



Lula: The World Bank's president

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In October 2002, Lula was heralded as Brazil's first "worker president", just 20 years after the founding of his Workers' Party (PT). But after less than 20 months into his term, he is provoking strikes, imprisoning landless peasants and expelling members of his own parliamentary delegates. Keith Harvey asks what went wrong?

On 27 October 2002, Luis Inacio Lula da Silva of the Workers Party (PT) was elected President of Brazil with 61 per cent of the votes. From poverty to the presidency of South America's biggest country at his fourth attempt.

"The PT's victory is one of the few events at the beginning of the twenty-first century that gives us hope for the rest of the century," effused the Marxist historian Eric Hobsbawm.¹

And hope was what his victory gave to Brazil's poor. They received the new government deliriously. Street parties greeted his victory throughout the country and hundreds of thousands took to the streets at his inauguration in January 2003.

Inside and outside the country, the new regime was the most widely anticipated government of the left since Salvador Allende was elected President of Chile in 1970. Twenty or more years of neo-liberalism had left the continent impoverished. Lula's election occurred at the end of a string of Latin American upheavals.

In 1998, the Venezuelan people elected Hugo Chávez, "friend of the poor" and confidant of Cuba's President Fidel Castro, as President. Massive revolutionary upheavals occurred in Argentina following the December 2001 financial collapse; the country pulsated with factory occupations, mass popular assemblies and demonstrations of the unemployed throughout 2002. Evo Morales, the coca peasants' leader, very nearly won the Bolivian presidency in August 2002 while in Ecuador, two months later, elections did result in a leftist President taking office.

The linkages were not lost on Lula's enemies. Henry J Hyde, chairman of the US House International Relations Committee, wrote to President Bush describing Lula as a "pro-Castro radical who for electoral purposes had posed as a moderate", and warning of a Latin American "axis of evil" between Lula, Fidel Castro and Hugo Chávez.

Yet Lula was different. He did not come to office on a wave of anti-capitalist mobilisations, nor did he promise his supporters the earth, eschewing the demagoguery of Chávez.

As Bernado Kucinski has said: "Lula was not elected with a mandate to put an end to capitalism, far less to do so by revolutionary means, but he was clearly elected - and with a massive majority, for that matter - with a mandate to completely change priorities in Brazil."²

Lula's win was taken as proof by the moderate leaders of the World Social Forum, itself born in Brazil, that not only was "another world possible", but that another world was now in the making. It would prove to be a harbinger for other anti-neoliberal reforming governments that had toned down their anti-capitalist rhetoric but could still make substantial inroads into poverty and enhance social justice.

Could Lula really do what no other Latin American leader had achieved, manage to placate the financial markets, continue to be the poster boy of the World Bank and, at the same time, deliver a meaningful reduction in poverty, while carrying out substantial land redistribution?

From centrism to reformism

In February 1980, the PT was launched with only about 300 activists. Today, it has about 600,000 members; from propaganda group under a military dictatorship to ruling party in a bourgeois democracy in 22 years.

When it was founded, the PT brought together a group of diverse activists: key leaders and rank and file activists of the new trade union federation, the CUT; members of the anti-dictatorship committees; and Catholic grassroots radicals. They were united, however, in seeking to build a party that was independent of the existing bosses' and landlords' parties; in short, a party of the workers and poor.

One early PT document summarised the mixture of influences and ideologies that were built into the foundations of PT:

'We are in fact a synthesis of libertarian cultures, united in our diversity. Different currents of democratic and revolutionary thought - Social Christianity, various Marxisms, non-Marxist socialisms, democratic radicalism, secular theories of revolutionary action, etc. - joined together to create the PT... The ideology of the party does not unilaterally express any of these sources.'

During its first decade, before a defining commitment to electoralism took hold of the party, the different competing strands struggled to give the PT political and organisational direction. As we said in 1994:

'At its foundation, and in its early years, the loose coalition of radical commitment to revolutionary change and amorphous programme marked out the PT as a centrist party, that is, one that hovered between reformism and revolution, eclectically combining aspects of the programmes and organisational regimes of both.'

For most of the 1980s, elections were seen as a subordinate part of the overall strategy of the PT. Gearing up for the 1982 election campaign, the PT argued that 'participation in elections and parliamentary activity will be subordinated to the objective of organising the exploited masses and their struggles.'

The thought of running local and regional government was hardly contemplated for the first half of the decade. But all this changed between 1986 and 1988. As the PT's support broadened, as its success in city and state elections increased, and as the date of the first direct Presidential elections approached (November 1989) elections moved to the centre of the party's political strategy.

In the November 1986 elections, the PT's vote went from 3 per cent to 7 per cent and from 1.5 million votes to 3.5 million. It now had representatives in half (i.e. 13) of the state legislatures and had federal congress representation from seven states. Lula received more votes (650,000) than any other congressman.

It was the PT's victory in Porto Alegre in 1989, and its subsequent continuous control there, that defined, more than anything else, the political strategy of the party and which shaped its programme for the national Presidential election campaign in 2002.

Indeed, in his first public statement after winning the October 2002 election, Lula pointed to the example of PT governments in various states and cities to point out that fiscal responsibility and 'creativity in the social area' can go hand in hand to meet the expectations and aspirations of 'all Brazilian civil society'.

The record of the PT in municipal office in the 1990s

In the decade after 1964, Porto Alegre was a centre of resistance to the military dictatorship that came to power in a coup in March that year. The neighbourhood associations (NA) provided a refuge for persecuted dissidents and later an important source of support for the PT.

Before the PT gained control of the city in 1989, these associations had long demanded democratisation of local government, an end to corruption and the opening up of budget decision-making. In 1985, 300 delegates had founded the city-wide Union of Residents' Associations (UAMPA) which drew up proposals, opening up the budgetary process.

When the PT took over the city administration in 1989, they inherited a combination of popular radical agitation over city finances, and some grave social problems that had to be addressed. Over the next decade, the PT set about structuring and refining the former to address the latter.

Huge claims have been made for the participatory budget (PT) in Porto Alegre. Bernard Cassen, editor of the French paper *Le Monde Diplomatique*, chairperson of ATTAC and co-founder of the World Social Forum, asserts that 'a model experience, a participatory budget, is being carried out', which 'constitutes an unsurpassed experience of direct democracy'.⁵

According to Hilary Wainwright, editor of *Red Pepper* and a leader of the Radical Activist Network, the PB is 'a form of citizens' power that is a democratic check on the apparatus of the state'.⁶

According to one of its architects, the participatory budget is 'a revolutionary experience of democratic planning as opposed to the techno-bureaucratic vision of central planning. The working out of the public budget and of a plan of investments is not done by the government and its technicians isolated in their offices'.⁷

Yet, paradoxically, despite its radical credentials, the whole experience wins plaudits from those on the other side of the globalisation fence. The World Bank, for example, has declared Porto Alegre in the 1990s as the 'best pupil' under its tutelage. Together with ex-mayor Tarso Genro, World Bank officials have drawn up a handbook on the whole experience in the hope of spreading 'best practice' on responsible democratic local government throughout the world.

