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Brazil

The most serious crisis in the Workers Party's history

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The declarations by the president of the Brazilian Labour Party (PTB), Roberto Jefferson, have provoked the biggest scandal the Brazilian Congress has seen since the Parliamentary Inquiry into the Budget, in 1992. It is also the biggest crisis suffered by the Lula government, and its first victim, Jos  Dirceu, former civilian chief of staff and strongman of the Lula government, was forced to resign on 16th June.

Accused of organizing a corruption racket in the postal service, Jefferson reacted to what some say was a plot by Dirceu to incriminate him.

He stated, in an interview with the Folha de S o Paulo on 6th June, and again in his testimony to the Ethics Committee of the Brazilian Lower House on 14th June, that the PT Treasurer, Del bio Soares, was responsible for paying a monthly sum of R\$ 30 thousand (US\$ 12,500), through their party leaders, to MPs of the Liberal Party and the Popular Party (whose parliamentary groups make up more than a hundred of the 564 members of the lower house), as well as a "Eurosoeprize" of R\$ 1 million (US\$ 400,000) to any MPs who changed parties from one supporting the opposition to one supporting the government. (A number of easily-bought, right-wing parties gave their support to the government in Congress.)

[<http://internationalviewpoint.org/IMG/jpg/Dirceu-Lula.jpg>] Lula (center) with Jos  Dirceu (left)

The PTB president also said he'd received R\$ 4 million from the PT for his party, as part of a series of electoral agreements worth R\$ 20 million, which directly involved the PT president. Jos  Genoino.

Journalist Dora Kramer, in her column in O Estado de S o Paulo on 15th June (entitled "No stones unturned"), said that Roberto Jefferson's testimony to the Ethics Committee had "mortally wounded the minister-chief of staff, Jos  Dirceu, gravely injured the PT's top leadership, and raked mud over the entire Congress.

They were all tarred with the same brush. ...He pointed the finger at MPs accusing them of being accomplices in an illegal system of campaign financing. ...He showed how widespread this system of parallel campaign finances is, and how much it is taken for granted; he clearly said that parliamentary committees of inquiry do deals to condemn or absolve those they are investigating, laid bare the nature of the relationship between the presidential palace and its supporters in parliament, and showed how this is built on the buying and selling of positions of influence.

The Lula government, already smarting from various accusations of corruption, and losing popularity in recent months, has now gone into its deepest crisis so far. This in turn has unleashed the most serious crisis in the history of the Workers' Party, which has seen its political credibility seriously compromised.

Dirceu's exit upsets the balance within the party: if on the one hand it can be sold as Lula getting rid of the "rotten elements" in the government (Dirceu was already badly damaged by the scandal a year ago involving one of his closest advisers, Waldomiro Diniz), and stripping out the corrupt sectors that were defending their own narrow interests, on the other hand it greatly strengthens the hand of those, like Palocci and Gushiken, most closely tied to big finance capital and most favourable to doing deals with the PSDB.

Government and PT weakened. The crises of the government and the PT feed into the contradictions provoked by the Lula administration's support for neo-liberalism and the PT's defence of this approach. This combined crisis is unfolding on terrain that clearly favours the right. It completely undermines the moral legacy, credibility and legitimacy

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of the PT as a vehicle for a different kind of politics - up until now this had been limited to the effects of continuing with the same old economic policies. Now the accusation comes in a form every ordinary citizen can understand: the bribing of MPs, corruption. It opens everyone's eyes to the character and the limitations of the Lula government.

The crisis drives the government to adhere even more closely to the 'Euros'continuation' line of Finance Minister Palocci, seen as the 'Euros'anchor' of 'Euros' stability' for the rest of the Lula administration. This is backed up by the PSDB, which is best placed to capitalize on the weakening of Lula, and which wants to keep the government as weak as possible up until the election in October 2006.

The PSDB wants to see the Lula government lose support without putting in question the legitimacy of the institutions and the 'Euros' regime'. Only the more traditional right, linked to the PFL, which doesn't have a such a clear governmental alternative, has threatened to impeach President Lula - who Jefferson and the other opponents have taken care to shield from their accusations.

