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Lula's Brazil

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Contrary to a well-known English dictum, stoical if self-exonerating, all political lives do not end in failure. In postwar Europe, it is enough to think of Adenauer or De Gasperi, or perhaps even more impressively, Franco. But it is true that, in democratic conditions, to be more popular at the close than at the outset of a prolonged period in office is rare. Rarer still – indeed, virtually unheard of – is for such popularity to reflect, not appeasement or moderation, but a radicalisation in government. Today, there is only one ruler in the world who can claim this achievement, the former worker who in January stepped down as president of Brazil, enjoying the approval of 80 per cent of its citizens. By any criterion, Luiz Inácio da Silva is the most successful politician of his time.

That success has owed much to an exceptional set of personal gifts, a mixture of warm social sensibility and cool political calculation, or – as his successor, Dilma Rousseff, puts it – rational assessment and emotional intelligence, not to speak of lively good humour and personal charm. But it was also, in its origins, inseparable from a major social movement. Lula's rise from worker on the shop-floor to leader of his country was never just an individual triumph: what made it possible was the most remarkable trade-union insurgency of the last third of a century, creating Brazil's first – and still only – modern political party, which became the vehicle of his ascent. The combination of a charismatic personality and a nationwide mass organisation were formidable assets.

Nevertheless, Lula's success was far from a foregone conclusion. Elected in 2002, his regime got off to a dour start, and soon came close to disaster. His first year in office, dominated by the economic legacy of his predecessor, reversed virtually every hope on which the Workers' Party had been founded. Under Fernando Henrique Cardoso, the public debt – nearly half of it denominated in dollars – had doubled, the current account deficit was twice the Latin American average, nominal interest rates were over 20 per cent, and the currency had lost half its value in the run-up to the election. Argentina had just declared the largest sovereign default in history, and Brazil looked – in the eyes of the financial markets – to be on the brink of the same precipice. To restore investor confidence, Lula installed an unblinkingly orthodox economic team at the Central Bank and Ministry of Finance, which hiked interest rates yet further and cut public investment, to achieve a primary fiscal surplus higher even than the

figure the IMF had demanded. For citizens, prices and unemployment rose as growth fell by 50 per cent. But what was bitter medicine for militants was nectar to bond-holders: the spectre of default was banished. Growth resumed in 2004 as exports recovered. Even so the public debt continued to rise, and interest rates were hoisted once more. Adherents of the previous regime, who had smarted under Lula's criticisms of Cardoso, pointed triumphantly to the continuities between the two. For the Partido dos Trabalhadores there was little to boast about.

This was uninspiring enough, but worse was to come. In the spring of 2005, the leader of one of the smaller parties in Congress (there were more than a dozen of these), coming under pressure after one of his henchmen was videotaped pocketing a bribe, hit back with the revelation that the government had been systematically buying the votes of deputies, to the tune of \$7000 a month each, to secure majorities in the legislature. In charge of the operation was the head of Lula's cabinet in the presidential palace, José Dirceu, the money coming from illegal funds controlled by the PT and distributed by its treasurer, Delúbio Soares. Within weeks of this bombshell, an aide to the brother of the chairman of the PT, José Genoíno, was arrested boarding a flight with 200,000 reais in a suitcase and \$100,000 in his underpants. A month later, the manager of Lula's bid for the presidency, Duda Mendonça – a notoriety in the PR world – confessed that the campaign had been financed by slush funds extracted from interested banks and enterprises, in violation of electoral law, and that he himself had been rewarded for his services with secret deposits in an account in the Bahamas. Next it was one of Lula's closest political confidants, the former trade-union leader Luiz Gushiken, under fire for siphoning pension funds for political ends, who was forced to step down as secretary of communications. In a yet darker background lay the unsolved murder in early 2002 of Celso Daniel, mayor of the PT stronghold of Santo André, widely suspected of being a contract killing to do with bribes collected from local bus companies.

The exposure of a broad hinterland of corruption behind Lula's conquest of power, while it came as a demoralising shock to much of the PT's own base, could be put – as it promptly was by loyalists – in historical perspective. Illegal bankrolling of campaigns by hidden donors in exchange for favours was widespread in Brazilian politics: the president of the main opposition party, Cardoso's Social Democrats (PSDB), was caught on the same charge and had to resign. Buying votes in Congress was no novelty. It was well known that Cardoso had greased the palms of deputies from Amazonas to secure the constitutional change that allowed him to run for a second term. The Brazilian legislature had long been a cesspit of venality and opportunism. By the end of Lula's first term, between a third and two-fifths of the deputies in Congress had switched parties; by the end of the second, more than a quarter of both Congress and Senate were under criminal indictment or facing charges. In December, legislators awarded themselves a pay rise of 62 per cent. In 2002, Lula had been elected with 61 per cent of the popular vote, but the PT got less than a fifth of the seats in Congress, where allies had to be found for the government to command a legislative majority. Dirceu had wanted to make a deal with the largest party of the centre, the PMDB, but this would have meant conceding important ministries. Lula preferred to stitch together a patchwork of

smaller parties, whose bargaining power was weaker. But they naturally expected a share of the spoils too, if a lower grade one, and so the *mensalão* – the monthly backhander – was devised for them.

In cash terms, the corruption from which the PT benefited, and over which it presided, was probably more systematic than that of any predecessor. In absolute terms, Brazilian elections are second only to America's in their costs, and relative to national income can exceed them by a wide margin. In 1996, Clinton spent \$43 million to take the White House; in 1994 Cardoso laid out \$41 million to secure the Palácio do Planalto, in a country with a per capita GDP less than a sixth that of the US. Unlike Cardoso, who twice sailed to victory on the first ballot as the establishment candidate, and commanded abundant natural – in Brazilian parlance, 'physiological' – allies and placemen in Congress, Lula was a three-time loser when he ran again for the presidency in early 2002, and his party traditionally an object of the deepest suspicion to all who counted economically in the country. To mount that unfavourable gradient, special resources were needed, for which special undertakings had to be given, public and private. So too, with a smaller core of deputies and fewer spontaneous friends in the legislature, to obtain makeshift majorities in Congress the PT was driven to bribe on a bigger scale. Perhaps one could speak of a kind of workers' premium, in corruption as in disinflation: a need to over-satisfy the IMF with an excessive primary surplus to keep the economy on keel, to over-extract and distribute black money to win office and exercise power. That, at least, would have been one line open to defenders of the party. In practice, the more typical mitigation was to point to the personal probity, in some cases the heroic record, of those in charge of disbursements made for organisational, not individual ends. Dirceu, the architect of the modern PT and strategist of Lula's victory, had worked underground for years after returning clandestinely from exile in Cuba. Genoino had been a guerrilla fighter in the jungle, imprisoned and tortured by the generals. Gushiken still lived the modest life of a former trade unionist. They had acted without personal advantage, *pour les besoins de la cause*.

Such pleas did not move the media. Uniformly hostile to the PT anyway, the Brazilian press went into high gear as the scandal of the *mensalão* broke, sparing no deadly conjecture or damaging detail. Its target now lay wide open. There was no denying that the PT had always claimed to be above the swamp of traditional mores, a fearless enemy of ingrained corruption rather than a hardened practitioner of it. Soon even the distinction between institutional misconduct and individual degeneration was swept away, in spectacular fashion. The single most powerful figure in the government was the minister of finance, Antonio Palocci, a mayor from the interior of São Paulo, who had been the inspiration behind the 'Letter to the Brazilians', Lula's electoral billet-doux to the business community, and the key broker for the PT's backdoor transactions with banks and construction firms during the campaign. A mediocre former doctor with no particular economic skills, his sub rosa ties to assorted cash-box circles and his rigid orthodoxy in office made him the guarantee of business confidence in the government and toast of the financial press, at home and abroad. Shady deals in his municipal fief of Ribeirão Preto had long been rumoured, though these too could be played

down as replenishing only party coffers.