So how has this experiment managed to draw together radical anti-globalisation activists and the architects of neoliberalism?

The budget process begins each year in March with a plenary meeting of local residents in each of the 16 regions of the city. They focus on the previous year's spending and delivery of services, and the meetings elect regional delegates for the next stage.⁸

The regional delegates meet with local groups to discuss their needs and themselves gather together at least monthly to work out the priorities. In parallel, the local government holds meetings on 'themes', such as education, which bring people together from these sectors.

At the first series of plenary meetings, two delegates from each region are elected to serve on the budget council (COP) which will agree the final set of priorities for the city and these are accountable to the regional delegates and can be recalled by them. The COP itself has 40 delegates plus two local government members.

At the other end of the process stands GAPLAN, the local administration's budget planning office, made up of paid functionaries of the local government and answerable to the mayor. Its job is to scrutinise the technical aspects of the various proposals and above all 'ensure the process stays within the legal and financial constraints set for it'.⁹

Mediating between the two ends is the Co-ordination Committees for Relations with the Community, the CRC. There are 20 co-ordinators, one for each region of the city and four working on themes (women, youth, black people, older people). These work with PB delegates elected by the first regional PB plenaries. They meet with GAPLAN people to discuss feasibility and with neighbourhood groups to help them draw up a hierarchy of priorities. The co-ordinators are experienced PT cadres whose job it is to lead and direct the process.

The prioritised investments are eventually put to a second round of PB plenaries and then to the budget council. When the COP agrees the budget it goes to the local government councillors for approval. The municipal chamber has never rejected the COP's budget proposal.

After a rocky start in Porto Alegre, each year has seen more and more local workers drawn into the process. Participation has gone up from 1,000 in 1991 to 40,000 in 2002, in a city of 1.2 million people. ¹⁰ Drawing thousands of ordinary workers into making decisions about local resources is positive. It gives the lie to the idea that workers and

poor people are happy to leave decisions that effect their lives to professional politicians or party cadres. It proves that workers can develop the skills needed to make informed decisions about planning. It is in that sense 'a school for socialism'.¹¹

Moreover, during the 1990s, it has undoubtedly been a way of extending the social base of support for the PT nationally, and the measures enacted have led to material improvements in the lives of many thousands of people.¹²

But the downside of the PB process is more decisive.

The whole scope of the PB is very restricted in what it is allowed to deliberate over. The elaborate exercise in local democracy only relates to local infrastructure 'investments', which only count for 15 per cent of local government spending (it was 10 per cent in 1989).¹³ Most of the reforms over the 11 years of the PB have been in improving water supply, sewer systems, road surfacing and paving.

The vast majority of finance and planning decisions fall outside the PB process.

'Anything that might really affect the bourgeoisie directly is kept away from the Participatory Budget. Legislation on taxation is an attribute held entirely by the executive and the Chamber. Decisions on public transport are taken exclusively by the executive. Increases in bus fares and control over the profits and labour relations of the licensed firms are limited to a small Municipal Council controlled by the Executive...The Participatory Budget has, for example, no power of decision on a policy for expropriation of the great urban wasteland that exists in the city in order to build economic housing.'¹⁴

Even an ardent backer of the PB like Hilary Wainwright recognises 'what is not discussed is the quality of the service, the level of pay, how the project connects with services provided by the municipality. Many other issues are left aside; e.g. how to ensure against corruption in the allocation of contracts; whether service users should pay towards the services or not.'¹⁵

Or again:

'Which is the priority: to repair the sewers, which break down on a regular basis, with deadly consequences in the shantytowns and poor districts - or to pay civil servants, who sometimes go for four, five, or even eight months without pay? Should a district healthcare clinic be closed, thus depriving thousands of working-class families of minimal care, in favour of installing running water? Or should the reverse be prioritised?

By enlisting organizations, particularly trade unions, into making these debasing choices, what really happens is that these organizations cease to defend the specific interests of their members. Instead, they are transformed into relays for the policies dictated by the IMF.'¹⁶

The fact that the central and decisive levers of local power and wealth remain beyond the grasp of local workers has ensured that during the very decade in which the PB has drawn in more and more people, there has been a major deterioration in the social and economic conditions of local people, despite improvements in 'infrastructure'.

Between 1989 and 2003, under PT rule, unemployment in Porto Alegre has trebled to 17 per cent, the same as in the rest of the country. Real wages have fallen throughout the private sector and in large parts of those employed by local government. The privatisation of services previously carried out by the local government has enabled the PT administration to better 'balance the books' but has driven those workers employed by these private firms into a life of low wages and uncertainty.

By their supervised involvement in the PB, PT local government leaders teach thousands about 'the limits' of what is possible and themselves learn how to play by the rules set by federal government and the IMF. In return, they get small improvements. At one level, it shows what the working class is capable of, but it is restricted in its scope and subject to filtering and ultimate veto because at the end of the day they are 'participating' in the decisions controlled by others

rather than exercising real power.

It is no accident that the World Bank so fully backs the process. Ever since the Asian financial collapse in 1997 exposed the underbelly of neoliberalism, and especially since the successful demonstrations in Seattle in 1999 closed down a World Bank ministerial, the leaders of corporate globalisation have been on the counter-offensive.

On the eve of the Seattle protests, World Bank President James Wolfensohn warned that as a result of the implementation of World Bank-IMF structural adjustment programmes, 'the number of social conflicts and social explosions is likely to increase, the quality of our environment will be worse, and the disparities between rich and poor will be wider.'¹⁷

The post-Seattle counter-offensive involves co-opting the trade unions and social protest movements into a 'reformed' neoliberalism:

'What we are trying to do in as oblique way as we can is to convince the governments that you cannot impose development on communities or groups of people, that what you need to do is to consult so that they could own the process and that we don't design something in Washington or La Paz, but that it includes the people.'¹⁸

The World Bank president made specific the role ahead for the NGOs and, more broadly, for 'civil society.'¹⁹ It was necessary, he said, 'to give people a voice in development... This means giving people an opportunity to actively participate in the identification, design and implementation of World Bank projects and lending.'¹⁹

Ruling for the bosses or democratising the state?

