

In the Eye of the Storm

Left-wing activists discuss the political crisis in Brazil



Edited by Hilary Wainwright and Sue Branford

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Preface

Geraldo Adriano Godoy de Campos

When Hilary Wainwright first expressed interest in carrying out this project, she had something different in mind. She was thinking of an investigation into a theme that had interested her for some time: what was happening to the discourse and practice of participatory democracy that formed part of the 'PT way of governing', now that the party was heading a national government?

We first thought of Hilary going to Brazil to investigate this issue during the 2005 World Social Forum in Porto Alegre. It was while we were still at the planning and discussion stage of this research proposal that the first signs of Brazil's political crisis appeared. And very soon it became clear that the political crisis would inevitably affect the form of the investigation....

As, indeed, happened. Hilary arrived in Brazil in August 2005 just as the political bomb was exploding. The discussion about participatory democracy became caught up in a broader discussion about the causes of the crisis and the future of the PT. Caught up in it, but not lost, because Hilary continued to emphasise this issue in her discussions with the interviewees (who included some of the main protagonists in the crisis), seeing it as a key element in the broader discussion.

Even though the interviews were carried out during this turbulent time, there is perhaps a surprising level of consensus on some key issues. On other questions, particularly those concerning the future, there is profound disagreement. Indeed, part of the dossier's value lies in the fact that it contains differing assessments as to what the crisis means for the left.

It is clear from the interviews that members of the PT were aware for a long while that the party was losing its commitment to radical social transformation. However, the scope of the crisis that exploded in mid-2005 took everyone by surprise, even those who had become most sceptical. Those interviewed in this dossier reveal an impressive capacity to tackle the issues raised by the crisis. A capacity not to provide definitive answers, but to reflect, to analyse, to relate to past events – all invaluable contributions to the next phase in Brazilian politics.

The questions raised in the interviews deal mainly, but not exclusively, with the causes of the maelstrom. Rather than expressing outrage

at the moral lapses (which would not in itself help in the attempt to rebuild), the interviewees are concerned above all to protect the utopia of transformation. Rather than recrimination, the focus is on the future and how to avoid the mistakes of the past.

The dossier contains diverse views, at times contradictory views. This is inevitable, as this is an investigation about politics and politics always involves debate. But, with the deep divisions in the political left, this is a particularly difficult moment to write anything about politics in Brazil. First, because the desire for an explanation is very strong, and rushed responses can do more harm than good. Second, because the 2005 crisis has had a devastating impact on people who have devoted most of their lives to political militancy. Some of these people have given up, turned their back on politics. And others, who have never considered electoral politics as a worthwhile form of action, feel more strongly than ever that it is all hogwash. And third – and this is a more complicated factor – because, as was well noted by Gilmar Mauro in his interview, politics does not merely involve institutions, structures and material things. It also has an important subjective dimension, for people involve their feelings in their politics. Some of the worst damage caused by the crisis is the way it has wounded or destroyed profound friendships that a whole generation had forged by sharing dreams and tears.

For those of us involved in the PT's experiments with political participation, the present moment is particularly bitter. It is painful to see that the party that gained international recognition for its Participatory Budget and for its insistence on transparency and ethical and social control, is now mired in corrupt practices that show just how rotten party structures have become.

The challenge that faces academics, politicians and the general public in the near future is how to recover the dimension that links the party with its history of social struggle and with its praxis of contestation and the empowering experience of collective construction. It is evident that this 'heritage' will be fought over, claimed by all the social actors that helped to construct it.

One of the difficulties of political action today is that we have to distinguish between the formal and empty kind of liberty that exists under neoliberalism and real democracy that allows

people to experience true freedom. Hilary in her latest book, 'Reclaim the State; Experiments in Popular Democracy' shows us how participatory democracy can help us move in the right direction. According to her, to be authentic, participatory democracy has to have the following characteristics: it has to be open to all; its rules and regulations have to be decided in an open and democratic way; it has to be independent from the state; knowledge has to be shared; the discussion over resource allocation has to involve sizeable sums of money; and it has to be supported by an elected political party that believes in it.

What is also clear is that the system of participatory democracy must also be geared to the transformation of the system. This is one of the first self-criticisms that the Brazilian left, which wants to reclaim the principles of participation and popular power, must make. It must understand participation as a way of creating true popular power and not simply as a means of increasing formal democracy and of 'opening the channels of demand' so that the dominant power relations are legitimised. That is the challenge.

This theme is likely to emerge forcefully when the Brazilian left begins to regroup. A full process of debate will be necessary and it should occur not just in Brazil. If after a full discussion we realise that participatory democracy is only improving methods of selection – or, as many prefer to say, is acting as a 'complement' to liberal democracy – perhaps we should then reconsider the priority we are giving to this issue. It is not clear yet if this is the case but we shall soon discover whether it is. We have already noticed from time to time that through the dynamics of the processes of popular participation even the ways in which we are able to think of real alternatives to the system are made to fit into the framework of what is defined as permitted.

Another theme that will inevitably arise will be the left's relationship with the social movements. And in Brazil it is impossible to talk about social movements without mentioning the MST, Brazil's Landless Movement. Here the interviews in this dossier bring interesting insights. At a time when some proclaim the end of history, the end of ideology and the transformation of society into a network served by a technology that permits a torrent of 'real time' information, it is important, like the MST, to stress the existence – and the importance – of social struggle. Not to recognise this fact is to fail to recognise that the struggle is unequal and that it is the global capitalist market and the institutions which serve it that set the rules.

Given the way that the Lula government's conservative economic policies are attacked in this dossier, it is interesting to look at how the

term 'financial crisis' is used as a Sword of Damocles poised over all governments not considering to enforce the severe cuts in social welfare, public health, agrarian reform and other sectors that are demanded by the neoliberals. In this way the term "financial crisis" has a specific legitimising function. The experience of the Lula government shows just how necessary it is to deconstruct the premises behind such terms. The hoped-for change in the correlation of forces will not occur in a game where the rules are set by one side, where there is no attempt at neutrality. Without changing the rules of the game, social transformation becomes impossible. It was because it failed to change the rules that the Lula government found itself deepening the neoliberal project and endorsing Margaret Thatcher's old saying, 'There is no alternative', a saying that is heard more and more on the periphery of the capitalist system.

No one yet knows how the different left-wing sectors – those who have remained in the PT, those who have left the PT and those who never joined the PT – will relate to each other. We know, however, that we must have the sensitivity and the capacity to build collectively a left-wing political project that is not restricted to political parties. That is perhaps one of the main lessons to be learnt from the events of 2005.

It is already clear that the regrouping of left-wing forces in Brazil must deal with the 2006 elections and with Lula's probable candidacy (now that he has subordinated his government to the imperatives of the global market). And, at the same time, it is evident, if we look at the future from another perspective, that the beginning of the regrouping of the progressive camp will have an important bearing on the electoral scene.

The challenge that faces those who stay and those who leave the PT, those who want to rebuild from the ruins and those who want to build from scratch, is the same: to create something **new**. For that reason, it is dangerous for people at this time to speak of 'taking the PT back to its roots'. We must ask what the 'roots' are upon which they wish to build a political project for the beginning of the 21st century, when the whole idea of 'roots' is being rethought in the current stage of capitalist development. At the same time, if the intention is to associate the term 'root' with the fight for socialism, then what is being sought is a historical process that did not begin with the PT. And it must be pointed out that those who have decreed the bankruptcy of the PT as a political instrument and proposed the creation of a 'new instrument that retains what was positive in the PT and throws out what was bad' are not themselves immune to the same risk. If you look carefully at their discourse, you realise that

they want 'to do things the way they should have been done in the PT'. Both discourses (although there are exceptions in both camps) are incapable of freeing themselves from what is almost an Oedipal relationship with the PT. At the same time, the difficulties that the sectors of the left that are staying in the PT will face will probably increase as a result of the need to support Lula's programme of government. These sectors will tend to be subordinate to the groups that still hold the majority of the party and that are following Lula's turn to the right.

If one is to build a really new instrument, then one must begin a radical debate in the heart of the Brazilian left (which is being severely affected by forces that are driving some people away while simultaneously attracting others). A new process of discussions and of political organisation is needed for those who recognise the importance of today's political struggle: a struggle of resistance against the present imperial forms of Capital and a struggle for the creation of democratic counter-powers (to use the term employed by Hilary).

Once again let us use Hilary's theoretical contributions to describe the elements of a new political instrument. She may well have touched on the left's Achilles heel when she speaks of the need for the new political instrument to question the role of leaders. She says that 'the organisation has to have a relationship with its activists that is more one of cooperation

between people with different sources of knowledge and of power but with a common objective, than one between an officer and the 'rank and file' or a teacher and a student; it has to be reciprocal and based on equality.'

Moreover, she insists on new creative mechanisms for creating support and solidarity and for breaking with the unconscious legacy of the past. One of the practices that must disappear is the idea of a 'leadership' that 'places some of us in a higher or special position'. And the instruments proposed by Hilary are 'new participatory ways of giving more importance to the lessons that come from the struggle and reflect the experiences of the struggle rather than the demands of the leadership'. In this way, we can arrive at a 'transforming notion of power based on an immense variety of transforming actions, each person making his or her own discoveries about the dynamics of change'.

Let us now return to what it means to 'go back to the PT's origins'. And, to help us, let us quote from someone who captures some of the key elements for opening up this perspective: "to return is not to go back to the past because the return is always a step forward ... it is necessary to do something new to really return ... to accept the paradox of returning forward and to welcome the challenge of finding something only to lose it' (Heloisa Fernandes, 1988).

Introduction

Hilary Wainwright

The relationship between the Brazilian Workers' Party and the Northern left began as one of solidarity: solidarity with a movement-party of workers, peasants, poor people and radical intellectuals struggling against the elite of one of the most unequal societies of the world. As the relationship developed, however, many of us invested in it a hope for ourselves as well as for the people of Brazil and Latin America. Lula's campaign for the presidency in 1994 captured our imagination. Here was a party, five years after the fall of the Berlin Wall and the triumphant cries of the free-market right, holding out a deeply democratic vision of socialism and with a chance of winning office through the campaigning energies of popular movements. It made the most of the liberal democratic gains in the defeat of the dictatorship but it went further: learning the lessons of Allende, its activists continued to build the grassroots movements from which the party had been born – as a further source of democratic power for change.

The more we became involved with the PT, the more the relationship became one through which we in the North were not simply 'giving solidarity' but also learning practical, strategic lessons for our own struggles. This was perhaps especially important at a time when the end of the Cold War was creating a new openness as well as a certain amount of confusion. Most notable here were the PT's efforts to deepen democracy. I'm thinking especially of its local experiments through which, building on its roots in popular urban movements, it turned electoral successes into a basis for extending direct democratic control over municipal state institutions to achieve a real redistribution of wealth and power, as well as a basis for building the public confidence to demand that such a redistribution be extended nationally and internationally. At a time when neoliberal policies were all pervasive in the North, the 'participatory budgets' of Porto Alegre and municipalities across Brazil became emblematic of the possibility of democratising – rather than privatising – state institutions.

By 2000 and the first World Social Forum in Porto Alegre, the relationship had developed even further to become one of collaboration. This first Forum initiated an enormously ambitious but experimental and open-ended process of social change. The idea underlying it, of a space in which the burgeoning campaigns,

networks and initiatives of a diverse and global movement for social justice might interact appeared to many of us somehow to converge, in a very hopeful way, with the PT's commitment to participatory democracy. To an optimistic observer (like me) January 2003 in Porto Alegre seemed to indicate the possibility of a double-sided offensive on global capitalism. On the one hand, the persistent stalking of the global elites, using every medium available to expose the consequences of their decisions, had challenged seriously, potentially fatally, the moral legitimacy of ruling institutions. For example, at that year's World Economic Forum in Davos, the annual closed meeting of corporate and government elites, participants were reading the uncomfortable findings of a public opinion survey that concluded that most people had 'little or no trust' in global corporations, large national corporations, Parliament and Congress or the International Monetary Fund (IMF). 'The confidence of just a few short years ago is gone', reported the *Financial Times*.

On the other hand, Lula, who flew from Porto Alegre to Davos, had just won the trust of 62 per cent of Brazilian voters to carry out with their active involvement – such was the promise – a programme of radical reform that seemed to give an exemplary reality to the idea that 'Another World is Possible', the slogan of the World Social Forum. The trust on the part of activists across the world was not in Lula himself – experience had taught us to regard all political leaders, however beautiful their rhetoric, with constant scepticism. Our hope and our sense of collaboration were with the innovative and democratic party that the thousands of militants had created first to fight the dictatorship and then to create a new Brazil. The PT was one among many practical sources of inspiration and learning for the construction of another world. It was not some holy grail. But with the Lula presidency it was embarking on an experiment from which we all needed to learn.

When things began to go wrong (see Sue Branford below), I felt a direct connection. It was not a matter of some 'God that failed' out there, a victim of mysterious forces. We had known the pressures that the Lula government would be under. But many of us also believed that the *petistas* (PT activists) had created a party that had built into its structures, including its relation with popular movements, a resilient counter-power that would, in effect, be a source

of bargaining power – whether it was wanted or not – in the government’s dealings with the IMF, the financial institutions and the US government. This counter-power of a party close to popular movements and struggles would, I had imagined, take (at least) two forms: on the one hand, an independent party working closely with social movements would exert a constant pressure on the government and start to break the grip of the corrupt Brazilian state; on the other hand, such a party would play a vital role in encouraging experiments – which would inevitably be messy and uneven – to extend to a federal level the processes of participatory democracy in cities such as Porto Alegre that had turned a PT electoral victory into a basis for effective democratic control over the municipal state and for achieving a real redistribution of wealth and power to the poor.

When neither of these things happened, I felt I had to understand why, and to do so in every detail. If we were to learn for the future, if we were to gain some understanding of how to deal with state and financial institutions, we couldn’t be satisfied with explanations simply in terms of the minority position of the PT in Congress or the ruthlessness of the IMF and the financial markets. What powers were in fact available to the government, in spite of its minority position in Congress? How far were they tried? Had there been a debate over alternative policies for the economy or for transforming state institutions? How far had the actions of the state and the elites been anticipated? Why had there not been more pressure from the party and/or from popular movements? How resilient had the democracy of the party, in fact, proved to be?

At first, I was particularly curious about why there had been no effective attempt to develop the principles behind the participatory democracy experiments that had taken place in Porto Alegre and Rio Grande do Sul. Ministers from Rio Grande do Sul, such as Olívio Dutra and Miguel Rossetto, understood that it was important to create a sustained popular counter-power if the party’s radical manifesto was to have any chance of being implemented. Their presence in the government seemed to symbolise the possibility that Lula’s presidency would mark the beginning of a break from the rule of the elites – and not just because there was an ex-auto worker sitting in the Palácio do Planalto. It was not a matter of applying a template developed on a municipal level to the very different circumstances of federal government. Both Uribitan dos Santos, one of the architects of the southern participatory experiments, and Félix Sanchez, the co-ordinator of the innovative attempt to implement participatory budgeting in the city of São Paulo, one of the world’s largest metropolises, had made proposals to the PT government on how the process could be extended. They had put their ideas to the

minister responsible for relations with social movements, Luis Dulce. They didn’t even receive a reply.

By the time the opportunity came to go and see – or hear – for myself, the question of the fate of participatory democracy had been overwhelmed by far more immediate and shocking developments: the revelations – distorted and hyped by a hostile press and an opportunistic opposition, but revelations none the less – of systematic political corruption by the PT leadership in both the process of winning power and of running the government. This, by a party whose main rationale was precisely to challenge the corruption endemic to Brazil’s political institutions (and those of most of the rest of Latin America). I hesitated about going at a time when the people with whom I wanted to talk would be preoccupied and my demands might be a diversion. But my friends in OP-Repros – a network, originating in São Paulo, committed to spreading the principles of participatory democracy – thought it could be useful, as long as I was prepared for a certain confusion.

The point of this dossier is not to publish my analysis but to share the thoughts of the people at the centre of this political crisis, some of the people who have devoted their lives to the PT. I will just dwell on what for me was the most important wider lesson of this inquiry. I had always assumed that just about everyone in the PT believed profoundly in participatory democracy. I thought, naively perhaps, that the belief in people’s capacities and their potential power to bring about change, which ran through the teachings of PT mentor and founder member Paulo Freire, also ran through the PT. Through interviewing leading members like Celso Daniel, later murdered apparently as a result of exposing corruption in the municipality of Santo Andre where he was mayor, I believed that the origins of the PT in the popular movements of the 1980s somehow guaranteed this. Daniel talked about how, on achieving legislative power locally, the PT’s first response was ‘to share power with the movements from whence we came’, and that meant sharing power over financial decisions. What became clear is that for sections of the leadership, talk of participatory democracy and the reverence shown to the PT’s municipal experiences were little more than public relations. One startling illustration of how shallow was the leadership’s belief in participatory democracy was when Sérgio Baerlie from the critical research NGO Cidade in Porto Alegre, after persisting with proposals for participatory democracy at a federal level, was told: ‘We already have participatory democracy, for we have a worker in the presidential office.’

It was the instrumental political methodology adopted by the ruling group in the party for

achieving and using that presidential office that led the party into the corruption crisis. The principles of participatory democracy mean breaking with such a methodology. The process of popular participation in the budget and other aspects of public administration implies a strategy towards political power which both illustrates in the present what a socialist transformation would realise more fully in the future and allows, at the same time, experiments to deepen the nature of such a transformation. Moreover, the link between the present and the future is organic: for participatory democracy is also about developing the capacity of citizens to exert popular control, while at the same time winning popular support for radical change. Consistently pursued, it could help to overcome the contradiction that has dogged the left, between radicalism and electoral success. Certainly in many municipalities, including Porto Alegre for over 15 years, participatory budgeting had proved to be a strong basis for winning support from sections of the middle class for redistributive, egalitarian policies, which in the past they had voted against. The transparency, solidarity and reduction in corruption achieved through participatory budgeting had led middle-class voters to see how the city as a whole could benefit.

The absence of any genuine debate about the wider development of the principles of these local – and state-wide – experiences of participatory democracy raises serious questions about the internal democracy of PT. This absence is related to a wider weakness of debate pointed out by several of those I spoke to: the lack of any real discussion about how to deal with the corrupt and anti-democratic nature of the Brazilian state. Serious debate about participatory democracy would have led to serious debate about the state. The PT prided itself on its internal democracy: for *petistas* one guarantee of party democracy was the right of tendencies to exist. The fact that people could organise around their views, and be represented in the party's leading bodies on the basis of support for their views, is held out as proof of the party's pluralism and its democracy. Indeed, it is an important safeguard, and to a degree it has proved so in the aftermath of the crisis, with opposition tendencies, particularly the tendency promoting participatory democracy associated with Raul Pont, nearly winning the presidency of the party and gaining a strong position in the party's leading committees.

But something was missing. Why had this political pluralism not produced real debate about state power and democratic counter-power, including the capacity of the people for self-government (a presumption implicit in the practice of participatory democracy)? The overwhelming desire to win – felt by most critics of the majority tendency as well as by the

leadership – must have been a factor diminishing the appetite for debate. The centralisation of power, which many interviewees remark on, was important too, especially the reduction – or, indeed, effective elimination – of the power of the *nucleus* or local branch. The importance of the nucleus in the structures and values of the PT had been another guarantor of the party's democracy. The centralisation of power and the weakening of a culture of debate and initiative at the base probably exacerbated an incipient problem with tendency-based democracy: that it can become more of an institutionalised power struggle between rival potential leaderships than a creative means of debating difference and finding common solutions. The crisis of the PT has emphasised to me that democracy in a party aiming for radical, socialist transformation needs to consist of a lot more than the right to form tendencies; it needs to give expression and space to the innovations and experiences of party activists on the front line of the struggle for change and the movements and associations with which they work. What can we learn from the Brazilian experience, albeit negatively, about the role and organisation of a party that would be able not only to win elections but also to make a real contribution to developing the popular democratic counter-power without which electoral success is doomed to disappoint? Each piece of research, I find, leads to more questions. This is the general question that I dwell on – mixed with feelings of admiration at the creative resilience of so many of the Brazilian left and empathy with their dilemmas – as I raced to catch the plane after a last *cerveja* with my friends in São Paulo.

Across the world, many people are considering such questions. At the TNI's New Politics project (a modest affair with two part-time and one full-time staff) we are working – with associates OP Repros, Transform! Italia and the Barcelona based IGOP – on an inquiry into the character and role of left-wing political parties in an age of social movements and networks. We start by recognising the crisis in existing political institutions, including parties of the left.

The crisis faced by the PT is devastating, but also illuminating. It is devastating because the PT appeared to represent a new kind of party significantly influenced by the innovations of urban and rural social movements. One indication of this was that in several important municipalities the PT's first move following a victorious mayoral election was, in the words of Celso Daniel, to 'share power with the movements from whence it came'. This was the basis of the PT's experiments in participatory democracy. It is illuminating because understanding the crisis faced by even such a radical party as the PT will help us to anticipate obstacles in creating parties of a new kind.

The second assumption behind our inquiry is that truly transformative parties do not have a monopoly on the process of social change. They are but 'one actor among many', in the words of Fausto Bertinotti, a leader of the Italian Rifondazione Comunista, a party in which the innovative dynamic of social movements is strong.

So the inquiry has a dual character: research into, on the one hand, the possibilities and problems of innovation in political parties and, on the other, exploration of the innovations – their limits as well as their openings – of movements and networks.

We are just beginning. This dossier is, effectively, the project's first piece of work towards this inquiry, and it illustrates an aspect of our methodology. We make public and open – copyleft – the sources and resources for our research at the same time as writing our individual interpretations of it. We are sharing our work in progress in the hope that it will stimulate further work and collaboration, not only on Brazil but on the wider inquiry into political parties, social movements and networks. We are aiming to develop a special collaborative website for this work. In the meantime, contact us on www.tni.org

The interviews

Hilary Wainwright

I should perhaps explain my choice of interviewees. To some degree it was influenced by who was available at the time. My trip was a bit of a whistle-stop tour between August 10th and Sept 1st 2005. I spent around a week in São Paulo, five days in Fortaleza, a long weekend in Porto Alegre, three days in Rio, four days in Brasília. Much to my regret, I missed the radical agriculture minister Miguel Rossetto, the former Porto Alegre finance planner André Passos, now working for the government, and the committed and insightful commentator Emir Sader (see www.newleftreview.net/NLR26706.shtml for Sader's useful early assessment of the Lula government). To a considerable extent, Sue Branford's case study of the fate of the government's commitments on land reform and its relation to the MST makes up for the omission of Rossetto.

In order to understand how the PT could have ended up engaging in systematic corruption, I chose to speak to people – notably César Benjamin, Roberto Gomes, Chico de Oliveira and Plínio de Arruda Sampaio – who had warned earlier of trends in this direction, or at least of the emergence of a group in the leadership that was not adequately accountable.

I also needed to understand why the experiences and ideas of PB (Participatory Budget) had not genuinely become part of the strategic thinking of the party at all levels. For this purpose I first spent some encouraging days in Fortaleza, observing the beginning of a process of participatory democracy under the leadership of the newly elected PT mayor, Luizianne Lins, and talking both to the main actors in the municipality and to citizens. I also spoke to people who had a deep understanding of the importance of participatory democracy: I had regular (but unrecorded) discussions with my hosts from the *OP Repros*: Geraldo Campos, Félix Sanchez and José Corrêia Leite (see Geraldo's preface); I interviewed (on tape) Olívio Dutra and Raul Pont. I also had long (but again unrecorded) discussions with Sérgio Baerlie from *Cidade*, the radical NGO which has monitored and given support to the process of popular democracy; Uribitan dos Santos, one of the architects of participatory democracy in Rio Grande do Sul; Rebecca Abers, who wrote one of the most detailed and profound analyses of Porto Alegre's participatory budget and is now based in Brasília; Luciano Brunet, a long-standing *petista* (PT member) and a leading facilitator of participatory democracy, first in

Porto Alegre and now in the north-east of Brazil; and Paulo Torrelli, who gave legal advice to Olívio Dutra (when he was governor of the state of Rio Grand do Sul) about the powers he had as Governor to take initiatives without the approval of a generally hostile state congress but with the legitimacy of someone whose decisions were endorsed by the participatory budget process. With his knowledge of the Brazilian constitution and the powers that it gave to the president, Trevellino argued that the unfavourable balance of forces in the Congress was not an adequate excuse for, or explanation of, Lula's prevarications. If the PT and the leadership of the government had endeavoured to turn Lula's popular mandate into an organised source of popular power, he insisted, Lula could have carried out many more of his election commitments.

It was also important to understand how the situation was understood by PT leaders, who were both close to Lula and had a background of radical engagement. To this end I interviewed Marco Aurélio Garcia, who had visited Britain several times in the 1990's to build up international support and with whom I had talked on previous visits to Brazil. I tried at the last minute to interview José Dirceu, the man at the centre of the corruption scandal, in order to get an insight into his position. But it proved impossible. I did manage to get an interview with a minister completely unrelated to the corruption scandal – Marina da Silva.

An unrecorded interview with the respected journalist Wanderley Guilherme dos Santos gave me an insight into the ways in which many institutions of the Brazilian state operate outside democratic control and into the tireless endeavour of the Brazilian elites to discredit Lula so that he cannot win a second term.

The views of PT political representatives in the thick of the struggle over the actions of government were important too, so with the help of Alberto Lourenço I toured the corridors of Congress and Senate to find representatives who had stood up to the government and had time to talk. These include Orlando Fantasini, João Macedo and Eduardo Suplicy. Suplicy told me the story of the efforts to get a public inquiry into the corruption allegations (in which he played a key role) but we have been unable to transcribe this interview. I would have liked to interview Heloísa Helena, the popular leader of PSOL, beyond a brief discussion with her in my rush round the corridors of the Senate.

