

# The Rise and Fall of Democratic Neo-developmental-ism in Brazil

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## Introduction

The impeachment of the Brazilian president Dilma Rousseff in August 2016 brought to an end a political movement linked to the Workers' Party (*Partido dos Trabalhadores*, PT) and its leader Luis Inácio Lula da Silva. Lula, as he was commonly known, had become president in January 2003 and was succeeded in 2010 by his chief secretary Dilma. The nearly 14 years in power of what has been termed *Lulismo* government provides a compelling case study for scholars of democratic developmental states. To that end, this chapter attempts to provide analytical insight into the essence of *Lulismo*, its sociohistorical genesis, and its broad government policy objectives, which are examined according to their political, social, and economic implications, and whose combined effect we have termed democratic neo-developmental-ism.

The section that follows begins with an assessment of the similarities and differences between old and new forms of developmentalism in Brazil. This is followed by a discussion on the transformation of what has been termed *Petismo* into *Lulismo* and its implications for democracy. The primary focus of the chapter, however, is on the purported success of neo-developmental-ism, which will be assessed in terms of its achievements in transforming society and the economy, and in transforming the cities.

## From Old to New “Desenvolvimentismo”

Economic liberalism, characterized by submission to foreign capital and to the hegemony of Northern powers (primarily the UK), was a feature of Brazil's first republic from 1889 to 1930. Following the onset of a global financial crisis in 1929, nationalistic military officers mobilized for change and their 1930 “revolution” brought to power Getulio Vargas (between 1930 and 1945) with strong support from not only the working classes but also from large sections of the land-holding and capitalist class. After

a period of ideological orientation to fascism and a foreign policy aligned with Mussolini's Italy, in 1942 Vargas became an ally of Roosevelt and the USA. Following this, he organized democratic multiparty elections and stepped down from office in 1945. He resumed the presidency following national elections in 1951 and this time with a genuine democratic mandate. "Democratic developmentalism" in Brazil is chiefly associated with this, Vargas' second term in office from 1951 to 1954 (Coutinho 2008).

Vargas built his rule on several strategies. First, as Singer points out, he created a "power *apparently* above classes which led to the integration of the sub-proletariat to the proletarian condition, ... integrating rural migrants into an urban working class by means of industrialization" (Singer 2012: 45). Second, he encouraged collaboration between the working class and capitalists, a process driven by the government to avoid any possibility of communist interference. The legal and institutional legacy of this form of collaboration, termed *corporativismo*, has survived all subsequent regime and government change (Coutinho 2008). Third, he built a platform for strong state intervention in the economy as a means to enhance industrialization and modernization. One component of this strategy was the nationalization of oil resources in 1939 and the establishment of a state-owned monopoly company, Petrobras, in 1953 (Ribeiro 2001).<sup>1</sup> It is this economic-industrial strategy, in particular, which has been called *desenvolvimentismo*, or developmentalism, in Brazilian political discourse.

When Lula campaigned for the presidency in 2002, there were few references to *desenvolvimentismo* in his speeches due to the then radical socialist orientation of his own PT, which opposed class collaboration as well as state control of trade unions, both of which were features of the Vargas era. However, in his campaign for reelection in 2006 and in Dilma's subsequent campaign for the presidency in 2010, the concept of *neo-desenvolvimentismo* became a common refrain in their ideological and political agenda. It also underpinned a concerted effort to eradicate the rad-

icalism of PT as part of an initiative to build a broader government coalition (Sampaio 2012). More will be said about *neo-desenvolvimentismo* later, but first it is of interest to examine the ideological and political transformation of both Lula and the PT.

#### From *Petismo* to *Lulismo*: The Development of Democracy

The concept of *petismo* derives from the alliance of various working-class fractions and social movements, which was forged in the 1980s to create a socialist democracy driven by the PT, or the Workers Party, itself founded in 1980. *Petismo* in this context refers to the "PT way of governing" (*o modo petista de governar*) as it was understood by the public in the 1990s. Specifically, this related to direct democracy and to ample channels for popular participation; campaigns against corruption, patrimonialism, and clientelism in municipal and state institutions; and socioeconomic redistribution through improved public infrastructure and services that benefitted the subaltern classes. This was in stark contrast to the privatization and austerity policies then on offer by neoliberal right-wing parties. *Lulismo* refers to the transformation of this alliance into an increasingly personalized government project based on the personality of Lula da Silva who was president of Brazil from 2003 to 2010.

