

Feature on the crisis of the PT

## Lula's lament

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**The success of the Brazilian Partido dos Trabalhadores (PT), or Workers Party, acted as a beacon to the left worldwide. Now it has been revealed that it was governing on the basis of systematic corruption. Hilary Wainwright reports on how the quest for power perverted the PT and subverted democracy.**

*'When there is such an overwhelming disaster and you see yourself as part of this disaster, you begin to question your whole life. Why so many years of sacrifice and struggle?'* Congressman Fernando Gabeira expresses the feelings of many petistas - members or supporters of the Brazilian Partido dos Trabalhadores (PT) - when they heard that the party they built or supported as an instrument of democratic, ethical politics, was governing on the basis of systematic corruption.

The Brazilian left is in a state of profound shock and confusion. Over the past two decades hundreds of thousands of people have devoted their lives to creating the PT as a principled and forceful instrument of social justice against one of the most corrupt and unjust ruling elites in the world. Now they are having to come to terms with their own party's lack of principle.

The exact details of the corruption are still being investigated. It is generally admitted that the cúpula (group at the top) of the PT bribed political parties of the right to join their alliance in Congress and gave monthly payments to congressmen of the right to support their legislation. (The PT president, Lula, won with 67 per cent of the vote but the PT only has a fifth of the seats in Congress - though it is the largest party.)

As for the legislation itself, Lula's government pushed through neoliberal reforms of which Tony Blair would be proud. These included the reform - effectively partial privatisation - of an extremely unequal public pensions system, which nevertheless left the inequalities almost untouched; and amending Brazil's relatively radical, albeit contradictory, 1988 constitution to facilitate the creation of an independent bank with the freedom to raise interest rates as high as it wants. There have been social reforms - for example, a basic (but very low) income for all poor families - though these are hardly adequate to the problems; and many of them, along with the relatively progressive aspects of Lula's ambiguous foreign policy, did not need Congressional approval.

The corruption also extended to the PT's strategy for winning the election. This, it turns out, was based on a caixa dois (literally 'a second cash till' - a secret slush fund) whose sources of donations seem to have included businesses contracted by PT municipal governments, public companies and private companies seeking government contacts. The publicist responsible for Lula's 2002 advertising campaign admitted he had received money from these PT funds through an illegal account held by the PT in the Bahamas.

There is evidence of personal corruption. The PT treasurer received a Land Rover; the finance minister and Trotskyist-turned-monetarist, Antonio Palocci, made a suspiciously vast speculative gain on a house. But far more important than corrupt individuals is the corruption of democracy and of political goals and values as a result of the instrumental political methodology of 'any means

necessary'. It is significant in this respect, that the mastermind of all this was José Dirceu, an ex-guerrilla leader, responsible indeed for kidnapping the German ambassador and a devoted party man. He had been party president since 1994 and the architect of Lula's election campaigns from 1994 to the victory of 2002. It's unlikely that his record will show any sign of personal corruption.

The evidence of corroded ends is stark. The revelations of political corruption came after it had become clear that the government had moved from a supposedly tactical acceptance of the IMF terms to a wholehearted acceptance for neo-liberal orthodoxy. Interest rates are, at 19 per cent, among the highest in the world. The government continues to generate an internal surplus far higher than that demanded by the IMF, which no longer feels it has to have an agreement with Brazil. It can rely on the economists who determine policy in the Palácio do Planalto.

Perhaps the most crucial signal that the leadership had broken the bond at the heart of the original PT project - that of achieving social justice by building on the power of popular movements to do so - was Lula's failure to turn his electoral mandate and huge international support into a democratic counter force to drive a hard bargain with the IMF. *'He could have got much better terms in order to pursue the social programme for which he was elected. At that point, the people would have been on the streets behind him,'* says Plinio de Arruda Sampaio, a founder of the party with Lula and now in his 70s, standing in the party's presidential election, to test 'for the last time' whether the party retains any integrity. It's a widely shared belief.

It's not just Brazilian leftists who are shocked and disoriented by what has been happening in the elegantly designed corridors of office - but patently not of power - in Oscar Niemeyer's Brasília. Lula and the PT are not a Soviet-style 'god that failed'. But many western leftists, myself included, vested great hopes in the PT's ability to combine, in Plinio de Arruda Sampaio's words, *'the building of popular movements with occupying spaces in the political system'*.

