The Political Economy of Lulism and Its Aftermath

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President Dilma Rousseff's impeachment should be framed as part of the crisis of the Lulist mode of regulation of social conflict. The Partido dos Trabalhadores (Workers' Party—PT) presidencies lost their functionality from the standpoint of the interests of the traditional ruling classes of the country, led by the financial sector. The breakdown of Lulism was the exhaustion of the mediation between the predatory aspirations of the Brazilian bourgeoisie and the rights and aspirations of workers. This exhaustion was first evident in June 2013 and became acute in the subsequent years as the government was confronted with economic crises and corruption scandals. The Temer administration's open confrontation of the working class pointed to a return of workers' living conditions to the nineteenth century, but these measures reflected not a turning point but simply an acceleration of the pace of the prevailing politics. The collaboration of the ruling PT in confusing, calming, and alienating the popular classes helps explain the negligible popular reaction to the impeachment, the antipopular assault led by Temer, and Lula's arrest.

O impeachment da presidente Dilma Rousseff deve ser enquadrado como parte da crise do modo lulista de regulamentação dos conflitos sociais. As presidências do Partido dos Trabalhadores (PT) perderam sua funcionalidade do ponto de vista dos interesses das classes dominantes tradicionais do país, lideradas pelo setor financeiro. O colapso do lulismo foi o esgotamento da mediação entre as aspirações predatórias da burguesia brasileira e os direitos e aspirações dos trabalhadores. Essa exaustão ficou evidente pela primeira vez em junho de 2013 e se tornou aguda nos anos seguintes, quando o governo foi confrontado com crises econômicas e escândalos de corrupção. O confronto aberto do governo Temer com a classe trabalhadora apontou para o retorno das condições de vida dos trabalhadores ao século XIX, mas essas medidas refletiram não um ponto de virada, mas simplesmente uma aceleração do ritmo das políticas vigentes. A colaboração do PT no poder de confundir, acalmar e alienar as classes populares ajuda a explicar a insignificante reação popular ao impeachment, o ataque antipopular liderado por Temer e a prisão de Lula.

Keywords: *PT, Lula, Brazil, Lulism, Neodevelopmentalism*

As is widely argued in the literature that critically analyzes the development model of the Lulist governments (see, among others, Saad Filho and Morais, 2018), the Partido dos Trabalhadores (Workers' Party—PT) presiden-

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cies (2003–2016) opted for class reconciliation as a method for reforming Brazilian capitalism. This was based on the premise, which is in fact reasonable, that much could be done to address the country's acute inequality without confronting the structures that reproduce it. The Zero Hunger program, which was initially led by a Catholic friar, epitomized this approach. After all, who would be opposed to ending hunger? But while bread would appease the poor, reconciliation with the rich required a commitment to so-called economic stability. Its founding milestone was the Real Plan, implemented by Minister of the Economy Fernando Henrique Cardoso in 1994, which completed a process that turned Brazil into a "platform for valuing international financial capital" (Paulani, 2008). At the same time that the country was becoming consolidated as a destination for speculative capital, the flow of these capitals became indispensable from the point of view of the so-called macroeconomic tripod. This was a situation that emerged from policies focused on fiscal targets, a floating exchange rate, and inflation targets. Fiscal adjustment, high interest rates, contractionary monetary policy, and free capital movement were the pillars of this macroeconomic strategy. It was this commitment that candidate Lula secured when he launched the "Letter to the Brazilian People" during the campaign in 2002. It was, in fact, a letter to capital, aimed at warding off the specter of capital flight that was looming on the verge of the election of the workers' president.

Once sworn in, the PT government was true to its commitment, espousing all aspects of neoliberal adjustment. The commitment to international credibility required deepening antisocial reforms such as the new Bankruptcy Law, which placed workers on equal terms with other creditors, counteracting the premise that business risks burden the employer. But the main knot untied in Lula's first term was the reform of social security. The move from the social security model to the private pension system broke with the idea of generational solidarity, in which the contributions of young people ensure the pensions of the elderly, in favor of a model in which each worker has an individual account managed as a pension fund investment. Generational and class solidarity gave way to co-participation in the mechanisms and risks associated with financial capital (Marques and Mendes, 2004).

This reform was emblematic for two reasons. First, it revealed the PT's functionality to the interests of the traditional ruling classes of the country, with the financial sector in the forefront. The president's prestige among workers was fundamental in enabling, in the first year of his term, a reform that his predecessor had not achieved because of the opposition he faced. Secondly, it transformed a social right into a financial product. Beyond the macroeconomic options that caused the first Lula government to be described as "the most complete incarnation" of neoliberalism (Paulani, 2008: 10), it turned out that the party's civilizing perspective was in perfect harmony with the hegemonic neoliberal rationality (Dardot and Laval, 2010).

However, it was never assumed that PT politics was neoliberal. On the contrary, in Lula's second term, when there was a growth spurt driven by rising commodity prices due to the Chinese expansion, the proposition that a "neodevelopmentalist" project was under way was championed by government cronies. After decades of stagnation, the slow recovery of wage-earning power,

declining unemployment, a slight improvement in income distribution, the reduction of extreme poverty through targeted policies, and the expansion of consumption that accompanied the abundance of credit backed the discourse that Brazil was plunging into a period of development whose parallel with post–World War II national-developmentalism justified the neologism.