But in early 2006, it emerged that a secluded lakeside mansion in Brasilia had been rented by one of his aides from Ribeirão Preto. There, in scenes out of Buñuel, the sallow features of the finance minister – he looks like a cutpurse in some low-life seicento painting – were to be glimpsed slipping from limousine to portal, to enter a villa where the rooms were equipped only with beds and a side table or two for cash and alcohol. Here discreetly came and went lobbyists and familiars, along with the minister, to enjoy prostitutes and parties, and exchange tips and favours. When news of the brothel came out, cynics could be heard to say that there was no reason for surprise, the capital itself being little more than an enlarged version of the same. Palocci was not in a position to take this line, and made desperate attempts to stifle the affair. Lula, comparing him effusively to Ronaldinho as the star player the team cannot afford to lose, sought by every means to save him, in vain. With his fall in the spring of 2006, the slate of leading politicians around Lula was virtually wiped clean.

The uproar in the media was deafening. In Congress the opposition pressed for one commission of investigation after another. Leading members of the PSDB started to talk of impeaching Lula himself for complicity in the corruption of his entourage. Feeling cornered by this wave of assaults, Lula began to speak in private of appealing to the street if his enemies persisted in trying to depose him. In reality, there was little danger of this, since both Cardoso and Serra, the PSDB mayor of São Paulo, beaten by Lula in 2002 but hoping to become the presidential candidate again for his party later that year, decided it would be better to leave a badly wounded incumbent in office than to risk the emergence of a strong, uncompromised opponent were he to be ousted.

Rarely has a political calculation so misfired. Besieged in the media and mauled in the legislature, Lula had two assets in reserve that not only saved his position, but transformed it. The first was the return of sustained economic improvement. After a period that had seen the worst stagnation of the century – an annual average growth of 1.6 per cent in the 1990s, creeping up no higher than 2.3 per cent in Cardoso's eight years – GDP increased at a clip of 4.3 per cent from 2004 through 2006. The jump was essentially due to external good fortune. These were the years in which Chinese demand for Brazil's two most valuable exports, soya and iron ore, took off, amid a steep general rise in commodity prices. In America, where interest rates were being held artificially low by the Fed to keep the financial bubble in the United States from bursting, the 'Greenspan Put' made a flow of cheap capital imports available to Brazil. As business and jobs picked up, the mood in the country changed. Few voters were disposed to quibble with official claims taking credit for the improvement. With the upturn, moreover, the state was now collecting larger revenues. These would be critical for the government's second ace.

From the start, Lula had been committed to helping the poor. Accommodation of the rich and powerful would be necessary, but misery had to be tackled more seriously than in the past. His first attempt, a Zero Hunger scheme to assure minimum sustenance to every Brazilian, was a mismanaged fiasco. In his second year, however, consolidating various pre-existent

partial schemes and expanding their coverage, he launched the programme that is now indelibly associated with him, the Bolsa Família, a monthly cash transfer to mothers in the lowest income strata, against proof that they are sending their children to school and getting their health checked. The payments are very small – currently \$12 per child, or an average \$35 a month. But they are made directly by the federal government, cutting out local malversation, and now reach more than 12 million households, a quarter of the population. The effective cost of the programme is a trifle. But its political impact has been huge. This is not only because it has helped, however modestly, to reduce poverty and stimulate demand in the worst afflicted regions of the country. No less important has been the symbolic message it delivers: that the state cares for the lot of every Brazilian, no matter how wretched or downtrodden, as citizens with social rights in their country. Popular identification of Lula with this change became his most unshakeable political asset.

Materially, a succession of substantial increases in the minimum wage was to be of much greater significance. These began just as the corruption scandals were breaking. In 2005, the rise was double that of the previous year in real terms. In the election year of 2006, the rise was still greater. By 2010, the cumulative increase in the rate was 50 per cent. At about \$300 a month, it remains well below the earnings of virtually any worker in formal employment. But since pensions are indexed to the minimum wage, its steady increase has directly benefited at least 18 million people – the Statute of the Elderly, passed under Lula, consolidating their gains. Indirectly, too, it has encouraged workers in the informal sector not covered by the official rate, who make up the majority of the Brazilian workforce, to use the minimum as a benchmark to improve what they can get from their employers. Reinforcing these effects was the introduction early on of *crédito consignado*: bank loans for household purchases to those who had never before had bank accounts, with repayment automatically deducted from monthly wages or pensions. Together, conditional cash transfers, higher minimum wages and novel access to credit set off a sustained rise in popular consumption, and an expansion of the domestic market that finally, after a long drought, created more jobs.

In combination, faster economic growth and broader social transfers have achieved the greatest reduction in poverty in Brazilian history. By some estimates, the number of the poor dropped from around 50 to 30 million in the space of six years, and the number of the destitute by 50 per cent. Half of this dramatic transformation can be attributed to growth, half to social programmes – financed by higher revenues accruing from growth. Nor have such programmes been confined to income support. Since 2005, government spending on education has trebled and the number of university students doubled. During the 1990s, higher education in Brazil largely ceased to be a public function, with three-quarters of all students going to private universities that enjoyed tax exemption. Astutely, these have been obliged, in exchange for their exemption, to offer scholarship places to students from poor or non-white families who would otherwise never have a chance of getting beyond middle school. However poor the quality of instruction – it is often terrible – the hope of betterment has made the programme, enrolling some 700,000 students to date, a great popular success, sometimes compared for democratising effect to the GI Bill of Rights in postwar America.

In 2006, not all of this had yet been achieved. But more than enough had been done to shield Lula from the battering of his adversaries. Popular opinion was not entirely indifferent to corruption – at the height of the *mensalão*, his ratings had dropped quite sharply. But measured against such appreciable improvements in people's lives, backhanders did not count. By the spring, the political tables had been turned so completely that Serra, looking at the opinion polls, decided he had no chance against Lula, leaving a hapless rival in his party to be thrashed in the presidential election that autumn, when Lula walked away with the same majority as he won four years before, 61 per cent in the second round. This time, however, its social composition differed. Alienated by the *mensalão*, much of the middle-class electorate that had rallied to Lula in 2002 deserted him, while the poor and the elderly voted for him in greater numbers than ever before. His campaign, too, struck a different note. Four years earlier, when its aim had been to reassure doubtful voters, his managers had marketed him as the bearer of 'peace and love' to the country. In 2006 the tone was less saccharine. Brushing aside lapses in the PT of which he had, of course, been unaware, the president launched an aggressive counter-attack on the privatisations of the previous regime, which had enriched a few at the expense of the nation and could be expected to resume if his opponent were elected. There was a gulf between his government and Cardoso's: not a single enterprise had been privatised under Lula. The disposal of public assets, often on the murkiest terms, had never been popular in Brazil. The message struck home.