Finally, for research that started from a recognition of the impossibility of achieving real social change without the power and creativity of social movements, it was vital to obtain interviews with strategic thinkers active in the MST and CUT. Hence the important interview with Gilmar Mauro (with whom Sue Branford had worked in the course of her research into the MST) and Gustavo Cordes of the CUT (though being interviewed in a personal capacity) whom I had met at the World Social Forum. Oded Grajew, president of the Ethos Institute, is one of the founders of the World Social Forums and, since NGOs have played such an important part in the Brazilian left, I felt it was important to hear the views of one of their most respected representatives. I also had a valuable informal interview with Moema Miranda from IBASE, in which she described vividly the work that she and other *petistas* carried out with urban movements: working day by day in the *favelas*, to support daily struggles and to link them to the wider possibilities of change, and how this work with the movements had diminished as the party became involved in electoral politics, increasingly on the terms set by the existing political system.

Of course, my selection of interviewees was,

indeed, unavoidably a selection, restricted by time. Moreover, I made them at a particular moment: in the eye of the storm of the corruption crisis. This gives them a particular value, but is also a limit. I returned by e-mail to Raoul Pont, now leading the efforts to reform the PT, to ask him to assess the possibilities of change after the internal elections of October/November in which he nearly defeated the leadership candidate, Ricardo Berzoini. His answers are presented in the final section of the dossier. There are many more people I would have liked to have interviewed and returned to, but I think the range of these voices is wide enough to gain the first approximation of an understanding and, I hope – and this is the purpose of this dossier – to provide a resource to enable others to do the same. (The different articles which I have written on the basis of these interviews are available on the following websites:

The Nation: <www.thenation.com>

Red Pepper: <www.redpepper.org.uk>

TNI: <www.tni.org>

The Guardian: <www.guardian.co.uk>

Open democracy: <www.opendemocracy.net>

Biographical Notes

César Benjamin – Founder member of the PT and member of the PT national executive until 1995. A former member of the MR8 guerrilla organisation. Currently a researcher in the Public Policy Laboratory at Rio de Janeiro State University. A member of Consulta Popular.

Francisco (Chico) de Oliveira – Lecturer in sociology in the University of São Paulo (USP) and coordinator of the Centre for the Study of Citizens' Rights in the Faculty of Philosophy, Arts and Human Sciences at USP. Founder member and former militant in the PT. Founder member of PSOL.

Geraldo Adriano Campos – Former Coordinator of International Relations of the Participatory Budget of São Paulo during the PT administration headed by Mayor Marta Suplicy. Vice-President of OP-REPROS. Ex-member of Democracia Socialista. Graduate student at the Catholic University PUC–São Paulo.

Gilberto Marigoni – Journalist and cartoonist for the website Agência Carta Maior. Former activist in the PT. Now in PSOL.

Gilmar Mauro – Member of the national coordination of the Movimento dos Trabalhadores Rurais Sem Terra (MST). Member of MST since 1985.

Gustavo Codas – Journalist, economist, adviser on international relations at the Central Única dos Trabalhadores (CUT); member of the organising committee of the World Social Forum and one of the national leaders of the Democracia Socialista tendency of the PT.

João Alfredo – Former president of the PT executive in the State of Ceará. PT candidate for the governorship of Ceará in 1990. Elected state deputy for the PT in Ceará in 1994. Elected federal deputy for the PT in 2002. Currently member of PSOL.

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municipal government during the PT administration headed by Mayor Marta Suplicy. Former militant in the PT. Founder member of PSOL.

Marco Aurélio Garcia – University lecturer in history in the University of Campinas (UNICAMP). PT's Secretary of International Relations for 10 years. Member of the PT executive. Culture Secretary in the PT municipal government in Campinas during the administration headed by Mayor Jacó Bittar (1989–92). Currently adviser on International Relations at the Presidency of the Republic.

Marina da Silva – Leader of the rubber trapper movement and environmental activist. Senator for the state of Acre and PT leader. Minister of the Environment in the Lula government.

Oded Grajew – Founder of the Abrinq Foundation for the Rights of Childhood. Founder of the World Social Forum. President of the Ethos Institute. Former special-adviser to the President of the Republic and member of the Council of Social and Economic Development.

Olívio Dutra – Bank worker. Former trade union leader in the CUT (Central Única dos Trabalhadores). President of the PT (1987-89). Mayor of Porto Alegre (1989-92). Governor of Rio Grande do Sul (1998-2002). Deputy in the Constituent Assembly (1987-89). Minister of the Cities in the Lula government (2003-2005). Currently President of the PT in Rio Grande do Sul.

Orlando Fantazinni – Activist in the Comunidades Eclesiais de Base (CEBs). Municipal councillor for three mandates for the PT in the town of Guarulhos in São Paulo state. Currently federal deputy for São Paulo state. Member of PSOL.

Plínio de Arruda Sampaio – Lawyer. Federal deputy for the PT in the state of São Paulo (1985-91). Consultant for FAO. President of ABRA. Stood for presidency of PT in last elections and was defeated. Currently member of PSOL.

Raul Pont – State Deputy in Rio Grande do Sul in 1986. Federal Deputy in 1990. Deputy mayor of Porto Alegre (1992-96). Mayor of Porto Alegre (1996-2000). Elected federal deputy in 2002. Stood for presidency of PT in last elections and was defeated. Currently secretary general of the national PT executive.

Roberto Gomes – Head of the sports and leisure department in the municipal government of Fortaleza, and former chief adviser to João Alfredo. Activist in the Democracia Socialista tendency of the PT.

Sue Branford – BBC Latin America analyst (1986-2002). Joint author, with Bernardo Kucinski and Hilary Wainwright, of *Politics Transformed – Lula and the Workers' Party in Brazil*, 2003, and, with Jan Rocha, of *Cutting the Wire – The Story of Brazil's Landless Movement*, 2002.

Hilary Wainwright – Editor of *Red Pepper*, research director of the New Politics Project of the Transnational Institute (TNI), contributor to *the Guardian* (UK) and *the Nation* (USA). Recent books include *Reclaim the State – Experiments in Popular Democracy* (published in Brazil as *Poder Popular no Seculo XXI*) and *Arguments for the New Left – Answering the Free Market Right*.

1. Summary of the crisis

Sue Branford

It was hard not to be infected by the climate of intense excitement that gripped Brazil when finally, on 27 October 2002, it was announced that at his fourth attempt Luiz Inácio Lula da Silva, a former industrial worker, had been elected President. As the result was relayed from a huge television screen erected in the central avenue of São Paulo, a sea of red flags lapped at the doors of the solid concrete and glass towers of the giant banking corporations that line the avenue, as thousands of PT supporters took to the streets. When Lula appeared making his acceptance speech, men and women wept with joy and disbelief. Was this really happening? Had the left finally come to power after 500 years of rule by the elite, the military, the landowners and the bankers? Was real change finally coming to Brazil?

The PT had captured the mood of the country. After more than a decade of neoliberalism, most Brazilians were anxious for change. They wanted rapid economic growth and an increase in employment, so that the millions of Brazilians scratching out a living from odd jobs could be incorporated into the formal labour market. And they wanted reforms to reduce the shocking levels of inequality in the country.

Brazil's social inequalities are rooted in its history. In the 16th century the Portuguese overlords divided their new colony into huge *capitanias*, and Brazil has never experienced a radical programme of agrarian reform to divide up these huge estates. As figures from INCRA (National Institute of Colonisation and Agrarian Reform) show, Brazil has today one of the most concentrated systems of land tenure in the world: 32,264 large properties (of over 2,000 hectares), accounting for under 1 per cent of the total number of farms, control 31.6 per cent of the available land. During colonial times the land concentration led to a high level of income concentration, which again has never been corrected by progressive public policies. So, as the latest report from the United Nations Human Development Programme (UNHDP) shows, Brazil is one of the most unequal countries in the world: the wealthiest 10 per cent of the population receives 46.9 per cent of national income, while the poorest 10 per cent of the population makes do with 0.7 per cent. There are only five countries in the world – Venezuela, Paraguay, Sierra Leone, Lesotho and Namibia – where the poor have a smaller share. A study, entitled *Mapa do Fim da Fome* (End of Hunger Map), published by the prestigious Fundação

Getúlio Vargas, shows what such concentration means for the poor: 50 million Brazilians, about a third of the population, live in miserable conditions, with a daily food intake of less than 2,280 calories and an income of less than US\$1 a day.

At the same time, the Brazilian state has been hijacked by the rich and the powerful. There are numerous perverse mechanisms, many of which have been analysed by PT activists, by which the ruling elite manages to appropriate a huge share of public resources: according to Cristovam Buarque, the former minister of education in the Lula government, 78 times more is spent on the education of a middle-class youngster than on a child from a poor family; the treasury relies heavily on indirect taxes (as compared with income tax), which means that poor people spend a much larger percentage of their income on tax than rich people; in the public sector the well-to-do get much bigger pensions than the poor; and the deadly combination of a huge internal debt and exorbitant interest rates (14 per cent in real terms) means that the government pays out in interest on government bonds, bought exclusively by the rich, the equivalent of the total income of the poorest half of the population, thus exacerbating income concentration.

When Lula was elected, leading PT politicians and the left-wing economists working with them were well aware of all these problems. They realised that courageous and innovative policies (including a broadening of popular participation) were needed to tackle them and, it seemed to us, they were prepared to adopt them. For many of us abroad, the omens were good (and the excitement was contagious).

It took time for us to admit that all was not well. We realised that little was changing but told ourselves that the Lula government needed time to settle in. But, as the months went by, we sensed growing frustration and alarm among our *petista* friends that the government was doing so little to change the country's priorities. Finance minister Antônio Palocci was not only carrying on with IMF-approved economic policies, just like his predecessor in the Cardoso government, but was also giving no indication at all that he intended ever to change course. He was insisting on huge annual budget surpluses, equivalent to almost 5 per cent of GDP, even though such a tough constraint on public spending was wrecking the social ministers'

plans for cheap housing, agrarian reform, better schools, and so on. The government's main priorities, it seemed, were to service the huge internal and external debts and to hold down inflation. What had happened to Lula's pre-election promise to end the 'tyranny of the markets' and to put the interests of poor Brazilians at the heart of government policy?

Our unease turned to alarm in May 2005 when a series of corruption allegations began to be made against leading PT politicians and their allies in the coalition government that Lula had formed with other political parties. It seemed that the Lula government had carried on with the highly corrupt practices of previous governments: it had rewarded its political allies with top jobs in state companies (which meant that they could charge private companies 'commission' in return for government contracts); it was paying some opposition politicians R\$30,000 (€10,710) a month for their votes; it had been running an illegal *caixa dois* (slush fund), which it had apparently set up with 'commissions' it had charged when it was heading state and municipal governments, to fund its expensive electoral campaigns; it was paying advertising agencies through off-shore accounts held in the Bahamas; and so on. Although not all of the allegations have yet been fully substantiated, they have led to the resignation – or sacking – of two dozen leading government officials. On 30 November 2005, Congress voted to expel from Congress Lula's top aide, José Dirceu, for running the monthly payment scheme. Earlier the president of the PT, José Genoino, had stepped down.

The revelations came as an enormous shock to the vast majority of *petistas*, who had spent more than 20 years of their lives building up the party and had had no idea that such schemes were in operation. As Fernando Gabeira, a former member of the PT and now federal deputy for the Partido Verde, put it, 'when there is such an overwhelming disaster and you see yourself as a part of this disaster, you begin to question your whole life. Why so many years of sacrifice and struggle?' We abroad, just like our friends in Brazil, began to ask: 'Why did things go so badly wrong? Why didn't the PT implement schemes, such as the participatory budget, that would have helped to guard against corruption?' As we have seen, it was these concerns that led Hilary to travel to Brazil and to talk to leading left-wing politicians, both those who have opted to remain in the PT and those who have decided to leave. The result is this dossier.

Before we look at what they have to say, it is only fair to examine briefly the achievements of the Lula government. The government has taken a series of important initiatives to alleviate poverty and to encourage the economic activities of poorer sectors. The main ones are:

Bolsa Família, a poverty-alleviation programme that brings together earlier schemes and provides a minimum monthly income for about eight million very poor families; a system of micro-credit for small businesses; and a greater outlay on subsidised farm credit for peasant farmers. These, together with measures taken by earlier governments (such as state pensions for rural workers), add up to the most important poverty-alleviation drive in Brazil's history. The programmes are beginning to have an effect, for a household income study, carried out in November 2005, showed that the number of families living in absolute poverty was beginning to decline.

At the same time, the Lula government has pursued a firm, consistent and coherent foreign policy. Foreign minister Celso Amorim has repeatedly challenged the dominance of the United States and the European Union in the World Trade Organisation, which on two important issues – sugar and cotton – has ruled in Brazil's favour. The Brazilian government is also quietly challenging US attempts to bring the whole of Latin America within its economic empire. Had it not been for Brazil's firm opposition, President Bush would almost certainly have succeeded in establishing the Free Trade Area of the Americas (FTAA), a huge free trade area that was intended to encompass the whole of the Americas. A new geopolitical division is emerging in Latin America: on one side are Mexico, Chile, Colombia, and most of Central America and the Caribbean, which are aligning themselves, both politically and economically, with the USA; on the other is a bloc of South American countries – Argentina, Uruguay, Brazil, Ecuador, Bolivia and Venezuela – which are promoting regional trade, economic integration and independence from the USA. The 'new liberators' are led by President Hugo Chávez of Venezuela, but much of their economic and political clout is provided by Brazil.

These initiatives are applauded by almost everyone on the left in Brazil, but for many *petistas* this does not make up for the Lula government's failure to tackle the huge problem of social inequality and social exclusion. Many of the abuses are crying out for reform, yet the Lula government has come up with vastly inadequate proposals for dealing with them. It has pursued highly orthodox economic policies that in many ways are making the situation worse for many millions of ordinary Brazilians. Although the level of absolute poverty has fallen, the average wage is at its lowest level, in real terms, since the 1990s. Just as before, paying the huge internal and external foreign debts has been the government's main priority; in 2005 Brazil paid its creditors in debt-servicing the enormous sum of R\$160bn (€57bn), equivalent to 8.2 per cent of GDP.

This is not what Brazilians voted for in October 2002. What is most alarming of all is the lack of a coherent strategy for resolving the country's problems. At most, Palocci seems to believe in the old (discredited) theory that if a government can get an economy to grow at a reasonable rate some of the benefits will trickle down to the poor. But such an approach will not resolve Brazil's deep-seated problems.

The PT, it seems, has failed on various fronts. It

has failed to develop a radical, coherent strategy for redistributing income and land. It has failed, despite its earlier innovative experiments with participatory budgets in municipal and state governments, to develop new forms of popular participation to confront the power of vested interests. And it has failed to adhere to its own high standards of ethical behaviour. Where did it go wrong? This dossier is an attempt to answer these questions.

2. Plural visions

2.1. Origins of the crisis

The crisis of the left in Latin America

Gustavo Codas

If we take a historical perspective, the present crisis is not the major crisis. The major crisis, in Latin America, was between 1989 and 1995. The fall of the Berlin Wall took place in that period, but in Latin America, there was also the Ochoa crisis among the Cuban leadership [General Arnaldo Ochoa, a much-acclaimed officer who had led Cuba's military operations in Angola, was executed in July 1989 after a summary trial in which he had been found guilty of 'crimes against the state'], the defeat of the Sandinistas in Nicaragua, and the 1991 and 1992 peace negotiations in El Salvador and Guatemala, in very adverse situations, with the guerrilla movement on the back foot. And we also had the beginning of the 'special period' in Cuba, around 1992, and the massive conversion of left-wing intellectuals to liberalism, including here in Brazil, but not only in Brazil. Many people who came to represent moderate sectors in the 1990s represented radical sectors in Brazil and in Latin America in the 1980s. So I think that the major crisis was then rather than now.

Here in Brazil the best example is Genoino [José Genoino, the former president of the PT]. He was our left-wing candidate in the PT, in what we called the Workers' and People's Alternative (*Alternativa Operária e Popular*), against Lula, against Lula's bloc. At the beginning of the 1990s, his group went into a crisis and he finally became one of the leaders of the more moderate sectors of the party. This change was partly caused by the fall of the Berlin Wall. That was an important component of the 1989–95 crisis, but it was not the only one. In that period, capital went on the offensive, in the form of neoliberalism and the unilateralism of the United States government. And there was a crisis in left-wing political theory. So there was a combination of factors.

All this affected Genoino's group, which was called the Revolutionary Communist Party (Partido Revolucionário Comunista – PRC); it was a party within the party. They did not believe the PT was a strategic party. They said, 'We are the revolutionary party'. They thought of the PT as an electoral party. At the end of the 1980s and beginning of the 1990s, this group began a major internal debate about its adherence to Marxist-Leninism. They were originally in the Maoist Communist Party of Brazil (PCdoB), for the PRC was the outcome of

a revision of Maoism. So, in the ideological and political crisis of the time, sectors of the PRC incorporated liberalism into their doctrine. The person who did this most clearly was an adviser of Genoino's called Aldo Fornazieri, a professor of philosophy and a physicist at the University of São Paulo. It is interesting to observe that you can't accuse him of being liberal, because that's how he describes himself anyway. So there was a series of factors that led to a deep crisis in this period. That is why I tell you that the major crisis was then rather than now.

When the left entered this crisis at the end of the 1980s and at the beginning of 1990s, the left of the PT and the PT itself sought refuge in national developmentalism. It was in this period – 1992, 1994, 1998 – that the PT moved closer to Celso Furtado and Maria da Conceição Tavares, who joined the PT, and to the group of economists in UNICAMP (University of Campinas). There were some left-wingers in these groups, but they were dominated by the theory of dependence and national developmentalism. They defended this theory, rather than their own programme. Even though we had fought against this programme throughout the 1980s.

I think the crisis of the left only came to an end in 1997. It ended for one reason – the crisis in South-east Asia and the subsequent financial crises. For those sectors that were moving rapidly towards the right, the South-east Asian crisis meant that this type of capitalism, neoliberal capitalism, was unstable. All of them had been working on the assumption that neoliberalism would provide 30 years of stability, in the same way as the welfare state had previously produced a similar period of stability. So it was only in 1997 that a broader process of reorganisation began on the left. Until then, there was a dispersion of the left towards the centre and the right. But the 1997 crisis and subsequent developments showed that neoliberalism was not stable, thus allowing a critical debate to begin again. Some people who had been taking up conservative positions became more critical again.

But this debate happened very late. When the FHC [Fernando Henrique Cardoso] government and the *Plano Real* [Cardoso's economic stabilisation plan] faced problems in 1997–99 and when, soon after that, the neoliberal project entered a crisis, the left had no analytical explanation at all of what was going on. The left was in a complete mess from a programmatic point of view.

Brazil's lack of democratic tradition

Francisco (*Chico*) de Oliveira

The Brazilian context worked against the PT project. Brazil has almost no democratic tradition. Brazilian culture is very centralist and also very regionalist. This is related to the way the Brazilian state was formed. Our democratic experiences have been very short-lived. Our tendency towards authoritarianism, promoted by the formation of the state in the post-independence period, combined in the 20th century with very rapid economic growth. That is basically why Brazil fell into a kind of authoritarian vortex. If you look at the country's history between the 1930s and the 1980s, the country's urban population increased from 20 per cent to 80 per cent within a period of only 50 years. This was a huge transformation.

We have created this image of ourselves as being peace-loving – or cordial, as we say – but the political violence the country has experienced in the last 60 years has been extraordinary. Going from the 1930 coup to the end of the military dictatorship [in 1985], we had a coup – or an attempted coup – every three years. Since 1930, only three presidents have completed their term of office – Marshall Eurico Gaspar Dutra, Juscelino Kubitschek and Fernando Henrique Cardoso. Vargas committed suicide in 1954, under strong pressure from the Army. Juscelino Kubitschek was the most accessible President this country has ever had, but he was not on the left, he was in a rural party, the PSD. It is interesting to note that it was a rural party that industrialised the country. His government survived three attempted coups, one by the Navy, which attempted to prevent him taking office, and two by the Air Force. However, he had a big majority in Congress, which allowed him to survive these crises.

This Brazilian context explains the kind of demoralisation that affected the PT. It is this, much more than any alleged Leninism or Stalinism that explains what happens. It's very easy to argue that it was the fault of Leninism or Stalinism within the party, but that is not enough, it does not explain very much.

Changes in the Economy and the Labour Movement

Chico de Oliveira

The trade unionists had no tradition of participation. One of the most harmful things that the military dictatorship did was to break the continuity of the Brazilian trade union movement. Before 1964, the trade union movement was very politicised, but after 1964 it became almost completely depoliticised. The

trade unionists did not know how to go about things. So much so that in the Constituent Assembly, Lula's contribution was zero, even though he was the deputy who received most votes in the country. Lula did nothing of note during his term as Federal Deputy in the Constituent Assembly, between 1986 and 1988. Nothing! He summarised his experience there by saying that the assembly was made up of 300 swindlers. So what José Dirceu did was to make the big Congressional machine operational and to use patronage to operate it. He used his power and influence over the trade unionists, who did not know how to put their influence to use in politics. That's what he did. That is a brief summary of why the PT was transformed.

Gustavo Codas

The CUT [Brazil's largest trade union grouping] was founded in 1983. At this time we were still in a military dictatorship, so the trade union struggle was automatically a political struggle. A Constituent Assembly was convened in 1986, a new Constitution was proclaimed in 1988. In March 1989, we had the biggest general strike in the country's history – a two-day general strike. Then, later in the year, we held the first free elections. That was the first time Lula stood in the elections. By then, trade union struggles were no longer automatically political in nature. There had been a process of democratisation – restricted and conservative – but democratisation nevertheless. Trade union struggles had become economic in nature, as trade union struggles normally are.

This was the first element in the change undergone by the CUT between 1988, the year of the third trade union congress, and 1991, when the fourth congress was held. There are all kinds of polemics and debates about changes in organisation and changes in trade union ideas, but it was in this period that an effort was made to promote the collective bargaining role of the unions, as opposed to its previous more politicised role.

The second important element was that, in 1990, with the accession of the Fernando Collor government, at the beginning of neoliberalism, there was a very profound change in the labour market. In 1983, there had been a major unemployment crisis in Brazil, but this had been resolved in 1985. At that time, the economy was in a stop-go phase. When the crisis began, there would be unemployment. When the crisis ended, the jobs would come back. In 1990, an underlying structural increase in unemployment began, independently of the economic situation of the day. It was long-term unemployment, and the rate of unemployment doubled from 9 per cent to 18 per cent, or 20 per cent in the largest cities. This was a radical change for the unions and they did not have a strategy for dealing with

it.

HW: Was there a movement of the unemployed against this?

There has never been a significant level of organisation of the unemployed in Brazil. There have been some small groups, some small-scale experiments, and we have today the Unemployed Workers' Movement (*Movimento dos Trabalhadores Desempregados*) but it is insignificant in relation to the scale of unemployment.

HW: How did the unions react to this new situation?

There was an idea, which came from Margaret Thatcher and Reagan, that neoliberalism would make a frontal attack on the unions, in an attempt to destroy them. So the CUT's main reaction was to formulate what became known as the 'constructive proposals strategy' (*estratégia propositiva*) and 'citizen trade unionism' (*sindicalismo cidadão*). This was an attempt, in the context of the crisis and within the limitations imposed by neoliberalism, to propose job creation measures. The most important example of this was the Car Industry Forums (*Câmaras Setoriais da Indústria Automotiva*).

HW: Were they moving towards a position of acceptance of capitalism or were there elements of an alternative hegemonic proposal?

You have to analyse this. In 1990, an unemployment crisis began. It was not seasonal unemployment and it was increasing. In 1992, the car industry went into crisis. Production was at its lowest level for I don't know how many years. So what did this mean for the unions? You don't go on strike when companies are sacking people. And they were sacking people, because they weren't making cars, they weren't selling cars. Unless you just go on strike purely as a protest, for example, against a factory closure. Things were different in the 1980s. So it is very difficult for you to judge, saying 'Look, we had left-wing trade unionism in the past and now we have tame trade unionism'. No, because the conditions were completely different in these two periods.

There's a whole discussion to be had about the Car Industry Forum, but it was an attempt, at a time when the unions were on the defensive, to make constructive proposals aimed at turning the industry around. And from this point of view, it worked. All the indicators were positive. It was the FHC government that put a stop to these industry forums. Why was Chico de Oliveira in favour of the idea? Because it was state intervention in the market, in common agreement with companies and unions. At a time when the role of the state was declining, it involved the government in a regulatory role,

just like after the Second World War in Europe when the government formulated industrial policy.

Well, this is all in Chico's book *Os direitos do anti-valor* (The Rights of Anti-Value), something like that, and there is also Chico's article from CEBRAP's *Novos Estudos* (New Studies), with Álvaro Comim, who is now at USP, and two or three younger researchers who carried out the survey. Glauco Arbix, of IPEA [Institute of Applied Economic Planning, linked to Planning Ministry] was another enthusiastic supporter.

HW: So what happened in the 1990s?

There was a change in the behaviour of the labour market and a change in trade union behaviour. The number of strikes and the level of mobilisation declined and there was a discussion about trade union strategy, which is when the new strategy became stronger. What perceptions lay behind this initiative by the unions? They believed that neoliberalism had reacted to union resistance, strikes, factory occupations by claiming that the unions were taking a corporatist attitude, defending the interests of their members but not of the country. Neoliberalism claimed to be defending the interests of the country. The idea behind the constructive proposals strategy was that the unions had to propose solutions that would address broader problems, like the interests of consumers, as well as improve their own situation. They couldn't just defend the interests of workers because, if they did, it would look as if neoliberalism was right and that they were only defending corporatist interests.

HW: Was this a period in which workers were fighting for their own interests and abandoning the struggle for social change?

No. The fight for social change is conditioned by the situation at any particular time. There is no generic struggle for social change. CUT has passed resolutions about socialism, from the date of its foundation to meetings today. However, these resolutions meant one thing in the 1980s and something completely different in the 1990s. In the 1990s, socialism had disappeared over the horizon, not only for this group of workers, but for all humanity!