The common denominator of the various neodevelopmentalist formulations was the diagnosis that the country should seek an alternative route between the financialization that characterized neoliberalism and the nationalism linked to developmentalism. Renewed emphasis on production to the detriment of rentierism without incurring inflation, fiscal populism, nationalism, and other elements of national developmentalism was proposed. Sampaio Jr. (2012: 46) synthesized the neodevelopmentalist agenda as follows:

> The challenge of neodevelopmentalism is therefore to reconcile the "positive" aspects of neoliberalism—unconditional commitment to currency stability, fiscal austerity, the pursuit of international competitiveness, and the absence of any discrimination against international capital—and the "positive" aspects of old developmentalism—commitment to economic growth, industrialization, the regulatory role of the state, and social sensitivity.

The opportunity to reconcile "an external element, liberalism, with another internal element, Brazilian developmentalism" (Cervo, 2003), materialized in the support for the internationalization of large companies with national capital or headquartered in the country, understood as vectors of national capitalist development. This was the "national-champions" policy, whose main vehicles were the business diplomacy practiced by Itamaraty, especially in South America, and the credit policy of the Banco Nacional de Desenvolvimento Econômico e Social (National Bank for Economic and Social Development—BNDES). At its peak in 2010, the bank's lending for this purpose was more than two and a half times the sum of the funds handled by the World Bank and the Inter-American Development Bank (Leopoldo, 2011).

The bank's action intensified the concentration of capital in sectors of the economy considered internationally competitive, notably primary exports and construction. It provided the JBS group with R$6 billion for acquisitions in Brazil and abroad, which made it the largest meat producer in the world; R$2.4 billion for Votorantim Celulose to acquire Aracruz Celulose, making it one of the world's largest pulp producers, Fibria; and more than R$1.5 billion for the merger of Sadia with Perdigão, making the Brasil Foods group the world's largest chicken exporter (Garcia, 2012). However, the protagonist of Brazil's commercial expansion was construction, a sector that has done business in all the Latin American countries, from Colombia to Cuba, as well as in other parts of the world, especially Portuguese Africa. The sector also benefited at the domestic level from the Growth Acceleration Program, which foresaw an infrastructure works agenda, and the My House, My Life program, which extended housing loans to the popular classes. All in all, this internationalization of Brazilian corporations, mainly in South America, corresponded to a political project of regional leadership. The strategy anticipated that the economic expansion of Brazilian business would serve as the foundation for the country's political projection on the world stage (Santos, 2018).

During the economic expansion cycle that lasted until Rousseff's first term, this proposal advanced with relative success. The expansion of Brazilian business corresponded to a recognition of the country's political role, embodied in the figure of President Lula, who was seen by Obama in 2009 as the most popular politician in the world (*Newsweek*, 2009). However, the conjunction of economic downturn and corruption scandals starting in 2014 put this project on the defensive. While the Brazilian economy was in recession, several reports described corruption schemes involving contractors and other national champions at home and abroad. These disclosures undermined the reliability of the government and its ruling party and jeopardized the foundations of the neodevelopmentalist project with which they identified.

Additionally, several indications called into question the effectiveness of the national-champions strategy. In the first place, some companies that had received large contributions from the BNDES began to be controlled internationally. The Ambev beverage conglomerate merged with a Belgian corporation and had its headquarters moved to that country, and EBX partnered with Chinese and Korean capital companies after approving large volumes of public credit for their projects (Tautz et al., 2010). The Odebrecht operation in Peru became independent and registered as a local company; it no longer has projects supported by the BNDES, but neither does it participate in the export of Brazilian services and products. On the whole, there is little evidence that support for these businesses met neodevelopmentalist expectations. At the same time, there is evidence that national champions have used long-term credits to reduce capital costs or even to profit by manipulating interest rates in arbitrage transactions (Bonomo, Brito, and Martins, 2014).

While the national-champions strategy bore doubtful fruit, the expected association between neodevelopmentalism and industrialization did not flourish. On the contrary, under the PT administrations the dismantling of Brazilian industry, a phenomenon that preceded it, was emphasized. Since 1985 the participation of industry in the gross domestic product (GDP) decreased from 35.88 percent to 13.13 percent in 2013. Brazil's share of world industrial production fell from 2.8 percent to 1.7 percent in the 2000s, stabilizing at this level until 2010 (UNIDO, 2011). That year, a report from the Ministry of Finance classified 64.6 percent of Brazilian exports as commodities, a figure that in 1994 had been around 50 percent (Esposito, 2017). The dismantling of industry is suggested by indicators such as the increase in the participation of primary components in industrial production, the increase of imported inputs in the manufacture of industrial goods, and a greater concentration of value added in a few segments. These elements denote a weakening of the links that allowed industry to function as an organic whole (Carneiro, 2008).

The percentage of imports and exports in relation to GDP increased under the PT administrations, reflecting a greater degree of openness of the economy and dependency. Equally significant, average capital mobility increased from 5 percent between 1986 and 1990 to 37 percent between 2006 and 2010, during which time external liabilities also multiplied, indicating an increase in the country's vulnerability to crises caused by capital flight (Sampaio Jr., 2012). In short, the convergence between the dismantling of the industrial system, the dislocation of the dynamic axis of the economy to a focus on foreign companies,

and the erosion of internal decision-making centers in relation to international finance points to a remarkable deindustrialization of the country.

