

The background of the Brazilian crisis

A broad vision about the present situation faced by this South American nation shows that the crisis is part of a political action aiming to curb the influence of BRICS

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It is impossible to understand the political and institutional crisis in which Brazil finds itself without addressing the theme in a much wider context.

Brazil, through its size, population and wealth of natural resources plays an extraordinarily influential part on the Latin American continent. Giant of South America, in the 21st century it has been indisputably the region's leader.

At the beginning of this century a circle of progressive governments came to power on the continent, through a painful and sometimes bloody and prolonged process of political and social confrontations, replacing conservative governments or military dictatorships. These progressive governments, in particular the Brazilian ones, were decisive in giving a new direction to the neo-liberal policies that had been previously implemented. Those policies, as is now widely accepted, weakened the State thus empowering the financial elite to the detriment of the less privileged. The privatization of state companies, that began to be, in great measure, controlled by foreign capital, the deregulation of the economy, including foreign trade, reduced the role of the State with negative consequences for national sovereignty – and all this at the height of globalization! One of the most important governments in this struggle to implement change was that of Brazil, led since 2003 by the Workers' Party, or Partido dos Trabalhadores (PT), whose principal leader is Luís Inácio “Lula” da Silva.

One of the key moments in which Brazil showed its decisive leadership was in the struggle against the Free Trade Treaty of the Americas (FTTA) proposed by the USA and known in Spanish by the acronym ALCA. This opposition to FTTA by the progressive parties mobilized them from North to South and embraced the social movements, important segments of the churches and many NGOs. Denouncing the initiative of the Free Trade Treaty of the Americas as part of the US global strategy to maintain hegemony in the Latin American hemisphere, and to strengthen the application of the neoliberal policies, Brazil took on the struggle. Simultaneously a process of gradual recuperation of the role of the State and the implementation of policies and programs involving the redistribution of the nation's wealth were implemented. These processes – the best known being the “Bolsa Família” - were recognized and applauded outside the country as excellent initiatives in helping reduce the enormous social gap that has characterized Brazilian society since the nation's birth.

Effectively, millions of Brazilian families, through their inclusion in these programs, access to free public health assistance and education incentives, moved out of misery into what was considered, perhaps somewhat optimistically, as the “new middle class”. The surprising aspect of these policies is that they hardly affected neither the status-quo of the very rich, nor the elevated profits of the financial system, showing that the PT government proposal was never anti-capitalist.

At the same time, oil prospection was underway and resulted in the discovery of new oil reserves in the depths of the Atlantic Ocean, known as “pré-sal”. All these were achievements of Brazilian engineers from Petrobras, the main Brazilian company, that had developed the technology

necessary to cut through the salt layer at the bottom of the sea to detect and to extract for human use that oil. These achievements place Brazil among the principal holders of crude oil, with reserves that some estimate as large as those of Saudi Arabia.

The very well known researcher Luis Alberto Moniz Bandeira in his article “A geopolítica da América do Sul na estratégia dos Estados Unidos”, published in the magazine “Espaço Acadêmico, Edition 89, in October 2008, referring to this oil wealth, wrote that “this was one of the principal reasons that probably led President George W. Bush to once again send the US Fourth Fleet to the South Atlantic Ocean, under the pretext of fighting drugs, arms and people trafficking, terrorism and the piracy that constitutes a threat to the free commerce on the Caribbean and South American seas”. However the professor quoted the chief of Naval Operations (CNO), the American Admiral Gary Roughead, who announced on April 24th (2008) that the relocation of the Fourth Fleet was due to the enormous importance of the Southern Hemisphere's naval security.

At this stage Brazil also began aggressive and efficient diplomacy in the region that led to the strengthening and widening of the Mercosul project, which incorporated Venezuela and to the formation of UNASUL (União de Nações Sul-Americanas / Union of South American Nations), integrating the whole of the South American continent, besides participating in the foundation of the CELAC (Comunidade de Estados Latinoamericanos e Caribenhos / Community of Latin America and the Caribbean States), thus including the Caribbean area.

