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Brazil

First conflicts inside the PT

- IV Online magazine - 2003 - IV353 - September 2003 -

Publication date: Friday 19 September 2003

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The PT's National Leadership (DN) held its only meeting since Lula's accession, in Sao Paulo March 15-16. It was the occasion for a questioning of the government's itinerary, and in particular its economic policy.

[<http://www.internationalviewpoint.org/local/cache-vignettes/L285xH246/25brazil-ef306.jpg>]

The majority of the DN approved the initial course taken by the government. [1] Some significant steps forward have been taken in the area of foreign policy and land reform. The debate took place just before the US attack on Iraq and the government's clear opposition to the war reinforced the goodwill felt towards its foreign policy. The concerns felt over the US project for a Free Trade Area of the Americas (FTAA) and the alternative stress put on Latin-American co-operation were also seen as positive.

With regard to agrarian policy, the advance in the establishment of a constructive relationship with the social movements and in particular the Movement of Landless Workers (MST), as well as measures aimed at defending the settlements of rural workers on new lands made under the preceding government with the aim of ensuring their civic rights can only be applauded.

However, with regard to economic policy - the main subject of polemic in the party since the first measures adopted by the government - the majority of the DN sought to justify it, stressing the situation that had been inherited and claiming that the policy currently followed was valid only for a transitional period, for an initial stage of the government.

Obviously, neither in the debate nor in the text adopted could the majority explain clearly how a policy which in its essential aspects continues the preceding neoliberal policy (and even deepens it in the area of taxes) would make it possible to prepare the ground for another policy, i.e. how it could be regarded as transitional. In this debate the Socialist Democracy Tendency presented an alternate document entitled "Another economic model is possible". [2]

The resolution approved by the DN puts forward five great initiatives which should be undertaken simultaneously; political reform, land reform, employment reform, tax reform and pensions reform. With regard to the latter, the resolution reaffirms the program of the government and stresses that pensioners should be exempted of any contribution to the new system. The organization of a seminar on pensions reform was also approved.

Political dilemma of the government

Immediately after the meeting of the PT leadership, on March 18, the government made public the letter of intent to the International Monetary Fund (IMF), although it is dated from February 28. Among other problematic aspects, this letter reaffirms the commitments to adopt the very controversial Draft Law number 9 (on the ceiling for pensions and supplementary pensions in the public services), to privatize the old federalized State Banks and to use the constitutional amendment which fragments the financial system so as to make effective the operational autonomy of the central Bank. [3]

All these government positions do not enjoy the support of the PT. In particular with regard to the autonomy of the central Bank, the position of the PT parliamentary group is contrary to that taken by the government. In manifestoes which have been made public 55 deputies (out of 93 affiliated with the parliamentary group) have affirmed their opposition to the autonomization of the central Bank and their support for its subordination to the government and the

electoral program of the elected president. It is the parliamentary group of the PSDB [\[4\]](#) which has supported the position formulated in the letter addressed to Horst Kohler, director of the IMF.

Insofar as the government opts for a deepening of neoliberal policies, as in the case of the autonomy of the central Bank (which even the preceding government did not try to impose!), the political force which supports it is that which is identified with this line, i.e. the PSDB. And that which is opposed to it, in spite of the constraints, is the PT. Such is the political dilemma of the government. It is a reflection of the policy of 'continuism' in relation to the economy. It is the principal problem of the government, the condenser of programmatic antagonisms and opposed economic interests.

With the presentation of the proposals for tax reforms and pensions, this dilemma reappears again. These proposals must be examined and, what is more significant, they must be confronted with alternative proposals resulting from the debates of the parties of the left in tandem with the developments and the mobilization of the social movements. In this manner these initiatives can be modified so as to express the content of democratic and popular reforms.

A transition backwards

On April 10 the Ministry for Finances made public a document which presents the orientations of economic policy. [\[5\]](#) It is important to discuss it and also note what is not explicit; it does not deal, for example, with inflation, a topic nonetheless considered as a priority by the government's economic team.

It is interesting to note that this document renders useless the concept of transition such as it was employed by the DN of the PT - an initial policy, concentrated in time, as this was defined in the program of the government, containing elements of a new economic policy. The 'transition backwards' proposed by the document between the economic cycles of Brazilian capitalism, implies the permanence of the current parameters of economic policy throughout the government's term and, in reality, its continuity is projected over the duration of another presidential mandate!

It is not a question of the transition towards another model, but of the deepening and the consolidation of the orientations considered by the DN of the PT as only provisional, necessary today to open the way to a policy of growth and income redistribution tomorrow. The document of the Ministry for Finances tries to establish another programme of government. It is based on the ideology according to which the market is an engine of development, redistribution of income and social well-being, provided that the government does not obstruct it. An important criticism of this document, which supplements the debate of the party usefully, has been presented in the electronic bulletin of the Foundation Perseu Abramo and the Secretariat of Political Education, bodies of political education within the PT. [\[6\]](#)

Economists linked to the PT have also made public their convergent and increasingly strong criticisms of the neoliberal turn which economic policy has taken.

Debates and realignments in the PT

The PT's agenda will be rich in debates during the next period; it is the time to strengthen the party and enable it to formulate proposals and defend them in the political and ideological debates to come. It is a fundamental condition so that the programmatic conceptions adopted for a long time by the party can prevail in governmental policy.