These results spell out the ideological character of the neodevelopmentalist proposal. By suggesting a contradictory association between the supposed salutary aspects of neoliberalism and the longing for the earlier developmentalism, the neodevelopmentalist pastiche ignored the links between the various dimensions inherent in the two ideas—for example, the antithetical relationship between restrictive monetary policy and economic growth that characterized neoliberalism and the protection of national capital that conditioned industrialization from a developmentalist perspective. Moreover, it abstracted from the historical conditions that supported the utopian national-developmentalist project as a way of humanizing peripheral capitalism, since the possibilities for a national approach to development were quite limited (Santos, 2018).

Under this rhetorical veneer, a conservative economic policy was followed that accepted macroeconomic parameters and the neoliberal historical perspective. In practice, the Brazilian economy continued to operate as a platform for increasing the value of international financial capital, largely focused on neoextractivist activists, an exporter of raw materials, and a backer of multinational corporations that exploited the domestic market but also exported (although exports of manufactured products have diminished). The prevailing economic trends—denationalization, deindustrialization, environmental devastation, overexploitation of labor, trade and financial openness, and vulnerability to crises and their counterpart, subjugation to international finance—intensified.

Disconnected from reality, this neodevelopmentalist ideology lent itself to an ideological purpose, "differentiat[ing] the Lula government from the Cardoso government, casting on the latter the label of 'neoliberal'" (Sampaio Jr., 2012). Neodevelopmentalist rhetoric restricted the economic debate, limited microeconomics, and limited the perspective of political discussion to the existing situation. By reducing social change to the parameters accepted by neoliberalism, politics confined itself to a discussion of the pace and intensity of structural adjustment, distinguishing itself only in secondary aspects such as the intensity of the World Bank's money transfer policies, the strategy for dealing with social pressures, the role attributed to the regional environment, and marketing for internal and external consumption. The PT strategy related to issues of this kind was referred to as the Lulist mode of social conflict regulation.

THE LULIST MODE OF SOCIAL CONFLICT REGULATION

COORDINATION OF TWO FORMS OF CONSENT

The Lulist mode of social conflict regulation can be summarized as the combination of modest gains for the lowest levels of the Brazilian social pyramid and the expanded reproduction of the regime of financial accumulation supported by extractivism. This combination of small gains for the lowest levels with the usual profits for the upper ones supported the relative social pacification of the country until June 2013. Lulist hegemony was based on the coordination of two forms of

consent. The first of these was the passive consent of the subordinate classes to the project of government embraced by a union bureaucracy that, during the period of economic growth, was able to guarantee modest but effective concessions to workers. In general, the semirural subproletariat in various areas of Brazil benefited from the Bolsa Família program, moving from extreme poverty to the official poverty line. The unstable urban class benefited from increases in the minimum wage above inflation and from the creation of formal jobs. Finally, in the context of a heated labor market, the proletariat, when organized in unions, achieved advantageous collective bargaining in terms of both wages and benefits (Braga, 2014; 2015). In a country renowned for abysmal inequalities, these advances were enough to solidify the subordinates' consent to Lulist regulation. At the same time, the PT government concretely coordinated the interests of the union bureaucracy, the leaders of the social movements, and the intellectual middle classes, laying the groundwork for active consent to Lulism focused on the state apparatus. In addition, by occupying positions on the boards of pension funds and public banks, the high-level union bureaucracy merged its interests with those of financial capital (Oliveira, 2003).

The acceptance by the Central Única dos Trabalhadores (Unified Workers' Central—CUT) of this project revealed the philosopher's stone of Lulism: the main social organizations that had once resisted the advance of neoliberalism now supported a government committed to the execution, albeit slightly modified, of neoliberal policies. The relationship of trust built over the years between the party and the social organizations was used to neutralize them. Lula's personal charisma was also manipulated to this end. As part of this regulation, public policies and instances of participation spread. They did nothing to modify social structures but were successful in confusing social activism. Activists became government project managers or sometimes simply government officials. Taken together, this arsenal of practices and strategies consolidated active consent to the PT project, weakening the autonomy of the popular field.

Initially, leaders and organizations justified their tacit support by arguing that the government was confronting conflict. However, the notion that it was possible to contest the government and try to shift it to the left failed before it was even applied. Ever since Lula's first victory, the party had never considered building a correlation of forces to modify the state. On the contrary, it focused on forging alliances to ensure governability, which in the Brazilian political system, characterized by a multiplicity of parties, meant agreements with forces that it had historically opposed.

The political crises emphasized the disjuncture between the venality of the government and the loyalty of the movements. Since the first serious corruption crisis, in 2005, the PT's structural base had brandished the coup threat despite the consensus against impeachment among the bourgeoisie at the time. Instead of considering the possibility that the PT, whose policies in all spheres were conservative, could also maneuver the Congress in a conventional manner by resorting to bribery, the popular bases closed ranks with the government: 43 organizations signed a "Letter to the Brazilian People" (with the same name as the 2002 document) describing the allegations as coup maneuvers. Meanwhile the government responded by reinforcing the participation of the Movimento Democrático Brasileiro (Brazilian Democratic Movement—MDB)

in government, financial capital commitments, and focused welfare policies that were mainly managed by social organizations controlled by the Evangelical churches (Georges and Santos, 2016).