Buoyed by socio-economic success, and a more hard-hitting political victory, Lula's second mandate was a much more confident affair. He was now not only the undisputed master of popular affection, as the first president to bring a modest well being to so many of his people, but also in complete control of his own administration. His two leading ministers were gone. Palocci – to Lula 'more than a brother' – he might regret personally, but he was no longer required to calm the nerves of overseas investors. Dirceu, a virtuoso of cold political calculation and intrigue, he had never liked and somewhat feared. Their joint elimination freed him for sole command in Brasilia. When, midway through his second term its test came, he handled it with aplomb. The crash of Wall Street in 2008 might be a tsunami in the US, he declared, but in Brazil it would be no more than a 'ripple' – *uma marolinha*. The phrase was seized on by the press as proof of reckless economic ignorance and irresponsibility.

But he was as good as his word. Counter-cyclical action was prompt and effective. Despite falling tax revenues, social transfers were increased, reserve requirements were reduced, public investment went up and private consumption was supported. In overcoming the crisis, local banking practices helped. Tight controls, holding multipliers of the monetary base well below US levels, and greater transparency had left Brazilian banks in much better shape than those in the US, protecting the country from the worst of the financial fall-out. But it was concerted, vigorous state policy that pulled the economy round. Lula's optimism was functional: told not to be afraid, Brazilians went out and consumed, and demand held up. By the second quarter of 2009, foreign capital was flowing back into the country, and by the end of the year the crisis was over. As Lula's second mandate came to an end, the economy was posting more than 7 per cent growth, and nature itself was smiling on his rule, with the

discovery of huge deposits of offshore oil.

To these domestic successes could be added foreign laurels. The international standing of Brazil has rarely, if ever, corresponded to its size or potential importance. Cardoso had consorted with the Clintons and Blairs of the North, but such company had only discredited him, as a lesser mouthpiece for the guff of the Third Way. Diplomatically, the guideline of his regime was fidelity to the United States. From the outset, Lula steered another course. Without confronting Washington, he gave greater priority to regional solidarity, promoting Mercosur with neighbours to the south, and refusing to cold-shoulder Cuba and Venezuela to the north. The most impressive figure in Lula's cabinet, the foreign minister, Celso Amorim, was soon leading a front of poorer states to thwart Euro-American attempts to ram more 'free trade' – free for the US and EU – arrangements through the WTO at Cancún. As he politely expressed it, 'Cancún will be remembered as the conference that signalled the emergence of a less autocratic multilateral trading system.' If Washington and Brussels have still not succeeded, eight years later, in imposing their will on the less developed world through the abortive Doha Round, credit must first of all go to Brazil.

In his second mandate, Lula would go much further in putting his country on the world stage. By now he was a statesman courted in every region of the world, who no longer had to defer, at least outwardly, to the conventions of the 'international community'. In part this change was due to the increasing weight of Brazil as an economic power. But it also reflected his own aura as the most popular ruler – in both senses of the term, political and social – of the age. Consecration of the new position he had won for his nation came with the formation of the BRIC quartet in 2009, bringing the heads of state of Brazil, Russia, India and China together in one-time Sverdlovsk, with a communiqué calling for a global reserve currency. The following year Lula hosted the BRIC summit in Brazil itself. On paper, the four largest powers outside the Euro-American imperium would appear to represent, if not an alternative, at least some check to its dominion. Yet it is striking that, although Brazil alone of the four is not a major military power, it is so far the only one to have defied the will of the United States on an issue of strategic importance to it: Lula not only recognised Palestine as a state, but declined to fall in with the blockade of Iran, even inviting Ahmadinejad to Brasilia. For Brazil to do this was virtually a declaration of diplomatic independence. Washington was furious, and the local press beside itself at this breach of Atlantic solidarity. Few voters cared. Under Lula, the nation had emerged as a global power. By the end, his vast popularity was a reflection not only of material betterment, but also of collective pride in the country.

If such is the bald record of this presidency, how is it to be interpreted historically? Three contrasting views hold the field in Brazil. For Cardoso and his followers, still dominant among the intelligentsia and in the media, Lula embodies the most regressive traditions of the continent, his rule just another variant of the demagogic populism of a charismatic leader, contemptuous at once of democracy and civility, purchasing the favour of the masses with charity and flattery. In Brazil this was the disastrous legacy of Getúlio Vargas, a dictator who had returned to power by the ballot-box as 'father of the poor', and committed a

melodramatic suicide when the criminality of his regime was exposed. In Argentina, the reign of Perón had been still more ruinous and corrupting. No less manipulative and authoritarian, if on a pettier scale, Lulismo is – Cardoso's verdict – 'a kind of sub-Perónism'. The element of partisan rancour in this description is no mystery: to be so outshone in popular esteem by Lula has gone hard with his predecessor. But more moderately expressed, the basic classification is not uncommon, and can be heard among those who respect the memory of Vargas as well as those who detest it.

Viewed historically, however, comparisons with Vargas, let alone Perón, miss the mark. The differences between their forms of rule and Lula's are fundamental. Not that the great practitioners of populism in Brazil and Argentina were all that alike themselves. Vargas's rhetoric was paternalist and sentimental, Perón's rousing and aggressive, and their relationship to the masses was quite distinct. Vargas built his power on an incorporation of newly urbanised workers into the political system, as passive beneficiaries of his care, with a protective labour law and a gelded unionisation from above. Perón galvanised them as active combatants against oligarchic power, with a mobilisation of proletarian energies in a trade-union militancy that outlived him. The one appealed to lachrymose images of 'the people', while the other called up the anger of *los descamisados* – the local sansculottes, but without shirts rather than breeches.

Lula's exercise of power has involved none of all this. His rise was based on a trade-union movement and political party far more modern and democratic than anything Vargas or Perón ever envisaged. But by the time he won the presidency at his fourth attempt, the PT had been largely reduced to an electoral machine. In power, Lula neither mobilised nor even incorporated the electorate that acclaimed him. No new structural forms gave shape to popular life. The signature of his rule was, if anything, demobilisation. The trade unions organised more than 30 per cent of the formal labour force in the 1980s, when he made his name as their most gifted leader. Today, the figure is 17 per cent. The decline preceded his period in office, but was not altered by it. Even the *imposto sindical* dating back to the Fascist-inspired legislation of the most repressive period of Vargas's rule (the Estado Novo), whose deduction and distribution of dues by the state was long and rightly viewed by the PT as a mechanism for sapping union activism, and whose abolition was a key demand of the early 1980s, has been left untouched. Nor, on the other side of the ledger, have the forms of clientelism characteristic of classic populism been reproduced. The Bolsa Família is administered impersonally, clear of capillary systems of patronage. The pattern of rule is quite distinct.

A second interpretation looks to a different parallel. The political scientist André Singer, press secretary to Lula in his first mandate, but an independent and original mind, has pivoted a striking analysis of Lulismo on the psychology of the Brazilian poor. This, he argues, is a sub-proletariat, comprising nearly half – 48 per cent – of the population, that is moved by two principal emotions: hope that the state might moderate inequality, and fear that social movements might create disorder. On Singer's reading, instability is a spectre for the poor,

whatever form it takes – armed struggle, price inflation or industrial action. So long as the left failed to understand this, the right captured their votes for conservatism. In 1989, Lula won the prosperous south, but Fernando Collor, brandishing the danger of anarchy, swept the poor to gain a comfortable victory. In 1994 and 1998, Cardoso's throttling of inflation ensured him a still larger margin of the popular vote. In 2002, Lula finally grasped that it was not just builders and bankers who needed reassurance that he would not do anything unduly radical in power, but – even more crucially – street vendors and slum-dwellers too. Only in 2006, however, was a complete reversal of allegiances sealed, as the middle class abandoned him while the sub-proletariat voted for him en masse. When he first ran for office in 1989, Lula took 51.7 per cent of the electorate in the south of the country, and 44.3 per cent in the famished north-east; in 2006, he lost the south at 46.5 per cent, and swept the north-east with 77.1 per cent.