Another two very strategic initiatives were launched by Brazilian diplomacy – initiated by President Lula and continued by President Rousseff. One of them was the creation of the Forum IBAS (India, Brazil and South Africa) – which reunites the three major multi-ethnic democracies of the developing world, through political coordination and technical cooperation at international level, and the so-called Fundo IBAS (IBAS Fund), a monetary fund aimed at supporting development projects in countries submerged in armed conflicts, by using the expertise of these three members in helping to combat famine and hunger. In 2010, this fund was awarded the “*Millennium Development Goals Awards*”, given by the NGO “*Millennium Development Goals Awards Committee*”. And in 2012, it received the “*South-South and Triangular Cooperation Champions Award*”, conceded by the United Nations Office for South-South Cooperation, due to its innovative contribution to the South-South and triangular cooperation.

The second initiative was the participation in BRICS, through which Brazil established a strategic partnership with Russia and China, besides India and South Africa. This coalition had key momentum in the 2014 Fortaleza meeting, when the New Development Bank (NDB), known as the “BRICS Bank” was established. Open to all the United Nations members, but guaranteeing to the founder countries real and actual control, the NDB has the potential and opportunity to create an alternative to the economic and financial structure defined during the Second World War, in July 1944, at the Bretton Woods (USA) meeting, attended by 45 Allied nations representatives. On that occasion the rules of the game at the international economic and financial level were defined by the delegates. Two major organizations were created to control the way these agreements would function: the World Bank and the International Monetary Fund (IMF). These agreements were slightly modified and led to a new consensus, thus establishing the neoliberal era. But, as Chakravarthi Raghavan, Emeritus Editor of the South-South Development Monitor (SUNS, Geneva) wrote “... the Bretton Woods institutions never aimed to promote the development of the Third World nations, most of which were former colonies”. (The former Third World is known as Global South, today). “The World Bank and its sister institutions only allowed loans to the South if such an initiative was in its own interest, or advantageous to the interest of its major stockholder ,

the United States.”

Nowadays, BRICS are looking forward to establishing alternatives to the Bretton Woods structure and the formation of the NDB is a first step in this direction. The setting up of this institution is ample and irrefutable proof that none of the BRICS members have any illusions about being able to reform the Bretton Woods system. All the initiatives launched in the past aiming to do this, failed. Moreover, the United States and its allies are seen as those principally responsible for the underdevelopment, dependency and marginalization of most of the former Third World countries. No single initiative of the Global South has such strategic importance as the BRICS one - in all spheres.

There are other examples showing how Brazil reached its present position beginning in the early years of Lula's first government. All the initiatives heretofore mentioned led to a renewed global respect for Brazil soon after PT's first electoral victory. Brazil's new position as a global actor is well illustrated by its mediation with Turkey, at the request of the US government (Barack Obama himself), to reach a nuclear deal with Iran. This mediation was successful and the parties involved signed up to an agreement on the conditions the Americans had recommended and desired. However, the Americans subsequently backed out, according to Celso Amorim's book reflections on his time as Chancellor. Nevertheless, this example proved how successful the Brazilian mediation had been, notwithstanding the American withdrawal. Years later, the Americans in fact implemented the nuclear agreement with Iran and Obama received total credit.

There are still initiatives in the military field to strengthen Brazilian diplomatic action anticipating an independent and autonomous way forward. One of these was not to follow up the law-project initiated in the government of Fernando Henrique Cardoso to cede total control and sovereignty to the US, for their own particular use, over a rocket-base in Alcantara, Maranhão, Northern Brazil. There are still important initiatives with Russia - such as the strategic bilateral Brazil-Russia agreement, signed in 2004 during a state visit of President Lula to Moscow and an aero-space agreement that allowed the Brazilian Space Agency to send the first Brazilian astronaut, Marcos Pontes, into space, on board Soyuz-TMA-8. More recently, in 2008, a military treaty was signed with France, guaranteeing the transfer of French technology aiming at the formation of Brazilian professionals in submarine construction. This agreement means that by 2025, Brazil will have its own nuclear propelled submarine, destined to safeguard the Brazilian continental platform riches - particularly pré-sal. Additionally, in 2014, Brazil opted to purchase Swedish fighter jets. This agreement includes and guarantees transfer of technology and was preferred to the option of buying US F-15's.