The right wing leaders of the PT have shaped an ideology to justify their programme for federal government largely based on their experience in running city and state administrations.

In July 2003, Tarso Genro, twice mayor of Porto Alegre during the 1990s and now head of the special secretariat of the new Economic and Social Development Council in Lula's government, published a set of 20 theses in which he set out the PT's ideological rationale for its practice.²⁰

It is heavily indebted to Tony Negri and Michael Hardt's post-modernist views on globalisation and the destruction of the working class as a distinct class, one that is capable of leading the struggle for socialism. Naturally, therefore, it rejects the idea of replacing the current capitalist state with an alternative working class (semi) state.

Genro argues that, under the rule of globalised financial capital, neoliberalism subverts national autonomy and 'reduces the effectiveness of traditional politics'.

By this he means that, whereas in the era of industrial labour and capital accumulation based upon physical products, classes were relatively 'at rest' and, therefore, strategies and outcomes were more certain and stable, today, 'mobility, fragmentation, the emergence of new labour processes and of new patterns of accumulation make the future an ever nearer and less predictable moment'.

This has created, he argues, 'a crisis of the left, especially its radical, Marxist variant', because inequality has become worse and new forms of oppression and exploitation arise as a result of globalisation, but the old programmes based on known forms of redistributing wealth are not relevant. Because the working class has in effect ceased to exist, no programme can be drawn up that reflects its hegemony and interests.

Meanwhile, the capitalist state is at the service of neoliberalism and orders popular perceptions to be only concerned with currency stability and personal consumption. As a result, political resistance to these economic priorities is increasingly fragmented, depoliticised and, above all, localised.

So socialist strategy has 'to fuse political action and way of life' in a way that promotes both sectoral rights and universal demands in 'a public citizen space' in which the fight to restrict the power of financial capital takes place.

Genro argues that the state can no longer reach down and represent the people better; a non-state public space is needed, in which people's needs are articulated and a dialogue and contestation opened up between it and the state, for arriving at solutions to public issues abdicated by the state.

This project calls for a radical democratisation of the current state, to allow for the creation of a new state with two spheres for combined and contradictory decision-making: one consisting of existing political representation, and a second originating in the non-state public space - where the direct presence of civil society organisations combines with universal consulting mechanisms for referendums and plebiscites.²¹

The executive of the state becomes crucial, since it is from the executive that the commitment to a new political contract between state and society can arise; one in which the executive submits itself to pressure, and in this renews its democratic mandate. The democratic socialist party must at one and the same time strive for political power, and yet refuse to abide by the limitations of office, that is, refuse to abide by the imposed restrictions of financial capital, says Genro.

Civil organisations struggling around their demands alone cannot democratise the state; but the electoral representative state, standing alone, soon becomes delegitimised. So the executive of the state must both reaffirm the autonomy of popular struggles and submit itself to it so as to achieve the constitutive power to define policies of a democratic-popular character.

The programme of the democratic socialist party has a multi-class character that is capable of generating a shift in political and economic power away from private monopolies, which promote Brazil's dependent, submissive integration to the global order, and towards a bloc of alliances capable of promoting a non-dependent, autonomous and co-operative development that can radically combat exclusion and increasingly reduce social inequalities.²²

Genro is here restating the idea of socialists seeking hegemony in civil society and the state in a war of attrition, first used by Gramsci to justify the idea of a popular front in Italy in the 1930s. It was counterposed then to the revolutionary strategy of mobilising the working class in its own independent organisations of struggle to smash the capitalist state.²³

It is, in effect, a proposal for society to be in a condition of permanent dual power. Such theories are not new. Zinoviev and Kamenev, leaders of the Bolshevik party, flirted with them during the revolutionary upheavals of 1917 in Russia when soviets co-existed with the Provisional government. Austro-Marxism (and various left social democrats and centrists ever since) have proposed such a state of dual power as providing an antidote to the respective defects of parliamentary democracy and soviet working class power.

The problem with the former is said to reside in the lack of transparency and accountability of the elected representatives and the tendency for real power to be exercised behind the parliamentary façade, among unelected bureaucratic layers. The defect of unbridled soviet power is said to be its ruthless pursuit of the interests of one class (the exploited) and its tendency to exert tyranny over (and, therefore, abolition of civil liberties for) the propertied classes.

Hence, if only some way could be found for the two systems to co-exist and hold each other in check, the state might cease to be the instrument of rule by one dominant class and more adequately pursue social justice and greater equality, while defending the broadest possible civil rights for all citizens.

Genro's version of this theory naturally has special features. He does not speak of soviet power since in his view the working class no longer exists as a determinate economic class or, therefore, as a political subject. Instead, we have the notion, borrowed from Jurgen Habermas, of the citizens' public sphere, whose job it is to contest the decisions of the executive of the state in a process of permanent dialogue and confrontation.

At one level, the answer to Genro starts with a refusal to accept his main premise, namely the disappearance of the traditional industrial working class.

Empirically this is rubbish. The industrial working class across the planet is larger than ever, even if, relative to other classes, it is smaller than in the past in some mature imperialist countries. In addition, workers in the service sector are no less wage slaves than those in the industrial sector; indeed, under neo-liberalism the tendency has been for proletarianisation of previously 'professional' occupations (i.e. less autonomy at work, greater managerial control over daily tasks).

What has changed, for the worse, in the last 20 years is the level of trade union organisation and solidarity in many countries, mainly due to greater betrayals by their leaders and the shift to accommodate neoliberalism by the leaders of the social democratic and labour parties.

Genro's argument is little more than a rationalisation to excuse the PT administration's appalling record of refusing to grant the just demands of many sections of public sector workers for better wages and services, in the PT's terms, giving in to the demands of one 'narrow' and self-seeking part of the population.

Genro ignores the fact that workers remain locked in a constant struggle against their employer over the distribution of surplus value created by their labour. He wishes to replace this class struggle with dialogue and negotiation. This project is both utopian and reactionary: utopian because this struggle becomes, in times of crisis, a life-and-death struggle, during which one class has to suffer a strategic defeat, a reality that Genro's schema fails to address; reactionary because it disarms the working class in preparation for this inevitability, and blames its intransigence when the dialogue breaks down.

At a more general level, Genro's case for dual power fails the test of history. Throughout the 20th century, the existence of dual power in society expressed a huge social and political crisis, even civil war between antagonistic classes. Such periods are convulsive and relatively short-lived, measured in months in some cases and no more than a few years in most.