The economic orthodoxy of Lula's first term, and the lesser but continuing caution of his second, were thus more than simple concessions to capital. They answered to the needs of the poor, who, unlike workers in formal employment, cannot defend themselves against inflation and dislike strikes even more than the rich, as a threat to their daily lives. So, coming after Cardoso, Lula cut inflation still further, even as he attended to popular consumption, pioneering a 'new ideological road' with a project combining price stability and expansion of the internal market. In this, Singer suggests, he displayed his sensitivity both to the temperament of the masses and to the political culture of the country at large, each in their own way marked by a long Brazilian tradition of conflict avoidance. Vargas too, until he was under siege at the end, had generally embodied that trait. Lula can thus indeed be regarded in certain respects – in his ability to square the concerns of capital and labour; to exploit favourable external circumstances for internal development; to assert national interests; and above all, to make a connection with the previously inarticulate masses – as Vargas's heir, offering a potent blend of authority and protection as the 'father of the poor' had once done. But in other ways, his popular roots as a penniless immigrant from the north-east and his unimpeachably democratic commitments gave him far greater legitimacy and credibility as a defender of the people than a wealthy rancher from the south, who left the rural masses essentially untouched in their misery, could ever possess. Lula did not see himself as a descendant of Vargas. The president with whom he identified was Kubitschek, the builder of Brasilia, another optimist who never willingly made an enemy.

For Singer, however, comparison with a much more famous ruler is in order. Might not Lula have become the Brazilian Roosevelt? The genius of FDR was to transform the political landscape with a package of reforms that would eventually lift millions of hard-pressed workers and pinched employees, not to speak of those made jobless by the Slump, into the ranks of the postwar American middle class. Any party that sets in motion upward social mobility on such a scale will dominate the scene for a long time to come, as the Democrats did once the New Deal was underway, though eventually the opposition will adjust to the change and compete on the same ground, as Eisenhower would do in 1952. Presiding over comparable changes, Lula's victories in 2002 and 2006 can be mapped with uncanny

closeness onto Roosevelt's of 1932 and 1936: first a large majority, then an avalanche, the popular classes pouring out for the president as the respectable classes turned against him. In prospect could be a Brazilian political cycle just as long, driven by the same dynamics of social ascent.

Glances in the mirror at resemblances with FDR are not new in Brazil. Cardoso also liked to compare his project with that of the great Democratic coalition mustered to the north. Lula may come closer, but the contrasts between the New Deal and his intendency are still plain. Roosevelt's social reforms were introduced under pressure from below, in a wave of explosive strikes and rolling unionisation. Organised labour became a formidable force from 1934 onwards, which he had to court as much as he could control. No comparable industrial militancy either sustained or challenged Lula (the rural landless attempting such a role were much too weak, their movement easily marginalised). Where Roosevelt confronted a deep slump, which the New Deal never really overcame, and was rescued from its failure only by the onset of the Second World War, Lula rode the crest of a commodities boom in a time of increasing prosperity. Differing in their luck, they differed completely in style too: the aristocrat who rejoiced in the hatred of his enemies, and the labourer who wanted none, could hardly form a greater contrast. Were the ultimate upshot of their rule to be the same, there would seem little immediate connection between causes and effects.

Still, in one point there could be thought a certain likeness. The intensity of the animus against Roosevelt in conservative circles up to the outbreak of the war was out of all proportion to the actual policies of his administration. To all appearances, the same anomaly was to recur in Brazil, where Lula's aversion to conflict was not reciprocated. Anyone whose impressions of his government came from the business press abroad would get a shock from exposure to the local media. Virtually from the start the *Economist* and *Financial Times* purred with admiration for the market-friendly policies and constructive outlook of Lula's presidency, regularly contrasted with the demagoguery and irresponsibility of Chávez's regime in Venezuela: no praise was too high for the statesman who put Brazil on a steady path to capitalist stability and prosperity. The reader of the *Folha* or *Estadão*, not to speak of *Veja*, was living in a different world. Typically, in their columns, Brazil was being misgoverned by a crude would-be caudillo without the faintest understanding of economic principles or respect for civil liberties, a standing threat to democracy and property alike.

The degree of venom directed at Lula bore little or no relation to anything he was actually doing. Behind it lay other and deeper grievances. For the media, Lula's popularity meant a loss of power. From 1985 and the end of military rule, it was the owners of the press and television who in practice selected candidates and determined the outcome of elections. The most notorious case was the backing of Collor by the Globo empire, but the coronation of Cardoso by the press, before he had even thrown his hat into the ring, was scarcely less impressive. Lula's direct rapport with the masses broke this circuit, cutting out the media's role in shaping the political scene. For the first time, a ruler did not depend on their proprietors, and they hated him for this. The ferocity of the ensuing campaigns against Lula

could not have been sustained, however, without a sympathetic audience. That lay in the country's traditional middle classes, principally but not exclusively based in the big cities, above all São Paulo. The reason for the hostility within this stratum was not loss of power, which it had never possessed, but of status. Not only was the president now an uneducated ex-worker whose poor grammar was legend, but under his rule maids and guards and handymen, riff-raff of any kind, were acquiring consumer goods hitherto the preserve of the educated, and getting above themselves in daily life. To a good many in the middle class, all this grated acutely: the rise of trade unionists and servants meant they were coming down in the world. The result has been an acute outbreak of 'demophobia', as the columnist Elio Gaspari, a spirited critic, has dubbed it. Together, the blending of political chagrin among owners and editors with social resentment among readers made for an often bizarrely vitriolic brew of anti-Lulismo, at odds with any objective sense of class interest.

For, far from doing any harm to the propertied (or credentialed), this was a government that greatly benefited them. Never has capital so prospered as under Lula. It is enough to point to the stock market. Between 2002 and 2010, Bovespa outperformed every other bourse in the world, rocketing by 523 per cent; it now represents the third largest securities-futures-commodities complex on earth. Huge speculative gains accrued to a modern bourgeoisie accustomed to gambling on share prices. For more numerous and risk-averse sectors of the middle class, sky-high interest rates yielded more than satisfactory returns on simple bank deposits. Social transfers have doubled since the 1980s, but payments on the public debt trebled. Outlays on the Bolsa Família totalled a mere 0.5 per cent of GDP. Rentier incomes from the public debt took a massive 6-7 per cent. Fiscal receipts in Brazil are higher than in most other developing countries, at 34 per cent of GDP, largely because of social commitments inscribed in the constitution of 1988 at the high point of the country's democratisation, when the PT was still a rising radical force. But taxes have remained staggeringly regressive. Those living on less than twice the minimum wage lose half their income to the Treasury, those on 30 times the minimum wage a quarter of theirs. In the countryside, the clearing of vast interior areas of scrub for modern agribusiness, proceeding apace under Lula, has left landownership more concentrated today than it was half a century ago. Urban real estate has moved in the same direction.