In short, the convergence between PT strategies for the neutralization of criticism and the inability of some activists to disengage from the party caused a kind of "hijacking" of the political agenda by the leftist sectors in the country. Paradoxically, the main legacy of the active consent to PT hegemony was inaction, which has had politically pernicious consequences ever since the Lulist peace plummeted.

CONSERVATIVE MODERNIZATION

The Lulist mode of social conflict regulation was remarkably successful during Lula's presidencies and Rousseff's first term. To understand its subsequent exhaustion and the reaction that followed it is necessary to analyze the dynamics that underlay the passive consent of the subordinate classes. Specifically, job creation, the increase in the minimum wage, and the expansion of college education were the focus of the key players in the June 2013 protests, when the contradictions of Lulism surfaced. The failure of the urban reform encouraged by the first PT governments in the 1980s, which spread a "PT way of governing," and the retreat from land reform (an issue that mobilized the most powerful Brazilian popular movement under neoliberalism) completed the panorama of conservative advanced modernization of the period.

The exhaustion of passive consent to the Lulist pact became evident starting in June 2013, when the largest cycle of popular mobilization since the end of the dictatorship in 1985 took place. Field research indicates that the protests were led by young workers who were students. This segment was doubly affected by the PT project in that more than 60 percent of the jobs created during these administrations were occupied by young people between 18 and 24 years old, who were also the main clients for the expansion of higher education (Braga, 2014). Contrary to the mythology surrounding a "new middle class," studies have shown that what happened under the PT governments was a broadening of the base of the Brazilian social pyramid. Of every 10 new jobs created during the 2000s, 9 paid less than one and a half minimum wages. In 2014, when the effects of the economic slowdown intensified, about 97.5 percent of the jobs created were in this salary range. The driver of the expansion was the service sector, spanning segments of society that had historically received lower wages and been discriminated against in the labor market: women, blacks, and young people (Braga, 2014; Pochmann, 2012).

From the point of view of economic dynamism, according to Marcio Pochmann (2012), "this expansion of low-paid jobs has been shown to be compatible with the absorption of the huge surplus of labor previously generated by neoliberalism." Reflecting on the impact of this movement on the social structure, he notes that "either by income level, by type of occupation, or by personal profile and attributes, the bulk of the emerging population does not match serious and objective criteria for its clear identification as middle class" (47). Instead, this group displays the characteristic profile of the

popular sectors, which, in the face of rising incomes, do not save money but immediately increase consumption.

For this group, the recovery of the minimum wage was a crucial factor in the reproduction of its consent. Despite a slight increase in labor income participation over the overall amount of national income under the Lula governments, recovering the value of the minimum wage was a trend that predated the PT cycle. During the Cardoso governments, between 1994 and 2002, there was a 42 percent recovery of this value, while between 2003 and 2014 the appreciation recorded was 76.5 percent. The policy in force after 2008 linked wage increases to inflation and GDP variation during a period of economic growth. It had some effect during the commodities boom and became invalid during periods of economic recession (Krein, Manzano, and Santos, 2015). Furthermore, the recent employment increase was based on a noticeably low level. The highest unemployment rates of the 1990s were around 12 percent. Correspondingly, the increase in the real average salary of workers returned in 2013 only to a level similar to the beginning of the Real Plan, but its purchasing power remained lower than in the early 1980s, reflecting two decades of dictatorship.

While quantitative advances were negligible, qualitative data indicate a worsening of working conditions. The increase in outsourcing, flexibility in working hours, turnover, and accidents and deaths at work were all indications of a deterioration of those conditions. Considering that the driving forces of the economy in the period were construction, agribusiness, and the service sector, we could hardly have expected a different result. In summary, the situation of labor under the PT governments advanced in line with the global movement toward increased insecurity. Groups deprived of labor guarantees, subject to uncertain incomes, and lacking a collective identity entrenched in the labor world have grown (Braga, 2015).

Many of these young people were in higher education, expecting to compete for jobs that pay more than one and a half minimum wages and correspond to the middle class. Thus they became the main clients of the expansion of private universities that offered poor courses at low prices. While it is true that under the Federal Universities Restructuring and Expansion Plans Support, implemented from 2003 to 2012, 14 new federal universities and 100 new campuses were created. These new universities and campuses increased by around 60 percent the enrollment in public on-site undergraduate courses, although the precariousness of this expansion is well known. The deterioration of working and career conditions for technicians and teachers, compounded by violent cuts in education funding, produced two extended strikes, in 2012 and 2015.

In fact, higher-education expansion was brought about not by the public sector but by the private one. Between 2003 and 2014, the offer of undergraduate courses in the country spread from 282 to 792 municipalities, and in 2014 78.5 percent of the vacancies in higher education were new. However, of the 8 million vacancies, 90.2 percent were in private universities (Zagni, 2016). Strictly speaking, this was a subsidized expansion, since the government operated through the Student Financing Fund and the University for All program—massive transfers of public resources to private education. The underlying

logic was that it was cheaper for the state to subsidize university students in private colleges than to maintain and expand public institutions to educate them.