With the end of the military dictatorship (which had ruled from 1964 to 1985), social movements of all kinds emerged advocating a new kind of politics. These social forces were radical, yet democratic; they challenged the system, but were oriented toward a sense of the public good; and they were not only militant but also civically minded. The "new trade union unionists," the urban movement, the health movement, the feminist movement, and the black and student movements were some of the expressions of what Evelina Dagnino (2004) has described as the "new citizenship" of the time. In addition to imagining new democratic practices and institutions to challenge Brazil's deeply rooted social authoritarianism, these movements played a key role in the election of Lula da Silva to the presidency in 2002. For Lula, a former metal worker and strike leader with little in the way of formal education, this was the end of a "long march through institutions" for the party, following two decades of unsuccessful national campaigns, but which also included the successful governance of municipalities run on the principles of participatory democracy. The most

<sup>1</sup> A few months later, President Vargas committed suicide. This was apparently due to the passing of the Petrobras law, which was considered to be a "communist" measure and was met with hysterical reactions from local and international capitalist groups (Ribeiro 2001).

famous example of this *petista* way of governing was in Porto Alegre, the capital of Rio Grande do Sul, located at the southern border with Uruguay.

It is not surprising, then, that the PT's first victory in the national polls in October 2002 raised expectations of popular participation in government. The idea of participatory governance had been enshrined in the PT's "Program for a Democratic Revolution," launched at the party's congress in 1999 (PT 1999). This program sets out the foundations for an eventual PT national administration. The *Democratic Revolution* under a PT presidency, it was asserted, would mark the beginning of a long process of transformation, which would deepen economic and social democracy, extend human rights and citizenship to the country's majority, reform representative institutions, and increase democratic and direct control over the state. While the party at the time had no intention of being in perpetual opposition, it understood that "it is not enough to arrive at the government to change the society. It is necessary also to change the society to arrive at the government." The *Democratic Revolution* was thus viewed as a long but not inevitable process. It was seen to involve the reorganization of society, politics, and the economy with a new hierarchy of values based on equality, freedom, and solidarity. Education, health, literacy, welfare, and economic well-being were all seen to be central to the democratic project (Baiocchi et al. 2013).

Perhaps the best example of the participatory measures introduced by the Lula government was the national policy conferences. Seventy-two of these events were held during Lula's two terms in office, compared to the 22 held under President Cardoso's administration from 1995 to 2002. The conferences convened by the Lula's administration dealt with 40 different themes, 28 of which were discussed for the first time. According to the available data, the conferences mobilized 5.6 million participants (2.2 million of whom attended the conferences that dealt specifically with issues of children and youth), and passed some 14,000 resolutions. That said, the number of people involved in each conference varied as did the degree to which the involvement of society influenced the resulting policies. Thus, for example, the First National Conference on Sports, held in 2006, was not well supported, involving just 42,000 people who took part in 180 municipal, 140 regional, and 26 state conferences. In contrast, the First Conference on Racial Equality mobilized existing social movements

and organizations and attracted twice as many participants. In some instances, guidelines on the course of national policy action were predominantly determined during the local and regional phases of participatory engagement, as was the case of the National Environment Policy, while in others decisions were taken following the deliberations of a national conference. The National Plan for Culture, for example, was debated in the first national conference in 2005 and this led to the establishment of the so-called *Pontos de Cultura*, a network of public spaces for the production and diffusion of cultural activities, 650 of which were active in 2009.

