., *Política e Classes Sociais no Brasil dos Anos 2000*, São Paulo: Alameda, 2012.
- 6 André Singer, 'A Segunda Alma do Partido dos Trabalhadores', *Novos Estudos Cebrap*, 88, 2010, p. 109.
- 7 See Armando Boito, 'A Hegemonia Neoliberal no Governo Lula', *Crítica Marxista*, 17, 2003, p. 6; and A. Singer, 'A Segunda Alma'.
- 8 See Pierre Bourdieu, *Contre-Feux – Propos pour Servir à la Résistance Contre L'invasion Néo-Libérale*, Paris: Raisons d'Agir, 1998.
- 9 See Vanessa Correa, ed., *Padrão de Acumulação e Desenvolvimento Brasileiro*, São Paulo: Fundação Perseu Abramo, 2013.
- 10 See André Singer, 'Raízes Sociais e Ideológicas do Lulismo', *Novos Estudos Cebrap*, 85, 2009.
- 11 For a detailed analysis, see Boito, 'Governos Lula'.
- 12 Singer 'Raízes Sociais'.
- 13 See Saad-Filho and Morais, 'Mass Protests'.
- 14 This is similar in composition to the popular and national fronts proposed by Communist Parties in Brazil and elsewhere in the 1950s-60s. See Armando Boito, 'O Lulismo é um Tipo de Bonapartismo?', *Crítica Marxista*, 37, 2013.
- 15 Marcio Pochmann, *Nova Classe Média?*, São Paulo: Boitempo, 2012.
- 16 The Brazilian mainstream media is highly homogeneous in its opposition to the PT. It is as if, in the UK, the BBC, Sky TV and all major newspapers copied the *Daily Mail*, or, in the US, if the entire mainstream media was regimented by the Fox Broadcasting Company.
- 17 Brazilian presidents can be re-elected only once, but they are allowed to run again for the same position after a term's interruption.
- 18 Yilmaz Akyüz, *Waving or Drowning: Developing Countries after the Financial Crisis*, South Centre Research Paper 48, Geneva, 2013.
- 19 See the graphic summaries available at <http://infograficos.estadao.com.br>; <http://www.estadao.com.br>; and <http://estadaodados.com>.
- 20 See, for example, the online petition for impeachment on <http://www.peticaopublica.com.br>, or the Facebook impeachment page, available at <https://pt-br.facebook.com>.

- 21 The seriously rich are not too troubled, since their children can always study abroad; in contrast, the upper middle class must rely on the state-funded universities which, now, are no longer exclusive.
- 22 This scenario can be compared to the aftermath of the vast mobilizations associated with the *Mani Pulite* investigations in Italy. The overthrow of the First Republic did not foster a renewed democracy; it led, instead, to a political life dominated by Silvio Berlusconi, *bunga-bunga* and Beppe Grillo's whimsical *Movimento 5 Stelle*.