It turns out that when their college studies were over, many found that the path to social ascent was more limited than promised. Precarious work, originally envisioned as temporary, became a permanent reality; precariousness ceased to be a step and became a wall. Life became distressing—compressed, narrow, stressful. For most of the population, this distressed and unstable existence took place in the city, between home, study, and work. Transportation was at the center of life, and Brazilian cities collapsed and were no longer experiences of social life and places of civilization (Maricato, 2011).

To understand this process, Pedro Arantes (2014) analyzes the trajectory of the struggle for urban reform in Brazil and its connection with federal urban policies. Drawing an analogy with the union movement, which little questioned the private ownership of the means of production, Arantes argues that the housing movements never crossed the threshold of private landownership. Thus, to the extent that the "popular-democratic" urbanism practiced by PT municipal administrations in the 1980s became exhausted, involving the urbanization of slums, housing building with campaigns and self-management, and participatory budgeting that characterized the "PT way of governing," the conditions emerged for a consensus based on a mercantile solution to the problem adopting the ideology of home ownership.

At the same time, the PT administrations viewed cities as a brand or a business, increasingly using international urban consultants, introducing postmodern city privatization mechanisms such as urban operations, certificate sales of additional building potential, big urban projects, and megaevents. Depleted of their original transformative potential, the practices that characterized the "PT way of governing" became impoverished urban mass management technologies.

In line with the ideological inflection experienced by the PT, urban reform was no longer seen as a whole and was even confused with "the real estate practices of right-wing governments and of the World Bank," as Arantes (2014) points out. Thus substantive urban policies were abandoned—the very end of urban reform. Mobility understood as a fundamental urban right because it was a means of access to other rights was one of the dimensions buried along with this problem. Just as landownership was not questioned, the turnstile was not considered an issue even when it was at the heart of the cycle of urban rebellion that began in 2013.

Once the presidency was reached, the main form of PT conciliation between capital and labor with regard to popular housing was the My House, My Life program. In the government's rationale, the challenge was to persuade real estate capital to serve the poor, which meant turning the homeless into housing consumers and popular housing into a profitable business. The era of self-construction and joint efforts gave way to an alliance between workers and real estate interests backed by public funds. In this arrangement, all dimensions of the construction process were controlled by the private sector, from land policy to urbanization standards, construction sites, and technology. The relationship between the right to housing and the right to property was sealed in a process

that Arantes (2014) interprets as a "compensatory solution to urban reform that did not occur."

The agrarian question was similarly addressed with equally frustrating results. According to Ariovaldo Umbelino de Oliveira (2013: 122), it was evident from the beginning that land reform under Lula would be marked by two principles: "Don't do it where agribusiness is dominant, and do it only where it can 'help' agribusiness. In other words, land reform is definitely connected to the expansion of agribusiness in Brazil." A set of measures of PT governments solidified this antipopular orientation, among them the Biosafety Law, which regulated the production and marketing of transgenic seeds, the Legal Land program, which legalized land grabbing in the Amazon, the renegotiation of ruralist debt, the elimination of the Forestry Code, and the infrastructure works aimed at enhancing agribusiness referred to in the Growth Acceleration Program and the South American Regional Infrastructure Integration Initiative. This reality confronted rural organizations such as the Landless Rural Workers' Movement with a difficult situation. Support for the government contradicted the defense of land reform that was their raison d'être. At the same time, federal management beckoned with multiple possible links from the appointment of activists to low-level positions to the diffusion of welfare policies such as Bolsa Família at the base of the movement. This was a striking contrast to the repression of the previous administration.

At the level of production, the government multiplied the resources of the National Program for Strengthening Family Farming, emulated by the World Bank and implemented in the country under the Cardoso administration. More than just a line of credit, the program design entailed social engineering geared to turning family farming into a component of transnational agribusiness. From the political point of view, this incentive contemplated one of the bases of the movement, the families that were already settled, but the demand from this group was met at the expense of encamped landless families, impoverished farmers, and agricultural workers in general. As a rule, incentives for family farming tended to dismiss the mediation of social movements and almost always fostered monoculture. Half of the credits between 2003 and 2011 went to corn and soybean crops. As a result, in both the Northeast and the South, as Hilsenbeck (2013) points out, there were Landless Workers' settlements dedicated to castor bean or sunflower monocultures in initiatives mediated by agreements with Petrobras, to the detriment of the polyculture of foodstuffs.

The way the PT presidencies dealt with land reform and urban issues—problems that have mobilized the most combative popular movements in Brazil since the end of the dictatorship period—is indicative of the political economy that was proposed. In the countryside, the contradiction between family farming and export monoculture has been blurred but at the expense of land reform. In the city, the contradiction between the right to housing and the city as a business was resolved but at the expense of urban reform.

Across the countryside and the city, the intention was to alleviate the contradiction between social integration and overexploitation of labor, replacing the struggle for rights with the capitalization of the poor. The expansion of family grants and low-paying jobs was linked to the expansion of popular

credit and private higher education to forge a horizon of individual integration mediated by consumption. The dream of social mobility encouraged precariousness as a transitory condition that had family grants as its floor and private higher education as its right foot. Popular credit fueled dreams of consumerism and career advancement, as well as home ownership and commercial farming. While some families ate more, others were able to send their children to college for the first time. They all dreamed of getting out of the slave quarters, though not together.