This was seen as a strategy for socialist change more powerful than the failed parliamentarism of west European social democracy, yet building on struggles for the franchise and other liberal political rights in a way that the Leninist tradition rarely did. The disaster of the Lula government is not just a repeat of the classic scenario of a social democratic party that talks left in opposition and is pressured into compliance when it gets to office. The PT's particular origins in mass movements resisting the military dictatorship of the 1960s, 1970s and early 1980s, along with strong traditions of popular education and self-organisation, produced something new.

One illustration of the PT's innovative politics was its relationship, historically, with the landless movement MST - a movement that occupied the land of the rich *latifúndios* and then tried to use it for co-operative agriculture. The PT both supported this movement and was supported by it, while at the same time respecting its autonomy. Another illustration was the way that when the PT won the mayoral elections in cities such as Porto Alegre in Rio Grande do Sul, Rio Branco in the Amazon, São Paulo, Recife and very recently Fortaleza in the north east, it sought to *'share power with the movements from whence we came'*. These were the words of Celso Daniel, the mayor of Santo André, who was murdered in 2001 for trying to stop corruption. The PT did so by opening up the finances of the municipality to a transparent process of participatory decision-making through which local people had real power. One of the main driving motives behind this experiment was to expose and eliminate corruption.

How, then, could the party of participatory democracy have become the party of corruption, following the methods of every other Brazilian party before it? I went to Brazil to find out.

I had been to Brazil several times to write about the participatory political experiments of the PT and to engage in the World Social Forum hosted by the then PT government of Porto Alegre. What had

happened to all this democratic creativity? Was the emphasis on participatory democracy really only a feature of the state of Rio Grande Do Sul with its highly developed civil society? For a reality check I began in Fortaleza, where a radical PT member, Luizianne Lins, had stood for mayor and won against the wishes of the leadership; Jose Dirceu had flown in from Sao Paulo to campaign against her. I attended meetings of citizens deciding on their priorities for the city's plan to negotiate over them with Luizianne. The participation was strong, pushing municipal policies in a more egalitarian direction. The co-ordinator of the Office for Participatory Democracy, Neiara De Moraes explained how they were developing the politics of participation: *'popular participation is about more than the budget: we aim for it to run through every aspect of the municipality.'* They also have a process of training or *'formação'*, explaining the workings of the government machine, especially the finances and helping *'people to become fully conscious of the process, improving, taking control over it'*.

Clearly, in Fortaleza, 2,500 miles from Porto Alegre, here was a participatory administration that had taken the process deeper than its original and world famous home. My next stop had to be Sao Paulo and then to Rio to talk with people who had sounded the alarm about signs of a leadership that bypassed this grass roots radicalism at an earlier stage.

I visited Chico De Oliveira, Marxist sociologist and a founder of the PT, from Pernambuco, like Lula. He had recently written an excoriating letter of resignation from the PT over the government's economic policy. His analysis was comprehensive. First he stressed the context of the Brazilian state, which gives greater powers of patronage to its politicians than possibly anywhere else in the world, offering huge opportunities for clientelism. The president has 25,000 jobs in his gift. The French socialist president, Francois Mitterand, by way of contrast, had 150. The electoral system, in which people tend to stand not on party lists but as individuals, also makes for weak parties. Patronage and bribery has been a normal way of getting measures through congress, and through the assemblies of regional and municipal government, which mirror the presidential system.

It was exactly this system that the participatory budget was fashioned to attack. The idea was that instead of bribery and patronage, the mayor or governor (and, it was imagined, eventually the president) would rely on a process of shared decision making with institutions of popular participation. This would be underpinned by a process of direct and delegate democracy that councillors and regional deputies would be unable to ignore because their voters were part of it. A visit to Porto Alegre confirmed this. 'We ruled for 16 years without bribery,' said Uribitan de Souza, one of the architects of the participatory budget, both in Porto Alegre and for the state of Rio Grande Do Sul.

The essential principle guiding Uribitan, Olivio Dutra and the other pioneers of participatory budgeting was the recognition that electoral success does not on its own bring sufficient power even to initiate a process of social transformation but that an electoral victory can be used to activate a deeper popular power. Such an approach, without immediately developing new institutions, would have led at least to the kind of mobilisation that petistas expected from Lula in dealing with the IMF and a hostile congress and Brazilian elite. Indeed, one government insider told me that bankers expected it too and were reconciled to some tough bargaining. But from Lula's 1994 election defeat (when many had been looking forward to a PT government) to the successful campaign of 2002, the leadership of the party was not in the hands of people with a deep commitment to participatory democracy.