Adding to these initiatives key agreements were signed during the 2015 visit to Brazil of China's Prime Minister Li Keqiang which took place less than one year after President Xi Jinping's visit. As of now, China is Brazil's principal commercial trade partner and has been since 2009. In 2014, Brazilian exports to China totaled US\$ 40,6 billion, and imports reached US\$ 37,3 billion. (Brazilian surplus of US\$ 3.3 billion.)

The visit of Li Keqiang to Brazil resulted in the signing of 35 agreements in distinct fields (planning, infrastructure, transportation, agriculture, mining and energy), representing investments of US\$ 53 billion. Petrobras investment accords amounted to at least US\$ 7 billion. China is particularly interested in investing in the Brazilian rail network, specially in the “Ferrovia Transcontinental” project (Transcontinental Railway), which will form a section of the “Ferrovia Transoceânica Brasil-Peru” (Transoceanic Brazil-Peru Railway). This strategic project will allow Brazil to export its produce to the Asian market, through the

Peruvian Pacific coastal ports. Notable Brazilian investments in China have been made in the aviation, banking, machinery, auto parts and agribusiness fields. The sale of 60 Embraer airplanes to Chinese Tianjin Airlines is considered a high point in the Brazilian export context.

The reaction to these Brazilian diplomatic and international alliances initiatives was to be expected, clearly aiming to try to realign Brazil in the US sphere of influence. And this reaction was reinforced and articulated in Brazil with the support of important conservative political groups, business leaders and the media, particularly the Globo network oligopoly. A key moment of the confrontation was triggered by the adverse economic scenario that South America is experiencing. This was characterized by a fall in the price of raw materials, specially oil. A fall, we may say, that many specialists have no hesitation in attributing, at least partially, to an orchestrated plan emanating from world power centres, intending not only to affect countries like Brazil and Venezuela, in South America, but also Russia, China and Iran.

It is a fact that in prosperous times it is easier for any government to minimize discontent that its mandate might generate at one moment or another. But when the crisis becomes obvious and deepens, the relationship between the government and the people deteriorates, leading to misunderstanding. When a crisis begins to cause dismissals, reducing employment levels and the purchasing power and consequently a fall in the standard of living, a reaction will soon follow. And this has been the scenario in Brazil. Beginning with the end of President Lula's second mandate, conservative reactionary forces began to manifest themselves. President Dilma Rousseff's administration started when the economy's golden phase was beginning to show signs of ending (fall of the prices of raw materials etc). Nevertheless, as in most political campaigns, expectations of immediate significant improvements were aroused and subsequently not fulfilled.

Coincidentally there began to appear accusations of corruption, clearly intending to demoralize the Workers' Party. Corruption has always been part of the nation's political culture (not only of Brazil's) and there is much clear evidence of illegalities committed by well known conservative political figures but almost always minimized, filed away and forgotten. Corruption had been always practiced by conservative parties and also by military dictatorships and cannot be presented as an exclusive characteristic of the Workers' Party, although it has to be admitted that some of the leaders of the party have been involved and who are now serving prison sentences. These cases have been reported by the media and by important conservative voices in an attempt to denigrate the whole party, although some of the accusers have themselves been involved in cases of corruption but have managed to avoid punishment through a well organized network of influence.

Thus the scene was set for the right to go on the offensive.

Singularity of Brazilian political practices

There is a popular saying "Brazil is not for beginners" meaning that the Federal Republic of Brazil has a political electoral system and tradition of "doing politics" that makes it very difficult for a foreigner to understand because of its many complex nuances (and this even for many Brazilians!). The actual Constitution drawn up in 1988 by the Constituent Assembly, consisting of 558 deputies and senators, aimed to overcome the legacy of military governments. It quickly came to be known as the "Constituição Cidadã" (Citizens Constitution) as it contains important clauses that guarantee wide access to citizenship with the conferring of certain basic rights: voting rights for the illiterate: optional vote for 16 to 18 year olds: elections in two rounds (for the position of president, governors and mayors of cities of more than 200 thousand electors): widening of rights for urban, rural and domestic workers: right to strike etc.

