

The 'Worker President' and the Banker Regime: Brazil under Lula Da Silva 2003-2010

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Introduction

Leftwing academics, writers and journalists have written tendentious articles where they manage to transform reactionary political leaders into working class heroes and present their dreadful policies as progressive advances.

Recently, leftist pundits throughout US and Latin America have plagued the reading public with gross distortions of historical events contributing, in their own way, to the demise of the left and the rise of the right.

The leading international figures in this deceptive leftwing punditry include the famous Noam Chomsky, once eulogized by the New York Times (NYT) as 'America's most important public intellectual'. Such effusion is not surprising: Professor Chomsky and the NYT both supported the presidential candidacy of the warmongering Hillary Clinton, the perpetrator of seven wars that uprooted 20 million people from Syria, Libya, Afghanistan, Iraq, Yemen, sub-Sahara Africa (Is this any different from Stalin in the '30's?) and author/supporter of numerous coups and attempted 'regime changes' in Brazil, Honduras, Venezuela, Paraguay and Ukraine.

The same MIT intellectual turned his prestige-laden ire on the authors of the definitive critique of the pro-Israel lobby (The Israel Lobby and US Foreign Policy, Professors John Mearsheimer and Stephen Walt (2007)) and slandered the most effective activist group against Israeli colonial land grabbers - the *Boycott, Divestment and Sanctions movement* (BDS). So much for America's most 'prominent intellectual' - a crypto-warmonger, who not only supported the candidacy of the blood-gorged war goddess Clinton, but has become a leader of the post-election propaganda and 'regime change' campaign to overthrow the buffoonish President-Elect Donald Trump. Chomsky's wild, hysterical diatribe against Trump claimed nothing less than the world now faced the gravest danger in all its history with the election of the real estate-casino King Donald. Noam deftly papered over his defeated candidate Hillary's vow to unleash possible nuclear war by shooting down Russian planes over Syria - in opposition to Trump's reasoned proposal to work with Putin in ending the brutal war in Syria.

There are different versions of the 'leftist'-imperial-collaborator apologist Chomsky throughout Latin America. One is Emir Sader.

Emir Sader, professor of Political Science at the University of Rio de Janeiro and author of the book celebrating the first 'workers' President of Brazil, Lula Da Silva (Without Fear of Being Happy: Lula, The Workers Party and Brazil (1991)) is a frequent contributor to the leading 'progressive' daily newspapers throughout Latin America, including La Jornada of

Mexico, as well as the influential bi-monthly The New Left Review in Great Britain.

Needless to say, Sader never cited any inconvenient facts when praising the leadership of Lula Da Silva and Dilma Rousseff, Brazil's last two elected presidents from the Workers Party. For example, Sader omitted the fact that President Da Silva implemented an IMF-mandated austerity program upon taking office. He tiptoed around the Wall Street Bankers' awarding Lula a "Man of the Year" prize. Professor Sader forgot to cite the abrupt drop in farmland expropriations (guaranteed under Brazil's Constitution) for rural landless workers movement (MST) – leaving hundreds of thousands of landless peasant families under thin plastic tents. His 'Worker President' Lula appointed neo-liberal economists and central bank directors to his cabinet. Lula supported the interests of big agro-business, big oil and big mining oligarchs who slashed and burned the Amazon rain forest murdering indigenous leaders, peasants and ecologists who resisted the devastation and displacement.

Sader lauded, as 'generous', the monthly 'food baskets', equivalent to \$60 dollars, which the local Workers Party operative passed out to about 30 million destitute families to create a rural client-base. Sader and his string of leftist followers in North and South America, England and France never attacked the high level bribery, fraud and corruption linking Workers Party leaders to construction multi-nationals and Petrobras, the state oil company and billions of state contracts.

Sader and his international acolytes celebrated Brazil's ascent to world power as a member of the BRICS (Brazil, Russia, India, China and South Africa) with Lula as a leader in bringing the poor into the 'middle class'. He never stopped to analyze how Lula managed to balance the interests of the IMF, Wall Street, agro-business, bankers while enticing a huge voting majority among the poor and workers.