So with regard to trade union action, it was not possible for the idea of social change in the 1990s to be the same as the idea of social change in the 1980s, when the unions were fighting the dictatorship and trying to radicalise the democratisation process, with the movement on the up and up. To illustrate this point, let me mention an interview that Ernest Mandel gave when he came to Latin America two years before he died, it must have been 1992 or 1993. Here in São Paulo, Mandel defended the idea that the left should call for the satisfaction of basic needs! The right to eat, the right to have clothes

to wear, etc. Because an aggressive form of capitalism had made such progress, there had been such an ideological retreat by the left, such a downturn in workers' struggles, that we had to start again and fight for tangible things. There were so many homeless people that we needed to fight for the right to housing. It was not the moment to call for a world socialist revolution! It was question of rebuilding the left on the basis of a direct dialogue about basic needs.

That's why I say that the problem of social change in the 1990s had taken a backward step compared with the situation in the 1980s. This backward step was related to what Marxists would call a change in the Brazilian social and economic formation. Neoliberalism had changed the characteristics of the capitalist mode of production in Brazil. Brazilian capitalist formation in the 1990s and later was profoundly different from the way it had been at the beginning of the 1980s.

HW: Going back to Mandel, wasn't he – and aren't you – also connecting this with a reconstructed vision of socialism? In a certain way, the PT seems to have been a party that followed Mandel's instructions and always fought for basic rights, although this struggle was very radical in its form. The struggle for basic rights was combined with a recognition that basic rights could not be achieved in a capitalist society, so the struggle would require ...

A transitional programme! You are going to turn into a Trotskyist again! (Laughter)

HW: My question is this, was there a significant and active left wing in the CUT? Was there a group of activists in the CUT who opposed this vision?

It is clear that, if there is a political and intellectual crisis of the left at the same time as there is a social crisis in the trade union and social movements, you will see a slump in the political perspectives of the party, the unions and the social movements. I don't think there has been much analysis of this process. So there has been no consolidation of a new vision of the world, adapted to neoliberalism, which refuses to discuss social change. No, we have not got to that level. Our discussion two years ago and our discussion today is not the same as the discussion in Tony Blair's New Labour. It's the stage before that, when you're feeling ill. There is an intellectual and political malaise in the crisis of the left.

HW: How did this affect the new government?

When the PT won the elections in 2002 it was not ready for government. The PT won for various reasons, particularly the harm caused to ordinary people by the neoliberal system. Although the left of the party had resisted to some extent the move to the right during the

previous 10–15 years, it had made very little progress in terms of formulating a strong alternative programme. This was before the Letter to the Brazilians [Lula's open letter to the Brazilian people on 22 June 2002 in which, in order to restore calm to the financial market, he promised 'to respect the country's contracts and obligations' if elected; this was widely interpreted as a commitment not to declare a moratorium on the debt]. Although we use that Letter as evidence of a move to the right, it was not the Letter that was the problem. Of all the people I know here in Brazil, the only intellectual who has dealt with this issue is José Luiz Fiori, from Rio de Janeiro. He and his group have been analysing world hegemony since the 1980s. He is the only intellectual to have raised the issue of the PT's programmatic disorganisation before the election as an important element in the problems of the Lula government. He doesn't accuse anybody of treason or of moving to the right. No! He says that the problem was the party's failure to analyse the issues.

HW: Would you say that the programme of the Democracia Socialista tendency was disorganised too?

In 1991, João Machado, who was in the DS at that time and is now in the PSOL, had this to say to me: 'In 1938, Trotsky said that as they could not influence the masses, they would create the fourth international to save the programme and, in 1991, I am saying that as we can't even save the programme, let us maintain our composure!' That was the way he saw it. He said that the problem at that time was the way that people on the left were taking up extraordinarily moderate positions, apologising for having been on the left, for having been a communist, and ripping up their T-shirts, saying, 'I sinned, I have been on the left all my life, but now I will behave better.' At that time, the debate was not even about the programme. It was about how to behave when faced with the crisis in the programme.

At the time the left all over the world realised there was a crisis in the programme and the different sectors reacted differently. Some abandoned the left-wing programme altogether, while others sought a new synthesis and new perspectives. Miguel Romero, known as El Moro, who is a Spanish colleague from the Fourth International, coined the expression 'programmatic disorganisation' to explain the situation.

Here in Brazil things took a somewhat different form. The crisis of legitimacy of neoliberalism and its implementation had made the left lose its sense of self-criticism, at least in part. The enemy was in crisis, so we felt we didn't need to explain anything; things were fine, it seemed, and so we said, let's get on with it. The problem is that things weren't quite like that. If you

analyse the debate among left-wing economists since 2002, you will see that there has been great lack of substance in the ideas they have been putting forward to replace the neoliberal model. If you study what they have been saying, you will see that they are not putting forward proposals for government, but proposals for criticising the government! There is no substance behind their ideas. I don't mean in terms of general debate, I mean about what to do in government.

The Changing Nature of the PT

Gilberto Maringoni

[In the early 1980s] we were at the end of a dictatorial regime, and at that time the social movement was very dynamic. Not only the PT, but also the MST, trade unions, the two communist parties, and so on. Everywhere else in the world the left movements were in decline. We, on the other hand, had support from people from all kinds of different backgrounds, including minorities that didn't have any form of political participation. The PT was the convergence of all these factions.

The first time Lula tried to be elected as president [in 1989] he had a concrete programme. He had a collection of social demands. This is the most important basis for a programme. But Fernando Collor de Mello, the neoliberal candidate, won the election. With his victory an ideological struggle against the left began. The government cut the federal and local government budgets in order to pay the public debt. Suddenly, there was no more money to invest in participatory democracy or even in basic public services. The PT had to concentrate its energy on fighting the cuts in services. It was very hard to initiate an internal dialogue inside the PT, in order to convince the militants of the need to adopt a common approach against this new budget. Within the PT there are many factions and each one has its own agenda and programme. So there was never a true dialogue. It was all mostly based on improvisation.

Orlando Fantazinni

I have never belonged to any tendency in the party. I have always been independent and to be independent in the party is very hard. I had very high expectations, not in the party or in individual people, but in the whole idea of change and the gradual construction of socialism. The party as a whole always had a lot of confidence in Lula, because he managed to unify the various tendencies in the party. He also found it easy to communicate with the masses when we were trying to build the party, and promote socialism and change. We really

expected that Lula would support us in pursuing these objectives.

The party united different movements: popular, trade union, church and intellectuals. A lot of people were involved and prospects were good. I think the first presidential election, in 1989, was the only one in which the PT was true to its ideas. In 1994, a process began in which the ideology and the programme became more flexible, because the view of one particular tendency became dominant in the party. This view was that the party could not get elected with just the support of the left, and that we would have to make alliances with the more moderate, centre-left parties. Even so, the 1994 campaign was not so different from the 1989 campaign. In 1995, the party tendency known as *Articulação* (Articulation) created the so-called *Campo Majoritário* (Majority Camp), which united several tendencies that thought more or less along the same lines. They supported ideological and programmatic flexibility, the move away from rigid principles, and the broadening of the electoral alliance. The architect of this strategy was José Dirceu.

HW: Was this bid to attract more support by forming an alliance with the centre parties something that was done in the interests of society or was it an electoral strategy aimed at increasing the party's support?

It was an electoral strategy. Starting in 1995, the Campo Majoritário built its own political machine within the party to advance its aim of achieving more flexible policies. The party was turned into a Campo Majoritário political machine, which used patronage to extend its support. It put forward the idea that this was the only way Lula could become President, and that was something which all the PT, all the mass-based movements and trade union movement activists, wanted to see happen. Agreement was obtained by co-opting the social and trade union movements. Anybody who was critical was accused of not being interested in helping the PT to win power.

HW: So the left of the party was not very much respected?

The left had a lot of problems, because we tried to get our point across through political debate. We tried to win the battle of ideas. Meanwhile, the Campo Majoritário just focused on increasing the number of its supporters to ensure its majority. We would try and debate but the minds of the people in Campo Majoritário were very closed and even ironic, and they would just rely on their majority to defeat us. The party became bureaucratic and the bureaucracy began to set the direction for the party.

We wanted to use the 1998 campaign, not as a campaign we could win, but as a campaign we could use to communicate our views to society

and prepare the way for a socialist proposal, because society was not ready for socialism. We saw the campaign as a dispute of ideas, in which we would say what needed to be said, rather than a campaign to sell the image of Lula, much as you might sell a product on the TV.

HW: Was there a big debate within the party?

It was not a big or intense debate, because the Campo Majoritário had an overwhelming majority. So we had a debate, but that old mantra that we had to take power weakened the left. The Campo Majoritário knew we were in no position to win the argument because they had a majority, so they tried to appease us a bit by letting us talk, but it was not a big debate.

From 1998 onwards, there was a really marked change in the behaviour of the party. In 1998, some sectors of the party started to have incredibly well-funded campaigns. Nobody listened to the activists any more and there were no longer just activists on the streets; people were also paid to campaign for us. The party began to behave like the traditional parties of government.

And with this, the internal atmosphere also became more agitated. Membership began to increase, although these new members were not joining because they supported the party. By this time the party had won quite a lot of municipal elections and many people joined the party to advance their own personal interests, to be able to exchange favours, they weren't pure activists as we were before. So the ideological content fell. In the 1998–2002 period, we governed some very important municipalities, including São Paulo, where the PT government under Marta Suplicy became a symbol of what they called 'governability', that is, the idea that if you wanted to govern you had to negotiate the support of a majority in the municipal assembly. Alliances of all kinds were made in this assembly, even with Maluf's PP (Partido Popular). [Paulo Maluf is right-wing politician, an earlier ally of the military government, who had been mayor of São Paulo.] That's the price you have to pay, isn't it? That's what they said. Negotiate with opportunist parties, parties just interested in gaining access to power and patronage. Hand over part of the administration to those people, in exchange for their support. I am not going to accuse them of corruption because I don't have proof, but I know that the people they were working with won't do anything for nothing.

The left-wing activists, PT activists, began to distance themselves from the party. Not the neo-PT people, because it was all a lot of fun for them, a way of getting a job. So this meant the left began to distance itself from the party because there was no more space for debate about how to build the party. Left-wing activists no longer felt at home in the party. Marketing

dominated the 2002 campaign. Lula really became a product. The Campo Majoritário achieved its main objective, which was the complete ideological 'flexibilisation' of the programme, and it made an alliance with the Liberal Party. We opposed the policy of alliances, but we were defeated.

Even so, we continued to support the party. The PT became something that people deposited their faith in. The party might make mistakes, but if anyone from outside the party criticised it, you would strongly defend it because the internal culture of the party held that all members of the PT were innocent, and we had the obligation and moral duty to defend them and to wash any dirty linen at home. We didn't have a washing tub or even water in which we could wash the dirty linen, but people believed in this, that was our culture.

We had symbols that were very important to us. For example, José Genoíno, the former guerrilla with his rich history, that is, people who were symbols for all the activists, including us young parliamentarians, we saw ourselves in them. So when someone dared to insinuate anything about these people, we might even get physically violent, not just verbally. This deep-seated urge to defend the party took on corporatist dimensions. We were mercilessly criticised, the right mercilessly criticised us, and the media mercilessly criticised us, so it was a kind of self-defence reaction of ours. We defended each other, thinking, 'okay, so he made a mistake, but we're not going to make an issue of it now, because if we make a fuss about his mistake, it will give ammunition to the right and help them dismantle the few of us and the little we have achieved.' This culture is still dominant in the PT today.

So it was a defensive culture, and I think that the party leadership, the Campo Majoritário, always used this culture a lot. Our other mistake was to adopt the slogan of ethical government as though only we, the PT, were capable of acting ethically. We sold this idea to the people and this helped the Campo Majoritário, because when anyone insinuated anything about any member of the PT, we took to the streets to defend them, without knowing if the accusations were true or false, because we were the guardians, the owners, of ethics and morality.

So much so that when there were those first denunciations of corruption in the Post Office [in May 2005], Zé [José] Dirceu toured Brazil to defend the PT and the government and tried to mobilise society by claiming, 'the right wants to give us a beating'. Even now, Lula says, 'I was unbeatable in the 2006 elections, so they had to attack our ethics in order to stop me!' He claims that we were ethical!

HW: Do you remember César Benjamin? He challenged Lula and Dirceu in 1995. Do you

think that was a concrete example of how criticism was dealt with?

Not only César Benjamim but many others also, who were hated in the party.

HW: What you seem to be describing is the idea that the PT, as a guardian of ethics, sees ethics as something static and external, rigid, a slogan to be printed on a T-shirt, not a practice to be followed in real life and to be used to deal with the contradictions experienced by the movement. Is that so?

The fact is that, historically, ethics never existed in Brazilian politics. What was ethics? In the PMDB, PFL, PSB, there were no ethics. It was normal to steal public property. The PT picked this issue up, claiming to be an ethical party, claiming it would continue to behave ethically once in power, and saying it would create instruments to stop public resources from being stolen for private purposes. So, in this context, ethics became one of the PT's main policies. That didn't mean we therefore had to behave ethically. Rather, it was a straitjacket imposed on us by the party majority.

It was something we said for public consumption, because as far as we socialists are concerned, you don't even need to discuss ethics, it is something inherent in human beings, to be political, to act honestly and transparently. But we have to raise the issue because the history of our country is characterised by the theft of public resources. We used to say, 'If they built one school with such and such an expenditure, we are going to build three schools with the same expenditure, because we don't steal!'

HW: This confirms ethics as being something external and rigid. What do think would be a real ethical policy, within a new party dynamic?

Internal democracy, transparency, a frank dialogue with society. I think that the ethical dialogue that the PT could have with society would involve showing it is possible to make mistakes, explaining the difficulties in building a campaign, the fact that if you want to campaign, you need resources and you often need to make alliances, coming clean about the weaknesses of the system. That's why, in 1998, we intended to organise a campaign to conduct a dialogue with society and tell the truth, that 'there's no chance we will win, because of the system'. Not a campaign that involved marketing our candidate as a product, which would mean becoming part of the system.

João Alfredo

I think that the PT was heading for a crisis, even before the recent ethical and moral crisis broke out. The truth is that the drift to the right has

been under way for a long time, and has been reflected in the elections to the party leadership. If the crisis hadn't happened, the so-called PED – the direct elections for the party leadership [in September 2005] – would have led to a continuation of this process without any proper discussion and it would have led to the PT quietly giving up any prospect of achieving social transformation. This is shown by the fact that in the PED the Majority Camp openly endorsed the orthodox neoliberal policies of Minister Palocci and the president of the Central Bank, Henrique Meirelles.

In a short period of time, the PT has gone down the same road that the European social democratic parties took 100 years to travel. I fear that the PT is becoming a caricature of the British Labour Party. In the past, the objective of working-class parties was to transform society, but the PT is implementing free-market policies, as shown by the three years of the Lula government. With the exception of a few PT ministries and organs that have kept faith with the objective of transforming society, the government is implementing the economic policy of the IMF and the social policy of the World Bank.

Marco Aurélio Garcia

I have found out a few things lately. I was talking to the new party treasurer, who told me that all the members of the national executive received high salaries, both those in the majority and those in the minority groups. I was Secretary for International Relations for ten years, and a member of the national executive. I never received a salary, because I lived off the salary I earned as a university lecturer. One member of a left-wing tendency, who is also a university lecturer, received a salary of R\$7,200 (€2,570) a month from the party. That is more than I receive today in my current job.

HW: When did this all begin?

It was a gradual process. Even before we were elected, money became very easy to come by. All these leaders had well-paid secretaries, with telephones. We had a luxurious headquarters, here in Brasília, 14 cars available for national leaders, and so on. It was insane. For example, we formulated a plan to computerise the party and the party bought 5,000 computers, 5,000 printers, 5,000 scanners, all these computers with a video to link the party up throughout the country. This was clearly more than the party required. And it cost the equivalent of 50 per cent of the PIS budget [Social Integration Programme, one of the government's social programmes]. There was a lot of money available. Why did these things occur? Because the party stopped focusing on politics, in the real sense of the word, and began to be more

concerned with building the party machine. The emergence of a perverse bureaucracy is not necessarily a moral perversion. It can generate moral perversion, but is not born from that, it is born from objective processes and it requires political solutions.

HW: One of the main explanations for the crisis is that the party did not know how to put enough pressure on the government and it was unable to mediate between the movements and the government. Now, you know the party's internal, perverse, bureaucratic structure. To what extent do you think that the party's weakness and its inability to apply democratic pressure were due to this perverse bureaucracy?

The party's weakness is not due to the bureaucracy. The bureaucracy is a product of its weakness. After a certain time has elapsed, they feed off each other. The party president, Genoíno, is not a perverse bureaucrat. He is a decent man. He has a history. He is a respectable man. But he was a weak political leader and this weakness allowed the bureaucracy to grow. I am not going to make a moral judgement about this bureaucracy. I could and perhaps I ought to. But my main concern is to understand it as an objective phenomenon. If I want to fight it, I will have to fight it as an objective phenomenon. And in this case, I will have to argue in political terms. If I want to fight it as a moral phenomenon, I have to give a sermon. I am not a religious man, I am an atheist, I can't preach.

Chico de Oliveira

What was the PT's original intention? The name, Workers' Party, in itself was a great novelty in that it suggested that workers would be placed at the heart of the Brazilian political system. But it is only partly valid. 'Workers' Party' is more of a company logo than anything else. It is vaguely reminiscent of the origins of the English Labour Party, in which the Labour Party was a kind of trade union delegation. It is vaguely reminiscent, but it does not have the level of sophistication of the English initiative. In fact, it was because the trade unionists saw politics as a kind of trade union negotiation that they called the party the Workers' Party, which vaguely communicates the idea that workers are of central importance in society, but in truth it is not exactly that.

When the dictatorship was no longer able to keep both companies and trade unionised workers happy, because of the crisis of the Brazilian miracle, Lula came to the fore [in the late 1970s]. This was his great struggle, a struggle for better pay, because the big companies were no longer able to maintain the kind of private welfare system they had created.

That is why he joined the movement for democratisation, which was very strong in Brazil. You would have had to have lived through that period to understand this. Some 20,000 people attended meetings of the Brazilian Society for the Progress of Science (SBPC), in Brasília, in a country of illiterates. It was like a political rally. So there was a very strong demand for democratisation.

I think that the only change that the PT really made was to bring people into politics, although even here it failed to make real progress. The Brazilian political tradition brought nothing, because of the history of our society and our state. Vargas was the first to bring people into politics and this was as part of an intense process of transformation and an extremely intelligent political strategy to neutralise the old oligarchies by bringing the urban working class into politics. However, he kept the people in a subordinate role. Even so, it was an astonishing thing, as Vargas himself was part of the oligarchy! At a particular moment, he took a turn to the left and created the Labour Party (*Partido Trabalhista Brasileiro – PTB*), which was not made up exclusively of workers, but had workers at its base.

The PT did the same thing in the 1980s. It brought a significant number of workers into politics and this was enough to upset the earlier balance between political forces. For example, the MDB [later PMDB], which was the major party to oppose the dictatorship, all but disappeared when the PT came on the scene. More specifically, it carried on but as a party of local political chiefs and no longer as the party that set the agenda for the country. The PT took on this role. It didn't use it to bring about many concrete results, but there were advances, some of them symbolic.

For instance, Olívio Dutra became governor of Rio Grande do Sul and then Minister for Cities until Lula sacked him. His period in office in Rio Grande do Sul had great symbolic significance. First of all, because Olívio Dutra is an Indian, from Missões, a region in Rio Grande do Sul. You do not have to be an anthropologist to be aware of that, you just have to look at him. This probably does not mean a lot, as biologists have determined that 30 per cent of the DNA of all Brazilians is indigenous. So where is the symbolic importance of all this? On the most important date in Rio Grande do Sul, which is the date on which the Farroupilha Revolution [Republican insurgency, led by Rio Grande do Sul landowners, that was defeated by Imperial forces in 1845] is commemorated, the governor made a point of receiving descendants of the indigenous peoples of Rio Grande do Sul as heads of state. He accorded them the status of heads of state. Obviously, the right-wing press in the state was scandalised. Indigenous lands had been occupied by white farmers, small

farmers. He gave land back to the indigenous peoples and compensated the farmers.

In addition, there was the Participatory Budget, which was an extraordinary political innovation, because it trained the population, in a non-party political way, about the secrets of the state – the budget is the state's best-guarded secret. The educational way in which they presented the public budget gave another quality to the political struggle. Porto Alegre did this for 16 years.

Lula certainly played a key role. He took advantage of the demand for democratisation, and the movement he led grew with extraordinary speed. It is easy to be a prophet about things that are in the past. But I never put my money on Lula. I never believed that he was a great leader who would transform things. I thought the PT could, I thought the PT was better than Lula. I always thought there were problems with Lula. I never liked him much. I didn't like the things he'd done – and hadn't done. He hadn't supported Luiza Erundina [PT mayor of São Paulo 1988–92], even though her administration was very innovative and courageous. She took on those with power in São Paulo. The metropolis of Greater São Paulo is one third of Brazil, in economic terms. Initiatives until then had been taken in small towns, where it was enough to change the guidelines to achieve exceptional results. Towns like Icapuí in Ceará, so poor. And Camaragibe on the outskirts of Recife. All that was needed in these places was to involve the people, and you could change things surprisingly quickly. Your actions wouldn't change the country's economic structure, but you could improve living conditions quickly. Infant mortality was reduced to almost zero in Icapuí and Camaragibe, thanks to strong government action and the support of local organisations. In São Paulo it was much harder.

So I was much more confident about the PT than I was about Lula.

But Lula had intuition. He realised that the fact that there had been a fall in the number of jobs in industry of between three and four million since the beginning of the Fernando Henrique Cardoso government, and there had been a 60 per cent growth in the informal economy, meant that the political parties represented nothing. Lula saw this, his intuition here was one of the things that made him special, he saw this and tried to address the masses directly. Perhaps he was too late because there was already a great deal of demoralisation among party activists.

The real decline in the PT began in the 1990s with bureaucratisation. Until then, the PT had been a very informal party and the local sections had had a lot of autonomy. The prime mover behind the change was José Dirceu. He was the most important person in the party's

reorganisation, which involved creating a professional structure and separating the leadership from the grassroots. The PT began to experience the same process experienced by most left-wing parties in the world – a strong process of bureaucratisation. Not necessarily in a pejorative sense, just that it changed into a party of professionals. PT activists had introduced a lot of innovations. They had set up *núcleos* (party cells), which were exceptionally active politically in poor neighbourhoods in Brazilian cities. The *núcleos* ran literacy classes, they founded little local journals, they were very creative, following in the tradition of some left-wing parties in the world, the most notable example being the Italian Communist Party. Well, these things began to decline.

Then, as Paulo Singer explained recently in an article, the PT began to win elections and this led to further bureaucratisation, because electoral results became the most important thing. This was not due any ideological failing, it was just that many of the activists became professional politicians. The next election became more important than political activism. The leadership became further separated from the grassroots, orders were passed down the hierarchy from top to bottom, and the focus became winning the next election.

The party was transformed into a machine, the biggest party machine in Latin America, a formidable machine. And this fitted in extremely well with the trade unionist tendency. The trade unionists, led by Lula, hated popular participation, they detested it, they did not believe in it and, as they had a strong influence in the party, José Dirceu found the ideal structure, which both preserved the influence of the trade unionists over the party and gave the party a professional character. The two things came together very well – the trade unionists' tendency towards bureaucratisation and the party's new need for professionalisation.

Grassroots initiatives became crushed. There was no longer a connection between the leadership and the grassroots. You had the party congresses, where the tendencies presented their theses, but that's about as far as it went. There were debates now and then but, in general, party mechanisms neutralised the influence of the grassroots on the leadership.

This process was not accepted uncritically by everyone in the party. There was always debate – between the bureaucratic, professional side, headed by trade union leaders, and the other side, which is usually referred to as the left of the party. The main difference between those who controlled the party and the party's left was the importance given to popular participation in the party. This was the key difference. It was not an ideological division, because, ideologically, they all said they were on the left.

The difference could be seen in practical terms, at moments when the level of popular participation is decided. For example, Ivan Valente, who is on the left of the party, and some other elected deputies or councillors, like Carlos Gianazzi, see their mandate as a collective one.

HW: What do you mean by collective mandate?

They discuss with their electorate what programme should be taken to the National Congress, and what position they should take on particular issues in the party debates. Some *Democracia Socialista* (DS) representatives also have very interesting internal discussions. DS is probably the biggest left-wing tendency in the PT. It has split now – one part is staying in the party while another part is leaving. The DS was always a very democratic tendency. It consulted the grassroots, not the general public, because the structure of Brazilian parties does not promote such consultation, but they had very intense internal debates, which of course brought their own problems. You need to compare them with someone like José Dirceu, he doesn't consult anybody about anything. He has militants that he uses, that he puts in government or in legislative positions, but he doesn't consult any of them about the policies he defends.

Being elected, first to municipal and state governments and then to federal government, accelerated the bureaucratisation. The President of the Republic appoints people to about 20,000 jobs and the number was a lot higher before privatisation. They say that when Mitterrand, the heart and soul of the French Socialist party, became the first socialist to be elected President of France, he made 150 appointments, whereas a Brazilian President makes 20,000. So you can imagine what happened when the PT came to government, as even before then it had been adopting a strongly bureaucratic structure. The PT became an enormous machine. If you add up all the appointments made by councillors, deputies and senators, it is a veritable army of people who depend on the party for their professional career. So the bureaucracy takes over. This was the context in which José Dirceu swung the party to the right. He would not otherwise have had the strength to do it, because he is not a charismatic leader, he is a professional. You look at all the people who are now involved in the scandals that have hit the PT, and you will see they are all PT career professionals. Left-wing parties are different from right-wing parties in that activists in left-wing parties have a dual loyalty: their first loyalty is to the party, and their second loyalty, if they join the party machine, is to their leader within that machine. Right-wing parties don't even have activists!