The members of the Constituent Assembly were in favor of the parliamentary system in the majority and wrote the 1988 Constitution guided by the wish to implant this system of government. But the people, summoned to vote a short time later through a plebiscite in 1993, voted in favor of the presidential system (almost 70%). The presidential system was, in fact, the one that had been adopted by the country since the proclamation of the Republic in 1889 (except for a very short

interregnum, during President João Goulart's period).

The results of the plebiscite created a singular situation that until today is cited by political scientists and analysts of the Brazilian political scene as being one of the reasons why Brazil is so difficult to govern and not just because of its size and the complexity of its federal pact. The plebiscite resulted in the creation of a presidential system of government with a Constitution that even having undergone modifications, was projected for a country with a parliamentary system. In other words, the President, in good measure, is subjected to a powerful Parliament or has to resort to using provisional measures to advance his/her political agenda - with all the instability this can imply, seeing that provisional measures have a validity time limit.

But the problem of governance also has another origin: the Brazilian electoral system. On the site of the Superior Electoral Tribunal there are 35 registered political parties. What justifies this? Are there 35 different political ideologies? Obviously not! Many of these parties were created to satiate the thirst for bargaining power of those involved or to cover dubious situations, to tarnish the democratic ideal and worse, to undermine the republican Constitution. The 2014 election, in which Presidente Dilma Rousseff was re-elected, also defined the composition of the new Congress, in which the Federal District (Brasília) and the 26 Brazilian states are represented. In the Lower House (Chamber of Deputies) 28 political parties are now represented – as compared to 22 in the previous legislature. And President Dilma's PT – with only 70 deputies, was a long way from obtaining the majority that would allow her to govern with less difficulties. To have been able to govern and form her cabinet, the President was obliged to negotiate with more than 20 parties. In reality, this has been the situation since President Lula's first government that could never depend on a Parliamentary majority through PT and allied votes.

Since the first moment of governance the biggest challenge for the Workers' Party has been the acquiring of a parliamentary majority. Elected with a program focusing on changes, principally in the social area, firstly President Lula and then President Dilma Rousseff had to negotiate and to cede space and part of their political program, negotiating in Congress - point by point – each of the initiatives they wanted to see approved. This, without doubt is one of the origins of the actual situation. In a document released in the middle of the crisis by the more leftist wing of the Workers Party – Tendência Articulação de Esquerda – stated that “the right attack us because of our achievements, but their criticism resonates because of a number of our failures.” And they are correct.

It is impossible to know what would have happened if the administration of the Workers Party had opted to act in a different way. But the fact is that to obtain a parliamentary majority the PT made alliances with parties like the PMDB (Partido do Movimento Democrático Brasileiro) that represent the worst face of Brazilian politics. Parties like this, as is now becoming obvious, seek the advantages of power under any circumstances and at any price. Totally fearless of any judgment of their opportunism and hypocrisy, the most radical opponent of today are those who yesterday supported the government of which they were a key part, occupying important ministries and hundreds, even thousands, of positions in the state apparatus.

By not attending to some demands of the social movements – the Landless Movement being internationally known – and of a huge number of their voters who all were clamoring for agrarian and fiscal reform, regulations involving the media and political and electoral reform, the government of the Workers Party avoided creating tensions with the financial market, the economic elite and with the media groups, particularly the strong oligopoly that has controlled the media in Brazil since dictatorship times – Rede Globo. But, despite this, a part of the elite still never accepted either the government of the Workers' Party or the figure of Lula. When the commodity boom began to show signs of weakening, these conservative forces began the attack.