Official reports, backed by much statistical analysis and endorsed by sympathetic agencies and journalists abroad, claim not only a major reduction of poverty in Brazil in these years, of which there is absolutely no doubt, but a substantial diminution of inequality, with the Gini index falling from an astronomic 0.58-plus at the start of Lula's term to a merely towering 0.538 at the end of it. In such estimates, from the turning point of 2005 onwards, the incomes of the poorest decile of the population purport to have grown at nearly double the rate of those in the top decile. Best of all, some 25 million people have moved into the ranks of the middle class, henceforward a majority of the nation. For many commentators, domestic and foreign, this is the most hopeful single development of Lula's presidency. It is the ideological *pièce de résistance* in the glowing accounts of boosters like the Latin American editor of the *Economist*, Michael Reid, eager to hold up the new middle class in Brazil as the

beacon of a stable capitalist democracy in the 'battle for the soul' of a 'forgotten continent' against dangerous rabble-rousers and extremists. Much of this acclaim rests on an artifice of categorisation, in which someone with an income as low as \$7000 a year (pauperism elsewhere) is classified as 'middle class', while according to the same schema the uppermost class – the super-elite of Brazilian society, comprising just 2 per cent of the population – starts at scarcely twice the average per capita income of the world's population. Marcio Pochmann, the head of the country's leading institute of applied economic research, has trenchantly remarked that a more accurate description of the much touted new middle strata would be simply 'the working poor'.

More generally, the belief that inequality in Brazil has significantly declined must be met with scepticism, since not only is it based on data for nominal income that exclude – according to standard statistical rules – 'outliers' at the top of the tail, i.e. the super-rich, but much more fundamentally ignores capital appreciation and concealment of financial gains at the summit of society. As the leading study, *Declining Inequality in Latin America*, notes of standard household surveys, 'incomes from property are grossly underestimated': 'If the top incomes ignored by surveys experience a large enough relative increase, then the true dynamics of overall inequality may display a rising trend even when survey-based estimates show the opposite result.' So in Brazil it is estimated that between 10,000 and 15,000 families receive the lion's share of the \$120 billion annual payments of the public debt (the cost of the Bolsa Família is \$6-9 billion), while in the last decade millionaires have multiplied as never before. The explosion of the stock market alone should be warning enough against any naivety on this score. The rich are well aware on which side their bread has been buttered. Unlike the 'economic royalists' attacked by Roosevelt, who detested the New Deal, most Brazilian financiers and industrialists have been warm supporters of Lula's government. Capital has been not only more lucid about it than the – true – middle class, but also more comfortable with it than with any previous regime: logically enough, since profits have never been higher.

For a third interpretation of Lulismo, these profits must lie at the centre of any realistic analysis of its system of rule. In a series of iconoclastic essays, the sociologist Chico de Oliveira has developed a vision of it in nearly every way antithetical to that of Singer, with whom he remains on good terms despite their political differences (one of the historic founders of the PT, de Oliveira left the party in disgust soon after Singer joined Lula's government).[*] De Oliveira doesn't contest his friend's characterisation of the psychology of the poor, or the improvements in their lot wrought by Lula. The sub-proletariat is as Singer describes it: without resentment of the rich, satisfied with modest and gradual alleviations of its conditions of existence. But his account focuses too narrowly on the relationship between Lula and the mass of his electorate. Missing are two fundamental parameters for an understanding of Lulismo. The first is the moment in the world history of capital at which it came to power. Globalisation has cut off the possibility of an inclusive project of national development of the kind long sought in Brazil, not least by those like Lula himself. The third industrial revolution, based on biological and digital advances that erase the boundary between science and technology, requires investment in research and imposes patents that

permit no ready transfer of their results to the periphery of the system – least of all in a country like Brazil, where investment has never, even at the height of developmentalism under Kubitschek in the 1950s, exceeded a low 22 per cent of GDP. Outlays on R&D remain beggarly.

Thus instead of further industrial advance, the consequence for Brazil of the latest wave of technological revolution has been to shift accumulation away from manufacturing to financial transactions and natural-resource extraction, with a very rapid growth in the banking sector, where profits are highest, and in mining and agribusiness for export. The former is an involution, diverting investment from production; the latter a regression, taking Brazil back to earlier cycles of reliance on primary commodities for growth. It was to the dynamic of these sectors that Lulismo had to adjust in coming to terms with capital. Here lay the second parameter. For the result was to transform the structures out of which it had emerged – the party and the trade unions which, after 2002, became the apparatus of power on which it rested. The leadership of the CUT, the principal confederation of labour, was put in charge of the country's largest pension fund. The cadres of the PT colonised the federal administration, where a Brazilian president has the right of nomination to over 20,000 well-paid jobs, far more than the spoils system has ever allowed the executive in America. Now all but completely detached from the working class, this stratum was inexorably sucked into the vortex of financialisation engulfing markets and bureaucracies alike. Trade unionists became managers of some of the biggest concentrations of capital in the country, the scene of ferocious struggles for control or expansion between competing predators. Militants became functionaries enjoying, or abusing, every perquisite of office.

As a new logic of accumulation interlocked with a new incrustation of power, a hybrid social layer was formed – de Oliveira would compare it to the duck-billed platypus, as a sport of the animal kingdom – whose natural habitat was corruption. The unorganised poor of the informal economy had now become Lula's electoral base, and he could not be reproached for that, or for the neo-populism of his relationship to them, unavoidable for Chávez or Kirchner too. But between the leader and the masses lay an apparatus that had become deformed. Missing in Singer's account was a sense of this dark side of Lulismo. What it had achieved was a kind of inverted hegemony. Where, for Gramsci, hegemony in a capitalist social order had been the moral ascendancy of the possessing over the labouring classes, securing the consent of the dominated to their own domination, in Lulismo it was as if the dominated had reversed the formula, achieving the consent of the dominant to their leadership of society, only to ratify the structures of their own exploitation. A more appropriate analogy was not the United States of the New Deal, but the South Africa of Mandela and Mbeki, where the iniquities of apartheid had been overthrown and the masters of society were black, but the rule of capital and its miseries was as implacable as ever. The fate of the poor in Brazil had been a kind of apartheid, and Lula had ended that. But equitable or inclusive progress remained out of reach.

To many, even of those close in political outlook to de Oliveira, this picture is overdrawn, as if

the dark side of Lulismo, hard to deny in itself, has in his representation of it become a total eclipse. How has it been received in the PT itself? With scarcely a word. In part, it is often said, he is so personally liked and respected that no one – save Delúbio and Dirceu, who sued him for libel before they were indicted – wants to quarrel with him. A very Brazilian cordiality. But then what of the far more favourable analysis of Singer? There too, virtually no reaction. Converted into a vote-getting machine, the PT has kept most of its militants and mass membership – some 300,000 members took part in its last internal election – but has lost its intellectual wing, and is generally empty of ideas. When the party emerged at the turn of the 1980s, the Brazilian intelligentsia was a vital ferment in the mass movements against the military regime of the time, and played a major role in the politics that followed its withdrawal from the scene. A decade later, when Cardoso took the presidency, it split into two camps bitterly ranged against each other: those who supported his regime, and those who opposed it. The PT was the party of opponents, enjoying the talents of a wide array of the country's most gifted intellectuals. Another ten years on, with Lula in power, disillusionment had set in. Faute de mieux, most of its former lights still vote for it, to keep out the right, but engagement has gone. To all appearances the party could not care less.