This is because dual power is the sharpest expression of class conflict, one in which the working class struggles to displace the whole political system that props up capitalism, including its judiciary, armed forces and civil service mandarins, as well as its parliamentary representatives. It is not a permanent process of 'dialogue and contestation' but a life and death struggle to replace the logic of the market, private property and exploitation with that of planning, collective ownership and solidarity.

The fundamental difference between a soviet/workers' council and 'a public citizen space' is that the latter is merely a forum for articulating grievances and making demands on those who have a monopoly of political power; the former is an organisation of struggle that seeks to take power into its own hands.

Genro's theses outline a vision for co-opting the exploited and oppressed into defining their demands and allowing those in power to sift and choose what they think is acceptable. Moreover, the PT will not (and has not at local level) hesitate to use the power of the state, its 'armed bodies of men', to suppress the 'excessive' claims of the people, especially 'outdated' classist ones. The existing state must be defended from challenges to its legitimacy if it is to be slowly 'democratised' from within by the professional politicians of the PT.

None other than the former Secretary of Administration of the government of Rio Grande do Sul, Jorge Santos Buchabqui, testifies to this. On resigning in November 2000 he said:

'I saw the inside of the structure of power and experienced the bureaucratic deterioration of our project... Inasmuch as we have just reached a portion of state power and the socialist project goes far beyond this stage, it is necessary to concentrate efforts on the confrontations that structural changes imply. Our government, to the contrary, wasted energy on the management of those who believe in the bourgeois state, and those who believe that by democratising it and through people's control of the budget it will be possible to carry out all the necessary transformations.'²⁴

More importantly, Tarso Genro's ideas were rejected in the October 2002 elections. Just as Lula was poised to win the presidency, Genro was hoping to clinch the governorship of the state of Rio Grande do Sul. While he hoped to run on

his reputation as mayor of Porto Alegre in the 1990s, voters were more concerned at the record of the PT running the state since 1998.

Genro obtained 11 per cent fewer votes than his counterpart, Olivio Dutra, did in the 1998 election. In the case of Porto Alegre, his vote total was 16 per cent lower than Dutra's, and so the PT lost the governorship at a time when PT votes were piling up across Brazil.²⁵

In addition, Ubiratan de Souza, budget chief for Porto Alegre and co-author, with Tarso Genro, of the World Bank's handbook, ran for the National Assembly under the slogan, 'I am the candidate of the participatory budget.' De Souza obtained only 8,000 votes in the first round when he needed a minimum of 25,000 just to qualify for the second round.

One leading PT member and activist was quoted as saying that the experience of the PB was largely to blame for this result:

'Look. People aren't stupid. At first we believed what they were telling us - that we would finally have a voice in determining the budget priorities of the population. And we were patient, realising that not everything can change overnight. But then we began to see that the priorities we put forward were never selected for review and implementation by the overseers of the budget process. We were always told that others were worse off than we were, and that our issues were 'not a priority'.

'Little by little, we began to see what was going on. We came to understand that the PT municipalities working under this 'participatory' process were dutifully paying back the debt to the foreign investors.

'We learned that they were abiding strictly by the Camata Law, which - at the behest of the IMF - requires that wages paid to public workers do not exceed 60 per cent of the budget. In fact, in Porto Alegre, they 'bested' the IMF by reducing this amount to 48 percent - which meant massive layoffs of public workers, and, naturally, mass strikes by teachers and other categories against the architects of the 'participatory budget'.

'But most important, we saw that our basic needs were not being addressed, and that things, in fact, were getting worse and worse... The people saw through this 'participatory budget' fraud and simply wanted nothing more to do with it.'

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Brazil's bosses reconcile themselves to Lula

Lula lost the presidential election for the third time in 1998. For a party that made coming to power through elections the centre of its existence, this was bound to lead to major soul-searching.

The right wing took the offensive inside the party, by the end of which one leading PT observer could conclude in 2003: 'Over the last two or three years the PT has re-invented itself as a moderate left wing party'.²⁷

The PT's leaders set out 'a strategy to isolate the left wing of the party' and reconcile itself to the IMF.²⁸ In this, they hoped to reply upon that layer of the PT that was tied to the fruits of electoral success. Up to a half of the PT's 600,000 members were entrenched by now in local, regional state apparatuses.

To see through the offensive, the party apparatus was bureaucratised and centralised. After the PT landslide in the 2000 municipal elections, Lula, strengthened, took policy formation for the 2002 presidential elections out of the hands of the PT, and into the Citizenship Institute which gathered NGOs and academics together.

A new press office was established and hired the country's leading expert in political propaganda. His mandate was to focus on winning the one-third of the electorate that was not hopelessly hostile to the PT, one third was already loyal. The PT chairman, Jose Dirceu, was put in charge of the new strategy, ruthlessly focused on TV ads and Lula's personality.

A year after Lula's failed election bid, the 1999 PT Congress passed a Programme for the Brazilian Democratic

Revolution which insisted the revolution would not be carried out by the PT alone but by a wide coalition of forces.

This led to an accelerated search for popular front slates in state elections and administrations and, eventually, to a bloc with Senator Jose Alencar from the Liberal Party as running mate for the 2002 presidential elections. With a fortune in excess of \$500m and as the owner of Brazil's largest textile company, Coteminas, Alencar was a nationalist businessman, a conservative on social issues and linked to the Universal Church of the Kingdom of God.

That Lula could find serious bourgeois figures to bloc with was symptomatic of the fact that the last few years of the Cardoso government were so negative for Brazil's bosses that elements of the ruling class shifted to critical support for Lula, while a substantial bloc of the middle class came over to the PT.

Cardoso had first taken office on 1 January 1995 and was re-elected in 1998. By the end of his second term, in 2002, international companies had taken over huge areas of the Brazilian economy. As finance minister in Itmar Franco's government, Cardoso had introduced the Plano Real in the first half of 1994. This plan was based on the introduction of a new currency, which was pegged to the US dollar. Inflation was 2,709 per cent in 1993.

The plan stabilised inflation (down to 1.7 per cent by 1998) and growth resumed. Cardoso was seen as a saviour and won the October 1994 presidential election in the first round.

The new government took more neoliberal measures. Foreign direct investment (FDI) was welcomed. In the 1990s, huge surplus financial capital in the USA and EU sought an outlet. Foreign Direct Investment (FDI) into Brazil grew from \$2bn a year in 1993 to \$2bn a month by 1998. The stock of FDI went from 6 per cent of GDP in 1995 to 21.6 per cent in 1999.

FDI was seen as way of financing the balance of payments deficit, modernising industry, increasing productivity and boosting exports. Neoliberals suggested high imported capital would lead to a higher rate of domestic fixed investment, and thus underpin growth and competitiveness.