The impeachment, the media role and the external actors

The impeachment process of President Dilma Rousseff is now underway, despite her not personally being part of any corruption accusations, which is the most sensitive issue at this moment in the public opinion. One of the accusations made against the President is that she presented a misleading version of the state accounts (*pedaladas fiscais*). This because a law, approved in 2000 in Brazil, at the high point of the austerity policies, prohibiting the government to generate deficits. With the justification of impeding State indebtedness this law imposes on the Government a severe restriction over expenses that doesn't exist in other heavily indebted countries, – the United States, for example. This Brazilian law obliges the State to spend only what it is able to raise through taxes, etc. The accusations include having increased public expenditure without prior parliamentary authorization and the use of State Bank credits to hide the fiscal deficit. Brazilian law prohibits the Government from obtaining loans from State Institutions.

There is a judicial polemic over this accusation against President Dilma Rousseff, seeing that “impeachment” according to the Brazilian Constitution can only be effected if the Head of State has committed a “crime of responsibility”. The acts practiced by the President are – according to some jurists – a serious mistake, but not a crime. Being such, any government emerging after an impeachment decision would be illegitimate, which explains why wide segments of the Brazilian society are denouncing the process as a “Parliamentarian Coup d'Etat”. The Top Government Attorney (*Advogado Geral da União*) maintains that there was no crime of responsibility and reminds everybody that the majority of the actual Governors and the former President Fernando Henrique Cardoso did exactly those things of which the President is being accused. The Attorney's arguments have not been refuted.

Many opinions inside and outside Brazil have supported this argument. The attitude of the Congress is widely seen as an exclusively political judgment without any judicial considerations and aiming to remove a government with whom they disagree, ignoring the fact that the existing system in Brazil - presidential – does not admit a change in government only for its having lost parliamentary support. There are still ongoing steps to be taken in the Senate if the impeachment is to be consummated. However if the majority of the senators support the accusations, the President will be temporarily suspended (180 days), giving her lawyers and herself time to prepare her defense.

The existing institutional crisis could be significantly aggravated if President Dilma Rousseff is suspended, seeing that the vice-President, Michel Temer, who will assume the government, and Eduardo Cunha, who is second in the line of succession, are both officially accused of corruption in various judicial processes underway and which could mean their being removed from their positions if found guilty. Anything could happen in this scenario!

The attention of the international press and of leading global personalities has been drawn to this *sui-generis* impeachment process initiated by the president of the Lower House (Eduardo Cunha) himself accused of corruption and waiting for the judgment of the Supreme Court, as aforementioned. They have also criticized the local media for contributing to the crisis with divisive and partial coverage. This accusation against the local media has echoed in the social media and is reflected in manifestations of government support and in defense of democracy. The slogan “*O povo não é bobo, abaixo a Rede Globo!*” (the people aren't dumb, down with the Globo network!) is being proclaimed in all corners of the country. Referring to local media, one should mention that the NGO Reporters Without Frontiers commented on the precarious security conditions of Brazilian journalists reminding us that in 2015 seven of them who were investigating several politically linked crimes were assassinated.

The political and institutional crisis in Brazil has spurred a new analysis of the objectives and of the consequences of accusations leaked by *Wikileaks* on the United States' spying of Brazil. One of the

documents released showed the monitoring of Petrobras and another revealed the illegal wiretapping of official telephone calls of President Dilma Rousseff, which motivated her decision to postpone a programmed Washington visit.

Additionally accusations have been made about the interference of internal United States rightist institutions because of their financing and support of groups responsible for organizing pro-impeachment demonstrations, for instance Movimento Brasil Livre (Free Brazil Movement) and Estudantes pela Liberdade (Students for Liberty) - these being financed by such as the Koch Institute, of the North-American neoconservative billionaire brothers Koch - “A proven and notorious fact”, declared Armando Boito, Political Science Professor of the University of Campinas (UNICAMP) in a coverage of Brasil Actual – RBA Network.

In conclusion, many analysts sense that the Brazilian crisis is at least partially linked to a wider strategy aiming not only to make Brazil back of from actual strategic alliances but also intending to undermine the whole BRICS project. Evidence has been denounced of foreign interference in the South African affairs, of growing US influence in India, intending to weaken its ties with China and Russia, besides other significant movements in the global arena facing Moscow and Beijing. Naturally, all this is good reason for BRICS to maintain their guard.

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