The first symptoms that something was wrong,

such as corruption, began to appear when the party won a few municipal elections, for example, the municipal administration of São José dos Campos, to the east of São Paulo. This is an important municipality, where the metalworkers are very strong, because EMBRAER, the Brazilian aircraft manufacturer, is based there. This was a public sector company, but it was privatised by Cardoso and today its main shareholder is a French group. The PT's Secretary of Finances went public, denouncing the corruption. The PT proceeded in what you could say was a democratic manner. It set up a commission of inquiry, composed of notable people, like Plínio de Arruda Sampaio and Paulo Singer. This commission upheld the accusations that Paulo de Tarso, the Secretary of Finances, had made, and concluded that the people he had indicated were corrupt and should be expelled. The commission submitted its report to the party's ethics commission, which took a completely different decision: it expelled Paulo de Tarso and confirmed the corrupt people in their position. Symptoms of this type appeared when the PT won control of municipal administrations. Rogério Buratti has been in the papers saying that Antonio Palocci used to do the same thing in Ribeirão Preto, another important municipality in the state of São Paulo. These wrongdoings involved the leadership, not ordinary activists.

Oded Grajew

HW: What do you feel went wrong in the PT? From the outside it looked like the PT's ethics and culture were very different from other left parties, such as social democratic parties and the different varieties of communist party. It stressed participation, and it said that you couldn't trust political leaders. So there seemed to be a recognition that, when Lula got to government, he wouldn't be able to rule on his own. I think people expected that he would take measures to share power, just as the PT had done in Porto Alegre and in Santo André and some other places. So my question is: why was power-sharing marginalised? How did the PT end up like a traditional party? Why did the party members and supporters allow this to happen?

Power is seductive: to be in power and to remain in power, that is a powerful desire, everywhere. To gain power becomes the most important thing and to get into power people are prepared to make ethical concessions. In other words, if I want to be in power, I need money and, if I cannot get hold of money legally, I'll get hold of it illegally.

HW: But what happened to the petistas, who always seemed to me to have a healthy scepticism towards political leaders and political institutions, and a strong belief in popular

power, civil society and democracy. Why were they not able to call the leadership to account?

They didn't know what was going on. Most *petistas* are not involved in these power games. They are militants. When I talk about ethical concessions, I'm speaking about the leadership of the party and the people within the bureaucracy, for whom politics became a way of life, their way of earning a living. For instance, when someone becomes a mayor or a senator, it becomes their career. You want to be elected because you need money to survive. I wish there had been other options. The justification, of course, was that when we gained power we would be using this power to carry out all the changes that are needed. It's this old idea, this old slogan, that ends justify the means. But when, in fact, you actually come to power you have made so many concessions and you have established such different partnerships, that you lose sight of your mission.

HW: Looking back, do you think that the party could have been organised differently. Was there an antidote for this?

An important antidote would have been to discuss openly with the members our possibilities and our strategies in election campaigns, to decide democratically what should be the rules for receiving money, what should be the concessions that we were prepared to make in forming political alliances.

HW: Do you feel that the petista militants need to be asking themselves how they allowed this to happen? Why were they not forcing a discussion?

The militants were making campaigns with very few resources, in very difficult conditions. About

90 per cent are poor people who spend 4 hours a day on public transport and who work 12 hours a day. They make a big sacrifice to help the party. But there is not much time left for participation. They are struggling to survive.

Another issue is the intellectuals. Why weren't they critical? There was a process of seduction and anaesthesia. How can we fight our friends and partners? There was a culture that said that, if we were critical, we would be playing into the hands of the right. People are frightened to criticise, because if you are critical you are labelled as being from the right. And the party also reacted very badly to criticism. If Lula said: 'It's midnight but look at the sun!' then people around him said: 'Yes, look at the sun!' And if you said: 'But it's dark!' then you were considered an enemy.

HW: Do you think, looking back, that it was a mistake to build up Lula in this way that made him almost more important than the institution that people had built?

Yes. Leaders are important but institutions should be just as important as leaders.

HW: Could the PT have won the elections on a different basis?

Yes. I am absolutely convinced that it could have. And, moreover, if you can't win the elections in a legal, coherent and participatory way, it is better not to win at all. And we can win in this way because we could have millions of people supporting the PT. It is possible to raise money from our supporters. Not rich people, but middle-class people. But if all these people give what they can, we can do a lot of things and do them in another way. The PT's idea has to be different, not the same.

2.2. The Lula Government

Marco Aurélio Garcia

Victory in the presidential elections was the result of the emergence of an important new social movement in Brazilian society. This movement, which was unprecedented, appeared at the end of the 1970s and continued in the 1980s. In what sense was it unprecedented? Because, for the first time, the lower classes played a major role in Brazilian politics. It was a similar situation to that in Argentina in 1945, except that in Brazil the movement was led by someone from the working class. The phenomenon is well known in Europe. Social democracy in Europe emerged in a similar way, especially in Germany. The other important aspect here is that, together with the emergence of this major social movement, we had a relatively strong, but very atomised and diverse, left. We had a social left and a political left and they were distinct. There were elements that were extremely orthodox and others that were extremely heterodox. However, the distinctive feature of the movement was that all these elements understood the importance of the major social movement headed by Lula and decided to unite behind one political project.

Basically, the party was divided into two: the PT element (*PTism*) and the Lula element (*Lulism*). What I call *PTism* is an idea, not a concept, it is the union of many left-wing currents, many of them in deep conflict with each other. They inherited different left-wing cultures and different cultural traditions. Meanwhile, *Lulism* was a movement that brought ordinary people into politics. Both currents grew for the same reason – that Brazil was a profoundly unequal society, and while it had experienced at times very high rates of growth it still had a profoundly unequal system of income distribution.

The party had one flaw and one virtue. The virtue was that, as the different elements were in disagreement with each other and there was no single ideological reference point, they all made common cause in the construction of the party. This united people. The flaw was that the conflicts meant that decisions over key issues were delayed and that contradictory positions on key issues continued to exist within the party. That is why society saw the party as a ragbag of different things. We saw the situation differently. We said that we were a democratic party and that was why different political and ideological tendencies could co-exist within the party. While this is true, it disguised our incapacity to get to grips with particular issues. I think, though, that we managed to make some progress in this respect at the end of the 1980s and during the 1990s.

We made progress in other areas, too, in the 22

years before we won the Presidency. We put social issues on the national agenda. These issues were practically absent from national debate before the 1970s, because then the masses did not really participate in politics. We made progress in the debate on issues such as democracy: democratic institutions, representative democracy and direct democracy, for example the Participatory Budget. We began to form a view on international issues and were therefore able to formulate a foreign policy. But I think we were far less successful in our efforts to develop a national development programme, with a proper economic model.

It is clear that we succeeded in our electoral strategy in 2002. This was fundamentally due to attracting social sectors that had until then been hostile to, or afraid of, the PT. In fact, most of them were afraid rather than hostile. We took several steps to address this. One was the Letter to the Brazilian People. This document was completely justifiable from an electoral point of view. And we changed Lula's image. He became softer, less militant. We called him *Lulinha paz e amor* (little Lula of peace and love).

When we won the election, we were confronted with two types of problem: short- to medium-term problems, and medium- to long-term problems. The former were the serious threats that the Brazilian economy faced: inflation, increasing debt, enormous vulnerability to foreign forces, economic paralysis, unemployment. The latter were due to the fact that the economy had practically stagnated for 20 years and this had exacerbated inequalities. Most of our voters were worried about these latter problems; a smaller number were concerned about the former. But it was clear that we had to resolve the macro-economic imbalances if we were to be able to govern. Otherwise, inflation would soon increase to 10 per cent per month, then 20 per cent, and then we would be forced down same tragic path of hyperinflation that the Brazilian economy has taken in the past. It was for this reason that the Lula government took conservative economic measures.

HW: When did you make the agreement to introduce conservative economic policy measures and was there an internal discussion within the government about whether you would set a time limit on them? For example, did you say: 'right, we are going to do this now, but we will accelerate and change things in the second year'?

I think the big problem we faced was that we were not very clear on how long we would have to apply these policies. Some of them could clearly be applied indefinitely, because fiscal equilibrium is not a bad thing in principle. It only

becomes a bad thing when it becomes the government's major objective. A discussion began within the government (and even more within the party) about the nature of the period that was about to begin. My opinion and the opinion of many people in the government was that this would be a transitional period. But I didn't have the information to know how long the transition would last. I proposed that we should aim to make this a transition to an accelerated development model, based on income distribution.

Such a strategy had very clear implications for our social alliances. It meant we would have many groups on our side – the excluded, the urban working class, rural workers, a large section of the middle class, and the significant section of manufacturing industry that would clearly benefit from an expansion of the internal market – but not all of the groups with which we had formed an alliance. This was not made clear. And, as the transitional period became longer and longer, there was no attempt to explain that it was a transitional period. On the contrary, the economic team expressed themselves in conservative terms and praised the conservative policies. Let me give you an example. Ending our agreement with the IMF was important because it was a victory for our economic adjustment policy and it should have been celebrated as such. We should have explained that it was a victory for the left. But the economic team's line was extremely moderate. They just emphasised that we would still continue with the same policy. We were almost apologising for ending the agreement with the IMF.

HW: How do you explain the lack of pressure on the economic team to change its policy to one favoured by you and the others? What about the party, the PT, and the social movements? Looking at it from outside, I would have hoped that your position was supported by pressure from the party and the movement.

Well, we have the problem that the people taking day-to-day decisions about economic policy are almost exclusively conservatives. They are people with historical links to financial circles, to the economic apparatus of previous governments. Very few left-wing economists entered the government, so it was hard to build up pressure within the government.

HW: How do you explain that? The PT has some of the best left-wing economists in Brazil!

It was the decision of the government's economic team to appoint conservatives to key positions. It was done in the name of credibility. A few members of our economic team had different opinions that were more on the left, for example, the first Minister of Planning, Guido Mantega. He was appointed as president of the BNDES (National Bank for Social and Economic

Development), which is a very important bank, with more money than the World Bank, but he wasn't taking the main macro-economic decisions.

HW: So what was the real problem? Why did these things happen?

They happened because we had a major problem with the party. Most of our political activists went to work in the government, leaving less experienced people, of lesser quality, in the party. They didn't have the clout to apply real pressure. But this does not explain everything. The big problem was that the party was not capable of maintaining a correct and critical attitude to the government. By critical, I don't necessarily mean opposition, I mean constructive criticism. Instead of the party applying political pressure on the government, it gradually became a conveyor belt for the government.

Lula won the election because there was an enormous movement for change in Brazilian society. These expectations had to be met not only by long-term measures to address macro-economic problems, but also in symbolic ways. I might decide, for example, that we must balance the budget for five or six years, because this helps to reduce inflation to a very low level, which in turn is of fundamental importance for lessening the external vulnerability of the Brazilian economy. These three interlinked things – balancing the budget, reducing inflation and lessening vulnerability – are very, very important. But people did not vote for Lula to do this. People voted for Lula because they wanted major social transformation. So the party should have found a way of carrying out this long-term structural change that I've been talking about while also promoting some short-term changes of the kind that society was asking for. But it did not do this, so it lost its character and its credibility and became separated from the social movements. This did not happen because it became bureaucratic; on the contrary, it became bureaucratic because of this separation from the social movements.

HW: When do you think this separation happened?

The separation occurred when the social movements focused on certain issues for which the government did not provide a short-term response and for which the party could not offer an explanation. I say party but I mean the other left parties as well as the PT.

HW: Do you think that the party should have been a kind of 'guardian' of the government's commitment to a programme of social change?

More than a guardian. It should have been a force pressing for change in the agenda. We have certain concrete debates. For example, at a

given moment, the government may decide not to spend money on a particular item in the budget, but to economise in order to achieve a bigger primary surplus. The only way to prevent this happening is through social pressure and that has to be applied by society, but the parties need to give support. I'll give you an example: the land reform budget. In two years, we spent four times more than the Fernando Henrique Cardoso government had spent in eight years, because there was pressure from the MST [the Landless Movement] and other movements. Now take interest rates, which so many groups want the government to bring down. If there had been organised pressure – not a clash between party and government, but a firm exchange of opinion between party and government – these things could have happened more quickly. But the dominant tendency in the party has been weak in its attitude to the government.

Fortunately my particular area has never had a problem. Foreign policy has been widely applauded by society and by the party.

HW: Have there been pressures on you?

There has been complete agreement between the President, society and the Ministry of Foreign Affairs on foreign policy. So I have no complaints about what has been happening in my area. But it was different in many other areas. As there was no constructive conversation between the party and the government, a general malaise began to emerge in our social base and we began to witness a strange phenomenon. Traditional allies began to complain about government policies, with greater or lesser intensity. Not necessarily from the left. Meanwhile, traditional opponents – for example, the financial sector – began to praise our policies.

HW: What were these left-wing allies complaining about?

I did not say left-wing allies! I am talking about the social base. These pressures were often disorganised and sometimes corporatist. For example, civil servants did not like the pensions reform. Even though this reform was socially just and supported by 80 per cent of the Brazilian population. Civil servants consume 65 per cent of pension resources and this represents a regressive distribution of income. But these people voted for us. We have had various conflicts of this type.

HW: What about land reform? Did the government face the same problem here?

No. The pressures from the peasant movement, which we attended to, were local pressures from a specific sector but they had universal support among our social base. But corporatist pressures from a sector responsible for consuming the largest share of public income

did not have the same universal support. I can demand, as a civil servant, to have a good pension, but my pension will be very much bigger than the one received by the immense majority of the Brazilians, so I can't expect them to support me. That is why I want to make a distinction between specific demands and corporatist demands. I think this problem created a significant malaise in Brazilian society. It did not become more serious because the conservative economic policy began to produce positive results. After many years of paralysis, the economy began to grow at a reasonable rate, less than in other countries, but at a reasonable rate and above all at a macro-economically sustainable rate. We began to create jobs. So far, we have created more than 3 million formal jobs. To give you an idea, in eight years the FHC government created 8,000–10,000 jobs per month. We are now creating about 100,000 jobs per month. The income transferral programmes [the main one being Bolsa Família] are important programmes. They are not just welfare programmes as some people are saying. They are one of the factors that explain the dynamism that the Brazilian economy has begun to acquire. This growth is partly caused by the expansion of the internal market, and the transfer of income to 8 million families has helped with this.

The same goes for credit policies, of which there are many: agricultural credits, urban micro-credits, consumer credit with very low interest rates, and so on. All this has had an important impact, but the malaise is still there. I would say that a significant proportion of the majority tendency in the party had criticisms similar to mine about economic policy, with different nuances.

Leda Paulani

The PT was formed as a radical workers' party but it became more and more conservative and not so radical. Even so, it was the only alternative we had to try to change things in Brazil, especially after the Collor and Fernando Henrique Cardoso governments. When Cardoso became president, many people thought that because he had a radical past, at last we would have a government that would introduce reforms, but this did not happen. On the contrary, he took measures to bring Brazil into the global market. They talked about Brazil missing the train of history. Because Brazil is so large with a big state sector and many state companies, it was initially protected against some of the consequences of globalisation and as a result the first period of the Cardoso government was not so bad. But the crisis deepened, especially for working people, and Lula became a real option for the population in general. They thought: "OK, Cardoso hasn't

worked. Let us see what other rulers can do. By then Lula had lost the election three times. He lost in 1989, 1994 and 1998.

I think Lula could have won in 2002 even if he hadn't made an agreement with the most important Brazilian business interests and the IMF. But he and his group thought that without this they would not win. Lula made such an effort to gain the support of these groups that, when he took over government, he was afraid to do the things that he could have done and should have known were achievable.

HW: Could you explain a little more why he was afraid?

Because of all the efforts he and his group had made to placate business interests and to neutralise their hostility to the idea of him becoming President. He became fearful of antagonising them. He had to choose between two different ways. One way was to carry on with Cardoso's policy, and the other way was to change, to put the interests of the nation and the people first. This latter way had always been the PT option. During the eight years of the Cardoso government, the PT had been the main opposition party and people voted for it to achieve change. But in the meantime the PT leadership had moved from a project for the nation to a project for power. And, once they were in power, because it had been so difficult for them to obtain power, they thought: 'Now we are here, we are going to stay here. And to make sure of this we mustn't challenge the interests of the business elite.'

Lula said at the beginning of his government that they were going to adopt orthodox policies because the Brazilian economy was facing a very difficult situation. He said that the economy was like butter, it was melting so something had to be done, and the right thing to do was to adopt tough economic policies. So they increased interest rates, tightened the money supply and increased the amount of resources for debt servicing. They said it was necessary to tighten the economy and that, once the debt problem had been solved, the government was going to carry out its true programme, its economic policy for social justice.

But they should never have taken this position. I wrote in February 2003: 'This is not the way forward. If you take this way, if you raise interest rates, tighten the money supply and use a large amount of resources to pay the debt, if you do all this to gain credibility, you will get increasingly trapped into this economic policy. If you try later to reduce interest rates and to change direction, it will be far more complicated and you will face far more obstacles.' But the speeches justifying this idea of orthodoxy now, reform later were very powerful. People really believed that it was necessary to follow this method. They trusted Lula and accepted the

need for delay, believing that the reforms really would be implemented later.

I believe strongly that this whole approach was deeply flawed. One reason why I believe this is that I and colleagues talked to people working in the financial markets and all of them said that the 'Lula effect', i.e. the reforms to which Lula had committed himself in the election campaign, had been built into their calculations. So even they were expecting change. For them the 'Lula effect' was a specially invented term, a neologism. Its implication was that, if Lula won the election, change would be inevitable. They incorporated the promised reforms into their analyses and their forecasts. So at the beginning Lula had a lot of political space to make the changes he'd promised. But he did not use this space.

HW: What changes could he have carried out but didn't?

He could have taken action to control the international flow of capital. If the international flow of capital is uncontrolled, you lose a lot of your capacity to manage domestic policy. The government could have reduced interest rates, carried out land reform, redistributed income, reduced the amount of resources for debt servicing, and used the political capital it had at the beginning to renegotiate the public debt and to change the structure of repayment so that it was repaid over a longer period. All this was possible.

HW: How could they have achieved this?

There was a group of left-wing economists who had worked with the PT in the build-up to the election and had contributed to the election victory. They had clear proposals and they could have worked with the economic ministers to carry out these reforms. But they were completely ignored. The ministry of finance and the presidency of the central bank were given to orthodox economists who had worked with Cardoso.

HW: Could you say more about the kind of plans you had to control the international financial flows?

Take Chile, it has mechanisms to control capital flow. Of course, you have to get it right. If you put on complete controls, then capital doesn't come into the country. So the point is to allow capital in but under certain conditions and rules. After all, Brazil doesn't need all kinds of international capital. There are forms of capital that are perverse; in particular, speculative capital, capital that produces crisis, is unstable. So you impose rules in order to attract good capital that will contribute to the real economy.

HW: What were the alternatives put forward by

this group of left economists or by the PT generally for economic growth and development?

This discussion was not strongly developed inside the PT. Even so, there was a conference about alternatives, which formulated some of the basic policies that I have just explained.

César Benjamin

I participated in the 1989 campaign. Lula began the campaign with 2.5 per cent of people saying they intended to vote for him, but he made it to the second round of voting, and in the week prior to the second round, it looked as if we would win. There were public opinion polls every day. Lula was making progress and moved ahead of Collor, whose support was waning. However, in 1989 the Brazilian elite vetoed, prohibited, Lula's victory, because it would have been a victory against them. I was there with Lula, and I saw that he did not want to win the election against the Brazilian elite.

HW: What do you mean?

Lula did not have the stature to take power against the wishes of the Brazilian elite.

HW: He did not have enough confidence in himself?

Among other things. That's my personal opinion. After that, Lula began to try and show he deserved the confidence of the Brazilian elite. But in order for that to happen, he had to get rid of the activist element in the party. This was evident in the 1994 election, was confirmed by the election of Zé Dirceu, and continued throughout the 1990s. The party was destroyed, and Lula became 'trustworthy'.

In 2002, the Brazilian elite did not have a strong candidate and the neoliberal project was very weak. So in 2002, the elite finally decided to support Lula as its candidate. This was not apparent to the great majority of people who were following the campaign from outside or from a distance. Lula's victory was considered to be a victory of the left, but that was never the case.

HW: Why did the commitment of the PT in Rio Grande do Sul and Porto Alegre (the capital of Rio Grande do Sul) to a more radical approach to electoral politics –based on their experiments in participatory democracy- not have more influence on the party?

As part of this process, there was a clear and conscious decision by the PT to concentrate on São Paulo and to downplay all the other possible alternatives. The PT's and the left's main leader in Rio Grande do Sul was – and is – Olívio Dutra. He is essentially a regional leader. He is an honest person, but never had any great status as a national leader. Moreover, Olívio Dutra was

always a good friend of Lula's and would never compete with Lula for the national leadership. So the experience of Rio Grande do Sul was confined to the state itself and was used as a display case for showing off the PT around the world. It received a lot of international coverage but the party's real power was always in São Paulo.

Marina da Silva

The PT always had a strong tradition of women's participation, both at the grassroots and among the leadership. I myself am a product of the tradition in my state [Acre] of having most of the PT leadership positions occupied by women. We have elected a lot of PT women candidates to Congress. I myself am a Senator, even though I came from a poor family. I would never be where I am if it were not for a party like the PT.

I think this is reflected in President Lula's government. We have had four women Ministers in the government, although this has fallen to three at the moment. If we take into account that there were none until very recently, I think we can see the difference. Brazil does not have a strong tradition of women's participation in various decision-making roles. We have had two women elected PT mayor in the country's most important city, São Paulo – Luiza Erundina and Marta Suplicy.

The Lula government has done quite a lot to promote better relations between government and society. I have an example. When we came to office, the deforestation of the Amazon had increased by 27 per cent between 2001 and 2002. We made a very big effort in the first two years to reduce deforestation and it declined by 6 per cent. But as the deforestation rate was still very high, we promoted a broad social initiative to look at best practice and to debate the issue among different sectors of the government, institutions and organisations that work on this issue. This helped us to work out a way of combating deforestation in a more structured way, using management and planning tools to promote sustainable development.

The fact that we considered the views of different segments of society, social organisations, companies, research institutions, and different sectors of the government means that today we expect a significant fall in deforestation in 2005. I think that we are succeeding here because we are doing things *with* society rather than *for* society.

We have, of course, faced problems. From the point of view of the environmental agenda, it is clear that the government's decision to adopt orthodox economic policies has meant that we have had to make huge efforts to incorporate sustainability criteria within the development

agenda. But none the less we have managed, in difficult circumstances, with severe budgetary constraints – and this is a reality for all government departments – to push ahead with our policy for developing an integrated environmental policy, which incorporates sustainability criteria into the planning of other sectors of the government. Today the Ministry works with 16 other Ministries. This never happened before. That's how we have dealt with the oil and gas programme, transport (one of the paradigms for how things should be done is the BR-163 highway), and the deforestation of the Amazon, which involved 13 Ministries. We have been working on 32 major initiatives, including land reform and energy production.

So we have made great strides in getting other government departments to adopt our Ministry guidelines on social control and participation, sustainable development and integrated environmental policy. We have also developed a strong partnership with civil society and state and local governments.

Orlando Fantizinni

I would say that we were happy for two months – the November and December after the election. We commemorated, we cried. At last, a Latin American left-wing worker was in power. We were going really to change things. Then Lula took office and named Meirelles, a banker in the PSDB, as president of the Central Bank. That's when we began to feel that the Campo Majoritário was only interested in winning power for its own sake. The expected reforms, like the political reform and the administrative reform, were not undertaken. Then came the pensions reform that eliminated workers rights, and then the decision to give autonomy to the Central Bank. This all showed that the only thing that the Campo Majoritário was really concerned about was staying in power, and was prepared to make alliances with the right and sectors of capital in order to do so.

The government began to co-opt social movements and the trade union movement by providing their leaders with jobs. The movements got weaker and offered no resistance. It was a group of parliamentarians who carried forward the resistance. At first, this bloc had 32 members.

HW: When did this bloc emerge?

During the pensions reform, at the beginning of 2003. It began earlier with the issue of the autonomy of the Central Bank, but the process was consolidated at the time of the pensions reform. It broke up during the discussion and voting on this law. Three Deputies and one Senator voted against, while eight Deputies abstained to avoid being expelled (the rest of the 32 voted with the government). This was how the Group of Eight was formed. It was this

group that began to campaign, within the Parliamentary party and among party members, against the economic policy and the mistaken reforms – the pension reform, the tax reform, the bankruptcy law, public-private partnerships – against all the neoliberal policies.

HW: And you were one of the eight?

Yes. This bloc began to be marginalized. We had never imagined what we would have to put up with in our own party – suspension, etc. Then, at the end of 2004, there was a vote on the minimum wage and we managed to bring into our group a significant number of Deputies. We increased to 15 and today the Group of Eight is part of a left-wing bloc, made up of 21 federal deputies, that is continuing to resist within the party. We reached our highpoint over the issue of the postal service [the beginning of the corruption scandal], when we managed to get the support of Senators.

HW: The bloc demanded an investigation?

Yes, and now we are living through a period of generalised chaos. You asked whether we were surprised about the denunciations made by Marcos Valério [the bagman in the corruption deals]. We had no idea of what was going on. We hadn't even heard of Marcos Valério. But we had felt that there was something wrong, something that we couldn't identify, mainly because we could see that the others were spending vast amounts on their electoral campaigns. They said that they had good contacts and friends. We knew that companies had contributed to the Lula campaign. We were not in favour of that but they said that campaign costs were very high, etc. That was always the argument put forward by the Campo Majoritário. I think that our disappointment was greatest when Duda Mendonça [the advertising executive who masterminded Lula's 2002 campaign] said that he had been paid by the PT into an off-shore account in the Bahamas. That had a major impact. The left-wing bloc was having a meeting when a colleague arrived with the news. He had always been very firm in his defence of the PT, but he took off his badge and said: 'I've had enough'. We were really cut up.

HW: Who was that?