In their efforts to alleviate the ills of colonial origin that afflict Brazilian society, the PT governments temporarily mitigated some of their symptoms, but their causes got worse. Modest progress corresponded to a deepening of structural problems evidenced by the deterioration of working conditions and the setbacks of urban and agrarian issues against the backdrop of the return to an economy based on commodities. Politically, the focus on class reconciliation nurtured conservative business interests while accommodating through concessions and privileges many of those that had pushed for change in the past. However, in June 2013 this effort to circumvent the contradictions that strained Brazilian society, as if it were possible to eradicate the evils without disturbing their roots, began to crumble.

LULISM IN CRISIS

FROM JUNE 2013 TO THE IMPEACHMENT MOBILIZATIONS

The contradictions associated with Lulism surfaced in the June 2013 protests, although the government itself did not interpret events in this way. For those who saw Brazil through the glasses of Lulism, the popular revolt came like lightning in a blue sky. A multifaceted movement that generated diverse interpretations, mobilizations gravitated around three key issues: the democratization of cities, universal public policies, and a reaction to congressional idiocy—the illusion that Congress represented the nation. All in all, the rebellion challenged the conservative modernization deepened by the PT. For approximately three weeks in that month, a social earthquake shook the political scene. At its peak, an estimated 2 million people took to the streets in more than 120 cities (in other words, about 80 percent of Brazilians supported the protests). Initially, the protests reacted against the increase in public transport fares, but soon the agenda included other public services, notably health and education. The broadening of the original scope of the protests was summarized in the slogan "It's not for pennies, it's for rights!"

Coinciding with the Confederations Cup, a trial run for the World Cup facilities, the June protests captured a synthesis of conservative PT modernization based on FIFA's relations with the country. The parody "It was a very funny country; it had no schools, only stadiums" epitomized this malaise, in which sophisticated consumption patterns coexisted with a primitive social existence. Raised with public money at the cost of population removal and overexploitation as part of international business that has enriched politicians and contractors and amused the few who could pay for tickets, the World Cup stadiums emerged as authentic monuments to underdevelopment (Santos, 2016). While

it is true that the protests were not aimed at specific PT governments, it is also a fact that they included the opposition to the establishment. It can be argued that the malaise on the streets was not directed at the federal government and the PT only if we consider that, 10 years after reaching the presidency, they had nothing to do with what the country had previously been. The opposite is more likely: that the demonstrations reflected, albeit diffusely, enormous frustration.

However, the government's reaction revealed that the frustration would continue. Although the protests succeeded in suspending fare adjustments throughout Brazil, the political agenda did not change. Pennies were earned but not rights. The Rousseff administration played a role in playing games and making rhetorical commitments, but it soon announced a new round of privatization, raised interest rates, and tightened fiscal adjustment further, cutting public spending and increasing the primary surplus. Instead of reflecting the demands of the protesters, it streamlined the enactment of an antiterrorism law to threaten them, aiming to keep the masses away from the 2014 World Cup and the 2016 Rio de Janeiro Olympics.

In the presidential elections of October 2014, the public agenda of the protesters of the previous year was ignored. Government priorities are illustrated by data from the Citizen Debt Audit indicating that, in that year, 45.11 percent of the budget was spent on public debt interest and amortization—12 times the amount invested in education, 11 times the amount invested in health, and more than double the expenditure on social security (Fatorelli and Avila, 2015). However, this election witnessed a political polarization that did not correspond to what was actually in dispute, which was the management of the looming crisis. A climate of visceral hostility intoxicated the electorate, and the country witnessed a reactionary radicalization. In this context, many of its best representatives have come to a passionate defense of the PT, stripped of any potential for change. At the same time, a ruling class always averse to popular protagonism felt that the Lulist momentum had passed and resumed the onslaught. With no programmatic alternatives to present, its critique quickly slipped into prejudice revealing intolerance of the existence of a workers' party, albeit one devoid of class autonomy.

Reelected by a narrow margin, Rousseff faced a different scenario in her second term. The reversal of the international commodity-friendly environment, inflationary pressures, rising unemployment, high interest rates, declining exports, plummeting industry—all amid a succession of corruption scandals—underlined a weakness of the executive branch that was exploited by a Congress whose profile reflected the degradation of the Brazilian social fabric. In this context, Rousseff immediately abandoned her campaign platform and adopted the losing candidate's agenda, implementing a draconian fiscal adjustment that entailed cuts in all socially focused ministries. Haunted by the specter of impeachment, the government was pressured to yield more and more, hoping to placate the voracity of the MDB and big business.

However, the economic slowdown, which resulted in negative growth rates in 2015 and 2016, undermined the government's bourgeois support. In turn, cuts in federal spending aggravated the effects of the recession on employment, harming workers. According to the Monthly Continuous Household Sample Survey, the unemployment rate for the quarter ending in November 2016

reached 12.1 million workers, compared with 9.1 million in the previous year. At the same time, the hostility of the traditional middle sectors resurfaced, disturbed by the increase in salaries for domestic work, the inflow of the popular classes in malls and airports, and the competition for jobs that paid more than one and a half times the minimum wage.