An examination of the composition of these conferences is instructive. Based on the official data of the General Secretariat for Participation (SGP 2010), approximately 70% of participants came from civil society and 30% were members of government (from national, state, and municipal levels of government). Once we disaggregate the "civil society" component, however, we see that only 34% of representatives were from social movements, 21% represented business interests, and 15% were from the unions. The high proportion of representatives from the business sector is revealing, as part of the argument for the creation of these spaces for engagement was that they provided opportunities for those who were under-represented politically. Also represented, although to a lesser extent, were religious organizations, academic institutions, professional associations, and state and municipal councils.

In a brief and critical evaluation, the national participatory policy introduced by the Lula government may be seen to have three noteworthy features (Baiocchi et al. 2013):

First was the uncoordinated nature of these participatory spaces, with their constitution and composition often linked to particular ministries and social movements (the ministries themselves having been assigned to particular factions and political parties as part of a political pact between the PT and its coalition partners). This arrangement served to reproduce the logic of political clientelism which had become so deeply entrenched in Brazilian politics (Montero 2005).

Second, the organizing logic of "dialogue and listening" characterized these spaces far more than the previous logic of empowerment and power-sharing. Although de facto influence could be exercised through the mobilization of know-how, the capacity to formulate implementable policies, and by lobbying decision makers, this was not the general rule.



Third, civil society and the progressive sectors of unions and political parties were generally dissatisfied with these spaces due to their lack of effective decision-making power over important policies. In particular, there were concerns that they exercised little influence over economic and financial policies, which were either a continuation of the policies of the previous neoliberal president, F.H. Cardoso, or they were controlled by employers' associations and financial institutions (national and international). A source of further concern was the fact that employers' associations were also well represented in conferences that dealt with matters other than those of economic nature.

Public enchantment with the government's participatory-democratic practices peaked during Dilma Rousseff presidency as almost no new national policy conferences were convened by her government. The state's response to the mass upheavals of June 2013 (which will be discussed below) cannot in any sense be construed as a return to participatory policy making. To the contrary, when the Dilma government faced an economic and fiscal crisis in 2014, the response was the imposition of harsh austerity measures without any prior consultation with the society. These austerity measures, furthermore, were in conflict with the government manifesto presented to the electorate in the run-up to the presidential elections in October 2014. What this meant, in effect, was that the concept of *petismo* was terminated by the Dilma government. Following this development, questions might validly be asked as to what its replacement, *lulismo*, brought to the Brazilian people, and to what extent it rescued the democratic-popular aspects of "new developmentalism" if at all?

#### *Lulismo* and the Apparent Success of "New Developmentalism"

Although Lula da Silva was twice elected president of Brazil, in his second term, which began in 2006, his PT lost almost 20 million votes from the better-off organized working and middle classes in the southeast and southern states. Significantly, however, in what was once the most remarkable electoral realignments in modern Brazilian history, they gained a similar number of votes from poor subproletarian classes in the less industrialized northeast of the country (Singer 2012).

#### Transformation of the Society: The Subproletariat

On the one hand, the PT had experienced a decline in support from its traditional constituents, as the social movements and civil society organizations, which had stood by the party since its birth in 1980, became increasingly skeptical of the party and its leader (Hochtstetler 2008). Following Lula's first election in 2002 they had hoped that the new president would advance the "*petista* way of governing," which had become well known from cities like Porto Alegre and São Paulo and which was associated with redistribution, good governance, and public participation. However, it was evident that no real redistribution to the organized working class had occurred. Instead, pragmatism in building a broad coalition with the conservative political and financial elites became a central tenet of the Lula administration (Kingston and Ponce 2010). Rather than becoming an exemplar of good governance, the Lula administration became embroiled in one of the biggest political corruption scandals in Brazil's history, the so-called *Mensalão*, a vote-buying scheme in the Federal Congress. This scandal alienated the left-leaning liberal segments of the middle class who had earlier voted for PT (Hunter 2011). Instead of a growing influence in policy making achieved through increased popular participation, the leaders of civil society organizations found themselves all but co-opted by jobs in the government (Baiocchi et al. 2013).