Orlando Desconssi. I will make an analogy. Imagine you have been married for 25 years and are still very much in love. For the last five years people have been telling you that your wife is being unfaithful. You are so much in love that you don't want to believe it. Until one day you are given a video of your partner in bed with someone else. It's a terrible blow but you are still in love. That is a bit how we feel, betrayed, disappointed, but still with a desire to continue the struggle, because the party is an instrument. Our commitment is to a programme, not a party. The programme is

more important than the instrument.

João Alfredo

The Lula government's main source of support, apart from the PT, has been from parties in the centre and on the right that have no interest in transforming society and that have always supported the dominant ideological model. We knew that these parties supported the Lula government in exchange for government jobs, but we didn't realise that we were also paying them to vote for us. When we found out that the government had not only distributed jobs to Roberto Jefferson's and Valdemar Costa Neves's parties, but had also been paying politicians from these parties for their support, that was the last straw for me.

Even before this, the PT had been losing its character as a party seeking social transformation and now it has lost its image as a party that fights corruption and promotes a new political culture. I don't think the PT is finished but I think it will become just like the other parties.

HW: How are your relations with the people in the government?

I understand the personal situation of people in the government but I cannot tolerate their politics. I know some of these people are making a real effort for the government, consistent with their beliefs. However, when all is said and done, they end up legitimising a government tied to capital. There is an amazing statistic: by the end of the Lula government's third year in office, it will have paid out R\$450bn (€160bn) in interest on the public debt, while in the same period it will have spent R\$45bn (€16bn), 10 per cent of that first figure, on education. Even on land reform, the government is going to settle fewer families on the land than the FHC government.

HW: And how has Luiziane Lins¹ responded to the crisis?

The situation in Fortaleza is quite specific. Luiziane stood against the official PT candidate in the first round of the elections. She built an alliance of the left and centre-left for the second round, with support from a realigned PT and parties which did not support her in the first round – PSB, PDT, PV, PCdoB. These now form part of her administration.

In addition, the previous mayor left a budget deficit of R\$300 million (€107 million). The new

administration has had a twofold strategy. First, at the institutional level, it built a majority in the municipal assembly and sought support and resources from the federal government. Second, it sought to increase participatory democracy, through the PPA [investment plan] and through the Participatory Budget, and to extend this process by creating Popular Councils (*Conselhos Populares*).

However, Luiziane will not be a candidate next year and so there is no pressure on her to decide whether to stay in the party. In my case, I have to decide which political party to join.

Chico de Oliveira

All the social programmes are examples of degenerate populism. Lula inherited them from Fernando Henrique Cardoso. The only thing he did was to unify them. FHC introduced gas-vouchers (*vale-gás*) to help poor people buy cooking gas. The school attendance benefit (*bolsa-escola*) was not Lula's invention, nor even FHC's. Sarney [President 1985–90] introduced the milk voucher (*ticket-leite*), which poor people use to obtain milk from the local shop. They are all non-universal benefits that are intended to attract poor voters into a client group. Fernando Henrique did this, even though he didn't like it, because he has a horror of the poor, but he had to do it to be able to govern. What Lula did was to bring all these micro-benefits together into the so-called family benefit [*bolsa família*]. What is the zero hunger [*fome zero*] programme? The Catholic Church would call it extreme unction. It saves the soul, but not the body. That is what zero hunger does. How does this programme change the way that income is distributed in Brazil? Not at all!

¹ Luiziane Lins stood for Mayor of Fortaleza in 2004 for the PT against the wishes of the Sao Paulo PT leadership. Party president Jose Dirceu came personally to Fortaleza to try, unsuccessfully, to persuade the local PT branch not to support Luiziane. By all accounts, she shared the same critical position of Lula and the 'cupolo' as Joao Alfredo but had decided to stay in the party.

2.3. Popular participation

Gilberto Marigoni

In 1988 we won the local elections in Porto Alegre and took over the municipal government for the first time. At that time the national assembly had just rewritten the constitution. And under the new constitution the national budget was decentralised and local governments got much more money. So these first elected PT leaders could work the way they wanted to in a very effective form, because there was money to finance these new methods. That was why the participatory budget worked. It really changed the lives of the people of Porto Alegre. There are still problems, obviously, but compared with the rest of the country the situation is much better.

Olívio Dutra

The experience of participatory democracy ended up being restricted to the south, especially Porto Alegre. The idea was not fully accepted by the PT at the national level. The PT discussed it on the eve of each election, mainly with its candidates for mayor, as being one of the aspects of 'the PT style of government'. However, the discussions were very short-term and focused just on the electoral campaign. But in Porto Alegre, the idea put down significant roots in our first eight years of government.

However, in the following years, the participatory budget gradually became a less direct process compared to how it was when it started. We needed discussion on new issues in the fields of science, technology etc., discussion on the change in the profile of the city of Porto Alegre from a manufacturing to a service-based economy, and how the population could adapt to this new situation. But discussion took place only in very restricted forums. It did not prove possible to have a discussion about the causes and consequences of this situation. Neither were we able to make progress on major issues like housing, other than dealing with immediate demands. And the population didn't have a clear idea of the relationship between the dynamics of their street or neighbourhood and the city as a whole, or of the possibility of making a qualitative leap forward and discussing more general issues.

All governments want to present themselves as being modern. The original idea of the participatory budget was to discuss all income and expenditure with a mixed public – in terms of social class, region and gender – with the objective of breaking down class divisions and the traditional style of government whereby poor people make their demands, while the rich

think in a more strategic way about income, taxation, etc. However, what should have been an integrated discussion was fragmented, and much of what was discussed in relation to one issue was not used when discussing other issues. So it was difficult to achieve public ownership of the whole process. However, this did not prevent a broad and varied public involvement and the creation of an awareness among citizens that the state operates better if participatory forums and instruments are created to allow them to intervene and promote social control of government.

HW: Do you think that the participatory budget has achieved its potential?

The process is still at the beginning. We have prepared the ground well during the last 15 or 16 years, but the idea needs to be cultivated and made more radical by greater and more direct public participation.

HW: What is the role of the party in ensuring the development of this idea? Looking back, would you say that the failure to develop more general strategic discussions, for example about Porto Alegre's change from a manufacturing to a service-based economy, reflects a weakness in the party, and that the party needs to innovate more radically to develop participatory democracy? Are there lessons to learn about how the party needs to work to develop the process of participatory democracy?

The participatory budget provides new lessons and challenges that need to be absorbed and digested during the process of implementation. I think we still need to think more about both the theory and practice if we are to develop all its potential and achieve our objective, which is the complete and conscious control by citizens over the state, at the municipal, state and federal levels. Clearly, scientific and technological progress is presenting new problems that require discussion but also providing new tools that allow us to enhance the democratic nature of the process. However, the individual nature of participation via the Internet, computers and the construction of databases also poses a threat, if we contrast it with assemblies where there is a real interaction between people. This is an issue that needs further thought.

The party also has to learn from these challenges. The participatory budget was not accepted by the party at the national level. So much so that most of the municipalities where we are in power either do not practise the participatory budget or they practise it in such a way that it is neither radical nor really

democratic. There is not the kind of direct and comprehensive participation by the public in dealing with not only the budget from one year to the next but also the issue of income, of who produces and who benefits.

HW: If the party had taken the proposal of participatory democracy more seriously or if the national government had tried to develop participatory democracy instead of depending on Congress, would things have turned out differently? Could this be a way of challenging corruption at the national level? Could this have been done at the national level?

It would take me all morning to reply to this question. It is difficult enough to apply the local/municipal experience to the state level, with most of the 496 municipalities in our state governed by opposition parties, let alone the national level. The centre-left is a minority in the national government and most of the parties allied with our government are against the participatory budget in their municipalities and states. The participatory budget cannot be something imposed from above, by the president, governor or mayor. It has to be a process in which citizens prevail. It has been very difficult at the national government level, partly because of the size of the country and the composition of the government itself, and also because the PT had not sufficiently developed the debate and had not developed the potential of this important instrument.

However, we were able to organise public conferences in various areas to promote direct participation and discuss the budget for that area. But the budget still depends on the Ministry of Finance and Planning, where the discussion is not open to the public. The ministry only organises a few discussions with business and financial sectors, and with a few others. There is, however, an understanding that the budget of the national, state and municipal governments cannot be put together behind closed doors, by just a few people, in the interests of the groups that have always taken advantage of this situation. The public now understands that this leads to the wrong use of public money and promotes corruption, illegal enrichment and the privatisation of the state. In some areas, the Lula government has been able to initiate public discussion of the use of public resources, but it has not been able to discuss the issue of why some particular areas should receive only so much in resources, only such and such a percentage, and why those resources have not been available at the right time. It hasn't been possible to do this and there has never been a concern to do this, at the heart of government.

The Ministry of Cities conducted an extensive programme of consultations, and also began to define an urban policy for the country, through

city conferences. A total of 3,457 municipalities organised open conferences, leading to a final conference with almost 2,500 delegates. Around 1.5 million people were directly involved and this figure would certainly have doubled if the process had continued. The PT tried to create a Public Policies Secretariat that could extract lessons from the PT's local and state government experiences about how to deal with problems and how to make the procedures more democratic. But this secretariat did not make much progress and only got as far as collecting information.

The fact that we formed a national government with the participation of parties that did not have the same commitment as ours, that opposed the participatory budget, and also the fact that our main leaders became involved with the task of government once the new national government had been formed, further reduced opportunities for debate about the participatory budget and other ways of promoting public control of government and a participatory style of politics.

Gilmar Mauro

The struggle in recent times in Brazil has been centred around institutional power. The truth is that in the beginning people in the PT thought of electoral disputes as part of a tactic to accumulate forces for strengthening popular movements, the so-called popular power. But it didn't work out like that. On the contrary, the force of the social movements was partly used to strengthen the parliamentary arm, the institutional arm. This arm became very strong and the popular arm, the arm of mass-based organisations, became very weak. I'm not saying that participation in elections is wrong. I'm not saying we should ignore elections. But I think the question of building a popular power, a duality of power in Brazil, on the basis of organisational processes, such as popular councils, militant cells, is a very important part of a strategy for accumulating force. What should have happened is that the institutional struggle should have strengthened the popular struggle, popular power. But the opposite happened. The PT used the strength of the popular movements to strengthen electoral tactics and, in doing so, weakened social movements. I can give concrete examples: the municipal governments in São Paulo, Londrina, and other places. They took important cadres from the popular movements to occupy bureaucratic spaces. They didn't take over the bureaucratic structure to strengthen movement but they co-opted cadres, weakening the movements.

Olívio Dutra

HW: People in Europe think that the PT is an

innovative party with a new idea. They don't understand why participatory democracy was not comprehensively discussed in the party and incorporated into the programme of the Lula government. Can you explain why this fundamental debate was not held at the national level?

There should have been a detailed discussion about direct democracy and the participatory budget during the discussion of our programme, and with our candidate during the campaign, before we were elected to government. That didn't happen because the participatory budget was not taken on board by all of the PT or by all of the municipal governments where we were in power. We tried to begin a discussion about the national budget at the beginning of the Lula government. We drew up the national Pluri-Annual Plan (PPA) in which we divided the country into five major regions and discussed the priorities for the budget to be presented to Congress, setting the priorities for the four years of the government. This plan was discussed openly and with public participation. It was the first time this had been done and it was a very interesting initiative. But that's as far as it went. This initiative was only a part of the budget process; it was not a discussion of the budget itself. It was an important discussion but not directly linked to the everyday life of citizens, in the cities, in the communities. We have to start with what is most important in the daily life of people and look at how to get a strategic balance between what we have to focus on right now and what we have to focus on for the future. We cannot separate them completely, of course, but we have to do things in a way that attracts people to this discussion. Our party is a tool with which to do this, with the people, civil society organisations, rural and urban workers. We have a long way to go in this respect.

The corruption scandal is linked to the failure to develop participatory democracy. The Lula government, with its diverse composition, has tried to combat corruption by traditional methods, using the Federal Police, Public Prosecutors Office and by creating a General Controller of the Union [*Controladoria Geral da União*], a kind of ministry. It has tried to visit selected municipalities to examine how public resources are being used there. But these are traditional tools of the state. The fight against corruption has to involve other processes like the participatory budget, which makes it possible for the public to control the state and promotes active citizenship. I am certain that the participatory budget, which is a radical instrument, is the best way to fight corruption and to guarantee active citizenship and public control of the state in all its dimensions. But that has yet to happen. We achieved a lot in the city of Porto Alegre and the state of Rio Grande do Sul but the pace has slackened. There is a lot we still have to do in these places and we have

to start practically from zero in the rest of the country.

Roberto Gomes

I was a delegate at the national meeting that drafted the PT's programme for government in the 2002 elections. This programme dealt with the question of popular participation in a general way and also in a more specific way. The general comment stated that the Brazilian state was privatised, and that the mechanisms for transferring public resources to private groups and big companies were deeply ingrained. The PT saw the state as a bureaucratic state, connected to regional oligarchies and anxious to defend the status quo. It specifically mentioned both the need for an inversion of priorities and the decisive role that popular participation would play here.

It states very clearly in the programme that we should experiment at a federal level with the Participatory Budget, obviously adapting it, because of issues of regional diversity. This is very clear. The idea of involving popular and social movements in political decisions was also clear. I can't remember whether it referred to plebiscites or referenda. This was already in the government programme prepared in 2001, which I and members of the present government helped to draw up. There was a group of social activists who saw popular participation as the guiding principle behind their activism.

So these two together – the formulation of a vision of the state and a vision of participation – centred on the budget and on the presence of activists in the government. All this was very clear. If the leaders of the government had shared this vision of participation, I think it would have been possible to have set up a scheme for popular participation.

So why didn't it happen? The programme was drafted in 2001, I think it was December 2001. By then, the grassroots of the party had not had control over the content of the programme for some time. The leadership had become separated from the grassroots so there had been very little discussion about various issues, including this one. This process of cutting off links with the grassroots gained pace very quickly during the election campaign of 2002. For example, the Vice-President of the Republic, José de Alencar, was not selected at a party meeting, even though this was an important job and represented an alliance with his party. The process started before 2001, accelerated in 2002, and became much stronger in the new government. So no practical steps were taken to increase participation, because the leaders, the people coordinating the process, had no commitment to popular participation. One result

of this has been this crisis about the party's ethics that we are living through now.

I think there are two thinkers who can help us understand why this happened. One is Karl Marx, when he talks about the political superstructure, ideology, politics and macro-economic relations. We can relate this to the way in which the party's leaders abandoned the original project. I think that there was a macro process underway in the PT leadership, it was not just a case of individual failings. A significant sector, that has dominated the PT leadership, developed a model for the Brazilian state and a government programme that were different from what was originally envisaged by the party. Obviously, this was done legitimately, using political power, using people in government, using the status that comes with occupying areas of the state, like Congress. This process took place over 12 years and it is not possible to go into all the details here.

The macro-politics of the PT leadership has three elements. First, the top-down approach that says 'we are the party leaders and we will take the party in a particular direction'. This process became more accentuated when José Dirceu became national president of the party ten years ago, in 1995. Second, the seduction and strength of the idea of Lula as President, because this led the PT to make winning the Presidency its top priority, and this in turn made it necessary for us to broaden our alliances and tone down what we said. Third, there was a crisis in the Brazilian social movements and among left-wing activists as a result of ten years of neoliberalism.

The other thinker, who has a very interesting point of view, although I don't agree with it altogether, is Michel Foucault, who coined the phrase 'the microphysics of power', and described how individuals are seduced in their micro-relations. They get a taste of bourgeois life, a taste of life in the world of big business, the easy access to resources, the prestige.... I think the clearest examples of this are Sílvio Pereira and Delúbio Soares [two leading PT politicians forced to resign in the corruption scandal].

Chico de Oliveira

I don't think the Lula government gave participatory democracy any priority at all. The little that was achieved was thanks to activists, who tried to promote it, influenced by the fact that Porto Alegre had shown that a different kind of political action was possible. But the PT leadership never gave this any importance, only on paper.

Roberto Gomes

I never had very high expectations that the Lula government would implement mechanisms of popular participation, like the Participatory Budget. From the start, the electoral alliance and the formation of the government did not leave space for the kind of popular participation promoted in Fortaleza, Porto Alegre, Belém and São Paulo. In these cities, the party had already made it clear, before being elected to office, that the Participatory Budget and co-management councils would be a priority for the administration. This government talks about participation but has not created practical mechanisms for facilitating participation. So no, I didn't have high expectations.

But I think they could have done much more, had they so wished, not restricted to the experience of the budget, which I think is a challenge even in Fortaleza. It's a fundamentally important idea, but it is very limited, so we needed a discussion about how to broaden the process of participation. But more important than that, the Lula government should not have focused its political action on the national Congress. It should have established a direct dialogue with the social movements and the public, using participatory mechanisms of consultation. It should have restructured the networks that already existed to promote co-management in education, housing and health. Of course, it was clear from the alliances that were formed and the proposals for government that were made that this was very unlikely to happen but it was possible.

Oded Grajew

HW: Did the PT have a programme for reforming the political institutions to make them more accountable and to allow proper democratic controls?

No.

HW: Why not?

It would have been very difficult to do this, because it would have meant questioning the PT's own legitimacy, since it had been elected under the existing system. For society to monitor government means government sharing power and, once you have won some power, you don't want to share it. What happened was that there was a strong assumption that, with Lula as President, everything would be solved and that a monitoring process was not needed. The failure to monitor government from the beginning was a very important mistake that we must learn from. We cannot trust a government if there is no participatory process.

A lot of people from the NGO and social movements took jobs in the government and

this weakened our ability to criticise. The relationship between the government and civil society is a very complicated one, because how can people criticise those who have become

their friends? We have not solved this problem.

2.4. The way forward and wider lessons for the future

Raul Pont

I see the movement to refound the party as a positive process that should be supported by the party leadership. We have always been a plural, democratic, open and unprejudiced party. Nothing more natural at a moment of crisis than to use all our strength to broaden and deepen the debate beyond the leadership and those responsible for the day-to-day running of the party, asking activists, intellectuals, voters and sympathisers what they think has gone wrong and what they believe we should do to overcome the crisis.

During the debates around the internal elections within the PT a large number of experienced militants, founder members, sympathisers and allies came to our meetings, putting forward proposals and wanting to help to save and strengthen the party. We must not let them down or fail to take advantage of their help.

These meetings don't take the place of party congresses, but at this difficult time they help to revitalise and strengthen the PT. In Porto Alegre we held the first of a series of debates to discuss the issues that the party will be debating at its national meetings in March and April. I think that we should hold meetings in all the capital cities and other places where we are strong so that we can listen, be criticised and hear the views of those who vote for us and have been supporting us for many years without always being allowed to help us build the party and its projects.

HW: How do you assess the present balance of forces?

The PED [the internal elections] brought about a notable change in the composition of the national leadership and the executive, putting an end to the hegemony of the Campo Majoritário, which since 2001 had been imposing a monolithic logic on the party, stifling debate and internal democracy and, even more important, subordinating the PT to the government, in contradiction with our history and our programmes.

The recent debates and the way people voted in the elections show that most party members are unhappy with the conduct of the government in some areas, especially economic policy and the low level of involvement of the grassroots in decision-making. The party has also demanded through the PED a thorough inquiry into the cases of corruption and the punishing of those leaders and parliamentarians who have violated standards of public morality, acting outside the control of the party.

The new party leadership must no longer try to cover up the crisis. The party's ethical

commission must investigate the leaders and parliamentarians who have been accused of corruption, without preconceived ideas or hasty decisions, so that the national leadership – in the light of these findings – can take a decision about every individual's level of responsibility. It is not a question of one or other group winning out within the party but of restoring the image of the party before its members and Brazilian society in general.

HW: What changes have occurred since the PED?

The new correlation of forces within the party should lead to a recovery in the capacity for the collective production of policies and guidelines for the party and its parliamentary members, and should determine the stance the party takes in relation to the government. The main goal of the new leadership must be to become independent and to develop the capacity for critical assessment of our experience in government and our parliamentary action.

The new leadership must, as a question of priority, establish a direct and permanent channel of communication with the government. During the PED, I said on various occasions that, if we did not manage to develop programmes and initiatives jointly with the government, we would be heading for an even more serious crisis. Although some militants left the party during the crisis, others defended us from the attacks we suffered. But if we fail to reach agreement over our programmes during an electoral year, we will face an even more serious crisis. For the last three years we have had a submissive relationship, providing the government with unconditional support. As Marilena Chauí [a well-known philosophy professor and founder-member of the PT] told the magazine *Caros Amigos*: 'A party without autonomy is useless.' We must not lose our leadership role and our capacity to criticise the government and the public policies it has implemented.

Part of the present crisis stems from the 2001 statute that helped to transform the PT into an electioneering party and one that was increasingly institutionalised. The irregularities disclosed in this crisis reveal the priority that some former leaders gave to the party's relationship with businessmen, banks and 'allied' parties from the centre and centre-left.

We need to begin 2006 with some symbolic changes that will signal the return to the party culture that we had in the first decades of the party's history. These should include: the commitment of each member to make an obligatory monthly contribution to party finances; the relaunching of the *núcleo* as a

space for organising social participation and for selecting delegates in the party meetings and congresses; a return to mandates of two years; the abolition of pre-elections in the choice of candidates; and a new discussion of the old idea of having quotas for women and young people.

In the party's national meeting in April 2006 we must give priority to debates about statutory reform and socialism. We must also discuss our electoral programme, our policy of alliances and our presidential candidate. If we don't manage to form a new agreement over our programme, so that it responds to the present impasse over economic policy and electoral alliances, we will experience a more serious crisis than the present one, right in the middle of an electoral year.

HW: Will the left in the PT be willing to collaborate with people like Plínio, who have left the party?

As far as I am concerned, the PT should maintain close relations, not only with traditional allies, such as the PSB and the PCdoB, but also with other left-wing forces, such as the PSTU, the PSOL and MR-8. This last movement was always attached to the PMDB, but with its own public expression and with its own newspaper, *Hora do Povo*. It has supported Lula and defended the government. But it may not be easy. The PSTU and the PSOL are very critical of the Lula government and the PT, and have often adopted sectarian and narrow-minded positions. Last year they recommended that their supporters should cast blank votes in the cities where the PT had reached the second round. It was a wrong position but this does not mean that we should stop talking to them or give up working towards uniting the left.

If they aren't willing to work in a popular or socialist front, even in the second round of elections, we will not, unfortunately, have unity. But in this case we will need to make it clear to the population and to the social vanguard of the popular movement that it is not our fault that we can't unite popular and social movements in a common action against the capitalist parties.

Olívio Dutra

I think that a return to the founding values of the PT, in the middle of this crisis, will create an opportunity to highlight the issue of radical democracy, which the PT should defend and disseminate in society at large and within the party itself. The way to reinvigorate the PT is to bring back all the things that have been pushed into the background by the demands of government. We need to discuss what differentiates our programme from that of the traditional parties and how we can ensure that the PT combats the traditional practice of private appropriation of public resources. Corruption is nothing more than the private appropriation of

public resources, of public money and the marginalisation of ordinary people, representative decision-making bodies and civil society from the discussion and formulation of policies. The PT's origins, development and history include elements of transformation, radical change in political practice and far-reaching proposals for society, but the political pragmatism involved in governing with right-wing and conservative political parties meant that these elements were put to one side. But they can be revived.

Leda Paulani

We think that Lula needs to change the macro-economic framework and, by doing this, he would create space for developing priority sectors, in particular sectors that are labour-intensive, like the construction industry. For example, in São Paulo we have a shortage of houses. We have 4.5 million people living in precarious conditions, on the streets and in *favelas*. We need to build more houses and this requires investment. In order to have a sustainable economy we must increase investment. In the last 25 years the percentage of public investment as a share of the total economic product has been around 15 per cent or 16 per cent but at times in the history of Brazil it has been much bigger. We have had times when it was 30 per cent, for example. It has been a characteristic of the Brazilian economy that the state has been the main investor.

HW: Do you have any other plans, anything else worked out?

Agriculture is very important and we have a high level of technology in the agricultural sector. But the farmers need incentives to increase their output. Tourism is also important. And the expansion and development of public services. But under present policies the only element of aggregate demand that is dynamic is export-oriented industry. Domestic consumption has been kept low by unemployment and the low level of wages.

HW: Do you have any proposals for redistribution?

We want stronger policies than the *Bolsa Família*. We think this kind of compensatory measure is necessary but insufficient. An important part of the solution lies in increasing taxation. We need to tax big estates and big houses more aggressively. If you have a house worth US\$2 million, for example, and you sell your house to me, you are going to pay 2 per cent of the value of the house to the municipal government, which is exactly the same percentage paid by a person who sells a house worth US\$10,000. We think there is a lot of

scope for more progressive taxation.

Chico de Oliveira

Compared with the late 1970s, industrial employment has fallen by at least 3 million; the church was strongly repressed by Pope John Paul II, the liberation theology movement has been practically annihilated and the grassroots church communities have practically disappeared. So the conditions are almost the opposite of those that prevailed when the PT was created. However you look at it – from a symbolic point of view, from an objective point of view with reference to employment and work, or from a political point of view – conditions are not favourable. So something new will be required, something creative. We don't know what it is yet because social scientists are not clairvoyants. It would be great if they were.

All of the previous attempts, the paths that people have tried to go down, have faced enormous difficulties. A Gramscian would say, 'you have to go forward on a new path, using the institutions'. We would reply to this Gramscian position, which rejects an outright assault on the Winter Palace: what institutions do we have in Brazil? Which institutions should we use? Because they are all firmly shut, like fire doors. To the foolish assertion by political scientists and politicians that institutions in Brazil are consolidated and that democracy is not at risk, Trotsky would reply that this is an argument of idiots. Our institutions are useless. They have all become completely subordinate. Take the current crisis. All left-wing and right-wing politicians and the press say the same thing: the political crisis should not be allowed to affect the economy. In other words, they are saying that politics is not important. That is, in the periphery, the developing world, the economy colonises and takes precedence over politics. But left-wing activists are wrong when they try to protect the economy from the current crisis, because it is the economic model that needs changing. If politics cannot affect the economy, what is the use of politics?