Does this matter? In the 1960s, Brazilian culture was a brilliant affair, not only before but even under the military: football not yet expatriate, bossa nova, experimental theatre, *cinema novo*, an indigenous Marxism to rival any in Europe – philosophy, sociology, literature, *Kulturkritik*. By the time the country emerged from the dictatorship in 1985, however, the two forces that had transformed the cultural landscape in the North were already reshaping it in Brazil too: on the one hand, the modern academy, with its bureaucratisation of careers and specialisation of fields; on the other, the modern fashion and entertainment industry, marketing anything it can touch. Professionalisation, commercialisation: no culture has escaped their yoke. With them, inevitably, comes depoliticisation. But the extent of that varies widely from one society to another. Compared with the Brazil of 50 or 30 years ago, the decline of political energy in cultural life is palpable. Compared with Europe, the grammar of the imaginary can remain vividly political.

In part, this is due to simple continuity of persons and ideas from an earlier epoch, even against a university backdrop duller, if more proficient, than in the past. The doyen of Brazilian literary history, Antonio Candido, a moral-intellectual touchstone for the left, is still a presence at the age of 93. In the next generation, Roberto Schwarz is the finest dialectical critic anywhere in the world since Adorno; Chico Buarque, a perhaps uniquely versatile author at once of songs, plays and novels; de Oliveira, the most original sociological mind in Latin America; Emir Sader, its one radical political thinker of continental vision. Younger figures like Singer or Pochmann are still products of the final stages of the struggle against the dictatorship. In the arts, explosive forms continue to be produced, though they are now far more liable to neutralisation or degradation into entertainment: Paulo Lins's novel *Cidade de Deus* reduced to cinematic pulp by an expert in television ads; José Padilha descending from the bitter documentary truths of *Bus 174* to Gaumont-grade action films. But the maw of the market is not irresistible. The latest literary grenade, Reinaldo Moraes's scabrous novel

Pornopopéia, which takes it directly as a target, could prove more difficult to digest.

The change in period has found its barometer in what is now the country's best periodical. The monthly *Piauí* was launched in the autumn of 2006, as Lula coasted to his second term. Its editor, Mario Sergio Conti, who comes originally from a Trotskyist left, ran the mass-circulation weekly *Veja* – Brazil's equivalent of *L'Express* or *Der Spiegel* – in the 1990s. Quitting towards the end of the decade, he used a pre-negotiated sabbatical to write a full inside account of the way the Brazilian media first propelled Collor into the presidency in 1989 and then deposed him in 1992 (Conti himself published in *Veja* the key scoop that brought him down). In its sheer narrative drive, span of characters high and low, density of detail, and not least its dramatic dénouement, *Notícias do Planalto* reads like a documentary by Balzac. Sparing no one – proprietors, commentators or reporters – it broke the fundamental taboo of the press: dog does not eat dog. Retrospective complaints about owners by journalists, on occasion yes. Galleries of the journalists themselves? Belloc's quip remains off-limits. Before *Notícias* came out, the magnate Roberto Civita, head of the media empire which owns *Veja*, who wanted Conti back in his stable, agreed somewhat reluctantly to let him try out a periodical of more intellectual ambition for a smaller readership, without believing it would make him any money. Preparations for the project went ahead, but when Civita saw *Notícias* he cancelled it on the spot.

Five years later Conti, then working as a broadcaster in Paris, met through mutual friends an heir to one of the greatest banking fortunes in Brazil, João Moreira Salles. A director of more discriminating temperament than his better-known elder brother, Walter, author of such middle-market fare as *Central Station* and *The Motorcycle Diaries*, João's portrait of Lula backstage during the campaign of 2002, *Entreatos*, is a masterpiece of ambiguity, readable equally as an admiring tribute to the candidate's vitality and affability, and as a disquieting trailer for the corrosions of power to come. Moreira Salles, who was also thinking of launching a magazine, had heard of Conti's idea, and on talking it over, not only agreed to finance it, but – an unusual arrangement for the millionaire proprietor of a journal – to work for it under Conti. He insisted only that it be edited in Rio, as a counter-weight to the excessive concentration of intellectual life in São Paulo once the capital had moved inland. The magazine that issued from this arrangement is a stylish affair, sometimes seen as a kind of tropical *New Yorker*. But though certainly smart enough, it differs not only in design, printed on matt paper in larger format, but spirit, as its title indicates. *Piauí*, one of the poorest states of the north-east and a byword for backward provincialism, was chosen as ironic antithesis to Manhattan. Living up unawares to its reputation, the governor of the state in due course descended on the magazine with a substantial escort, and in a very Brazilian scene thanked its editors effusively for conferring such well-merited distinction on it.

Beneath the veneer of worldliness it still affects, what the *New Yorker* delivers today is mostly a sententious conformism. *Piauí* is more mordant, less easily placed. It is enough to compare the gushing portrait of America's ruler offered by the editor of the first (*Introit*: 'This is how it began, the telling of a story that changed America ...'; *Exit*: 'Obama, who had bowed his head

in prayer, broke into a broad smile ... Three times we all said amen') with the lethal coverage of Brazil's elite by the second. *Piauí* has developed the matter-of-fact, deadpan profile into an art more ruinous of its subjects than detraction could ever be. Cardoso, Dirceu and Serra have been among the victims, along with Márcio Thomaz Bastos – Lula's reptilian minister of justice until 2007 – and Rousseff's vice-president, Michel Temer. In the same impassive tone, the magazine has excavated some of the ugliest episodes and niches of public life: financial brawls, congressional shenanigans, legal enormities.

Two exposés stand out as calm engravings of Brazilian equity and justice. In a miniature masterpiece, Moreira Salles detailed the fate of the housekeeper who saw Palocci entering his lacustrine brothel in Brasilia. A 24-year-old from Piauí, earning \$50 a week, he found his bank account had been broken into by the president of the Federal Savings Bank, one Jorge Mattoso – fresh from a meeting in the presidential palace – looking for evidence that the boy had been paid for his testimony by the opposition. Violation of banking secrecy is a crime in Brazil. An hour later, Mattoso delivered print-outs to Palocci in person at his residence, showing that \$10,000 had been deposited in the boy's account. Palocci ordered the federal police, who had the boy under lock and key, to investigate him on suspicion of bribery and false witness. When it emerged that the money had been paid by the boy's father, the owner of a bus company who had until then refused to acknowledge him, in order to fend off any chance of a paternity suit, he had to be released, and the police brought criminal charges against Palocci and Mattoso. Palocci had to step down as minister, but the attorney-general reduced the charges against him and four years later the Supreme Court acquitted him by five votes to four. Today, this toad squats in power once more, now chief of staff to the new president. The young man he sought to frame never got a job in the city again.

What of the Supreme Federal Tribunal that absolved him? Daumier would have been hard-pressed to depict it. Supposedly concerned with constitutional issues alone, it handles – if that is the right word – some 120,000 cases a year, or 30 a day per member of the court. Lawyers transact with judges in private, and on receiving favourable verdicts, have been known – in full view – to hug, indeed wine and dine, the justices responsible for them. Of the 11 current members of the tribunal, six of them appointed by Lula, two have been convicted of crimes in lower courts. One, appointed by Collor, his cousin, made legal history by guaranteeing immunity to a defendant in advance of his trial, but was saved from removal by his peers to 'preserve the honour of the court'. Another, a friend of Cardoso, supported the military coup of 1964, and could not even boast a law degree. A third, on casting a crucial vote to acquit Palocci, was thanked by the president in person for assuring 'governability'. Just retired is Eros Grau, once convicted of trafficking in influence, a particular favourite of Lula; dubbed 'Cupid' by colleagues, and author of a fifth-rate pornographic novel, he sought to get an associate onto the court in exchange for a vote to bury the *mensalão*.