On the other hand, there was a remarkable ascendance in support for Lula and his party in the Northeast Brazil and among the poorest strata of society. André Singer (2012) argues that this was due to the sociopolitical transformation that took place under the Lula government. The policies attributed to Lula ensured the material upliftment and a degree of social inclusion for the poorest 10% of the population. This was achieved through direct federal cash transfers to the bank accounts (opened specifically for this purpose) of the female heads of poor families (through, for example, the *Bolsa Família* program), and increases in the minimum wage determined by presidential decree. Labor market reforms increased the number of formal employment workers, which both reduced the number of people working in the informal sector and ensured more socioeconomic rights to the lowest paid segments of the proletariat. Singer points out that these relatively modest reforms had a significant impact on political allegiances and led to changes in the class dynamics of the Brazilian

society. What had, for almost a century, constituted “the permanently super-impooverished working surplus population,” a statistical category which Singer refers to as the “sub-proletariat,” had moved toward too becoming a class for itself, a modern “new proletariat.”<sup>2</sup>

*Lulismo* and *lulista* are the labels used by Singer to describe the new political regime connected to this social transformation. “Lulismo,” he asserts, “is in my view the meeting between a [state] leadership, that of Lula, and a class fraction, the sub-proletariat, through a program with the main points delineated between 2003 and 2005” (Singer 2012: 45). In something of a contradiction, however, Lula also actively supported capitalist accumulation and secured the privileges of the ruling classes. In this way, he secured their acceptance of gradual and cautious social reform, financed by improved tax collection and economic growth rather than by a zero-sum method of redistribution from the rich to the poor. In other words, *lulismo* combined “gradual reforms” for the poor and “conservative pacts” with the rich. Montero (2005) and other political scientists have described “reforms under oligarchic-conservative control” as the main characteristic of Brazilian politics after the introduction of the new democratic constitution in 1988. Although Singer recognizes that there is a considerable degree of policy continuity between the governments of Fernando Henrique Cardoso (1995–2002) and that of Lula (2003–2010), especially in their emphasis on “conservative pacts,” from a Marxist perspective, he argues, Lula’s presidency created opportunities for social *mobility* as well as new conditions for social and political *mobilization* among the popular classes. “The *lulismo* makes an ideological re-articulation and pulls out the centrality of the conflict between left and right and reconstructs an ideology on the basis of the conflict between the rich and poor”

<sup>2</sup> Although usually unemployed or underemployed, the subproletariat in industrializing Brazil is not entirely excluded from the labor market. This distinguishes them from the lumpenproletariat and “the permanently super-impooverished working surplus population.” The subproletariat is typically organized in female-headed families. They often move from rural to urban areas, or from cities in the periphery in the Northeast to the faster growing parts of Brazil, in order to provide better job opportunities for their offspring. Hence, in real life there is a continuum, rather than a sharp difference, between the “subproletariat” and “proletariat.”

(Singer 2012: 32). In a comment on Brazil’s largest ever street demonstrations in June 2013, Singer claimed that the protests were part of “the ascension of the new proletariat.” “These people have gained employment and higher income,” he maintained, “but their lives are still precarious, particularly in the larger cities (Singer 2014). “The demonstrators want higher public expenditure, while the market forces demand austerity. This will place the current Dilma government at the crossroads” (Singer 2013).

### Transformation of the Economy: The Petroleum Industry

Prior to Lula’s ascension to the presidency in January 2003, he had promised the electorate in a “Letter to Brazil” that he would not attack the free market, the fortunes of the richest families, or the privileges of the largest capitalist groups. The implication was that any business agreement based on laws made by the previous administration would be respected by the Lula administration. Forces on the left and the trade unions despaired, among them was the social movement *O petróleo tem que ser nosso* (The petroleum has to be ours), an ally of Lula’s which had been established in the 1990s to oppose the new legislation introduced by President Cardoso, which led to the partial privatization of the state oil company Petrobras and the removal of its monopoly to explore for and produce petroleum.

However, in 2007 considerable space was created for state maneuver in the economy. Lula announced the discovery of the largest oil reserves found in the world in recent decades and certainly the largest in Brazil’s history. The reserves of almost 50 billion barrels are located in very deep off-shore pre-salt layers in the coastal waters of Southeast Brazil. Labeled the *pré-sal* in public debate, Lula declared that “The pre-salt is our passport to the future,” and national euphoria was unleashed. The ambition was to triple the national production of oil and gas by 2020 and to increase their share of gross domestic product from around 5% in 2007 to 15% in 2020.