Politics is a western invention to try and correct the concentration of economic power and the asymmetry of power between the different sectors that participate in the economy. Politics is class struggle by other means. If you neutralise politics, you might as well go home and listen to, in our case, Tom Jobim, and in your case Handel.

HW: I want to return to the question about what comes after the present crisis. What future for the PT and the Brazilian left beyond lulismo?

The only important thing about Lula is that he is a charismatic leader. But, as he is not using his charisma to change the direction of the

economy, we have to demystify the myth. You can't conduct politics with myths. Lula is a myth. And what are the irony and the tragedy in this process? It is that he is using the myth to maintain inequality in Brazil. He is creating his own clientele, a clientele of people who receive family income supplement (*Bolsa Família*), the poorest people. All the great Latin American populist leaders stayed in power thanks to the creation of such a clientele.

Perón is still indestructible in Argentina but Peronism has been transformed into a band of gangsters, who fight over the spoils of the movement. Cárdenas was a great Mexican populist leader. He created a party that prompted Lenin to say that every major revolution without theory is destined to become a band of gangsters. The PRI is a band of gangsters. I lived in Mexico three years and Chicago and its gangsters is nothing compared to the PRI. The same thing could happen in Brazil. Lula may be destroyed politically but Lulismo continues. The PT's main leaders will fight over Lula's inheritance, as they are doing in the press at the moment. When the press reported that it was Dirceu who leaked the story about Palocci [the corruption during Palocci's administration as mayor of Ribeirão Preto], it is true. But look, Rogerio Buratti was an adviser to Dirceu and he became an adviser to Palocci. Now he says that he feels abandoned and he is throwing Palocci to the lions. They are like gangsters. The gangsters of Chicago were more elegant.

The left confused the populism of Vargas, Perón and Cárdenas with some kind of fascism. That was not true. It was never fascism, even though the organisational models of the time were fascist. It was a socially inclusive form of populism. While this degenerate form of Lulismo is a socially exclusive form of populism. It is worse.

HW: A worse version?

Much worse. But a lot of alternatives are emerging outside the PT. In the first place, no attempt should be made to obtain unity at the start, because that will only drain away the energy of the movements. It is necessary to let things take their own course for a while before seeing if you can manage to link up with the social movements. None of this is easy to foresee.

Trade union resistance and struggle are almost wiped out. The MST is in an ambiguous situation, because it is dependent on government money. If the government pays up, the MST carries on; if it doesn't pay up, the MST has serious problems. It is not easy, and all the social movements are facing difficulties. The government is destabilising these movements. It is an enormous contradiction, the government destabilising the social movements. No new

party will find it easy to gain the support of the social movements, which will not want to break with the government. But we have to try, first because the system gives parties a special position, although this doesn't say very much. Second, we must criticise from the left, not only the Lula government, but also capitalism in the periphery, because we have been very weak in our analysis of this. We were able to discuss things well when we were under a dictatorship, we got worse when democratisation arrived, and now we haven't discussed anything properly since FHC came to power.

So these are the reasons why, at the age of 70, I am still obstinate and stupid. They say that if you are not on the left when you are young, it is because you have no heart, but if you are old and are still on the left, you have no brain, you are stupid.

Roberto Gomes

I don't think it is very likely that there will be a political revolution. Trotsky said that a political revolution was required in Eastern Europe. I think we need a political revolution in the PT, before we can change things. All the indications are that the Campo Majoritário and José Dirceu still control the PT. As long as that is the case, I think it very unlikely that there will be any change. But we are in the middle of a political battle, and a lot of people are leaving the Campo Majoritário and moving to the left.

So what will happen? There is no single answer. Some people will go home and leave their activism behind. Some people will continue in the PT, carrying on the political battle within the party. Others will leave and join another party. Yet others will continue to be active, but only in the social movements. There are various options open to people and it is difficult to say that only one particular option will be dominant. Moreover, whether people will continue to be politically active or not may depend on what lies ahead, the political events of the future.

João Alfredo

At the moment there is a process of dispersion and confusion on the left. We would like to be able to find a consensus but there simply isn't one. After the Lula government, we will need to rebuild not the PT, but the left, with a national programme for social, cultural and political transformation.

There is no consensus about what to do at the moment, whether to stay in the Lula government, just stay in the PT or join another party. One sector of the socialist left will remain in the government. Other sectors of the socialist left are making up their minds at the moment as

to what they will do. A third sector, in which I include myself, has decided to leave the PT and to join the others, who are already engaged in building a new left-wing party, the PSOL of Senator Heloisa Helena, who was expelled from the PT. What are we hoping for? That after the Lula tsunami, we can find common ground in 2006.

HW: Would it be difficult to stay in the PT, without supporting Lula?

Yes, because Lula is the symbol of the PT. If you think about the PT, you think about Lula. It is difficult to imagine the PT breaking with the government. If any members of Congress were to stand for the PT and not support Lula, they would not be allowed to use the PT's name and their candidacy would be annulled. Chico Alencar and myself are talking to other members of the left-wing bloc as to what is best to do.

It would be wise to remember two things. First, Chico, myself and other members of Congress were suspended, were punished, simply for voting against the government more than once. The other thing to bear in mind is this: I don't think that a second Lula government would be better than this one. On the contrary, as far as the left is concerned, it would be worse. Because I don't think the PT is capable of renewal. I think the time has come to build another party.

HW: what are the consequences of leaving the PT? What chance do you have of winning if you are not a PT candidate?

We are in a difficult situation, whichever way you look at it. If we stay in the PT, remembering all that I have just told you, the public will not understand why, since we have spent three years criticising the government. They would want to know why we are still in the government party? Second, the corruption crisis has harmed the PT. The public's perception of the PT is influenced by the corruption crisis. We would have to say we had nothing to do with it, that we were not there when it was happening, that it was not our fault, etc. We would spend the entire election explaining all this. Third, the Campo Majoritário will do everything possible to defeat us and not allow our re-election. But of course it will be difficult to join another party, like PSOL, which is a small party, without any structure. It is a big dilemma.

Other deputies in the north-east face a similar predicament. There is Carlos Rubens in Pernambuco, Valter Pinheiro in Bahia and Nazareno Fonteres in Piauí. All four of us are part of the left bloc in the north-east. Our support is mainly in the capital cities – Recife in Pernambuco, Fortaleza in Ceará, Salvador in Bahia, and to a lesser extent Teresina in Piauí. Our electorate is critical of the government and tends to understand and support our decision to join the PSOL. But in the interior, people have a

lot of difficulty understanding us and still idolise Lula. I don't have any chance of winning outside the PT.

HW: So you think you will lose? Leaving the ideological question aside, would you have a bit better chance if you stayed in the PT?

I don't know. What is important for me is my conscience and what I believe in. I will only be successful if I can convince people. And I am convinced that the PT is finished.

HW: Now that you are committed to building a new party, what lessons will you have learned from the history of the PT?

The PT will soon be 26 years old. I think that one of the problems was that the PT never had the courage to deal with some fundamental issues. First of all, what is socialism? The PT used to advocate socialism but it no longer does so. This issue became clear during the degeneration of the PT and is ideological in nature. The PT now follows a capitalist logic, it is no longer a socialist party. Second, how can we organise the transition from capitalism to socialism? This issue concerns internal organisation and is also reflected in the process of degeneration suffered by the PT. It phased out grassroots organisations and democratic decision-making bodies. Three sources of power took their place: the head of the executive, whether that is the mayor, the state governor or the President; members of Congress like me; and whoever controls the party machine.

The third issue that a left-wing party has to deal with is how to finance its electoral campaign. I think that this problem was one of the reasons behind the degeneration of the PT – the cases of Marcos Valério and Delúbio Soares. We are in favour of public funding. This is something we have always proposed. And until public funding exists, political parties should publish their accounts on-line in real time. The fourth issue is the question of party alliances. There is no sense in a left-wing party seeking an alliance with a right-wing party. A left-wing party could go as far as an alliance with the centre-left. But that is not what has been happening – the PT allied itself with the Liberal Party of José Alencar.

I think that this whole process has taught us lessons about party organisation on these four issues.

With regard to government, if there is no popular participation in a left-wing government, if there is no direct democracy, if there is no active citizenship, there will be no change in society. Venezuela provides an important example. Popular participation in the country's institutions is changing important aspects of a political, institutional, economic and social nature. This is all because there was a

movement, participation, public mobilisation. Lula has done things differently. Lula seeks contact with the people only to milk their applause. Tell me the last time he appealed to the public to govern with him. I think that the government should not be afraid of the people, it should not be afraid of organising the people. In fact, the Constitution should allow the people itself to remove the President of the Republic from office.

HW: How do you win elections without being corrupt?

First, I don't think there is a direct connection between electoral victory and electoral corruption. Clearly, money has strength and votes are bought and sold in the interior of the country, but not in the capital cities, where the electorate is freer. I think it is possible to win elections, just by using the free television time, which provides a small platform from which to communicate with the people.

Marco Aurélio Garcia

In my opinion it has been more or less clear since February or March [2005] that the party leadership is incapable of handling the situation. It hasn't understood either the first question – why did Lula win? – nor the second question – what changes did Lula's victory bring to the country? And this failure to ask the right questions allowed this distorted bureaucracy to get even stronger, so that the whole thing has blown up in our faces. Nobody knows just how deep these distortions go. It's quite possible that there has been corruption. Some cases have already been detected. But from the point of view of the party itself, the two most serious issues – and they are very serious issues – are the following: the reckless way in which the party leadership handled the situation and its complete autonomy from both the majority and minority tendencies within the party; and the idea that the party could build a machine within the structure of government, not only to take money from the state, but also to use the power of the state to extract resources from the business world.

HW: Was the money used to feed the party machine or a group within the party?

To feed the party, feed a group, to finance projects? Nobody knows. It could be all these things at the same time. I don't like to use medical metaphors, but I will use one in this case. When an organism is very weak, and the PT was politically weak for the reasons I explained, it becomes more sensitive to opportunistic infections. These corrupt practices were an opportunistic infection that attacked us. This group within the party, even though it did not steal money for its own ends, associated

itself with unscrupulous adventurers, who were clearly intent on ransacking the state.

This is the problem we now face, aggravated by some particular circumstances. First, the PT has always strongly defended the importance of ethics in politics. We have always prided ourselves on our vigilance in this area, and we've often behaved with extreme arrogance. So when we are charged with corruption, our enemies attack us with particular ferocity. Second, we have gravely disappointed people in our own party, in the social sectors that support us and in society as a whole. Finally, for the first time we have given the bourgeoisie an opportunity to make a frontal attack on the Lula government. In fact, it is only a part of the bourgeoisie – the financial bourgeoisie is satisfied with the government and part of the industrial bourgeoisie is also satisfied, despite its complaints. Recently the papers reported that company profits within the manufacturing sector are even higher than those of companies working in the financial sector.

In any case, our political enemies now have a stick with which to beat our party and they intend to inflict a complete defeat. Senator

Bornhausen [right-wing senator from the PFL] said: 'We are going to get rid of this whole tribe!' They want to do more than simply defeat us, they want to sweep us from the political scene and create a kind of national and international anti-paradigm: 'the left is incapable of governing'. That is the problem and we are going to have to do something about it in the next few weeks. As you can see, it is no small task.

HW: It is shocking to hear that the ruling group has autonomy not only within the party, but also within the majority tendency. Were there no attempts to stand up to this group, before the situation got too bad? Were you unaware that something problematic was going on? Were there any conflicts?

Many people within the majority tendency were clearly negligent and careless. I consider myself to be one of them.

HW: You mean to say that you just carried on with your own work and did not pay attention to any of this?

Yes, first of all, it's clear that I should have been paying attention, because the problem is now a very big one. Second, ultra-left opponents had an absolutely dogmatic attitude, and this didn't help to make the problem more visible. Other sectors were more sensible, but there was a serious clash between us, which went on for some time, and this made things difficult. And third, some of the leadership group benefited from this irresponsible policy, so they were anxious to carry on with it. But, however great

the ethical and moral nature of the problems that we face, the central question is really political (even though society sees it as a moral and ethical problem). So we are going to have to respond on at least two levels: political and ethical-moral. The party owes an explanation to society and its leaders owe an explanation to party activists, to all of us.

HW: Can you explain what you mean when you say it is a political problem?

We are not going to solve our problems with moral and ethical principles. Moral and ethical principles are necessary for our private and social lives. I should not steal. I should not have a salary twice as big as the one paid to a leader who is at the same level as me. I should not use public money to create a party fund. These are ethical and moral questions and in some cases they overlap with political questions, which we call Republican issues, *res publica*. With no disrespect to Her Majesty's government.

The political problems that we in the party have to resolve are the following: what is our relationship with the government? What is our understanding of the period we are living through? So what tasks do we face in the future? These are political questions, they are not ethical or moral questions. They are not immoral, amoral or anti-ethical, they are questions of another nature.

HW: Do you think the way the party is organised is a political question?

Yes, that as well. Even though we have the formal mechanisms, which is what seems to be the main issue at the moment, we are also going to have to create a different kind of relationship between the tendencies. Without eliminating the differences between us, or the internal debate, we need greater levels of agreement, so that we don't always just impose the majority view. In other words, we need to be more consensual. It will not be easy, but I think that is what we have to do.

HW: But how are you going to deal with this perverse, bureaucratic group that seems to have such deep roots? How are you going to strengthen the democratic forces within the party to fight and eliminate this bureaucracy?

There are two types of perversion. There are people who unwittingly benefited from the perverse mechanisms and ended up being harmed. For example, the federal deputy who needed to pay a campaign debt and was told to go to the bank to collect the money. He will probably be stripped of office, but he is relatively innocent. Another example, I went to China, on a party political mission, representing the President. I discussed it with him and said, 'I don't think the government should pay for my

fare. I think it would be better if the party paid it.' Even though I was representing him. So the party paid my fare. But imagine if instead of the party paying my fare, the treasurer had said: 'Marco Aurélio, drop in at the bank and get the money for your fare.' My name would be on the list, as having received US\$7,000 or US\$8,000, the money for the fare, from a slush fund.

Some cases of corruption have already been clearly detected. The party's general secretary received a Land Rover as a present. Land Rover's image in Brazil has apparently been damaged by this. He was going to be expelled from the party, but he resigned. The treasurer responsible for this irresponsible behaviour will also probably be expelled from the party. Several others have already lost their leadership positions. But I think it is more important to establish mechanisms to prevent a repetition of this kind of thing than to get rid of the bad apples.

Some things are going to be boring to deal with but we will have to deal with them all the same. You know, when leaders meet and someone says: 'Now we are going to discuss the financial report' and the lights are dimmed while the figures are projected on to the screen. Some people take the chance to have a nap and others quickly leave the room. We are going to have to look into this, set up control commissions, an ombudsman, etc.

HW: And José Dirceu?

I'm a great personal friend of Zé Dirceu, and I think he is a very important figure in the party's history. But he bears a great deal of responsibility for what happened. As far as I am aware, he is only charged with being politically responsible, not with benefiting personally. There may be other things, but I can only talk about what I know. I think that he should resign from the party slate – in an elegant way – saying that he does not feel he was responsible, defending himself, but saying he understands his presence is harmful to the majority slate, in the eyes of public opinion. I think it would be a generous action and a good move politically. I was against political pressure being put on him to do this. I think Tarso was wrong to do this, although I think that Tarso would be the best party president at the moment. He has a good relationship with society, he can present an image of renewal, but I think he made some mistakes and this was one of them. The press made so much more of it than the facts warranted.

HW: In the process of renewing or reinvigorating the party, did the lessons you learn about the party's weakness touch on the role of the núcleos? A lot of people say that this would be an alternative way of renewing the party.

Yes. A lot of people think that the solution would be to reinvigorate the party *núcleos*. They think that the *núcleos* disappeared because the bureaucracy wanted them to disappear. I don't agree. I think the *núcleos* lost their importance because the way people interacted changed. The classic communist or social democratic party structure does not exist today anywhere in the world. People have found other ways of communicating with each other. These days it can be through the Internet, through the media or at another kind of social meeting.

I think that sometimes there is a kind of nostalgic fetishism for the kind of party whose time is over. Perhaps *núcleos* may continue to be important in some places but they are no longer essential. I think the party can be reborn without them. I prefer to say reborn rather than refounded for a reason. Because the party has enormous social and political reserves. And I am not referring to the social movements or the trade unions. I am referring to everybody in the party – intellectuals, members of congress (many of whom do extraordinary work), mayors, members of the government. I think that the party has a strong social reserve. We have to move quickly, or this reserve will be lost. And we need to bear another thing in mind: we need to realise what Brazil would be like today without the PT; Brazil with ten tiny left-wing parties; Brazil without the Lula government.

I will always remember a slogan that I saw at a demonstration a few days before the overthrow of the Allende government in Chile: 'It's a shit government, but it's our government!' I can say the same thing about the party: it has a shit leadership, but it is our party.

HW: You talked about this reserve, and about movements and trade unions. Is something required to bring them into the party? Do you think a change in economic policy is a desirable option?

At the moment, we have a major paradox to resolve. I think we should make changes in our economic policy. These have to be careful, well thought-out changes that take the long term into consideration. We can't think in terms of changes for the next six to eight months, but in changes that will have a lasting effect on the country and on the working class. Now, there are some things you do that you don't announce, and there are other things that you announce but don't implement fully.

I think that if we were now to attack head-on the government's economic policy, it would mean attacking the government's biggest achievement, or what is seen by society as its biggest achievement. The economy is growing, not as much as we would like, but it is creating jobs, not as many as we would like, but a lot. When all is said and done, it has changed the course of the Brazilian economy a bit, compared

with the previous period. So change has to be handled very carefully. I am speaking as someone who is critical of the economic policy. And this opinion is shared by all the people I know who think that a change is needed.

HW: Including Lula?

Lula is different (laughter). But especially him. He has already been tempted to change economic policy on various occasions. I don't think this is a time for succumbing to temptation. It is more a moment for monasticism.

Leda Paulani

One of the initiatives for building an alternative outside the electoral system has been what we called the Consulta, the coming together of social movements of all kinds. César Benjamin has been a driving force for the Consulta. When he left the PT he was very disillusioned with political parties, and indeed with the idea that you can use parties in a political struggle. He helped to initiate this movement because he believed that this kind of organisation had a better chance of building an alternative than political parties.

HW: What do you see as the specific purpose of the Consulta?

Its purpose is to enable people to clarify their ideas and to develop their ability to struggle.

HW: Does it attempt to develop a common programme, a common demand?

Yes, because many members of the MST are in the Consulta. There is quite an overlap.

HW: Are many people from CUT involved?

No, I don't think so, because CUT is a formal trade union. It used to be very militant as an independent union fighting the official unions who supported the dictatorship. But it is very closely associated with the PT, and now that the PT is the federal government, CUT finds it difficult to criticise the government's economic policy, especially the fact that this economic policy is leading to an increase in unemployment.

Oded Grajew

The PT needs to be more efficient, more like a business. What does efficiency mean? It means result-oriented. Take a meeting of the leadership of the PT. The meeting is announced as beginning at 9 a.m. But it usually begins late, at about 10.30 a.m. or 11 a.m. It starts with an analysis of the political situation for between 30 minutes and an hour. And then comes the political discussion. By which time it's 1 p.m.

Time for lunch. Then, after lunch, we talk about finance. People are sleepy. Nobody wants to know what is happening, what is not happening. People don't find finance interesting. They say: 'You decide'.

I really believe this is a serious problem in many movements and in the PT. Not enough attention is paid by the left in general to questions of organisational method and efficiency. This question of efficiency is a real problem for popular power.

HW: It's also important from a democratic point of view because if people don't take collective responsibility for finances, if finances are treated casually, then you lose democratic control.

Yes, you lose control because nobody discusses what is going on. That's what's been happening with the PT, and not just the PT. I saw it in political campaigns. I was involved in the coordination of the election campaign in 1994. The whole time I was telling people that they had to take finances seriously.

Another lesson for *petistas* – though it's difficult this to say this to their face – is that we must practise in our own organisation what we preach. We must have transparency, honesty, rules. OK, we want to change the country, to change the world, but we have to begin by scrutinising our own behaviour and the behaviour of our organisations. For participatory democracy to work properly, you need organisations with independence and credibility. If the organisation doesn't practise what it preaches then it loses its credibility and, for participatory democracy to work, we need institutions with credibility. We have to be efficient. It's difficult because we talk a lot about politics and ideas in general, but not much about efficiency inside our own organisation. It's not bad to be efficient and to have some control. It is possible to be efficient not like a business company, not simply to make money, but to achieve our mission. Efficient methods are good for achieving our goals.

HW: What would be a good example of an efficient social movement or an efficient NGO?

Greenpeace and IBASE, or the MST in some ways.

Orlando Fantazinni

I am not getting into the discussion about what to do with the PT. I don't believe that a PT controlled and led by the Campo Majoritário can be saved, especially if Zé Dirceu is holding the reins. Because the practices are the same, all these episodes that we are living through. They don't even show any remorse. They won't accept any kind of punishment for the members

of the Campo Majoritário involved in corruption. We asked the national executive to suspend Delúbio, but they wouldn't. They sought out Delúbio and asked him if he would mind asking to go on leave. Meanwhile, those of us who have defended the party's historic policies are summarily judged without any right of defence.

The Campo Majoritário is fond of power and is not going to give it up. There is no way in which we can change the party's direction if the majority of the party thinks it is on the right track, that it is legitimate to appropriate public money, because it is doing it in the name of the working class, because it is trying to save the country! So I don't feel able to say how we can change the direction the PT is taking in the current situation. People are completely discouraged. A lot of people will stay in the PT, but they are not going to put their heart and soul into it, dedicate their life to it, like they used to. The disillusionment is very deep. I don't want to moralise about it. It's true that ethics are important, but the biggest problem was the way in which the government failed to implement the party's historical proposals. During the Lula government, people have resented this, but they have waited, always hoping that things would change the following month. But nothing changed. I think the ethics issue was the final straw. Many activists were already disenchanted. You can identify and resolve the ethical problem. You can expel people. The problem is changing political behaviour, and some people say there is no remedy for political fraud.

Another party has already been created. When Heloisa and Babá formed the PSOL, many PT activists joined it. They were already disenchanted with the economic policy. Another batch left because of the scandal. A significant sector of the party is waiting to see what happens to the left bloc, because we are challenging the ruling bloc in the internal elections that go on until 18 October [2005. This interview took place before the internal elections, in which the Campo Majoritário remained the largest group but lost its overall majority]. The Campo Majoritário's continuing practice of co-optation, of transporting voters to vote for them, in order to achieve a majority, and the fact that the correlation of forces is completely unfavourable to us, indicates that there will be no change, that the party is going to follow its current path of fighting for power's sake, with a Stalinist leader in charge of the party. That would mean there is no future for us in the PT. All I can tell you is that we have 12 deputies, we communicate with all our supporters, we have organised meetings, plenary meetings of the left bloc in all states, with 500–600 people present. In São Paulo, we organised an event with as many as 2,000 people. And we are very motivated, because our commitment is not to another party, our

commitment is to the transformation of society. If the PT is no longer an instrument that can make that possible, that does not mean to say that we are going to give up. We will have to build a new instrument and continue the struggle.

Gilmar Mauro

We are living through, I think, a very important and positive moment because there are various failed historical experiences to learn from, that range from the attempt to construct socialism and the problems we faced doing that to the efforts to construct a Third Way and the endeavour here in Brazil to build a mass-based, trade union party. So I think this is a very important moment for learning lessons and finding a new way.

We [the MST] are adopting now as our main tactic the strengthening of social struggle and the strengthening of organisation. This doesn't mean we won't take part in elections but it means giving priority to social struggle, the accumulation of forces, and the political-ideological training of cadres. This is going to be our priority and we want other sectors of the left to construct other non-institutionalised political instruments, with the objective of helping people to organise, not winning elections. There are a number of actors on the left. Some think it is important to stand in elections. That is fine but they must stand in elections with the idea of strengthening popular power, of using the space they win to transform the instruments of the state, whether at local, state government or federal level. There is another group that is trying to construct political movements for social transformation without getting involved in elections, through the construction of popular councils, or the construction of *núcleos*. And that's very important too. And there are other groups that are carrying out social struggles, the struggle for agrarian reform, the struggle for economic change. And these too are fundamental. It's a constant challenge to bring together all these efforts without falling into a process of bureaucratisation.

HW: Looking now at the specific situation in Brazil at this moment and learning lessons from it, what do you think that the Lula government could have done to support support popular movements? Given the restrictions, what could it have done?

A lot. Lula was elected in exceptional circumstances. The social movements and the mass movements were in decline but the population in general was demanding change. He was elected to bring about change. Lula could have taken advantage of the political capital he gained from his electoral victory to change economic policy. We can't carry out

agrarian reform, we can't carry out urban reform and we can't make social investments if we carry on applying neoliberal policies. But Lula did the opposite: he didn't just continue with the previous government's economic policy but went further. He insisted on reforming the social welfare system and carrying out other reforms that benefited financial capital even more. He carried out what we could call 'counter-reforms' that brought workers losses. Lula should have done all he could to strengthen social movements but again he tried to weaken them, because in the PT's head and in Lula's head class conflict had to be avoided, so that they could form a social pact for carrying out change. I think these are some of the things that he could have done without carrying out a revolution, because none of us thought that was on the horizon. But these reforms could have happened and they didn't. And now the government is increasingly a hostage of the right and the chance of political, economic or social change is increasingly remote.

HW: Now that things haven't worked out, what do you think went wrong? I know that the MST is independent of the party but it had a fundamental role in the founding of the party. Was it related to the weakness of democracy in the party, or with the myth of Lula, or with the relationship between the party and the social movements? How do you explain it?

The three things. Contrary to many people, I think that the current crisis is doing more good than harm precisely because it is bringing more clarity. Because most of the Brazilian left thought that, with the election of Lula, we would solve the country's problems. Now this myth has been shattered. It is becoming evident that whoever we elect this will not by itself solve our problems. The Brazilian people had to live through this crisis to realise this. This is the silver lining.