But it did not happen.

Most of the new foreign capital went in taking over Brazilian assets which did not then receive new investment; some of the money went into money markets from which the government then borrowed at high interest rates, rates essential to keep the money rolling in. This was money the government needed to pay interest on the domestic and foreign debt.

So, over the second half of the 1990s, the influx of foreign capital increased the government's debt obligations without transforming the real economy in such a way as would make meeting those obligations easier. Events between 1997 and 1999 produced a crisis. The financial collapse in East Asia led to most foreign investors becoming risk averse when it came to the third world. Currency speculators at first demanded higher and higher premiums if they were to continue to pour money into Brazil. But, in time, nothing could persuade them that the Brazilian currency, the real, was a safe bet.

Some \$31bn left the country in a few weeks in the first half of 1998. The IMF stepped in with a package to ensure Cardoso's re-election in 1998 and then, safely in office, in January 1999 the real was devalued by setting it free from its peg with the US dollar. Growth resumed before stopping again as the US stock market plummeted in 2002.

Cardoso's second term saw unemployment grow from 6 to 15 per cent by December 2000. The effects of his neoliberal revolution were disastrous on the domestic economy. Following privatisation of the hydro-electric infrastructure, there were massive energy shortages in 2001, plus revelations of the rampant corruption that had accompanied the privatisation.

Mass disillusion with the results of neoliberalism set in. However, at a more general level, the destruction in the late 1990s of what was left of the national bourgeoisie by Fernando Henrique Cardoso's neoliberal policies and its replacement by a new elite, aligned with transnational capital, significantly reduced the range of alliances open to the

PT?29.

Nonetheless, a re-alignment of elements of the domestic bourgeoisie around Lula began as more of them were hurt by aspects of Cardoso?s policies. Eugenio Staub, Chief Executive Officer of Gradiente, the leading hi-fi company, backed Lula in public as the only person ?who can unite labour and business and other broad social sectors?.

The majority of the bosses still favoured Lula?s main rival, Serra, in the 2002 elections but they had come to terms with the PT leader. A month before the second round of voting, the chairman of Banco ItaÃ°, the second largest Brazilian private bank, declared in the USA that ?Brazilian entrepreneurs were prepared to co-operate with Lula?s administration?.

Public meetings were organised with business leaders of the sugar-cane and alcohol producers? association. Lula reassured them that they had little to fear from a PT government in terms of wealth redistribution, higher taxes and labour rights legislation. On the contrary, he sought to reassure them that his priority would be to stabilise the ?runaway? public finances and, hence, ease the tax burden on business.

At the same time, Brazil?s bosses had an incentive to meet Lula half way. The PT directly benefited from the outrage at Cardoso?s government, responsible for the collapse of the real in 1999 and for the increasing corruption scandals.

Between 2000 and 2002, a raft of PT mayors were elected in Brazil?s major cities. The PT got 12 million votes (20 per cent of the total) in local elections and gained control of major cities including Sao Paulo. On the eve of the October 2002 poll, the PT had mayors in 187 cities and was in power in 17 major municipalities. The PT was on a roll and Lula looked unstoppable in the race for the top job. Business leaders needed to cover their bets.

Lula?s manifesto (Letter to the Brazilian people) was launched in July 2002. Gone were all previous manifesto commitments to re-nationalisation of privatised companies. And this in a country where the privatisation and deregulation of the electricity industry has resulted in such an electricity crisis that rationing had to be introduced!

Gone were the calls to double the minimum wage and even the mildly reformist commitment to increase the tax bracket to 50 per cent for top wage earners was dumped. In their place was a commitment that a Lula government would run a budget surplus of 3.75 per cent, as demanded by the IMF as a guarantee that it would not spend money on social programmes, but would find enough money to pay the interest payments on the country?s debt.

The manifesto promised to create jobs through ?improved growth?, by introducing the 40-hour week and by emergency employment programmes. While the manifesto promised ?a new agrarian reform plan? the PT?s attitude to the landless movement?s (MST) strategy of land occupations was to distance itself from the MST during the election campaign.

Nevertheless, most workers were not looking at the detail of the manifesto commitments. The workers voted for Lula because Cardoso?s last four years saw their situation spiral downwards. Cardoso had renounced ILO convention 158 which placed restraints on ?unmotivated dismissal?. At the end of Cardoso?s second term, only one-third of the workforce had a registered job with labour rights of some sort. Average wages fell by 11 per cent between 1997 and 2001. Sao Paulo workers in the informal sector toiled on average 76 hours a week for \$80 a month.

The Brazilian ruling elite could see that Lula could prevent anger turning to mass revolt. After Lula?s victory, ex-President Jose Sarney said:

?I believe that Lula has rendered a great service to the country in this succession, because with this social crisis, with this unemployment, urban violence, with the terror we are living, with the situation of national agitation, were he not the man he is, one who catalysed the hopes of the people, who ensured a peaceful transition, the presidential campaign would have been a near social explosion of the country.?30

The government?s first year

"We'll begin by doing what's necessary and then what's possible," Lula said, the day after his election victory. His policies would remain within the Constitution, observe the financial rules of the country's major creditors, and live with the effects of past policies.

The government ministers appointed by Lula reflected this commitment. He chose a moderate PT mayor as Finance Minister, a former head at BankBoston, as chief of the central bank; the minister of development was the CEO of Brazil's leading chicken exporting firm. Lula chose a pro-GM crops businessman to head up the agriculture ministry. Lula was a man of his word.

To reassure the financial markets, he agreed to the IMF's conditions for a massive \$30bn loan shortly before his election. This tied the Brazilian government to running a 3.5 per cent surplus on its budget at the same time as continuing to pay interest on its massive \$400bn foreign debt.

In fact, Lula went even further. He increased the primary budget surplus (the difference between the state's income from taxes etc. and its public spending, before including interest charges) from 3.75 per cent of gross domestic product (GDP) to 4.25 per cent. This allowed the government to pay more than 100 billion reals (about \$33bn) in interest and charges on public debt last year.

To reduce public expenditure, the PT government decided to attack the pension rights of teachers and civil servants. Lula's government claimed they had to cut "bloated pensions". Teachers and state employees can retire at 53, if they have enough service, on a pension equal to their salaries. In December 2003, the government finally pushed through a law increasing the retirement age to 63, adding more years to qualify, and cutting the pension to 70 per cent of final salary.