By the end of 2007, Lula had begun establishing a new legal framework for the oil industry. He advanced pragmatic arguments to justify this measure which were accepted even by the right-wing opposition, namely that the pre-salt reserves had created a new set of circumstances unforeseen when the concession regime was installed in 1998 and that existing laws need to be adapted to the new realities. The redrafting process was

placed in the hands of a committee consisting of representatives of various ministries and the oil industry, including the CEO of Petrobras (Sérgio Gabrielli). Although no representatives from the trade unions or from *O petróleo tem que ser nosso* were appointed to this committee, it conducted its work in the organizational and ideological spirit of Vargas's corporatism. Trade union representatives took part in the work of the committee indirectly through their links with the top management of Petrobras (Sérgio Gabrielli was a former militant of the PT and advisor to the oil worker unions) and some government ministries. However, *O petróleo tem que ser nosso* soon distanced itself from the process when, in March 2009, it criticized many of the committee's proposals and began lobbying for its own alternatives. The campaign, which drew support from federal senators and deputies, organized public hearings that presented the views of trade unions, other social movements, as well as independent critical experts. They also mobilized mass support on May Day rallies, held throughout the country in 2009 and 2010, and in demonstrations carried out in Rio de Janeiro and in the federal capital Brasília. A particular focus of their protest was in opposition to international auctioning of concessions and the presence of multinational petroleum companies in Brazilian waters.

How much impact did this nationalist and anti-imperialist campaign have at the end of the day? It is evident that it did have a definite influence on what the government called "the package" (of oil-related bills) presented to the two chambers of the National Congress at the end of 2009. In terms of the package, the Brazilian state would once more become the majority shareholder of Petrobras. Among specifications of the package was that Petrobras alone would be the lead "operating company" in the pre-salt fields and that the oil and gas fields would be owned by the Brazilian state, which stood to gain significantly from its shares in the production and sale of petroleum. The revenues from these shares were to be administered by a new federal agency. In this way, a regime of "production sharing" was intended to replace the old "concession" system, where concessionaries expropriated the oil resources and paid only a marginal proportion of their profits back to the state in royalties.

Despite these reforms, however, the logic of global competition and capitalist relations of production were to remain. A large proportion of Petrobras shares were offered up for sale on international stock markets and particularly in New York. The exclusive right to extract the oil from

specific fields was granted to consortiums selected through international tenders. In this process they retained the lion's share of the superprofits generated and paid only a small proportion of the actual value of the oil produced (around 20%) to the Brazilian state in royalties, and a small tax on their profits. The state agency established to manage the revenue generated from the public shares of *pré-sal* invested these funds in profit-maximizing portfolios inside and outside Brazil, and only the return on capital was allocated to social and public spending in Brazil.<sup>3</sup>

Another important stated component of the new petroleum policy, apart from ensuring direct state ownership of the oilfields and the revenue generated by them, was to promote private Brazilian companies connected to the oil and gas industry. In that respect, a particularly important policy instrument was a regulation intended to increase the national "local content" of goods and services procured. For Lula and the PT, this was also a strategy to create skilled jobs on a large scale, laying the foundation for a stronger trade union movement and a more advanced form of capitalism. This was because Brazil, like other Latin American countries, historically had had a low-skilled workforce and what has been termed a "low skills equilibrium" (Schneider 2013), while the oil and petroleum sector, in contrast, is skills based and is in need of highly skilled workers.