First conflicts inside the PT

After what we can call the inaugural phase of the government, the party must wake up and enter the political debate within the government and society. There is no automatic guarantee that the main governing party will have control over its policy. Its relation with society, i.e. with the class struggle, is forged from - and is conditioned by - the defeat of the project expressing the interests of the dominant classes. This defeat has given way to a programme of changes, but remains entangled in an ambiguous range of commitments to the continuity of the defeated project. The process which has thus been opened is that of a combat for the orientation of the government.

The PT has just tried to carry out a double movement; a role of defence of the government combined with an autonomy in order to build positions and intervene in the political dynamic. It has affirmed in its resolutions that it does not want to be a transmission belt for the government. But taking into account the trajectory of the government, such an attitude causes innumerable conflicts, differentiations and realignments within the PT.

On one of the principal points of tension which has appeared until now - the vote on the regulation of the financial system - the party, after a full discussion, expressed an independent point of view, different from the government, critical of the effort of the latter in order to guarantee more space to financial interests under the control of the central Bank. [7]

In addition, the threat of sanctions against our comrade Heloisa Helena go in an opposite direction. Moreover, the same orientation appears in the desire of the leaders of the party to make her endorse the government's orientations automatically. The initiatives that we take inside the party, the standpoint of many members of Parliament, are opposed to it. In addition to the already mentioned attitude of the parliamentary group with regard to the future of the central Bank, let us note that the majority of the PT group of in the Senate (9 out of 14) solidarized with Heloisa Helena, as well as a quasi-majority of federal deputies. Nearly 30 PT deputies recently launched a new proclamation against the neoliberal economic policy. In the same way, in another proclamation, more than 100 economists close to the PT demand a new economic policy and denounce the ongoing capitulation to the requirements of the 'market'.

Obviously the debate on the tax reforms (on their insufficiencies and limits) and especially that on pensions (on the accentuation of tax polarization, the reduction of rights and the consequences for the universities and public services in general) puts on the agenda the need for the autonomy of the party so that it can express its positions vis-à-vis the government. It is significant to stress that if the terms of the pensions reform were negotiated with the governors (among whom the PSDB can affirm its hegemonic force), they were only presented to the party and the social movements.

[<http://www.internationalviewpoint.org/local/cache-vignettes/L301xH198/27brazil-00d62.jpg>]

It is then not surprising that the strongest criticisms of the government project come from the ranks of the PT and have appeared in the debate of the party. A seminar of the party leadership on this subject involved nearly 1,000 participants whereas more than 20,000 others participated through the Internet. The PT deputies and senators are thus under the joint pressure of broad sectors of the party, academics, the CUT and the public service trade unions in order to modify the project, whereas the government is accentuating the pressure on them so that they adopt it.

With regard to the longer-term options, such as the conceptions and axes of the economic policy, the criticisms already formulated must be reinforced so that the party can formulate positions which would be used as a reference for a change of course of the government.

But above all, this process of internal PT debate must be related to the debates of the other parties of the left and especially to social mobilization.

The social movements in the political debate

Until recently the mobilization of the social movements for the conquest of their interests had not taken a political dimension and had not undergone a process of unification. The hope that the specific relationship of the movements with the government would be sufficient for the achievement of policies which privileged popular interests dominated. That could be enough to obtain satisfaction on specific questions, but certainly not to obtain essential changes nor modify the structure of power and wealth within society. Moreover the debate on the orientation of the government cannot take place without there being a vigorous debate within society, without a permanent politicization of the social movements, without a broad mobilization and without the contradictory social interests clashing. A passive attitude on the part of the social movements carried a double risk: that of a decline in their level of consciousness with regard to their own interests leading them to be dragged along by the government; and, worse still, to see the dominant classes and especially the fraction related to financial capital, reorganize themselves and act effectively to impose limits on the change in government.

This picture has been modified. The social movements have woken up to oppose the proposal for pensions reform.

The CUT and pensions reform

The CUT closed its congress of June 7-8 by affirming its willingness to mobilize its forces to modify the plans for pensions reform. In their immense majority, the militants of the CUT are linked to the PT.

The first great national demonstration since the establishment of the Lula government took place on June 11 in the capital, Brasilia. It gathered between 30,000 and 40,000 people from all the country. New demonstrations are planned. The political impact of this mobilization is central in the current conjuncture. It implies a change of position and consciousness of PT militants in the social movements. It also implies a public confrontation of social interests with major consequences on the dynamic of the government, the Parliament and the party. The debates which question the orientation of the government, hitherto confined within the parties (above all the PT), take on another dimension. It is possible to say that we are witnessing a change of conjuncture, within the framework of the new period opened by the defeat of Fernando Henrique Cardoso and the victory of Lula.

[1] The resolution adopted is available in Portuguese on the website <http://www.pt.org.br>.

[2] See [IV 349](#), May 2003

[3] This letter of intent is available in [Portuguese](#) and [English](#).

[4] The PSDB (Party of Brazilian Social Democracy) had supported the presidency of Fernando Henrique Cardoso (elected in 1994 and 1998 against Lula), who implemented a neoliberal policy aligned on the diktats of the IMF.

[5] Available in [Portuguese](#).

[6] See [periscopio](#).

[7] Although the majority of PT deputies opposed the project of financial regulation, it was voted through with the support of the deputies of the PSDB.