Lula's first year in power won nothing but praise from the rich and powerful. Time magazine dubbed him "Brazil's Blair". John Snow, the US Treasury Secretary, heaped praise on his economic policies - his budget targets, tough market reforms and cuts in public expenditure. The IMF and World Bank joined in with plaudits for his "responsible" economic policies. On 12 December 2003, Horst Köhler, managing director of the IMF, said:

"Brazil's performance under the Stand-By Arrangement approved on 6 September, 2002, remains exemplary. All performance criteria and structural benchmarks associated with the fifth review were met." An IMF report concluded, "Important progress has also been made in moving forward the government's structural reform agenda, and this has been a key driver of market sentiment."

So much for what was "necessary" to keep finance capital happy; what of the "possible" measures promised for the working class and landless?

Lula committed his government to create 10 million more jobs. Yet, through his deflationary policies, he has only ensured that unemployment increased in his first year to 12 per cent, an increase of 1.5 per cent on 2000-2002, or half a million more unemployed. The government has refused to re-instate basic workers' rights lost under Cardoso. Indeed, it has changed the laws on bankruptcy, so that, when a firm goes bust, it is not the workers owed wages who have first claim on any money. As to the promise that jobs and prosperity would come on the back of sustained growth, this looks like a sick joke. At 0.6 per cent, GDP growth for 2003 was the worst for several years.

Brazil is a country of massive landowners and chronic rural poverty. Figures produced in 2000 showed that 3 per cent of the population owned 60 per cent of all the land. On land reform, Lula promised to settle 60,000 families, itself a far cry from the MST demand that one million landless people had to be given farms by 2006. Even this modest target could not be fulfilled because Lula's determination to meet and surpass IMF targets for the federal budget surplus meant there was no money to pay the affected latifundists the agreed compensation. Worse, Lula has used the courts and state forces to break up land occupations of the landless, who cannot afford to wait until Lula finds more money to make the landowners even richer than they are already. Lula resettled less peasant families in 2003 than were settled in the last year of Cardoso's government.

Having appointed a pro-GM agriculture minister, Lula eventually backtracked and allowed the use of GM crops. Besides environmental and public health risks, allowing transgenic soybeans in Brazil will mean profits of over \$100 million a year for Monsanto alone, with losses for small farmers.

The flagship social policy of the government was the launch of the Zero Hunger programme that aimed to lift the 44 million Brazilians who earn less than a dollar a day out of poverty. It was to be funded out of existing resources and World Bank help rather than any new taxes levied on the multinationals or Brazilian business. Its progress has been slow and could only be measured with any realism by the end of Lula's first term of office.

Early opposition to the Lula government's IMF driven policies came from two sources, the public sector workers and the landless rural workers' movement, the MST. Last July saw the first of a series of public sector strikes against the pension reform, 500,000 state employees walked out, bringing ports, airports, schools and museums to a halt. Land invasions, blockades and protests were launched throughout the country and, by early July, Lula was forced to call a summit with the MST leaders, though nothing concrete was offered by the government.

The big farmers' lobby pushed hard for the Lula government to crack down on the MST. Some farmers' organisations have built up private militias to attack land occupations. Within a week of the meeting with the government, one of the most militant MST leaders, Jose Rainha Junior, was seized by police and taken to a high security jail, accused of organising an occupation.

The failure of the left in the PT

Since its inception, the PT has been the site of permanent struggle between various factions. The far left factions have included those from the Trotskyist tradition, the most sizeable and important being the Socialist Democracy tendency, affiliated to the United Secretariat of the Fourth International.³¹

In the first decade, the various programmes and resolutions of the PT bore the hallmarks of the far left, and were responsible for much of the revolutionary rhetoric of the PT's declarations and manifestos. Yet, as electoral practice took hold of the PT as a mass party, these statements and programmes were often pulled back down to earth by conditioning or negating statements that originated in opposing, often leadership, factions.

So, for example, in the 1993 programme of the PT we find: 'the bourgeoisie must be defeated and submit to the redistribution of income and the elimination of poverty'. Yet this is immediately followed by: 'the speed of application of the [programme] will be defined by the correlation of forces and in particular the level of popular mobilisation and self-organisation', reflecting the pragmatic approach of the reformist office holders.

In the last years of the 1980s and the early 1990s, the left took a critical and even negative stance towards the municipal experiments of the PT. One account stressed that, in the late 1980s, 'the extremist factions envisioned popular councils as a strategic instrument for taking power', and 'popular councils were viewed as a parallel power, like soviets'³².

At the last Socialist Democracy (DS) congress, in December 2003, they claimed to have 2,500 members. The bulk of the membership, aged largely between 25 and 35, is active in the state of Rio Grande do Sul and its capital Porto Alegre.³³ The DS held the deputy mayoralty of the state in the late 1990s and many of its cadres have jobs with the administration. Raul Porto of the DS was mayor of Porto Alegre itself between 1996-2000. In addition, six PT deputies and two senators are members of the DS.

This experience has proved corrosive of the DS's politics. From criticising the whole notion of the participatory budget in 1989, the DS has taken responsibility for running local government and finally, after Lula's presidential win, taken ministerial positions in a national bourgeois government.

The last DS congress met after the PT leadership expelled or suspended several deputies for voting against the pension reform in parliament. The Congress debated the issue of how to respond and 90 per cent of the delegates voted to confirm that all their members should stay in the government. They even rejected a call to only withdraw the three DS

members in the Ministry of Public Finances which is the stronghold of the right wing faction in the government. They refused to distance themselves from the PT deputies who voted for Lula's reactionary pension reform bill.

A report of the last DS Congress observed:

“A DS member, Miguel Rosseto, is the minister of agrarian reform. There was no proposal that he withdraw from the government. In fact, he was the hero of the congress, laying out a perspective of the government giving land to hundreds of thousands of peasant families... As the congress went on, and the line of staying in the PT and the government became more and more resounding, speakers started referring to the Lula regime as “our government.””³⁴

DS members may comfort themselves that they can “push the government to the left” or “radicalise the state from within” but this is pure self-delusion. Having scaled the peaks of ministerial office, they are powerless. Miguel Rosseto may be the “hero” of the DS congress but he is the villain of the piece as far as hundreds of thousands of landless peasants are concerned. He has no money to implement even the modest land redistribution programme outlined by Lula. Rosseto is there to pacify and excuse the delays and diversions imposed on the leftist parts of the Lula manifesto by the strict adherence to the IMF's conditions.