What we are witnessing appears to be the beginning of a prolonged process of attrition directed at the Lula government and the PT. Whatever happens, the Lula government will be weakened and will shift to the right, with a relative strengthening of Palocci and his neoliberal course. With Dirceu out of the way, Palocci no longer has any rivals in the core leadership around the president. It is possible that Lula may become, in the final part of his presidency, a hostage to the PSDB.

From 'Euros'horsetrading' to 'Euros'payoffs'. As many analysts have underlined, it was always going to be impossible to continue the neoliberal policies of Fernando Henrique Cardoso (FHC) without also continuing his methods of governing, based on alliances in Congress and in government bodies with the corrupt right.

To win support in the streets, Lula would have had to break with the anti-popular economic policies; without such support in the streets, he could not escape the embrace of those 300 wheelers and dealers - the vast majority of parliamentarians always ready to sell themselves for the best possible price to the government of the day, those who are largely responsible for the endemic corruption in Brazilian politics.

Thus, whereas the 'Euros'tucanos' (as the PSDB is known) governed for the eight years of FHC's presidency, mainly on the basis of wholesale, legal corruption - that which openly benefitted finance capital through privatization and decisions on macro-economic regulation - the Lula government has gone back to the 'Euros' retail' tradition of buying off individual parliamentarians, on the grounds that this was now for the 'Euros' good' of securing a governmental project of the left.

Such horse-trading or 'Euros' give and take' was orchestrated within the government by JosÃ© Dirceu. But it also involved sections of the PT subordinate to the presidential palace - everyone know about the role played by the PT general secretary, Silvio Pereira, in auctioning off more than 25,000 political posts in the government and state institutions.

This is precisely why the position of the government and the PT has become untenable in the eyes of public opinion. Whether or not Jefferson's accusations are true, they ARE plausible, because the buying up of parliamentarians is what the government and the PT have been doing completely openly.

All the newspapers have reported on the deals done to secure support in exchange for jobs in the government or state bodies, on the 'Euros' flexible' MPs who have swapped parties, or the way Palocci has released funds to support legislative amendments presented by particularly' co-operative members of the house on the eve of some vote of strategic importance for the Lula government - all practices which the PT had always strenuously denounced

as the hallmark of a corrupt elite.

The bitter fruits of pragmatism. The "Eurosoemonthly payoffs" Euros , if they really existed (and there are plenty of suggestions in Congress that they did) would only make this process simpler and cheaper for the government. As a way of pursuing political transformation, this is completely stupid. But it is conceivable, given the way the pro-government PT has lowered its horizons to a level of total pragmatism.

Such pragmatism, of course, already shaped the political culture of part of the Brazilian left before 2002; this helps explain why most of the PT put up no resistance to Lula. Anyone who followed the gradual loss of principles by sections of the PT's majority leadership in a number of local governments, would certainly not give them a blank cheque.

So whatever comes of Jefferson's allegations, or of the parliamentary inquiries (into the Postal Service, which has already been set up, and into the "Eurosoemonthly payoffs" Euros , which has been requested), the damage has largely been done. For the mass of Brazilian voters who are disenchanted with the government (and with the PT's subordination to it), the accusation focuses attention on the price paid for the way Lula has chosen to govern - and the way the PT's behaviour has sunk to that of every other party.

The aim of the PT and the government now is not to return to some previous stage when the party's image was intact, but to limit the damage and avoid it burying the Lula government for good.

This situation could easily lead to snowball of fresh accusations against the government, its awkward travelling companions and the PT. A Federal Police operation has uncovered a scheme for deforestation in Amazônia involving PT members. There have been accusations about the co-opting of opposition members in São Paulo during Marta Suplicy's time as Mayor, a system of "Eurosoemonthly payoffs" Euros in the city council. Roberto Jefferson has come out with fresh accusations affecting the government - like the suggestion that Silvio Pereira was benefitting from overbilling the Night Airmail service.

Each new allegation - whether true or not - builds on the previous ones and helps to destroy the PT's left identity, tossing it into the same ditch as all the other self-serving parties. It hardly needs saying that Lula and the majority leadership of the PT are reaping what they sowed.

Managing the crisis. In handling the crisis, some sections of the government are trying to make the PT carry the can. The party bureaucracy remains under Zé Dirceu's control. With the exception of Genoïno, those accused in the PT are linked to him.