D'Oliveira stresses the emergence of a group of trade union leaders, including Lula, whose approach was essentially one of pragmatic negotiations. He argues that in the 1980s, when the independent trade union movement was highly political as its every action, however economic or sectional in intent, came up against the dictatorship, they appeared as radical political leaders. But as the militant trade unions, in the car industry especially, faced rising unemployment and declining

influence, the influence of leaders was one of caution and pragmatism. Another group in the post 1994 leadership - for example, ex-guerrilla José Genuino - had reacted to the fall of the Berlin Wall by dropping any belief in radical change and adopting a variant of Tony Blair's 'third way', weak social democracy. And finally there was Dirceu, whose break from the Communist Party in the 1970s had been over the armed struggle, not its instrumental, ends-justify-means methodology.

Dirceu's end - shared by every petista - was 'Lula Presidente'. For Dirceu, this was by playing ruthlessly the existing rules of the game. For most petistas it was by also mobilising and educating the people to be ready to take actions themselves. But the difference in methodology was overwhelmed by the desire for a PT victory. People who tried openly to warn of corrupt deals with private companies, like César Benjamin, a leading official of the party until 1994, were rebuffed as disloyal.

'We believed too much in Lula,' confesses Orlando Fantasini, a deputy for Sao Paulo. A radical Catholic, Fantasini is part of a 'Left Bloc' of around 20 deputies and a few senators that was quick to demand an investigation into the corruption revelations. Many of these are now likely to join other parties, most notably the PSOL, a party formed by PT deputies who split from the party over the pension reforms.

Throughout the 1990s, Lula personified petista hopes for social justice and popular democracy. If Dirceu and the increasingly tight cúpula demanded greater autonomy, or argued for a centralisation of the party at the expense of the local nuclei in the name of a Lula victory, their demand was granted. In election campaigns, political campaigning in the market places and street corners gave way to marketing on the conventional model, activist campaigning gave way to paid leafleteers. Meanwhile, Lula drank bottles of whisky with the bosses of Globo, Brazil's Murdoch-like media monopoly, thinking he could get them on his side. The PT had established Brazil's first mass political party according to its own ethics of popular democracy, but after the disappointment of 1994 - and even more so of 1998 - it accepted the rules of Brazil's corrupt political system.

The PT's reputation for democracy has been based partly on the rights of different political tendencies to representation at all levels of the party. But from the mid-1990s, according to César Benjamin and others, Dirceu started to use the slush fund to strengthen the position of the 'Campo Majoritário' (literally, majority camp), building a network of local leaders who depended on him. This, along with the autonomy demanded and granted for Lula's group, meant that the PT's democracy become ineffectual as the majority tendency monopolised central control and no other mechanisms of accountability were put in place.

As I listened to party activists and ex-activists at every level, from the organisers of Fortaleza's new-born participatory democracy to a veteran leftist advising Lula in the Palácio do Planalto, it became clear how interlinked the two scandals are. The neoliberalism of the government and the systematic corruption in the organisation of the party go hand in hand. The steady strangling of democracy - which is, after all, what corruption is about - meant that the party lost all autonomy from the government. It also meant that all the mechanisms linking the party to the social movements and therefore acting as a political channel for their expectations, their pressure and their anger had been closed down. Even Marco Aurelio Garcia, co-founder of the PT and Lula's chief advisor on foreign affairs, felt he had no way of calling the economics minister to account.

What now? Everyone recognises that the corruption disaster is a huge defeat. '*Our strategies have to be for the long term,*' says José Correio Leite, from the now-divided left tendency Democratic Socialism (DS). After the party's presidential elections, assuming the Campo Majoritário wins - and it is assumed that even now corruption is playing a part in their election campaign - he and most of those who have been supporting Plínio de Arruda Sampaio will leave the party. Some will join the PSOL but all will be working to create a widely-based 'socialist movement' or some such framework that will not see electoral activity as its priority but rather will return to working with social

movements.

*'We must find a way of consolidating and developing the real PT traditions. We cannot let the cúpula destroy this,'* says Luciano Brunét, who is supporting fellow Porto Alegren, Raul Pont, for party president on a platform of political reforms of the party and the state.

All agree *'the situation is open - very open'*, as a group of Plinio supporters put it. They also stressed the importance of international discussions. Across the world, there is an experimental left refusing the idea that all that remains for the left is a kind of Blairism, or an abandonment of any engagement with electoral politics. The disaster facing the PT requires us not to turn away and search elsewhere for a new political holy grail, but rather to learn with our petista or ex-petista friends from their defeat and deepen the innovative but incomplete answers they were beginning to give to questions that face us all.

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