The DS has allowed itself to be used by the PT leadership in the “transitional year”, as Lula calls it, as a left cover, to show its “radical” credentials to the PT's social base. This wretched right-centrist organisation has, with this debacle, become indistinguishable from the reformist parent party of which it is a tendency.³⁵

The DS's protestations of support will not do them much good in the end. The expulsions last year were only the start; the far left is being blocked in its attempts to get its members chosen as PT candidates for the 2004 local elections. The São Paulo PT leadership violated its own rules to reject the adoption of Plácido de Arruda Sampaio Júnior, who would have stood against the current PT mayor, Marta Suplicy, in an internal ballot.

This witchhunt is logical if Lula is to get his way in the 2004 municipal elections and make pacts with bourgeois parties such as the PMDB, PTB, or PP, which now support the Lula government in Congress.

A new party

The expulsions of four PT deputies and of PT senator Heloisa Helena, have led a number of PT intellectuals to resign from the party in protest. Helena and others have called for the formation of a new working class party in opposition to the PT.

In addition, according to one report:

“There is a layer of leaders and public sector union activists who have already raised the construction of a new party. They are rank-and-file activists and leaders of teachers' unions, judiciary employees, and workers in social security, and universities, etc. This is the most politically advanced sector which has drawn conclusions from the experience of the strike action against the Lula government's pension “reform”. On a smaller scale, youth activists, private sector unions, and various urban and rural social movements are involved.

“Then there are political organisations that have already begun to co-ordinate the task of building an alternative to the PT. From the PT itself there are the radicals, currents such as CST (Socialist Workers' Current), MES (Socialist Left Movement) and SR (Revolutionary Socialism - the Brazilian section of the CIO/CWI), as well as regional groups. There are also people splitting from moderate left PT tendencies.”³⁶

Outside the PT, the PSTU, a centrist party about 2,500 strong, is also seeking to use the moment of crisis as an opportunity to rally left and working class forces to build a new party.

This initiative deserves full support. But what kind of party should be built and upon what programme? The PT was turned into a reformist electoral vehicle by the mid-1990s. With the 1998 defeat in the Presidential elections, yet having

accumulated many local offices and a mass social base, Lula decided that power at any price was the goal. Hence the radical and redistributive reforms that the PT held to for two decades were ditched in favour of embracing neoliberalism 'with a human face'.

If a party accepts that power can and must come through bourgeois elections, and that the state apparatus it momentarily occupies must be preserved from radical challenge, then it is doomed to disappoint, or worse.

A revolutionary party mobilises all exploited and oppressed social sectors to build their own organisations of struggle that can be the embryo of organisations of rule. But to go from struggling to ruling requires first, that the members are clear about the goal.

The goal cannot be, as Tarso Genro advocates, a state of creative tension between civil society and the state apparatus. In the end, when faced with deep economic crisis or a serious working class challenge to capitalist wealth and property, the state machine will rain down its blows on the heads of working class people, jail them, evict them, sack them and even murder them.

Hence the new party must be clear that it aims at nothing less than the destruction of the state that will crush it, if it shows the least ambition to end exploitation.

A revolutionary strategy for working class power does not turn its back on elections, still less in a country where the first free direct vote for President was as recent as 1990. However, the prime purpose of elections is to rally the working class and poor peasants for struggle, not to seek to get party members inserted into the local state bureaucracies.

If a revolutionary candidate or party wins office, then it must do whatever is in its power to address the urgent needs of the workers on wages, services and civil rights. But it must also refuse to 'play the rules of the game' and observe the limits of its power. It must not seek to stay the course until the next elections and hope it can enlarge its mandate; if it does, it will be bound to demoralise the workers who put it in office.

A revolutionary workers' party will rally the working class onto the streets, it will incite them to establish workers' control over their factories and offices; it will assist them in training the young and strong to fend off the attacks of the bosses' hired thugs and state militias. It will not cling to office like a wretched parliamentarian. In this way, the working class will learn quickly enough to understand the limits of bourgeois legality and elected office, and look to its own organisations as organs of governing society.

There are those in Brazil already preaching a mere re-run of the experience of the PT. The Revolutionary Socialism group (affiliated to the Committee for a Workers' International) urges those splitting from the PT 'to build a broad party capable of attracting different sectors and gaining mass influence' and promises, later, the fight to build a revolutionary socialist party.

Of course, everything should be done to attract the mass supporters of the PT into the ranks of a new revolutionary party. Militants must raise the need for a new party in local and national CUT congresses, at gatherings of the MST, in neighbourhood associations. The final character of a new party will be decided by struggle. 2004 is not 1980. Tens of thousands of vanguard workers have seen the limits of Lula's brand of workers' party and can be won in the short term to an alternative programme. If this vanguard can be forged into a sharp tool then it can approach the hundreds of thousands of PT members with confidence.

Force Lula to reverse course, for a revolutionary action programme

Lula's government is following the path of its predecessor in swearing loyalty to the IMF, Brazilian big business and landowners. His few progressive social policies are no more far-reaching than even some of the measures carried out by the Cardoso, for example, an effective anti-HIV/AIDS programme and national literacy improvements.

The Brazilian working class, poor landless peasants and small farmers must be welded into an unstoppable power to force the Lula government off the path of enslavement to the IMF and its domestic backers, and onto the road of confrontation with Brazilian capitalism.

In a letter addressed to Lula prior to the election, the Federal Workers' Union in Brasilia pleaded:

?Comrade Lula. We are convinced that now is the moment to change course. It is now or never. It was for this moment that the Workers Party (PT) was built 23 years ago and that it has grown into a mass party of the Brazilian working class. Today, millions of working and oppressed people are supporting your candidacy because they see in you and in a PT electoral victory the possibility of moving toward a dignified future for the youth and for those who work for a living.?

Lula has turned his back on these pleas. The economic and social condition of the working class has deteriorated under his rule. Those that backed him and are being betrayed must demand an immediate end to all the alliances with the open parties and personalities of the bourgeoisie. Kick out all the capitalist ministers! No to alliances and electoral pacts with the enemies of the working class!

The PT leaders will insist that they need bourgeois allies in Congress, because they have only a minority of deputies; without them they cannot get the progressive measures passed. Leave aside the fact that most of the measures put by the PT to Congress are not progressive but reactionary; the workers must demand that legislation ending the debt repayments, wage increases, re-nationalisation and re-instating labour rights must be tabled at Congress. Let the workers see who dares resist them. Let the CUT and MST bring their millions to the doors of parliament and force these enemies of equality and social justice to relent!

Lula should draw a line under his concessions to the bosses. He must renounce any intention of negotiating a deal that allows Brazil to enter the Free Trade Agreement of the Americas, a plan rejected by eleven million Brazilians in a plebiscite held last year and which, if agreed to, would devastate Brazil's small farmers and lead to many factory closures.