I also think too much attention was given both, on the one hand, to building the party apparatus and strengthening the party's bureaucracy and, on the other, to winning elections. The PT took advantage of the strength of social movements to achieve electoral victories. But it also made alliances with right-wing parties and, in doing this, it changed its political project. It was no longer a project for social transformation. So personally the crisis did not surprise me. I never thought that the PT and Lula had revolutionary goals.

The PT and Lula were important at a certain moment in our history. They made a real contribution in the beginning. But, as the time passed, the PT changed and since 1994 the change has been very clear. In part, this was a reflection of the weakening of social movements since the end of the 1980s. At the end of the 1970s we saw an enormous surge in the power

of social movements. There was that wave of huge strikes that led to the formation of the PT and the CUT. But since the end of the 1980s social movements have weakened, not just because of mistakes made by leaders, but because of profound economic changes, which led first to a crisis in the trade union movement and then to a crisis in the social movements.

To a certain extent, the MST was an exception in that it continued growing in the 1990s. Indeed, the MST experienced a very big surge of growth in this decade. But at the end of the Cardoso government, at the end of the 1990s, we also began to face very serious difficulties, because of the government's neoliberal policies, because of the government's decision to confront us, to criminalise us. All this contributed to the PT's decision to form alliances with other parties and groups in its desperate search to be elected. So in this way it distanced itself from social movements, like the MST, and from other radical movements.

So I would say that various factors contributed: objective aspects of reality, changes in the labour movement, changes in the world – because it wasn't only Brazil that was going through this – structural, organisational and ideological changes in the party, and the difficulty of social movements, of mass-based movements, to go on expanding and to be able to force the PT to maintain its left-wing positions. It would be easy for me to attribute all the blame to the PT, to say they are all scoundrels, and so on. That's partly true, but it's far from being the whole truth.

HW: We are now in a stage of realignment among the left. What role will the MST play in this next phase?

First of all, we will maintain our autonomy. Struggling. Struggling for agrarian reform, struggling against the government's economic policies, struggling against class enemies and against financial capital. Second, we must build an arc of alliances with other sectors, with other social movements and even other parties, so that we form a broad front against this model. Because even more important than advancing is advancing with other left sectors. Third, there is the challenge of building a new political instrument. And, as I said before, this political instrument must not give priority to electoral questions but to strengthening popular organisations, forming cadres. And we expect sectors of the PT, people who are leaving the PT disillusioned with what has happened, to join us. There are a lot of good people in the PT, the CUT, the Catholic Church, the student movement, and elsewhere. There are a lot of good people who want change. What is lacking at the moment is an organisational body that brings these sectors together. That is our great challenge.

The last point I want to make is that we must not interfere in the PT's internal dispute. The MST distanced itself from the PT a long time ago. The MST only participated very actively in the PT at the beginning. Then, as the PT changed, we became less active. And at this moment I think we should not get involved at all but put our energy into building this new instrument with people who leave the PT.

This is my strategy and I defend it inside the MST and with other left sectors. For there are people who are speaking very badly about the PT, the CUT, and so on, saying that they are bastards and so on. I think this is very unhelpful, because the people who built the PT did so for sound ideological and political reasons. What we need to do now is to talk, discuss, with the good people in the PT, the trade union movement, and the mass-based movement. Our new political instrument has to be generous, democratic. We have to have a strategy for building a new political hegemony for the left. And we won't be able to do this if we start attacking each other bitterly. We have to build something new, with new values.

HW: Tell me more about this new political instrument. In which ways will it be different from the PT? What lessons can be learnt from past experience?

First of all, I think that this new instrument should not get involved in elections, be institutionalised. Second, this new instrument must be able to make a profound and critical analysis of what we call imperialism, in all its aspects. An analysis couched in accessible language, so that we can talk about it with the people. Third, we must look specifically at Brazil, make radical criticism of Brazilian capitalism, at the state's role in financial accumulation, of this state which has become increasingly a police state. We need to look at all this, discuss it, have a radical perspective. According to figures from IBGE [Brazilian Institute of Geography and Statistics], there are 260,000 NGOs and other private institutions in Brazil, but most of them defend the status quo. We need left-wing ones that provide us with critical analysis and defend radical change.

I am a socialist and I think the task of this new instrument we are building is to start to construct socialism in Brazil, to analyse the mistakes made in other parts of the world and to take into consideration our cultural reality, our geographical reality, the socio-economic reality of the Brazilian people. Popular participation is essential. If we want a free country, a democratic country, a lucid country, it has to be a country built by everyone. I don't believe that a vanguard group will lead an assault on power. Change will only come through the building of a political alternative, with participation. And it is here that the

núcleos and the popular councils are going to be of fundamental importance, not in the sense of conquering power, but of creating a truly popular democracy.

HW: Concretely, in the present political context, what do you see as the steps that the MST will – or could – take? I'm not asking for your plan, because that would be contradictory, given your emphasis on participation, but the steps you could take to encourage this project?

We're on the way. First of all, we're trying to strengthen an instrument that was first created in 1997 but faced problems in its development. This project emerged from the 1997 march [the MST's massive march on Brasília]. By then, we had already reached our limit as a social movement, as a movement campaigning for agrarian reform and social change, because we realised that further advances in agrarian reform depended on changing the structure of power.

However, at that time there were many doubts, many confused thoughts, both within other sectors of society and within the MST itself, because of the illusions about the changes that could be achieved by a Lula government. It's for this reason that I think there is a positive side to what is happening now. It's not that I support the idea that the worse it gets, the better. It's just that I think that in this case there really is a positive side in that the crisis is shattering illusions. And it is becoming possible to restart our 1997 project for a Consulta Popular, with the prospect of organising *núcleos* of militants. We already have various cells of organised militants, not just in the MST, but also in various other sectors of society. We are organising them on a national level and the debate now is over a minimum programme. We are negotiating with other social movements and have started to draw up a programme, a programme that will be constructed with various sectors of society, mainly with sectors that are joining this movement that we are calling Consulta Popular.

I think that we are already making big advances in the construction of this instrument. As I said earlier, we will not put forward candidates in the elections. This doesn't mean that we will not participate in this process as citizens. We may even adopt a political position. But we won't have our own candidates. Instead, we will create a grassroots organisation, of militants, of cadres mobilising for social change. We will try to create a new hegemony. This doesn't mean that we will not respect other existing instruments. We are not going to fall into the vanguard trap of thinking that we are the good ones and no one else has any value. We shall build our own process but also seek alliances that allow us to work with other instruments, other movements outside our own. The construction of a different project for Brazil requires collective construction.

The 1997 march was the high point of the

landless movement. We managed to mobilise 100,000 people, take them to Brasília. It was at that moment that it became clear that we needed another political instrument, that to carry out real agrarian reform we needed to alter the structure of power. But we couldn't find other political forces that shared this view, particularly within the PT. Many people didn't accept what we said, believed that it was enough to support the PT to carry out their dream. But, of course, this didn't happen. The social movements waned. Now, however, things are changing. Social movements are regaining the initiative and will gain great strength in coming months and years.

HW: What concrete actions are planned for the next period?

The building of *núcleos* and of the Consulta Popular in urban areas, in the student movement and in neighbourhood organisations.

HW: So you are acting as a kind of catalyst in the organisation of these núcleos?

It's better perhaps to see the MST as one of the movements within the consultation. But, as well as being a movement within this consultation, the MST has its own autonomy as a movement, because it has its own specific demands. People who join the MST want land, they want bank loans, they want help to sort out their problems. That's why they get involved. So our challenge is how to organise them so they get land and, at the same time, politicise their demand for land so that it is transformed into a demand for political change. So the MST is going to carry on as an autonomous movement but, at the same time, some members of the MST will join other movements and other sectors in building this new instrument.

HW: So you will develop a kind of non-electoral manifesto?

Yes. That's our plan. We will create *núcleos*, councils, and an organisational structure that will bring together militants from different social movements and help build militant cadres that will participate in the political struggle. We don't know exactly what form the political dispute will take but what we do know is that we must strengthen popular organisations and popular movements.

HW: Does this mean that you won't take a position in questions such as, for example, whether Lula should stay, whether he should be the candidate in 2006? You will stay out of these debates?

Today we are not involved in this debate. It's possible that in 2006 we will have to take a position. Maybe we will support a candidate. Maybe we will call on people to spoil their votes. Or we might even call on people to take part in acts of civil disobedience, call on people not to

vote [voting is obligatory in Brazil]. None of this is clear yet. That is a question to be sorted out in 2006. We are going to have to discuss it, argue it through. What is clear is that we are facing a big crisis in Brazilian institutions. The Brazilian people don't believe in anyone any more, but at the moment they are quiet, they are not getting involved, either for or against the Lula government. But it is clear that no one likes or supports the nation's institutions, particularly the national Congress and the judiciary.

HW: Yes, many commentators say that the people are quiet. But, without being romantic, we could perhaps say that this silence is a kind of wisdom. This silence could indicate a state of shock, but it could also indicate a kind of realism with respect to the Brazilian state. It could be a kind of reflection over the next step to be taken.

Yes, I think so. I think that we should never underestimate the intellectual capacity of our people. But we should never overestimate it either and think that they can rise up on their own initiative. I think the people are suffering to some extent from lethargy, watching rather than acting. They have been through a lot – the FHC government, earlier the Sarney government that gave them a democratic opening but not much more, and now the Lula government, which, as you have said, has been very contradictory for them. Many people still believe in the Lula government, they still have hope, but many others have given up on the Lula government but they can't see any point in getting mobilised around anything else. It is this that has led to a certain decline in social struggle. Political organisations have lost credibility, the CUT has many problems, the urban social movement is fragmented. The PT itself is going through this enormous crisis. To a large extent the other left-wing parties are also failing to work together. There are several reasons, I think, why we have this generalised paralysis in the country. The idea of the Consulta Popular is linked to this, it is a strategy for overcoming this. But it is a process. I don't think that in the short term we will have an uprising in this country. It's very unlikely that anything like this will happen, unless something extraordinary occurs. I think that a long process of construction lies ahead.

HW: To a certain degree, what the MST is doing, the Consulta Popular, is it a means of avoiding demobilisation, so that when this period of lethargy is over, people will be able to see that there is a political instrument which they can use, a new instrument?

The MST has the capacity and the moral authority in Brazilian society to do this. So we are building this instrument with this end in mind, not only to be ready when the current phase is over, but also to help end this phase.

With this objective, there are many organisational tasks to be done – training, debates, better analysis of Brazilian reality. We believe that the consultation can help to get people to understand better what is going on and to find ways of getting over this phase.

HW: Going back to our starting point, which is the question of popular power, you are saying that the left is giving priority to the construction of instruments not geared to electoral politics. As a European, looking at the left's world-wide achievements, I notice how the left has ended up giving priority to winning mandates via the parliamentary system and how other instruments have been increasingly ignored. While it is important not to dismiss the institutional route, I believe that popular power can gain a lot from following the route you are suggesting.

It's exactly that. Mass movements, mass struggles, are always cyclical. They have high points and low points. So I see an organisation with these characteristics, a militant organisation, a mass-based organisation, with a kind of historic memory that needs to be built. But I'm not just talking about memory. I'm talking of a place for political training, for political construction. Because when mass movements are in the ascendancy, it is very easy to bring people into the organisations, it is easy to politicise people, but at moments of decline, it is important that the organisation keeps its historic memory, retains its advances, and moves forward in other areas. At these times it is not possible to carry out large mass actions. But it is possible to train, to carry out popular education, to construct ways of entering into a dialogue with society. I am not just talking about television, community radio. I think one has to create a new language for talking with the people. How does one reach people in the poor areas of the big cities? Perhaps through theatre, through film? Hip-hop? They are ways in which we can talk to people. There are various ways, new ways, because I think the old ways are increasingly ineffective.

I see the old political campaigns, twenty people standing in a lorry with a loudspeaker, fighting among themselves to use the loudspeaker, and the people around not giving a toss about what is happening. We can't go on like that. We have to find new ways of communicating. And the organisation has to have the capacity to discover these new ways. There are various tasks that we need to undertake. First of all, there is no point in our swearing about Globo TV [Brazil's dominant TV company]. It's obvious that the mass media industry is going to reproduce its own ideology, is going to create conditions for its own expansion. How can we construct a counter-hegemony or another type of ideology in society if we go on moaning and don't build new instruments that allow us to enter into a

dialogue with the people? And I think this a very important challenge for us at the moment: to enter into a dialogue with the people. In Mato Grosso do Sul we set up a theatre group to work in schools. And it's there that we talk about GM crops, about the Free Trade Area of the Americas (FTAA). The participants collectively wrote a play entitled *ALCApeta* [a pun on the Portuguese acronym for the FTAA, which is ALCA]. It was much more effective getting the children to write this play than just trying to talk to them about the FTAA. The play attracted attention and encouraged discussion. And, of course, it's not just us. Other movements do this sort of thing as well. We have to use the creativity of our people to combat the instruments of hegemony.

HW: What do you think about the World Social Forum? Has the process in any way been seen as having potential, not perhaps realising it at the moment, but as having the potential for constructing new ways of connecting struggles and movements, new ways of developing common strategies, of building political awareness in a way that is not party political? I'm stressing its potential rather than what is actually happening, which is more complex. How do you see this?

[In 1992] I took part in a very interesting process, here in Latin America, which was the construction of 500 years of indigenous, black and popular resistance. It was a great movement that incorporated various popular sectors and social movements. It had an enormously important role as a counterweight to the official festivities commemorating the 500 years of 'Discovery'. And it also contributed greatly to the building of other organisational structures in Latin America. It was a result of this that, for example, the Latin American Co-ordination of Rural Organisations was born, something which today we call the Via Campesina Internacional. And it was as a result of this that new Latin American indigenous movements were born. And so on.

I am using this example to say the following: the Forum is a great space where various sectors of society met – and I think still meet – and I think that it fulfils an important role. But there are real dangers. At times it seems that no one agrees with anyone else, it becomes a Tower of Babel. But underneath all that, sectors are organising, sectors are exchanging experiences. For example, we are putting a lot of energy into building a world assembly of social movements within the Forum. We believe it can be a space where rural and urban social movements get to know each other, form links. And in Latin America there is an interesting process underway, for we are planning to establish a common agenda, with the same demands and the same concerns, setting joint days of action and trying to co-ordinate our

struggle throughout the continent.

So I would say that while the Forum as a Forum can't take political decisions, groups within the Forum can. So it provides a space for social movements to set an agenda for working together, against Bush, against the FTAA, and for coordinating their struggles. At the same time, there are people at the Forum who aren't at all interested in social transformation. That's what happens when you have a completely open space. There must be all kind of infiltrators, including CIA agents.

HW: It is a space, indeed. But it seems to me that it is also encouraging innovations in forms of creating connections, links, areas that were previously monopolised by the political parties. I'd like to know if you see the Forum as more than a space, in that it is helping to create new types of organisation that are independent from political parties.

Of course. It is a new process. But its independence is not absolute. It depends financially on governments and parties.

HW: Yes, of course. But I'm talking of another, deeper kind of independence, in an area where the MST has a leadership role. Independent in the sense of innovations in the form of developing programmes or ways of connecting. In the past it was always the parties that made the links. Movements remained sectoral or based around 'single issues'.

I think that is true. However, the Forum has serious constraints. People at the grassroots – I'm thinking of Africa, India – find it very hard to travel to the Forum. So, while social movements do participate, there is far more participation by NGOs and middle-class people who have money. Just to give an example of the limitations: the Forum is largely white and male and finds it difficult to incorporate other sectors. That's a serious limitation. I'm not saying that the Forum is a bad thing. That's not the case, for like-minded people are meeting. Everyone – well, not everyone but the vast majority – of the people taking part want change in the world. They open up new horizons, bringing a wide variety of ideas to the Forum. They introduce discussions about the environment, about gender, and all this enriches the Forum.

It's a new, important expression but it isn't enough in itself. What is needed is that sectors learn to work together, to construct new forms of organisation for the social movements. This is needed if we are to change the way we face challenges, disputes. In our discussions within the MST we start from the premise that any change in the system is going to cause pretty tense conflicts. It's not that we want violence or anything like that but we are not going to manage to change the world unless there are mass struggles against the system.

Despite my reservations, I see the Forum as something positive. Many limitations, many contradictions, but overall something positive. I think that it is a space that allows a whole range of different ideas and that this is in the end a rich experience.

HW: You are raising the possibility of a popular movement that ranges across society, bringing together all the elements of social transformation, not just a movement that deals with the issues of a specific movement. I can't think of a single example in history of the survival of a movement that has directed itself towards society as a whole. Political parties, trade unions and movements, like the MST, have survived because they have been concerned – perhaps excessively – with particular questions. But I have the feeling that we are in a new era. Perhaps this era needs movements that address themselves politically to the whole of society. I believe in what you're saying but it's difficult to think of historical examples. In England we tried to do this, to create a socialist movement that brought together people in different parties and people in no party. But it is very difficult to sustain this, to create a lasting structure. Broader movements appear for short periods and then disappear. It seems to me that you are suggesting that we could create a broader movement with infrastructure, with lasting forms of education, of communication. How do you create something that maintains itself, is long-lasting?

I don't know (laughs). There is a Brazilian thinker whom I like. He's called Milton Santos. Among many other interesting things, he once said that social movements must learn from poor people. Just to survive poor people have to develop a dynamic capacity to innovate. They get up early, they sleep late, and all the time they are thinking about their survival. The financial difficulties they face mean that they are permanently worried about their survival. Because a large part of the trade union movement, popular movements and even political parties don't have the same need, they lose their dynamism, they become inflexible and lose their creativity.

I know that we face many challenges in our wish to construct a self-sustaining popular movement, with mass participation. But I think we have to unleash processes that allow us to build something new within the society we live in. I'm not just talking about popular power, of direct participation, of political debate. I'm also talking about production. I believe that on our settlements we can make real strides in terms of environmentally friendly farming. Not with the illusion that we are going to be able to solve the problems of the whole farming system but as part of an experiment to show that another type of economy, another type of farming that

respects the environment and that respects the health of the population, is possible. I think that in the same way it is possible to construct urban experiments, labour experiments, which are different from the norm in our society and show what could be possible in the future. And I think we can also show that solidarity is possible, and we can live by values that are diametrically opposed to everything that is defended by the mass media, the cultural industry, which is so rooted in exaggerated individualism. I think all this is gaining momentum, working alongside other processes that allow us to create wealth, to promote popular culture and art.

When I witness the construction of popular power, I am not simply witnessing politics. I am seeing the construction of a new way of life. I think that we can bring together culture, art, economy, education, politics, democratisation. I think we are building movements that manage to become self-sustaining, growing all the time.

But I don't have a recipe. I can't say: 'Do this and things will get better'. But I do know that we have to innovate and that this is the big

challenge. We have had experiments that failed in some ways but succeeded in others. We mustn't throw the baby out with the bathwater. We must save what worked and go on innovating. At times we make mistakes. But it is better to commit a collective mistake and then work out collectively where we went wrong, rather than to succeed alone and then do nothing to collectivise our experience.

In terms of reflection, we must also innovate. We can't place reality within old categories but we must construct new categories that help us to assess elements of the new reality. Because the new reality is far more dynamic than theory. Life is always ahead of theory. No theory ever manages to take into account the whole of reality. But we can go on constructing, interpreting, doing. Gramsci calls this praxis. It is the bringing together of doing and reflecting. We need to do this. For there isn't a recipe that shows us what to do and makes sure we arrive. It is a permanent process of construction and evaluation that shows us the way forward to the next phase.

3. The Lula government and agrarian reform

Sue Branford

Ever since it was founded in the early 1980s, the PT repeatedly promised that, once it gained power, it would carry out a far-reaching programme of agrarian reform. In its origins the PT was undoubtedly an urban party, set up by industrial workers to offer a radical alternative to the inherently conservative programmes being proposed by the other political parties that were being formed as the military regime lost momentum and new political space opened up. Yet from the outset the PT strongly identified with the rural poor, particularly Brazil's four million landless families. Indeed, few who have listened to Lula talking about the rural poor can doubt his personal commitment to bettering their lot.

Speaking just before the election in 2002 at a rally in Fortaleza, the capital of Ceará, one of the poorest states in the northeast, Lula said with tears in his eyes: 'When I arrived, several men and women came up to me, crying and saying that I am their last hope. I know that I cannot betray the dreams of millions and millions of Brazilians who are backing me. Any other President of the Republic can be elected and not do anything. The Brazilian people are used to this. But I don't have that right, for there are people in the crowd who have been supporting me for 10, 20, 30 years.'

There were few contacts between the MST and the PT during the 1980s, as both struggled to establish themselves at a regional level. In some ways, this was not surprising, for the PT was created in the great metropolis of São Paulo, while the MST emerged in the countryside of Rio Grande do Sul, Santa Catarina and Paraná, hundreds of kilometres to the south. At key moments of the MST's struggle for survival, PT politicians expressed solidarity, often at considerable personal risk, but these were largely individual – rather than organisational – gestures.

In the 1990s contacts increased, as the PT sought to gain the MST's support in its bid to win municipal, state and national elections. The meetings were not always amicable: MST national leaders stuck to their belief that elections were a largely irrelevant distraction and that real change would only be achieved when social movements were strong enough to bring about some kind of revolutionary overthrow of the status quo, whereas the PT became ever more wedded to electoral politics.

PT politicians complained that MST leaders were making inflammatory speeches that were alienating the middle classes and losing the PT votes, whereas MST leaders criticised the PT – at times, even publicly – for 'selling out to the system'. Even so, behind the squabbling both organisations recognised that they were allies in a common struggle and sought not to hinder each other's development. At the grassroots, where the ideological differences were often blurred, collaboration went much further. In many regions the MST openly campaigned for the PT and, not infrequently, an MST activist stood as the PT candidate in the local election.

Just as important was the PT's repeated insistence that, even if its strategy for achieving power was different from the MST's, it was equally committed to agrarian reform. In each of the electoral programmes that Lula presented to the country in his three unsuccessful bids to be elected President, agrarian reform figured as a priority objective. The PT's thinking is clearly expressed in a document published in 2001 by Instituto Cidadania, a think-tank set up by Lula. Agrarian reform, it stated, would be a key element in what would be the flagship programme of the first Lula government, *Fome Zero* (zero hunger): 'Land concentration in the country has gained today disastrous proportions: data from the 1995–96 Farming Census shows that farms of ten hectares or less represent half of the total number of farms but cover just 2.3 per cent of the total area, while farms of 1,000 hectares or more represent less than 1 per cent of farms but cover 45.1 per cent of the total area. This state of affairs has profound historical causes, reflecting the fact that Brazil, despite this immense land concentration, never carried out a programme of agrarian reform sufficient to affect the indices and to permit a more equitable use of the land.'

'The expulsion of the rural population, growing proletarianisation and unemployment, along with the existence of immense, unproductive *latifúndios* [landed estates], meant that social tension in the countryside was constant. The struggle over land became the main social movement in the countryside in the 1990s. The modernisation of agriculture, with increasing mechanisation, and the crisis in the late 1990s in important labour-intensive crops, such as sugar cane, oranges and grains in general, meant that large numbers of rural labourers lost

their jobs, which exacerbated even further Brazil's agrarian problem.

'The Zero Hunger Project is a vehement advocate of a massive process of land distribution as a structural development policy.'

The MST could not have put it better itself. It is scarcely surprising that, although the movement did not openly endorse the Lula candidacy, thousands of MST activists, from both the leadership and the grassroots, campaigned for the PT in the 2002 elections. The MST national executive also quietly agreed to reduce the number of land occupations in the election year, so as not to lay the PT open to accusations of being allied with a 'violent' movement that was promoting 'illegal actions'.

In the run up to the election, Lula travelled all over the country, reaching isolated rural areas. Everywhere he spoke with passion and conviction, promising land to the landless. On one occasion he said: 'With one flourish of my pen I'm going to give you so much land that you won't be able to occupy it all.' As several commentators have observed, he offered people the chance to become part of a big project, a shared dream. 'This is Lula's great strength,' wrote filmmaker João Moreira Salles, after spending two months on the electoral trail with Lula. 'He restores a sense of community. When he speaks, he seems to be offering everyone the chance to help make history.'

When Lula was elected president on 27 October 2002, MST activists shared in the euphoria that swept across the country. Finally it seemed that Brazil, one of the most socially unjust countries in the world, was going to change forever. Many of those who were later to become Lula's harshest critics joined in the initial enthusiasm. 'I think Lula's triumph is a key moment in Brazil's history, like the abolition of slavery or the proclamation of the Republic,' commented Francisco (Chico) Oliveira (a contributor to this dossier) at the time. 'It may be the point at which we move on from a passive history, in which the country is led by the dominant blocs, to an active history in which the dominated classes have a big impact on state policies.'

Landless peasants believed that finally their hour had come. Thousands of families spontaneously moved into provisional camps that the MST and other landless organisations had hurriedly erected on roadsides and verges all across the country. These families hoped that they would be some of the first to benefit when the massive programme of agrarian reform, so long promised by Lula, was enacted. 'Expectations are so great that it is impossible to stop the families', said Paulo de Oliveira Poleze, an adviser to CONTAG in March 2003. Largely because of this wave of mobilisation early in the year, 2003 broke all records: according to the Catholic Church's CPT (Pastoral Land

Commission), 124,634 families, involving 623,170 people, took part in land occupations or moved into road camps, more than ever before. At the same time, about half a million people took part in demonstrations.

Although more cautious than the grassroots activists, MST leaders were infected by the general climate of optimism. On 2 July 2003 an MST delegation met Lula in the Presidential palace. Before the TV cameras Lula donned a red MST cap, saying he regarded agrarian reform as a 'historic commitment'. Clearly buoyed by the upbeat mood of the meeting, the MST coordinator, João Pedro Stédile, commented afterwards: 'They [the landowners] lost the elections, but they thought it was just a little game, that they could go on doing whatever they liked to protect their privileges. And now they're realising that agrarian reform is for real'. He went on: 'Under the previous administration the government was an ally of the *latifúndio*, and the MST and the other forces in favour of agrarian reform had to fight against both the government and the *latifúndio*. Now, under a government elected on a programme of change, the *latifúndio* will also be combated by the government.'