Scenes like these, not vestiges of an older oligarchic regime, but part and parcel of the new popular-democratic order, preclude complacency about the prospects ahead, without abrogating them. Political and judicial criminality in Brazil, however repellent, is still – its

apologists can point out – considerably less than in India, China or Russia, the other BRIC powers with which it is now conventional to compare it. Nor, as last year's presidential election showed again, is corruption a major concern of the masses, although it doesn't go unnoticed at the polls – it was partly responsible for the contest going to a second round. The victory of Dilma Rousseff was certainly, by proxy, Lula's greatest electoral triumph. A figure scarcely known to the population a few months earlier, who had never before confronted a voter, and did not possess a trace of charisma, polled – once chosen by him – not far from Lula's own scores, with a thumping second-round majority of 56 per cent: three million fewer votes than he won in 2006, three million more than in 2002. In Congress, where the PT for the first time became the largest party, and in the Senate, where it also made big gains, she commands the support of more than two-thirds of the legislature in each house – majorities Lula himself never enjoyed.

Rousseff owes her ascent to the vacuum around the presidency left by the scandals that eliminated Palocci and Dirceu as successors. After their fall, she had three advantages over any other possible contender. She was not a product of the PT, which she joined only in 2000, so, lacking any base in the party, from which Lula – publicly at least – had kept his distance once in the Planalto, posed no threat to him. She was good at something he was not: administration. As minister of energy she had ensured the country did not suffer the blackouts that had so damaged Cardoso's standing in his second term. Finally, she was a woman, around whom it was much easier to wrap the warmth of his own charisma than it would have been with a man. A colleague described the relationship between them, when she became his chief of staff, as not unlike that of father and daughter. In fact they are contemporaries – she is only two years younger than Lula – but the joint campaign they ran in 2010 would have been much more awkward with a male candidate.

In trajectory, not to speak of temperament, the contrasts between them are marked. Rousseff comes from an upper-middle-class family. Her father was a Bulgarian Communist who emigrated to Latin America in the 1930s, and did well in real estate in Belo Horizonte. Sent to good local schools, with private French and piano lessons at home, she was 17 when the military seized power in Brazil. At 19 she was part of a revolutionary underground carrying out armed actions in and around the city. Moving to Rio in 1968, she was involved in one of the most famous raids of the time: the expropriation of a chest containing two and half million dollars from the mistress of the most corrupt of all governors of São Paulo. In 1970 she was caught in São Paulo, tortured, and jailed for three years. On her release, she moved south to Porto Alegre, where her former companion in the underground, now her husband, was imprisoned. When the dictatorship loosened in the late 1970s, she got a job in the statistical bureau of Rio Grande do Sul, re-entering political life affiliated to the party led by Lula's chief rival on the left in the 1980s, Leonel Brizola, and gradually moving up to become secretary for energy under a PT governor. In 2002 Lula noticed her technical capability, and brought her to Brasilia. In political background a guerrilla rather than a trade-union leader, Rousseff, though highly controlled, is more explosive in character than Lula. Observing the way each handled disputes in the energy sector, a leading participant commented: 'He enjoys

them like a spectator at a ping-pong game; her style is to hurl the racket.' No one doubts her toughness.

Of her convictions today, there can be less certainty. She came to prominence under Lula during the more radical phase of his government, so in neoliberal perception is associated with the dangers of an insidious statism and nationalism. There is no question that she has robustly defended the regal rights of the Brazilian state to the reportedly huge deep-sea oil deposits off the country's coast, which multinational companies and domestic capital have been eyeing hungrily. She has promised not only an expansion of the housing and infrastructural programmes begun under Lula, but – a major new commitment – universal health coverage. At her inauguration, she went out of her way to pay tribute to the comrades who had fought the dictatorship as she had done, and fallen in the battle against it. But in restoring Palocci to power as chief of staff, and replacing Amorim as foreign minister by a complaisant envoy to Washington, she has designed her cabinet to reassure business and the United States that they have little to fear from the new administration. Holding down the minimum wage, hiking interest rates and promising tighter controls on public spending, her first measures look not unlike the orthodox policies of Lula's first years in power.

Might the same parabola, curving towards radicalisation in a subsequent phase, be repeated? Or is the stock of readily available reforms exhausted? By common consent, steady GDP growth of at least 4.5 per cent a year is required to extend the social achievements of Lula's presidency. Though by Chinese or Indian standards this is a modest target, it exceeds the average Brazilian performance so far this century. Buoyant as it is at the moment, the economy is dogged by three deep underlying problems. Its savings rate remains extremely low, at a mere 17 per cent of national income, less than half that of India and a third that of China; so investment has stagnated at under 20 per cent of GDP, with spending on R&D at 1 per cent. Brazilian interest rates, on the other hand (currently over 11 per cent), have long been the highest of any major economy. Designed to curb inflation and attract the foreign capital needed to eke out domestic savings, these rates, combined with export gains and quantitative easing in the US, drove up the real to perilous heights – doubling in value against the dollar under Lula.

Finally, Brazilian trade has become steadily more dependent on agribusiness and mining, where the largest concentrations of domestic capital are to be found, while industry – where multinationals control the most important (automobile) sector – has receded. Between 2002 and 2009, the share of manufactures in Brazilian exports dropped from 55 to 44 per cent, while the share of raw materials soared from 28 to 41 per cent. China, responsible for so much of the prosperity of the Lula years, when it became the country's largest trade partner (by 2009, it was buying 18 times the value of the commodities it purchased from Brazil at the start of the century), is now threatening to swamp it with low-cost manufactures, whose import from the PRC rocketed 60 per cent last year. Historically, countries have achieved high living standards without wide-ranging industrialisation, but these have been sparsely populated settler or sylvan societies with high educational levels – Australia, New Zealand,

Finland – exhibiting nothing like Brazil's measures of poverty or demographic profile. Against these can be set Brazil's vast natural resources – as much spare farmland as the US and Russia put together, as much renewable water as the whole of Asia, oil reserves floating the largest IPO in history – and its impressive, if sometimes inhibited, record of state-led enterprise, to which are owed the country's steel and aircraft industries, its breakthroughs in tropical agriculture, and its thriving petroleum giant. The opportunities for faster growth are certainly no less than the obstacles to it.

What balance sheet of the Brazilian experience set in motion under Lula, and still unfolding, is at this point possible? Viewed as a period in the political economy of Brazil, it can be regarded as contiguous with that of Cardoso, a development within the same matrix. Viewed as a social process, on the other hand, it has marked a distinct break. The external conditions for that change were unusually propitious. This was a time in which South America as a whole has been the scene of a shift to the left setting it apart from any other zone of the world. Chávez came to power in Venezuela well before, Kirchner in Argentina just after, Lula in Brazil. The following year, Tabaré Vázquez took Uruguay for the Frente Amplio. Thereafter, in succession, Bolivia, Ecuador and Paraguay elected the most radical presidents in their history. What lay behind this global exception were two distinguishing features of the region. It was here, under supervision from Chicago and Harvard, that neoliberalism was first introduced and shock therapy applied by Pinochet in Chile and Sánchez de Losada in Bolivia, and that privatisations by Menem in Argentina outdid those in Russia.