Members of the CUT and MST, and the tens of millions of poor, need basic services. This demands an emergency plan of public works, financed by the government and training and employing tens of thousands of workers at a living wage, set by the trade unions, and under the democratic control of the workers and local communities.

To meet the basic needs of the working class, a decent minimum wage, restored labour rights, unemployment benefit, a free health service etc, demands that the government introduces steep progressive taxation and a large wealth tax on the super rich of Brazil, one of the most grossly unequal societies in the world.

To provide the resources for, and control of, such a programme, all the basic utilities, electricity, water, gas/oil, transport etc, need to be brought back under state ownership, renationalised without compensation, and placed under the control of the workers and users. The same should happen to any firm trying to reduce output, or make its workers redundant.

The huge numbers of landless and impoverished small farmers need to be reduced by the expropriation of the large landowners and the redistribution of land to the landless, through the provision of cheap credit, machinery and fertilisers to the small farmers and the organisation of co-operatives backed by the government.

To meet the resistance of the landowners, the landless must be organised and armed to resist the death squads of the latifundists. Lula's government must be forced to break up the landowners' militias and dismantle the state forces that co-operate with them.

The resources needed for this can, in part, be found by freeing up the \$33bn and more, each year slated for paying Brazil's creditors - vermin who, for decades, have sucked out 10 per cent of GDP each year, the product of the workers' toil. Lula must renounce the debt!

Naturally, such measures would provoke an immediate reaction from the international capitalists and their agents in Brazil. 'You will be cut off from the capital markets, Brazil will be starved of investment.' The workers would face financial crises, investment strikes, mass closures, international blockades and mobilisations by the employers against a government that 'dared' take such measures.

But the \$2bn a month of foreign investment in Brazil under Cardoso only increased unemployment, pillaged and disorganised the energy sector, financed the tax concessions to the multinational car firms. The workers were put on rations!

The expropriation of Brazilian capitalists' assets and those of the wealthy landowners would allow a revolutionary workers' government that did it to reorganise the country and its economy, end corruption, stop the haemorrhaging of wealth and address the mass poverty and land hunger of the nation.

Footnotes

1 Politics Transformed: Lula and the Workers' Party in Brazil, edited by Sue Branford and Bernardo Kucinski, London, 2003, p7

2 *ibid*, p12

3 'The PT; what kind of party?', Trotskyist International 13/14, April 1994. This provides a detailed account of the origin and development of the PT from the 1970s to early 1990s and its transformation from centrist to reformist party. See www.fifthinternational.org/LFIfiles/PTBrazil.html

4 *ibid*

5 'Participative Democracy in Porto Alegre', Cuadernos de Le Monde Diplomatique, 2, p22.

6 Hilary Wainwright, 'Porto Alegre: Public Power beyond the State?', in Politics Transformed: Lula and the Workers' Party in Brazil, *op cit*, p112

7 Urbitaran de Souza, quoted in MariÃ©cha Fontana and JÃ©lio Flores, 'Participative Budget: the limits of the bourgeois order?', Marxism Alive, PSTU, 2003

8 For a detailed account of the mechanics of the whole PB process see Wainwright *op cit* and B Goldfrank. 'Making participation work in Porto Alegre', in Radicals in Power: the Workers Party (PT) and experiments in urban democracy in Brazil, London, 2003, p27 The PB process occurs throughout PT administrations in Brazil; the mechanics naturally vary. The PB has uneven record of success and participation. It has also met with varying degrees of hostility from opposition parties and local media.

9 *Ibid*, p109

10 In Rio Grande do Sul (the region of which Porto Alegre is the capital) the state PB functions in a similar way. The state is divided into 22 regions. Municipal public assemblies are held where deputies for the regional plenaries are chosen and they in turn elect the members of the State Council, which consists of 204 members. In 1999, 190,000 people took part in the 622 municipal assemblies.

11 While Wainwright points out that a majority of participants at meetings in recent years and a majority of regional delegates are women, critics of the PB observe that most of those who take part in the regional open assemblies are pensioners, according to surveys. For those having to hold down a job with long hours, participation in local democracy is difficult; the real material condition for greater participation in democratic life is a radical reduction in the length of working week.

12 PT membership in Porto Alegre rose from less than 9,000 in 1990 to more than 24,000 in 2001. For a sense of the measurable social improvements in Porto Alegre see Wainwright, *op cit*, p130

13 Moreover, the city can only retain 16 per cent of locally raised taxes as the rest have to go by law to the state and federal governments. The only way the city can increase local revenues is through commercial businesses it may launch.

14 MariÃ©cha Fontana and JÃ©lio Flores, *op cit*

15 Wainwright, *op cit*

16 Joao Penha, 'The Trap of the Participatory Budget on Lula's victory?

Znet, 6 February, 2003

17 James Wolfensohn, Address to the Board of Governors, Washington, DC. 28 September 1999

18 *ibid*

19 James Wolfensohn, Address to a meeting of NGOs in Prague, 22 September 2000. The World Bank's World Development Report 2000/2001: Attacking Poverty summarised this strategy: 'Social fragmentation can be mitigated by bringing groups together in formal and informal forums and channeling their energies into political processes instead of open conflict.'

20 Tarso Genro, 'From Brazil to the world, or Twenty theses for a democratic theory of the state?', www.opendemocracy.net [2], 11 July 2003

21 *ibid*, thesis 16

22 *ibid*, thesis 20

23 Genro relied on the ex-Maoist-turned-Gramscian faction inside the Porto Alegre PT to lift him to power as mayor in the city.

24 Quoted in MariÃ³cha Fontana and JÃ³lio Flores, *op cit*

25 In fact the PT has the worst record of all Brazil's parties for holding onto office once elected

26 Ana, in an interview with O Trabalho, quoted in Joao Penha, *op cit*

27 Sue Branford, *op cit* p5

28 Bernardo Kucinski, *op cit*, p49

29 Sue Branford, *op cit* p79

30 O Estado de Sao Paulo, 27 October 2002

31 Another was the PSTU, affiliated to the Morenoite International Workers League, but which was expelled from the PT in 1992/93.

32 Quoted in Goldfrank, *op cit*, p30

33 Taken from eyewitness account of the DS congress by Gerry Foley

34 *ibid*

35 The leadership of the USFI of which the DS is a part is no better. At last December's DS Congress USFI leader Daniel Bensaid refused to declare Lula's administration a bourgeois government. In the summer of last year the international Congress of the USFI voted down resolutions that demanded the DS withdraw from the Lula government.

36 'Brazil: a new left party?' In *Socialism Today*, no79, November -December 2003. Can be found at: www.socialismtoday.org/79/brazil.html [3]

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