Lula's '*miracle*' was a temporary mirage, its reality evident to only a few critics who pointed to the reliance on a prolong commodity export boom. The business elites backed Lula because of state subsidies and tax incentives. Hundreds of rightwing Congress people and cabinet members jumped on the Workers Party bandwagon to enjoy the payola payoffs from contractors. But by the end of Lula's eight year term, exports of primary commodities to China sharply declined, commodity prices collapsed and the business elites and bankers turned their backs on the 'Worker President' as they looked for a new regime to rescue them by sacrificing the poor.

The rest of the story is well known: Former PT allies launched corruption investigations to pull down the PT government. Twice-elected President Dilma Rouseff was impeached in a bizarre legislative coup, orchestrated by a corrupt PT ally from a rightwing party, Congressional head Eduardo Cunha; Rouseff's corrupt Vice President Temer took over and Lula was indicted for corruption by rightwing prosecutors appointed by the PT. The House of Cards in Brasilia became a grotesque comic opera with all the major players waltzing in and out of jail (except the impeached Rouseff).

But Professor Sader did not look back in contemplation, let alone class analysis, at the 13 years of Worker Party power in coalition with the worst of Brazil's crooks. Instead, he bellowed that Lula's former allies, the corrupt politicians from the rightwing parties, had unjustly ousted the PT. These 'traitors' were the same politicians that Professor Sader embraced as 'strategic allies' from 2003 to 2014. Any serious observer could understand why Lula's was first embraced and then divorced by the financial elite – for its own class

interest.

Lula and Dilma's 'Three-Cornered Ménage' with Bankers

Contrary to Sader's PT propaganda and the predictably ill-informed kudos of Chomsky, et al, the Workers Party policies benefited the banks and the agro-business elites above all others, to the detriment of the popular movements and the Brazilian people. Brazilian investment bank revenues rose from \$200 million dollars in 2004 to \$1.6 billion dollars in 2007 and remained close to the peak until the commodity crash reduced bank revenues drastically. Likewise, the financial speculators and corporate monopolies took part in the capitalist bonanza under Presidents Lula and Dilma. Merger and acquisitions (M & A's) rose from \$40 billion in 2007 to \$140 billion in 2010 but then sharply declined with the drop in world commodity prices down to \$25 billion in 2015. The banks made billions of dollars in management fees for arranging the M&A's over the eight-year period (2007-2015).

The Fall of Banking Revenues and the Rise of Corporate Activists

If we examine Brazilian merger and acquisitions activity and investment bank revenues, one sees a close correlation with the rise and fall of the PT regime. In other words, when the bankers, speculators and monopolists flourished under the PT policies, they supported the government of Lula and Dilma. When the export agro-mining commodity boom collapsed, slashing profits, management fees and interest, the financial sector immediately mobilized their rightwing allies in congress, allied prosecutors and judges and successfully pushed for Dilma's impeachment, Lula's indictment, the arrest of former PT allies and the appointment of Vice President Temer to the Presidency.

With the recession fully underway, the business and banking elite demanded large-scale, long-term cuts in public expenditures, slashing budgets for the poor, education, health, housing and pensions, severe wage reduction and a sharp limit on consumer credit. At the same time they pushed through the privatization of the multi-billion dollar petroleum industry (Petrobras) and related state industries, as well as public ports, airlines and airfields, highways and whatever else among Brazil's public jewels could compensate for their drop in investment bank revenues and management fees for M&As.

For the finance sector, Lula and Dilma's main crime lay in their reluctance to impose the brutal 'new austerity policies' fast enough or totally privatize public enterprises, reverse subsidies to the destitute, freeze wages and slash social budgets for the next two decades.