Over the course of the past half century, Brazil has embraced various forms of capitalism, including the corporatist (or Coordinated Market Economy) model of the Vargas era and the liberal market model (Liberal Market Economy) adopted under the period of military rule (1964–1985) and again under the presidency of Fernando Cardoso (1995–2003). Under Lula, the corporatist "coordinated" variant of capitalism was reintroduced and this stressed the importance of cooperation between the state, educational institutions, and business associations in promoting local content (Braathen and Melby 2016). Similar arrangements to strengthen local content also existed in other sectors of the economy as evidenced in the *Lava-jato* (Car-Wash) money-laundering scheme, which has become the largest corruption case in Brazil's history, and which has fundamentally undermined local content policies. The scheme involved the directors of

<sup>3</sup> This mixed economy model was largely inspired by the system set up by Norway. Interview with the project manager for the new petroleum laws, Ministry of Mining and Energy, Brasília, April 1, 2011.



Petrobras procurement units, major civil construction companies, as well as many leading politicians, including Lula himself, all of whom face the prospect of long prison sentences. However, whether or not he serves time in prison, Lula's entire policy legacy has been widely discredited in the media.

### Transformation of the Cities: The Mega Event Projects

Encouraged by the pro-poor policies implemented by the Lula and Dilma governments after 2003, some PT office-bearers sought to promote an agenda for "urban reform" as a complement to the "agrarian reform" policy enshrined in the 1988 Constitution. This led to the establishment of the country's first Ministry of Cities, which was headed by the first PT mayor of Porto Alegre. At long last, in a country where 84% of the population lives in urban areas, a policy was formulated to bridge the divide between the "informal" city (the slums or *favelas*) and the formal city. Long overdue infrastructure development, particularly not only in basic sanitation but also in comprehensive urban upgrading, was implemented. This, in fact, was one area in which the "PT way of governing" succeeded at the national level, commencing with participatory policy conferences at the city level and culminating in a conference at the national level. This led to the unprecedented federal government investment in such large-scale urban renewal programs as the "Program for Accelerated Growth" and the "My House My Life".

However, the Ministry of Cities and progressive officials in other ministries soon lost control of the urban transformation processes and in no other sector is the dramatic demise of *petismo* so evident. It was intended that urban renewal programs would be implemented through a series of public-private partnerships, with implementation and oversight assigned to a small group of politicians and private entrepreneurs. Popular participation and oversight was noticeably left out of this process and in the vacuum the civil construction lobby and investors with interests in land speculation took over, and the urban transformation policy was subjected to a classic process of elite capture. The projects implemented were typically large-scale ones, with extremely weak oversight and accountability systems and optimal conditions for graft and the maximization of profits (Braathen 2015). This trend accelerated in 2008 and 2009 after Brazil

won the bids to host both the 2014 Fédération Internationale de Football Association (FIFA) World Cup and the Summer Olympics in 2016.

In the past decade all of the BRICS countries have invested enormous financial resources and political prestige in hosting mega sports events: the 2008 Summer Olympics in Beijing, the 2010 Commonwealth Games in Delhi, the 2010 FIFA World Cup in South Africa, the 2014 Winter Olympics, and 2018 FIFA World Cup in Russia (replicating Brazil's "double" in hosting both events). This reflects a trend wherein the so-called emerging economies have an affinity for the hosting of mega sporting events. These countries share three crucial features: the availability of resources; an ambition to project their image as an emerging power worldwide; and the relative weakness within them of institutions dedicated to the protection of human rights and the environment. The combination of these features enables host cities to abide by the "package" of interventions that international organizing committees such as the FIFA and the International Olympic Committee require (Horne and Wannell 2012).

In June 2013 FIFA launched its "test event" in Brazil, the Confederations Cup, and during this time the country witnessed the largest spontaneous demonstrations in its history when some 10 million people took to the streets. What started as a protest against a price hike on the public transportation system in São Paulo quickly escalated to mass mobilization against the massive overspending of public funds on stadiums and sporting infrastructure at a time when the general quality of public services was poor—their anger was expressed in the slogan "We don't need more stadiums, we need more schools." While corruption was a key focus of the demonstrations the protests were also directed against the violence used by the police forces to dispersing the crowds (Maricato et al. 2013).