However, change did not come as quickly as the thousands of families hoped. For months, the government prevaricated, saying that it had to 'put its house in order' before it could implement reform. Finally, it called in Plínio de Arruda Sampaio, one of the country's foremost agrarian experts, a founder member of the PT (and a contributor to this dossier). 'In July 2003 Lula had been in power for over six months and no progress at all had been made in delivering agrarian reform', he said. 'The MST was putting on pressure and Lula was becoming embarrassed by the delay. He called in Miguel Rossetto [the Minister of Agrarian Development] and asked him urgently to draw up a plan. The minister asked me to co-ordinate the process and I accepted. He asked for a plan within three months. It was a tight schedule but I said I could do it.'

Sampaio set to with a will. He signed up a team of eight university lecturers, all experts in agrarian matters, and got authorisation for 50 INCRA employees to work with him, providing statistical data. He also made contact with the main social movements – the MST, CONTAG, MPA and several others. 'So often the movements are presented with completed programmes and then asked to comment on them', said Sampaio. 'I wanted them involved from the beginning, helping with the formulation of the programme.'

Sampaio soon ran into problems. 'Many of the people working in the MDA didn't believe in what I was doing', he said. 'The dominant thinking under the Cardoso government had been that

agrarian reform was neither necessary nor possible. The people in charge then had argued that the historic moment for agrarian reform had passed and that capitalism had taken hold of the countryside. They said that the peasantry was moribund, that it had no future. They believed that those family farmers who could find themselves a role in agribusiness should do so, and that those that couldn't should either migrate to the cities or be cared for by the government in a social welfare programme.'

New people were in charge of the MDA but the old thinking was still ingrained in many sectors. During the Cardoso years key leaders in the huge rural trade union, CONTAG, had been won over to this way of thinking and no longer really believed that radical agrarian reform was possible, though they paid lip-service to the idea. When Lula came to power, he applied to the rural sector the policy that he has practised in so many areas: he did not decide on the policy his government should adopt and appoint officials to carry it out, but divided the top jobs among the key actors, even though their policies were antagonistic. He appointed Roberto Rodrigues, an ally of the powerful agribusiness lobby, to head the ministry of agriculture, and divided the ministry of agrarian development between MST sympathisers and the old guard. 'CONTAG was given three important secretariats within MDA – Technical Assistance, Rural Credit and Territorial Reorganisation', said Sampaio. The idea was to bring the main actors together so that they could hammer out a compromise but, in practice, in the agricultural sector as elsewhere, this did not happen and this policy led to delays and setbacks.

As Sampaio sought to formulate his plan, this latent conflict within the ministry erupted. While the radical faction in the ministry enthusiastically collaborated with Sampaio, those aligned with the old guard obstructed his work. Sampaio forced the minister to intervene. 'I had made it clear to him from the very beginning that agrarian reform for me meant the expropriation of the *latifúndio*', he said. 'So I demanded that he give me the autonomy to draw up a plan that reflected this commitment.' Rossetto conceded and gave Sampaio the authority to draw up a plan outside the control of the old guard.

Sampaio said that, in drawing up the plan, he considered two aspects to be fundamental – the quantitative and the qualitative. 'Quantitatively, we had to draw up a programme of agrarian reform that would expropriate enough land from the *latifúndio* to make a real rupture with the old system of land tenure. We needed to change the economic, social and political structures. Agrarian reform means strengthening the peasantry. The process must be strong enough to alter the Gini coefficient [the index for measuring land concentration] by 10 or 20 per

cent.' He said that this was the first challenge: 'how to get enough people on the land to cause a rupture, not a total rupture but enough to start off a process'. He calculated that they would need to settle one million families over three years. From a practical point of view, this was not difficult, for it is widely recognised that Brazil has enough underused land and enough people wanting to settle on the land to make this goal feasible. Nor did Sampaio set out to disrupt, in the short term at least, Brazil's neoliberal economic system, which is dependent on exports from the large, modern farms in the hands of the agribusiness elite. 'The idea was, in the beginning at least, to create two poles – the peasantry and agribusiness. In time, the peasantry would grow stronger and perhaps challenge agribusiness, but this would be another phase.'

Qualitatively, Sampaio was brimming with ideas about how to make peasant farming economically viable. 'We could guarantee the families a minimum income through bank loans and the anticipatory purchase of their crops. We worked out that we should fix this income at three and a half minimum wages [equivalent to about US\$250 a month] per family. It's not much but it's a beginning. The government buys a lot of food, for school meals, for the armed forces, for hospitals, for *Fome Zero* [the programme to combat hunger], which is intended to benefit 10 million people. The government could set up a scheme by which it would guarantee to buy basic foodstuffs – rice, beans, maize – from agrarian reform settlements.'

In October 2003 Sampaio presented his plan to the minister. It called for the settling of one million families on the land in three years (2004–2006). To enable the government to obtain this land at reasonable cost, it recommended, first, that the government should take over all *terra grilada* (that is, land claimed by landowners who do not have the proper legal rights), and, second, that it should change the criteria by which a *latifúndio* is deemed unproductive and thus available for forcible purchase. At the moment, the criteria are set at such a low level that much land being used at well below its full potential is deemed productive. Sampaio argued that the plan would provide three million jobs, directly and indirectly, and would thus help to solve Brazil's serious social crisis.

Sampaio's research showed that it was perfectly possible for Lula to have adopted his plan, despite the PT's lack of a majority in Congress. 'We didn't need to change the Constitution or even to get Congressional approval,' he said. 'The President could have implemented the plan with presidential decrees. The process would have been made easier with changes in one or two laws but this wasn't necessary.' What was

required, however, was political will. 'The government needed to give agrarian reform great priority and to mobilise the population around the programme. We needed popular support for a quick, surgical intervention to get rid of the *latifúndio*.' According to Sampaio, the cost was high but not exorbitant. 'We calculated that it would have cost R\$24bn [€8.5bn] over the three years. For a country that spends R\$170bn [€60.7bn] in debt servicing every year, this is affordable.'

Even before he officially presented his plan, Sampaio became aware of the resistance he faced. 'I thought our programme was very reasonable but it frightened a lot of people.' The minister called him in on several occasions. 'We don't have the money, Plínio, to carry out the kind of programme you want. We've got to achieve a high primary surplus on our fiscal account in order to satisfy the IMF and foreign creditors. And it's not just this. INCRA, the ministry, all the agencies concerned with agrarian reform, are run-down and ill-equipped. We haven't the technical expertise to carry out a programme like this. You've got to be realistic.' Sampaio replied to the minister. 'No one says it'll be easy, but you can't carry out agrarian reform like any other programme. You've got to mobilise people. That's the only way to do it. We must put the country on a war footing and tackle problems as they arise.' But this response, said Sampaio, just alarmed people more, particularly in INCRA. In the end, the minister congratulated Sampaio and his team for their contribution and sent them away.

Even though the PT government was not actually carrying out agrarian reform, the unprecedented level of mobilisation of the rural poor was enough to alarm the landowners. Working closely with the judiciary, with which they have historically maintained very close links, the landowners evicted thousands of families from their lands (or lands they claimed to own). According to the Pastoral Land Commission, the courts authorised the eviction of 35,297 families, involving 176,485 individuals, in 2003; it was the highest figure the commission had ever recorded and, it believes, the highest number ever in Brazilian history. Because the landowners generally sent in their private militias to carry out the evictions, the level of violence also increased: 73 rural workers were assassinated, one of the highest numbers ever recorded by the commission. The number of arrest warrants issued by the courts also increased by 140 per cent.

Perhaps surprisingly, 'modern' farmers, practising agribusiness, were as violent as the old oligarchs. The Pastoral Land Commission's report shows that in 2003, even though in absolute terms the huge 'backward' state of Pará in the Amazon basin had by far the largest

number of violent incidents and deaths, it was the so-called 'modern' state of Mato Grosso, which is the leading producer of Brazil's soybeans, that had the highest number of incidents relative to its size: in 2003 an incredible 41 per cent of this state's rural population was involved in some kind of land conflict, while landowners evicted – or attempted to evict – 6 per cent of the rural population. Nine people in this state were assassinated by gunmen sent in by landowners.

After Sampaio had handed in his plan, it seemed for a while as if the government was intending to postpone indefinitely the whole idea of agrarian reform, perhaps because of the fear of antagonising agribusiness or rural landowners, who are still a powerful force in Congress. In November 2003, however, the popular movements took to the streets. O Fórum Nacional pela Reforma Agrária e Justiça no Campo (The National Forum for Agrarian Reform and Justice in the Countryside), which brings together the country's largest rural movements, organised a demonstration in Brasília. Thousands marched through the city and Lula went to meet them in the main park. Displaying once again his extraordinary capacity to captivate an audience, Lula won the rural workers over with his affirmation that he would indeed carry out agrarian reform, but 'a cautious and careful agrarian reform'. 'If not', he warned, 'the poorest will lose out.' At the end of his improvised speech, Lula was warmly applauded, but he had won time, not an open cheque, and he knew that he must try to deliver. Shortly afterwards, Lula announced a watered-down version of Sampaio's original plan. As he announced it, he warmly thanked Sampaio for his work – praise that the former PT deputy (who, despite everything, was then still a member of the PT, although a dissident) must have received with irony, if not bitterness.

When I spoke in July 2004 to Rossetto (who belongs to a radical Trotskyist faction within the PT, Democracia Socialista), he denied strongly that the main reason for modifying Sampaio's original proposal was budget restraints. 'President Lula is passionately committed to the cause of the *sem-terra* (landless)', he said. 'Somehow he will find the resources that are needed. The programme had to be changed, not because it was too costly, but because it was not realistic, given the present correlation of social, economic and political forces.' For all the noise the MST made, he suggested, peasant families and the landless were politically weak, compared with the power of agribusiness and even traditional landowners. Faced with what he saw as structural constraints, Rossetto said he had developed a three-pronged strategy for his ministry: to strengthen family agriculture, to improve the efficiency of existing agrarian reform settlements, and to carry out an effective programme of agrarian reform.

Rossetto knew that he could not gain the support of the MST for this programme, for relations were strained given the minister's refusal to endorse Sampaio's programme. The antagonism was further fuelled by personal animosity between Rossetto and João Pedro Stédile, the leading MST ideologue. On one occasion, Stédile, who is notoriously short-tempered, sneered at Rossetto for being a Trotskyist, as Trotsky didn't understand the importance of the peasantry and 'only went to the countryside to pick flowers'. So the minister sought the support of CONTAG, hoping to create a power base independent from the MST.

At the time of writing (December 2005), Rossetto's first two objectives were being partly achieved. At the end of the Cardoso government, family agriculture had been in crisis, with many families being driven off the land by bad debts. In fact, many more people were leaving the land than were being settled on the land by the government's programme of agrarian reform. Rossetto has sought to reverse this trend, pointing out that it makes no sense to settle families on the land unless the government gives them conditions to survive on their plots. Time and again in his speeches and his articles he has stressed the importance of small-scale family agriculture to the national economy. 'Family agriculture is responsible for most of the food that arrives each day on the tables of Brazilian families', he wrote in a Brazilian newspaper. 'It is responsible for 84 per cent of the cassava, 67 per cent of the beans (*feijão*), 58 per cent of the pork and poultry, 52 per cent of the cows' milk, 49 per cent of the corn and 31 per cent of the rice produced in Brazil. Seven out of every ten rural workers are engaged in family agriculture. Almost 40 per cent of Brazil's gross agricultural output comes from family agriculture.'

Along with his efforts to increase the profile in the media of family agriculture, Rossetto is taking action to improve conditions for small farmers. He is rapidly increasing the volume of resources to family farmers through PRONAF (National Programme for the Support of Family Agriculture), which is the main programme of subsidised credit for family farmers. The volume increased from R\$2.4bn (€0.8bn) in 2001-2, to R\$3.8bn (€1.4bn) in 2002-3, to R\$5.4bn (€1.9bn) in 2003-4 and to R\$7bn (€2.5bn) in 2004-5. Even though at times PRONAF credit is disbursed late, which creates real problems for small farmers who depend on the money to purchase seeds, the government believes that the programme is allowing hundreds of thousands of poor rural families, who would otherwise have been overwhelmed by debts, to stay on the land.

I was given an indication of the importance of this programme when I went to the opening of a big new pig factory in the north of Mato Grosso

in July 2004. The governor of the state, Blairo Maggi, reputedly the world's largest soybean farmer, and scores of other big maize and soybean producers, attended the event. During the celebratory lunch the farmers time and again complained that subsidised credit, so abundant in previous years, was in short supply because it was being siphoned off to small farmers. Their complaint was scarcely justified, for they are by far the biggest beneficiaries of this credit, but it indicated that there has been a real change in priorities. Not surprisingly, the farmers expressed particular venom for Lula, 'this ill-prepared populist President'.

Rossetto's second goal – to improve the efficiency of agrarian reform settlements – is linked to the first. Along with PRONAF loans, which are supplied at particularly advantageous rates of interest, the families in the settlements benefit from other assistance, such as grants for housing and infrastructure installation. Although there have been complaints that disbursements have been late, there is widespread recognition that the quality of assistance has improved.

It is with the third objective – agrarian reform – that the minister is facing most problems. The revised version of Sampaio's plan, announced in November 2003, was called the PNRA (National Agrarian Reform Plan). It established the following goals to be achieved by the end of Lula's mandate in December 2006: 400,000 landless families to be given land in agrarian reform settlements, 500,000 *posseiros* (squatter families) to be given legal rights to their plots, and 130,000 families to be given rural credit to purchase land. The government retained Sampaio's goal of benefiting one million families and could thus claim to be carrying out a radical plan, but it had introduced a fundamental change. Sampaio had planned to take over from the *latifúndios* enough land to settle one million families – the minimum required to achieve his 'rupture' – whereas the government planned to settle only 400,000 families in this way. The other actions – the regularisation of land titles and the facilitation of land purchase – did not challenge the existing system of land tenure but, on the contrary, reinforced it. Even if the plan were fully implemented, its impact would have been very different from the one wished by Sampaio.

The MST has at times accused Rossetto of merely carrying on with the market-oriented policies adopted by the Cardoso government, but this is not true. Unlike Raul Jungmann, Cardoso's minister of agrarian development, Rossetto has not endorsed the World Bank's pet project – market-based agrarian reform. This scheme, promoted by the World Bank in various developing countries, including South Africa and Colombia, was baptised Banco da Terra in Brazil. It was based on the idea that groups of landless peasants throughout the country should get

together and negotiate directly with a landowner who was willing to sell. The peasants would pay the market price for the land and cover the full cost of installing infrastructure. The government's intention was that this scheme, which virtually eliminates the role of central government, would eventually replace *desapropriação* (forcible purchase) as the main way in which landless peasants would obtain land. It was, however, strongly opposed by the MST and, to a lesser extent, by CONTAG, and was moribund by the end of the Cardoso administration.

At the beginning of Lula's administration, Rossetto quietly delivered the *coup de grâce* to the Banco da Terra programme, which even the World Bank had recognised was not working, largely because so few landless families had enough resources to pay the full market price for land. In its place Rossetto has endorsed a new scheme, simply called Crédito Fundiário (Land Credit), which CONTAG had already developed with World Bank support. It differs from the Banco da Terra in that it recognises that the rural poor need to be helped with subsidised credit if they are to purchase land. In practice, this scheme is being mainly used by *minifundistas* (owners of small plots) who wish to purchase more land to make their holding economically viable.

Rossetto has made it clear that forcible purchase remains the main mechanism for distributing land to the landless and wants to introduce changes in the way the process works. 'Agrarian reform was not successful in the past because isolated settlements were created, without infrastructure and with very low productive capacity. We don't want to these economic, social and environmental disasters.' Instead, Rossetto wants to concentrate agrarian reform settlements in big areas, so that they can provide each other with support and jointly market their produce.

Largely because of the constant pressure by the MST on the government, Rossetto has been more successful than most ministers in squeezing out resources from the tight-fisted government, particularly in 2004 and 2005. In 2003 INCRA settled only 36,800 families, compared with its target of 60,000. Popular movements, particularly the MST, protested vehemently and Rossetto promised that 2004 would be 'the year of agrarian reform'. Indeed, he did achieve more, settling 90,000 families, compared with his target of 115,000. It seems likely that he has managed to settle a similar number in 2005.

So in terms of overall numbers Rossetto has performed reasonably well. Where he has failed is in his quest to put agrarian reform at the heart of government policy. First of all, his programme has had to accommodate the

interests of agribusiness. From the beginning of January to 23 November 2005, 72,300 families were settled on the land; of these, 38,500 (53 per cent) were given plots in so-called 'Amazonia Legal', that is, the Amazon states plus Maranhão and Mato Grosso. Most of the land is isolated, with poor transport links, lacks basic infrastructure, such as electricity and sanitation, and has few public services, such as health posts and schools. It is marginal land not yet needed by the big commercial farmers. It shows that, just as Sampaio feared, agrarian reform is regarded by the government as a compensatory mechanism to ease poverty and defuse social unrest. The agrarian programme is not changing in any way the country's highly concentrated system of land distribution.

At the same time, the Lula government has done nothing to challenge the power of the rural oligarchy. Because of changes in the electoral system introduced by the military government in the 1970s, the states in the north and northeast of the country (where landowners are still politically strong) elect to Congress a far larger number of deputies and senators than their demographic weight justifies. As a result, the landowning oligarchy has disproportionate electoral clout. Out of a total of 440 deputies, 73 openly declare themselves to be members of the *bancada ruralista* (the landowners' bloc); another 60 or so can be relied on to vote with the landowners on key issues.

The power of this group was revealed yet again in November 2005, when members of the *bancada* voted down the official report of a parliamentary commission of enquiry into land, and approved instead its own version. Among other highly reactionary recommendations, their report calls for new legislation in which the occupation of private property will be considered a 'heinous crime' and those undertaking such an act will be treated as 'terrorists' and sentenced to heavy terms of imprisonment. The report, which completely ignores the real problems in rural areas (such as the high level of land concentration, the continued existence of slavery, and the widespread illegal logging), was clearly drawn up with one principal objective: to attack the MST and other landless movements, all of which use land occupation as the main means of obtaining land. Although it seems unlikely that a majority of representatives in both chambers of Congress will approve such inflammatory legislation, it is clear that the *bancada* has successfully sabotaged the PT's attempt to use the parliamentary commission of enquiry to get Congress to adopt more progressive land policies.

Given this contradictory situation, the MST has found it difficult to know how to deal with the Lula government. There is no doubt that at the beginning of the government most members of the MST, including many leaders, were excited

and optimistic. They did not believe that the government would deliver agrarian reform on a plate but thought that the installation of a leftist government would change the balance of power within the country so that real change would become possible. In an interview with a university magazine in early 2003, Stédile said: 'Certainly, what we've got now is a change in the correlation of forces. In the previous administration the government was an ally of the *latifúndio*, and the forces in favour of agrarian reform – the MST and the other social movements – struggled against the *latifúndio* and against the government. Now, with a government elected on a programme of change, the government will also be combating the *latifúndio*. But change in the correlation of forces does not by itself bring about the kind of real agrarian reform that will reduce land concentration. The rhythm and the scale of agrarian reform will be determined by the capacity of the social movements to organise and to mobilise the rural poor who struggle for agrarian reform.'

However, as the months passed and no real change occurred, MST activists began to lose heart. For a while Lula managed through his own personal charisma to defuse the discontent. Despite the outraged reaction of landowners, Lula put on the red MST cap on several occasions when speaking to activists, and encouraged them to carry on mobilising. On one occasion, when he was talking to peasant farmers, he said: 'I want to say to the worker comrades who are here that you shouldn't be afraid of making demands. You shouldn't be intimidated. You must go on demanding what you think it is important to demand.' Never before had a President spoken like this to the rural poor, and it was music to their ears.

However, as it became increasingly clear that the PT government was not delivering the kind of agrarian reform that it wanted, the MST faced a difficult choice. Despite the setbacks, the PT government had undoubtedly brought some benefits to the MST: it had not repressed the movement, it had improved conditions for peasant farming and it had settled thousands of families on the land. The MST realised that another government led by any other of Brazil's big political parties was likely to deal more harshly with the movement. For this reason, and because that the grassroots of the movement still felt some affection for Lula, the MST decided during the first two years not to adopt a position of outright opposition to the government. Instead, the leaders aligned the movement with the left wing of the PT, which was becoming increasingly exasperated with Lula's insistence on adhering strictly to the neoliberal model, and it began to criticise not Lula himself but the policies his government was implementing.

Gradually, the MST toughened its criticisms. 'I

don't think Lula is a dishonest person, but he made a bet', said Stédile in late 2004. 'He calculated that he could make an alliance with the right, including financial capital, and still carry out reforms. But these allies are very strong, so he is now ruling with a highly adverse correlation of forces.' So when could the situation change? 'I personally now think that real agrarian reform will only come about in a new historical moment with the renaissance of mass movements in general, with the renaissance of the Brazilian people. It doesn't depend on the government, which is very divided, and it doesn't depend just on the MST. It is going to depend on broader changes. So our criticism of the government isn't over their diagnosis. It's over the fact that it is doing very little to change the correlation of forces. It accepts things as they are and is just concerned with administering well the budget. The government has lost the political initiative. It's not encouraging the people, not speaking clearly to the people about the difficulties, not talking about the need for a new project for the country. It's just concerned with political marketing. It hides itself behind reality, saying that the conditions aren't right to do anything else. But the art of politics, the art of being a leader in a class struggle, is precisely this: to create conditions so that the impossible becomes possible. To administer the status quo, we don't need left-wing parties. The right is far more efficient.'

Plínio de Arruda Sampaio had a similar explanation. 'When the PT was created in the late 1970s, it decided on two lines of development: within state institutions, with the objective of winning electoral power, and outside state institutions, with the objective of using direct popular pressure to change the nature of the state', he said in July 2004. In the early days the second line of action was key, he said. However, as the years went by, the option for direct action weakened. 'To press for changes in the state, it is necessary to have a strong proletariat and/or a strong peasantry. But in the 1980s and 1990s the proletariat was weakened by massive unemployment, caused first by the debt crisis and then by neoliberal reforms. And the peasant mobilisation, organised by the MST, was in its infancy.' In contrast, the PT's growth within the state institutions was very rapid. 'The conditions were very favourable for this. The PT offered a new, ethical way forward, a real alternative to the old corrupt parties.' The PT realised that it could actually win power through the electoral route. 'The PT leaders were aware that the other "leg" wasn't developing', said Sampaio. 'But they reassured themselves. Once we get into power, we'll reform the state. But in order to be elected the PT found that it had to compromise and make alliances with the old parties. Now that it actually has power, it finds that it is bound hand

and foot, unable to revolutionise the state as it had always intended.'

Throughout 2005 the MST's position continued to harden. Increasingly, it distanced itself from the government and began to prioritise a longer-term strategy with other mass-based movements to draw up a 'popular project'. In December 2005 one of leaders – João Paulo

Rodrigues – promised 'to make life hell for the government' unless it honoured its promises, particularly its commitment to settle the 115,000 families still camped on the verges of federal roads. Although the MST may support Lula in the 2006 elections, it no longer believes that the PT, as a party, will make much of a contribution to its project.

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Hilary Wainwright

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Glossary

AABRA (Associação Brasileira de Reforma Agrária)

National association that campaigns for agrarian reform

CONTAG (Confederação Nacional de Trabalhadores na Agricultura)

The main trade union for rural workers

CPT (Comissão Pastoral da Terra)

Catholic Church's Pastoral Land Commission

Comunidades Eclesiais de Base (CEBs)

Grassroots Catholic communities set up by liberation theology priests in the 1970s

Consulta Popular

A broad-based initiative to draw up a common project for a range of social and popular movements

CUT (Central Única dos Trabalhadores)

Brazil's largest trade union grouping

Democracia Socialista

Tendency within the PT

Ethos Institute for Business and Social Responsibility

A non-governmental organisation for promoting social responsibility in business

FAO (Food and Agriculture Organisation)

United Nations body responsible for food and agricultural issues

FTAA (Free Trade Area of the Americas)

President Bush's scheme for creating a giant free trade area for the whole of the Americas. Known in Portuguese and Spanish as ALCA.

IBASE (Instituto Brasileiro de Análises Sociais e Econômicas)

Large non-governmental organisation

INCRA (Instituto Nacional de Colonização e Reforma Agrária)

The Brazilian government's agrarian reform institute

MDA (Ministério de Desenvolvimento Agrário)

Ministry of Agrarian Development

MPA (Movimento de Pequenos Agricultores)

A movement formed by small-scale farmers

MRS (Movimento Revolucionário 8 de Outubro)

A former guerrilla organisation

MST (Movimento dos Trabalhadores Rurais Sem Terra)

Brazil's largest landless workers' organisation and, with one million members, one of the biggest social movements in Latin America.

OP (Orçamento Participativo)

Participatory budget

OP-REPROS – Rede pelo Protagonismo Social

A network that promotes participatory democracy

PB (Participatory Budget)

PCdoB (Partido Comunista do Brasil)

Communist Party of Brazil

PDT (Partido Democrático Trabalhista)

Democratic Labour Party

PFL (Partido da Frente Liberal)

Liberal Front Party

PMDB (Partido do Movimento Democrático Brasileiro)

Brazilian Democratic Movement Party

PSB (Partido Socialista Brasileiro)

Brazilian Socialist Party

PSDB (Partido da Social Democracia Brasileira)

Brazilian Social Democratic Party

PSOL (Partido Socialismo e Liberdade)

A new party founded in 2003 by Senator Heloisa Helena and other dissident PT activists

PSTU (Partido Socialista dos Trabalhadores Unificado)

Unified Workers Socialist Party

PT (Partido dos Trabalhadores)

Workers' Party

PV (Partido Verde)

The Green Party