But it was here too that the first popular uprising against a neoliberal package erupted, in the *caracazo* that led to the end of the old order in Venezuela. Economically, the parameters of the neoliberal period were rarely rolled back (Venezuela is the exception, since they were never successfully imposed there in the first place). But they were never popular, and their architects fell into a political discredit that their northern counterparts, even today mostly unscathed by 2008, have escaped. Here the other particularity of the region kicked in. Latin America is the only part of the world to have produced a century of radical revolts against the established order, stretching back in more or less unbroken sequence to the Mexican Revolution of 1910. In different periods these have taken different forms, but their underlying impetus has been much the same, and despite every kind of repression or deflection, has yet to be checked: armed insurrections in El Salvador and Brazil in the 1920s; popular front in Chile, peasant risings in Peru in the 1930s; military jacobinism in Argentina in the 1940s; worker militias in Bolivia, expropriations in Guatemala, revolution in Cuba in the 1950s; guerrillas from Colombia to Uruguay in the 1960s; victory at the polls in Chile, on the streets in Nicaragua in the 1970s; civil wars in Central America in the 1980s; overthrow of the oligarchy in Venezuela in the 1990s. The electoral harvest of the new century is a mutation out of the same soil.

The generation that came to power in this period had lived through two kinds of defeat: by the military dictatorships that crushed the left in the aftermath of the Cuban Revolution, and by the free market systems that were in part the price, in part the upshot, of democratisation.

These formed a single legacy. Earlier forms of radicalism, political or economic, were ruled out of court by their succession. But there was little real social adhesion to the neoliberal regimes for which the generals had paved the way. When their time ran out, the leaders who came after them respected, pragmatically, the rules the generals had imposed, but could not altogether put aside memories of a more insurgent past, and the loyalties that went with them, still less overlook the constituencies excluded from the new order. Venezuela, which never knew a military dictatorship during the high tide of continental counter-revolution, nor – the two absences were closely connected – a neoliberal stabilisation in its wake, was the exception, Chávez operating in other, more underdetermined conditions.

Brazil, on the other hand, can be taken as the epitome of the general pattern. For most of its history, by reason of language, size and geography, the country was rather isolated from the rest of Latin America. As late as the mid-1960s, Brazilian intellectuals were more likely to have spent time in France than to have visited any neighbouring society. Once the military tyrannies took over, the common experiences of underground work, imprisonment or exile – Cuba and Mexico the chief refuges – changed this. For the first time, politically active Brazilians were connected in a continental network with their opposite numbers in the Spanish-speaking Americas. The solidarities of that period continue to inhabit the political landscape today among governments of the left, cradling Brazil within a hospitable environment. In a regional dialectic, the differences between them have often worked to mutual advantage, Lula extending a mantle of protective friendship to regimes – Bolivia, Venezuela, Ecuador – more radical than his own, while benefiting in international opinion from favourable comparison of his moderation to their extremism.

In the same period, the international context has been as benign for Brazil as the regional setting. On the one hand, the United States lost concentration as continental overlord once it declared the War on Terror in the Middle East and beyond. With Iraq, Afghanistan, Yemen, Pakistan, Egypt as the frontlines of American strategy, there was little attention to spare for the hemisphere. Bush paid one distracted visit to Brasilia, and Obama is making another this month. There will be effusive greetings for the first mulatto president of the United States, as Brazilians see him, who had their own long ago. But no one thinks the call will be much more than ceremonial. The traditional mechanisms of supervision, still in working order in Cardoso's time, have rusted. Not just the military expeditions to the Orient of the last decade, but the financial bubble preceding and accompanying them, have tilted the relationship between the two states in Brazil's favour. Once the American economy became dependent on ever greater injections of cheap money – first under Clinton and Bush through very low interest rates, now under Obama thanks also to the printing press – the external capital needed to keep the Brazilian economy growing became more and more available, at less and less cost. If the flow now even risks overwhelming the real, that is only another, perverse sign of the alteration in their respective positions. For Brazil, still more decisive has been the ascent of China as a countervailing economic power, the principal market for its two leading exports and the mainstay of its trade balance. The long Chinese boom has affected virtually every part of the world. But Brazil is arguably the country where it has made the greatest

difference. As the US dipped and the PRC swelled, the winds allowed passage to a new social direction.

Its upshot remains, for the moment, undecidable. There is no doubt that an emancipation has occurred. But might Brazilian history supply an unsettling analogy? In the late 19th century, slavery was abolished in Brazil virtually without bloodshed, in contrast to the slaughter with which its end, not even originally intended, was accompanied in the United States. But it was not only the cost in life that was low. The cost in property was also low, for emancipation came late, when the slave population was dwindling, and the slave economy in advanced stages of decline. It wasn't a purely elite affair; popular abolitionism took many imaginative initiatives in its quietus. But when it came, slave-owners were not all ruined, and slaves gained legal freedom alone. Socially, the after-effects were modest: principally, increased white immigration from Europe.

Could there be, *mutatis mutandis*, some resemblance with the Bolsa Família, *crédito consignado*, minimum wage? Lula liked to say: 'It's cheap and easy to look after the poor.'^[+] Uplifting, or disturbing? In its moral ambiguity might lie one kind of epitaph on his rule. Compared with his predecessors, he had the imagination, born of social identification, to see that the Brazilian state could afford to be more generous to the least well-off, in ways that have made a substantial difference to their lives. But these concessions have come at no cost to the rich or comfortably-off, who in any absolute reckoning have done even better – far better – during these years. Does that really matter, it can be asked: isn't this just the definition of the most desirable of all economic outcomes, a Pareto optimum? Were the pace of growth to falter, however, the descendants of slaves might live out an aftermath not so different from that of emancipation. From the time of its adoption, just after slavery was gone, the Comtean motto inscribed on the banner of the nation – *Ordem e Progresso* – has long been a hope fluttering in the wind. Progress without conflict; distribution without redistribution. How common are they, historically?

Yet perhaps this time it will not be the same. The last decade has not seen any mobilisation of the popular classes in Brazil. The fear of disorder and acceptance of hierarchy, which still set them apart within Latin America, are legacies of slavery. But though material betterment is not social empowerment, one can lead to the other. The sheer electoral weight of the poor, juxtaposed against the sheer scale of economic inequality, not to speak of political injustice, makes Brazil a democracy unlike any society in the North, even those where class tensions were once highest, or the labour movement strongest. The contradiction between the two magnitudes has only just begun to work itself out. Should passive improvement ever become active intervention, the story would have another ending.

[*] For English versions of de Oliveira's essays see *New Left Review* 24 (November-December 2003) and 42 (November-December 2006).

[+] 'A coisa mais fácil para ... um presidente da República é cuidar dos pobres. Não tem nada mais barato do que cuidar dos pobres.' This was said in a speech to new ministers on 31

March 2010. By then it had become a sort of motto, repeated on many occasions.

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A piece by Perry Anderson published in the *LRB* of 31 March stated that the Brazilian Supreme Court Judge Eros Grau had been 'convicted of trafficking in influence'. It has been drawn to our attention that although Mr Grau was ordered in a judgment given on 19 September 2005 to repay 2.7 million reais to the Treasury of São Paulo for illegal contracts, that ruling was overturned in July 2009, five years after he had been appointed to the Supreme Court. We are happy to set the record straight in order to avoid any misunderstanding.

Editor, 'London Review'