The June demonstrations raised major concerns in the public domain about citizens' rights, on how the "voice of the street" might be heard, how the grievances of ordinary people might be taken seriously, and how the quality of democracy might be strengthened. The surfacing of these concerns and the accompanying street protests were a manifestation of the emergence of a new generation of urban movements which had been years in formation. A network of such organizations as the *Movimento Passe Livre* ("movement for free transport"), student movements, urban resistance movements, favela residents' associations, and movements of the *sem-teto* (for those without a "roof"/house) have, through occupations

and demonstrations, challenged the formally established, but hollowed-out and top-down, spaces of participation. This new generation of urban movements and civic networks is a portent for a new form of an “insurgent citizenship” (Holston 2007). As opposed to a statist conceptualization of citizenship which assumes that “the only legitimate source of citizenship rights, meanings and practices” is derived from the state (Holston 1998: 39), this alternative conceptualization of citizenship is active and engaged one which is “grounded in civil society” (Friedmann 2002: 76). It aims to move beyond formalistic citizenship to a substantive one that includes an array of civil, political, social, and economic rights and, specifically, the right to housing, shelter, education, and basic health. As such, it espouses the notion of a “right to the city” (Lefebvre 1967), which recognizes all residents as “right’s holders,” and, in so doing, defends the needs and wants of the majority while at the same time affirming the city as a site for social conflict.

### Conclusion

June 2013 demonstrations were the beginning of the end of *lulismo* and one of the few responses forthcoming from the president and the Congress, which most probably were made out of concern for the forthcoming elections 2014, was to enact stronger anticorruption legislation. These laws gave police and prosecutors more powers to combat corruption, such as in extended phone tapping, temporary imprisonment, and “plea bargaining” to deal with those suspected of shady political-economic deals. Ironically, the main culprits of the new laws were members of the very Congress that had sanctioned them. The fallout from Operation Car Wash has swamped, some would say poisoned, political and public, life in Brazil. It has also all but swept away the memory and perhaps some of the achievements of the *lulista* era. Lula’s public-private partnerships, intended to promote the growth of national industries and to transform the cities, among many other ambitious policy goals, have dissolved surprisingly quickly in the aftermath of the scandal.

The impeachment of President Dilma, however, was not based on the Car Wash scandal as she was the only top politician who was not suspected of having gained from the Petrobras scheme. Instead, the judicial

grounds for her impeachment stemmed from the hasty and ill-advised fiscal measures introduced by her government to address the economic crisis in 2014 and 2015. Few observers of Brazilian politics believe the formal-judicial reasons behind her impeachment and the real reasons are to be found in the political economy of the state. In the first instance, Brazil could no longer escape from the global crisis by granting huge tax breaks to its manufacturing sector and other industries, simply because these policies undermined the tax base of the state and its capacity to generate revenue. In the second instance, the hurried imposition of austerity measures in 2015 was confronted by opposition and protests from within her own political camp and particularly by the trade unions and affiliated social movements. Confronted with this backlash, the president backtracked on the austerity program, but in so doing she also lost the support of the financial markets. Seeing her weakened position, her political opponents were emboldened to form an oppositional alliance which ultimately resulted in a majority call in the Congress for her impeachment, a development which saw even her vice president, Michel Temer, abandon her.

The incoming Temer government, which represents a broad majority in the Congress, immediately pursued a set of conservative and neoliberal policies that were implemented in an authoritarian way without widespread popular consultation. A constitutional amendment was pushed through with the objective of freezing public spending at its current level for 20 years. This was accompanied by the deregulation of the labor market, a move that threatens to reverse some of the gains of the Lula era. The petroleum mining policy was also changed to permit foreign companies a higher stake in the oil reserves of the country. These new policies, however, are unlikely to be endorsed in the next democratic elections to be held in 2018; this is because a large segment of Brazilian society considers the Temer government to be *golpista*, that is, a government that came into power through a parliamentary conspiracy which amounted to a coup d’etat.

It remains to be seen, however, whether the democratic developmentalism of the Lula era becomes a bygone chapter in the history of the global South, or whether, in the face of neoliberal reversals, there is a popular resurgence of interest in *lulismo* and, indeed, in the leadership of the former president himself. A third possibility is that of the emergence of a



new democratic block, based on a reappraisal of *petismo* and a critical examination of the limitations as well as the achievements of *lulismo*.

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