As allegations of corruption around Petrobras began to corner the news, the dissatisfaction of this middle class exploded in a wave of protests in favor of Rousseff's impeachment, with protests in major Brazilian cities, in March and April 2015. Marcelo Badaró (2015) highlights the difference in the social base of protesters compared with June 2013. In place of the workers who were students, in 2015 it was the adult population, between 30 and 50 years of age, white, with salaries of more than five minimum wages. Protesters from families earning up to three minimum wages did not exceed 20 percent. In addition, the protests were media-supported, led and funded by organizations with class ties, and some were linked to U.S. think tanks. Therefore, there was a turnaround rather than a linear continuity between the 2013 and 2015 cycles of protests.

However, there was at least one important relationship between the two waves of protest. In June, a new political conjuncture marked by the exhaustion of the Lulist mode of social conflict regulation was opened. The economic crisis then narrowed the scope for class reconciliation, leading to an update of the accumulation regime. The PT version of inclusive neoliberalism gave way to social plunder while conciliation slipped into class warfare. Although initiated under the Rousseff administration, this inflection was consumed by the impeachment process.

IMPEACHMENT

Framed in this way, the impeachment that toppled Rousseff reflected not a substantive dispute but a realignment of political forces and accumulation strategies in the context of the depletion of the Lulist social pacification process. Initially, the strategy of the anti-PT right wing did not contemplate a coup; instead, as was openly said, the idea was "to make the government bleed." However, as is often the case in history, politics acquired its own dynamism and the times became accelerated. When the PT launched a party candidate for the congressional presidency, the parliamentary base of the government cracked. First accused of Operation Car Wash, which investigated the corruption associated with Petrobras, the president of the Chamber of Deputies, Eduardo Cunha, soon became a ruthless enemy of the presidency, instigating the conspiracy initiated by his co-president, Vice President Michel Temer.

In April 2016, Rousseff was removed from office, and when the Olympic Games ended in August the deposition took place. The pretext was the so-called tax pedaling—postponing the transfer to public banks of the resources to be distributed in government programs such as Bolsa Familia with the aim of minimizing imbalances in the state budget. In order not to delay the programs, banks used their own resources, which were then repaid by the federal government. According to the opinion of the Federal Court of Auditors, this practice constituted a loan, which was prohibited by the Fiscal Responsibility

Law. It was, however, a common practice in Brazilian public management and one that had appealed to previous presidents (Cardoso and Lula) as well as 17 governors that same year. What followed was a political trial disguised as a judicial process: a coup d'état operated by the Congress in collusion with the judiciary and the mainstream press.

This coup was not, however, motivated by any fundamental programmatic contradiction. In fact, the government welcomed right-wing agendas such as pension reform, the freezing of public spending, and the denationalization of the Pre-Salt. The process was confined to a dispute within what Marx described as the "party of order," averse to popular protagonism. On this diapason, the government tried until the last moment to negotiate Rousseff's salvation with Cunha himself, always in the terms of the antirepublican policy of bargaining between interests.

The loss of command over the little policy that the PT had successfully handled for 13 years reflected the depletion of the Lulist mode of social conflict regulation. When the party took office in 2003, its prestige with the workers' organizations was instrumental in enabling pension reform that Cardoso had failed to achieve. In 2016, however, activism was passive, based on dispersion and resignation. At the same time, the reduction in household consumption that was anticipated for the first time since 2004 suggested that the popular base of Lulism was at risk, while the economic downturn (–3.8 percent in 2015, –3.5 percent in 2016) undermined his bourgeois support. The political functionality of Lulism had been depleted. The right-wing branch of the PT resumed the initiative and had no reason to be lenient with its rivals. Lula's arrest in April 2018, in a markedly persecutory process and without any consistent evidence of corruption, was a thorough demonstration of this offensive.

THE POLITICAL ECONOMY OF THE TEMER ADMINISTRATION AND THE POPULAR RESPONSE

The Temer administration reflected the abandonment of the conciliatory strategy of the Brazilian bourgeoisie in favor of open confrontation with the working class. The combination of a 20-year freeze on public spending, labor reform, and the projected pension reform pointed to a return of workers' living conditions to the nineteenth century. Deeply antipopular, this process was accompanied by the intensification of the repression and criminalization of social struggle, attacks on union organization and the right to strike, the gag law, the advance of the "nonpartisan school" law in many municipalities, and high-school reform, among other measures aimed at curbing the insurgency of the popular sectors, particularly among the young. It was the requiem of the "New Republic" founded on the "Citizen Constitution."