Yet, at the PT's National Executive meeting on 8 June, presented with the reasonable proposal to suspend DelAbio while the allegations were investigated, this inept bureaucracy closed ranks in defence of the accused, re-inforcing the idea that he was merely carrying out the party's decisions. Later, in a disastrous news conference, DelAbio, coached by Genoïno, gave the impression that he was just the messenger.

Under pressure, the presidency sends signals to all involved: if Lula is weakened too much, he may have to bow out and put Palocci in to succeed him in 2006. The PT had therefore better take the blame and accept the people's scorn.

The pro-government left - the representatives of the majority of Socialist Democracy and Left Articulation - have lined up behind the party bureaucracy in defence of DelAbio and behind Dirceu's manoeuvres, whilst again protesting,

timidly, against the government's economic policies.

They seem not to grasp the scale of the crisis. Some DS members of parliament, like Tarcisio Zimmerman, Orlando Desconsi and João Grandão, as well as all those from Left Articulation, did not even support the first demand for a parliamentary inquiry into the Postal Service allegations, which was approved before Roberto Jefferson made his allegations.

It is clearer than ever that taking part in the government has tamed this left and prevented it from acting freely in a situation that demanded considerable political initiative.

The Left Bloc: 'Nothing to hide, nothing to lose'. The more serious left had already, even before the crisis erupted, decided to push for a full investigation of all the allegations. 'Those who have nothing to hide, have nothing to fear', was one of their slogans.

Twelve members of parliament from this Left Block in the PT had supported the first request for an Inquiry into the Postal Service corruption charges, and they are now linking up with a group of PT senators. Those PT members of parliament who had opposed the Inquiry, found they had to backtrack the following week because their position had become unsustainable.

In relation to the allegations of 'monthly payoffs', the Block - made up of representatives of the PT left who had opposed the government's neo-liberal measures - adopted the same position. The charges should be investigated and those responsible punished, whatever damage this might inflict on the government and the PT.

This would require involving democratic forces of civil society, and so these parliamentarians have been seeking the support of the National Bishops Conference and the Brazilian Lawyers Order.

But the Block has also pointed out the close connection between the corrupt practices adopted by the government and the PT and their defence of Lula and Palocci's neo-liberal economic policies. Whoever governs for the markets, cannot govern with the streets. Arguing for a change in economic policy goes hand in hand with any effective fight against corruption.

A wider recomposition. The crisis tends to demoralize a large part of the pro-government PT, committed as it is to Dirceu's style of politics, and to pragmatic behaviour which is, to say the least, difficult to defend. This creates an opportunity for the critical PT left to win wider support amongst those layers who still hold left views, and who are realising the consequences of the government's political alliances and its continuation of the old policies.

In recent weeks, figures like the senators Eduardo Suplicy and Cristovam Buarque, as well as Frei Betto, have expressed their dissatisfaction with the direction taken by the government and the party. But the struggle to redirect the left will not be carried by a well-behaved intervention within the PT, in the elections for a new party leadership, as even some taking part in the Left Block, like the Popular Socialist Action (APS) current, propose. In fact, the PT's internal leadership elections (PED), has been completely sidelined by the dispute unfolding in Congress.

On the other hand the 'cordão sanitare' set up by the pro-government left around the P-Sol of senator Heloisa Helena, has become unsustainable. This party is on its way to obtaining its legal registration in time to stand in the 2006 election (this is not yet guaranteed, but it is very likely).

It has also reacted positively to the current crisis, seeking to link up with the PT left in non-sectarian manner - as can

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be seen in the recent declaration by its members of Congress. Whatever happens, it seems that Heloisa Helena will be a key figure in the 2006 contest, when she is likely to be standing for president.

Lastly, the PT left needs to be discussing its future in the medium-term, given that there seems no possibility the government or the party will change course, and the damage to the PT's image may be irreversible.

Lula's orientation may be preparing the return of the PSDB to central government. It is no longer possible to speculate about a possible Plan B. In any case, it will only be possible to take advantage of the choices available through the joint action of the Left Block.

The coming weeks are therefore set to see major movements within a broad reshaping of the landscape of the Brazilian left.

São Paulo, 16 June, 2005