As soon as the economic elite successfully ousted President Dilma Rousseff through a legislative 'coup', their newly enthroned (Vice) President Michel Temer rose to the task: He immediately announced the privatization of Petrobras and froze health and educational budget for the next twenty years. Instead of recognizing the true nature of the ruling class interests behind the coup against Dilma and the arrest of Lula, the PT party hacks and writers denounced political 'plotters' and "traitors" and imperialist agents . . . puppets who were only following orders from the banking and export elite.

After the fall of Dilma and faced with resounding defeats in the 2016 municipal elections wiping out almost all of the PT big city mayors and city officials, Lula finally called for a 'Left Front' – fifteen years after having pursued an allied bankers' . . . front!

Reflections on a Debacle

What stands out is how pro-PT intellectuals and writers have failed to understand that the party's vulnerability, opportunism and corruption were present early on and reflected the class composition, policy decisions and lack of ethical principles among the PT leadership. Wide-eyed and seduced at their warm reception at PT functions and international conferences, the ill-informed US, Canadian and European intellectuals understood nothing about the real structural and strategic flaws within the party and instead published hundreds of shallow 'puff pieces' about Lula's poverty reduction, minimum wage increases, and consumer credit – ignoring the real nature of class power in Brazil.

Apparently, they threw out two centuries of even the most basic grammar school level history lessons describing the cyclical boom and bust nature of commodity export economies. They ignored a half-century of left-right 'populist front' governments, which collapsed into coups once bourgeois support was withdrawn – and instead whined about 'betrayals' – as if the elite were capable of anything else.

The fundamental problem was not the stratospheric intellectual pronouncements – the key was the economic and political strategies and policies under Lula and Dilma

The PT Presidents failed to diversify the economy, institute an industrial program, impose content regulations on foreign producers, nationalize the banks and monopolies, prosecute corrupt political officials (including PT leaders) and stop the practice of funding political campaigns through kick-back rewards for rotten deals with construction contractor-cronies.

Once in power, the PT ran expensive campaigns with heavy mass media saturation, while rejecting their own twenty years of effective class struggle that had built the political party with a strong working class cadre.

By the time it was elected to the presidency, the PT membership had shifted dramatically – from workers to middle class professionals. By 2002, 70% of active party members were professionals. They formed the leadership base running for office, designed the new strategies and forged new allies.

The PT discarded its popular class allies in order to gain short-term capitalist alliances based on the export commodity boom economy. During the height of the 'boom' they managed to satisfy the bankers and stockbrokers, while providing some subsidies to workers and the poor. When the budgets and the boom economy crashed, the business allies turned against the PT. Meanwhile, the PT had also lost its mass base, which was experiencing double-digit unemployment. The once reliable PT voters knew that, while they suffered, some of their 'Workers Party' leaders had become millionaires through corruption and were living in 'soap-opera'-style luxury. They could imagine them consulting their gold Rolex watches so not to miss an appointment with the corrupt contractors...

Lacking critical and knowledgeable advisers, depending on allies and ministers from the capitalist elite, abandoning the politics of class struggle, and failing to implement any national industrial strategy – including the most basic processing of Brazil's agro-mineral products, the Left disintegrated losing Latin America's historic best opportunity to build a workers' and peasant government from below.

The fiasco of left intellectuals and politicians is not confined to the case of Brazil. The same capitulation to the hard-right keeps happening: In the US, France, England, Greece and

Portugal, there were the Bernie Sanders, Noam Chomsky's and a small army of left journalists and identity activists rushing to support the candidacy of Hillary Clinton-the most bellicose imperial politician in recent memory.

Despite her record of supporting or launching seven wars, creating twenty-million refugees and over one million deaths, despite her reckless advocacy of nuclear war with Russia over Syria, the self-declared 'anti-fascists' joined hands to support a recidivist catastrophe-candidate, whose only real success would be her million-dollar speeches before the financial elite and speculators! But then again, the famously furious Greek Left voted for Syriza's Alexis Tsipras who then imposed history's worst peacetime austerity program on the people of Greece. It must console Lula and Dilma to know they have plenty of company among the left politicians who speak to the workers and work for the bankers.

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