However, in contrast to the military coup in 1964, these measures did not reflect a turning point in history but pointed to an acceleration of the pace of prevailing politics. For example, the constitutional amendment that froze public spending for 20 years radicalized the logic of structural adjustment practiced by the PT administrations. A month before being impeached, Rousseff had surprised civil servants with Bill 257, which was more modest in scope but

had a similar rationale. The change in the Pre-Salt oil exploration regime, deepened by Temer, had also been initiated by the deposed government, while popular persecution was anchored in Rousseff's antiterrorist law on the eve of her removal from office. The continuities are reflected by Henrique Meirelles, Temer's finance minister, who had headed the Central Bank during Lula's terms (2003–2010), having left the position of Brazilian Social Democracy Party deputy in the Congress to assume that office. From this point of view, Temer's government can be seen as a metastasis of the PT administrations, since the antipopular interests that they had never confronted now spread unimpeded. In the same way, the corrupt professionals who had asserted PT governability were no longer supportive, taking over command of the state. In short, the breakdown of Lulism became the exhaustion of the mediation between the predatory aspirations of the Brazilian bourgeoisie and the rights and aspirations of the workers.

The ongoing assault on workers' rights raises the question why the reactions of the popular classes have fallen short. This problem requires a brief examination of the legacy of Lulism at the level of popular mobilization and of PT politics after the coup. First of all, the ruling PT collaborated to confuse, calm, and alienate the popular classes. by implementing a right-wing program and practices but presenting itself as a left-wing government. The lack of differentiation between left and right fueled apathy, a form of depoliticization. It is from this perspective that one understands the very high abstention rates in the municipal elections in October 2016, which in the two largest cities surpassed the vote of the elected when added to the blank and null votes. The other side of PT policy was distancing itself from its popular bases. As we have seen, rather than neglecting the organizations that had historically supported them the PT administrations sought to involve them in public management not to fulfill their historical demands but to neutralize them. Of course, this was a two-way street: organized sectors of Brazilian workers identified with this policy, either believing in the possible advances or for the material and symbolic benefits they gained in the process.

The shift from being a minority partner of power and opposing it caused fractures in the union movement and the popular organizations. The defense of a government that was antipopular but identified with the left created ambiguous situations for activists at all levels. In the end, the contradictions distanced organizations from their bases. Only the groups most committed to the PT politically or emotionally were able to turn a blind eye to what was happening. Although these tensions did not converge in a leftist opposition, disillusionment reinforced passivity and fragmentation. Finally, PT politics contributed to alienating the people rather than politicizing them in that it promoted popular consumption as a solution to social problems—an individual path that commercialized rights such as health, education, and social security. Rather than fostering class solutions for Brazilian problems, the party in the presidency fostered different versions of ideology and liberal practice: focused policies, class reconciliation, and inclusion by consumption.

It is in the light of the promoted confusion, calming, and alienation that we understand the negligible popular reaction to critical recent events: the impeachment, the antipopular assault led by Temer, and Lula's arrest. During

these periods, the PT position was ambiguous, since popular demonstrations were subordinated to electoral calculations, with plans for the return of its maximum leader. In this context, it is difficult to say whether the party failed to turn to the masses for fear of opening a Pandora's box or because it thought it would be a fiasco. The fact is that when the former president was taken to prison his eternal leadership in presidential polls did not turn into sympathy on the streets.

FINAL CONSIDERATIONS

The PT was an extraordinary political construction of the Brazilian workers, who at the beginning of the twenty-first century elected for the first time in the Americas a workers' leader to the presidency. This feat of the last country to abolish slavery on the continent explains the party's identification with the left in the eyes of those who rebelled against it, despite the existence of an order that the PT once challenged. At the same time, those aiming for social change need to take stock of 40 years of PT hegemony, which ultimately means an assessment of the scope and limits of a strategy for a change in that order. It is clear that this task will not be carried out by the party itself. Between the coup in August 2016 and the arrest in April 2018, any expectation of self-criticism was thwarted. On the contrary, the gap between base indignation and party practice remained abysmal: two months after the impeachment, the PT allied itself with base parties that had supported the coup in the presentation of some 1,500 candidates for mayor. The former CUT president and former minister Luis Marinho justified this approach by arguing that "the majority of the people also supported impeachment, and we want to recover the majority of the people," while Lula spoke of "forgiving the coup backers who disgraced the country." In municipal elections, party candidates avoided talking about impeachment, among them the former mayor of São Paulo, Fernando Haddad, who considered the word "coup" "a bit harsh." Shyness affected popular protests. In the general strikes of the following year, many shouted "Temer get out!" but criticism of the dictatorship of structural adjustment, with which a reelected Lula would not break, was avoided.

Among the left, the notion that it was necessary to appeal to the PT, aspiring to an alliance with those who had confronted the capitalists for 13 years, limited the scope of criticism. Generally speaking, this was the dilemma that marked the presidential elections in 2018, whose main political expression was the Socialism and Freedom Party, a broad-front candidacy gambling on a moralized PT or on transcending this perspective in the name of a revolutionary project that could have little immediate resonance. In the internal dispute, the candidacy of the homeless leader Guilherme Boulos pointed to the first path, while the other pole was embodied by the economist Plínio Sampaio Jr., who was defeated.

The dilemma of a left struggling to break free of the magic lamp of Lulism was thus revived. In 2016 the challenge had been to oppose impeachment without endorsing the Rousseff government; in 2017 it was to build a "Temer get out!" campaign that did not endorse the PT, and in the 2018 elections it was not

focusing on Lula's release while condemning the injustice. In short, the Brazilian left still has accounts to settle with the PT—a necessary premise for a policy that overcomes it. Meanwhile, the country is plunging into the reactionary wave that characterizes world politics.

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