

**The Lenin Moment**  
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**From the Finland Station**

Between February and October there was April. With the tsarist monarchy deposed, the Provisional Government is still unable to organize power anew atop the ruins of Great Russian absolutism. The Bolsheviks remain outside the government, while the latter, resting precariously on the enthusiasm and euphoria unleashed by the fall of the Romanovs, is battered by its internal divisions, by an insurgency bent on restoring the monarchy, by an unpopular war and an unraveling economy. Kerensky acknowledges that the government does not govern — no one obeys it.<sup>1</sup> Democratic revolution continues to be the slogan of the Bolsheviks, a revolution swept along and, up to a point, controlled by the Soviets of workers and peasants — the latter in soldiers' uniforms. The most general objective: complete the work that the bourgeois revolution had already carried out in the West — except in those countries in which capitalism had arrived late, such as Germany and Italy — supported by the joint forces of a rapidly growing working class. Broad

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This report was produced for the project "O pensamento nas rupturas da política" ["Thought in the Ruptures of Politics"], sponsored by The State of São Paulo Research Foundation (Fapesp). The present work [originally published as "O Momento Lenin," *Novos estudos* 75 (2005): 23-47], although signed by an individual, had its beginnings in 2000 in discussions organized by the Center for the Study of the Rights of Citizenship (Cenedic). Bringing it to completion would not have been possible without the active participation of my colleagues, and my gratitude should be taken here as recognition of the debt I owe others, a debt I hope to increase over the course of the years to come.

sectors of the latter, however, lack any real class-definition, something mirrored in the unfitness for revolution handicapping its class counterpart, Russia's incipient bourgeoisie.

The tsarist Russia of Stolypin and Lenin — ideological antipodes but also each other's equals when it came to playing the iron-willed authoritarian modernizer à la Peter the Great — might be thought of as, for its time, the first real instance of “underdevelopment”<sup>2</sup> in the sense that CEPAL<sup>3</sup> would later give to this term in the case of Latin America. According to the Leninist and Trotskyist formula, this was a case of “combined and uneven development,” a condition proper to capitalism as such, but which, when its concept was applied to a feudal economy undergoing an accelerated modernization powered by the capital influx of French and German imperialism, fit that reality like a glove. The result of this “combined unevenness” was as much the “revolutionary handicap” of the Russian bourgeoisie as it was the precociousness of the workers' movement — a kind of truncated development produced by Russia's insertion within a dynamic and ruthless capitalism whose impulse was supplied from without by foreign imperialism, and, from within, by the pre-class formations then rapidly being created as a result of that very insertion. The very incompleteness of the system represents a new level of complexity, one that will only be fully understood well into the twentieth century by a line of Latin American thinkers with names like [Raúl] Prebisch, [Celso] Furtado, and Florestan Fernandes. The Russian transition from feudalism to capitalism results in a hybrid system that will never come to term, combining the ferocity of the new with the backwardness of the old. The “combined and uneven” formula — originally Marx's — refers to the time differences and asymmetry between the “departments” of capitalist accumulation, but the Bolsheviks, above all Lenin and Trotsky, gave it special prominence as a way to understand the “missing links” in backward societies newly penetrated by capitalism — links that could open up opportunities for revolution. Applied to peripheral economic formations generally, it would have made possible a highly original theoretical contribution — but one that a post-Leninist orthodoxy, under the command of the victorious Communist Party of the Soviet Union, was to be unable to realize.

Eighty years after the October Revolution, with Leninist “actually existing socialism” a thing of the past, the “combined and uneven” reappears: emerging from out of the shadows, still fully intact, the long-bearded patriarchs, partners in state power in addition to being keepers of the Russian soul, share the stage with a new and formidable form of predatory capitalism that has now become the distinctly peripheral mode of accumulation. But *both* of them, it is to be noted, are reborn from within a system that had

once stolen a march on the US in the space race. This was a system whose power, as Trotsky had magnificently foreseen, fed on its own retardation, one able to “burn up” entire stages of capitalist development, finally shaking off the old stigmas of backwardness.

Lenin's April Theses<sup>4</sup> revolutionize the strategy and tactics of the Bolsheviks. Perceiving that the prolonged agony of tsarism went far beyond the simple exhaustion of a system only just emerging from absolutism, and that it was no longer possible simply to stand aside and support a bourgeois revolution, the April Theses argue that the objective now is to go beyond bourgeois democracy and install, under the dictatorship of the proletariat, a republic of Soviets charged with creating the conditions for a socialist economy. This is the Lenin Moment, in which the author of the April Theses grasps that the “combined and uneven” undermines the institutionalized forms of a democracy that the Marxist tradition, following in the footsteps of Marx himself, had considered to be merely a dictatorship of the bourgeoisie, its government the latter's executive committee. But the violence of capital in a *peripheral* economy — the latter a term whose time is obviously still to come at this point — is simply not to be contained within such an institutional framework.<sup>5</sup>

The Lenin Moment is a moment of indeterminacy. In its more impoverished versions Marxism was thenceforward to postulate the inevitability of major historical transformations — a matter of mere linear progress according to the Stalinist formula. But the truth of this particular moment of social transition gives rise instead to a double virtuality: on the one hand a development in accordance with the rhythms and outcomes of capitalist “underdevelopment,” with its violent contractions and the extreme superficiality of its institutions and, on the other, a historical capacity for making dramatic leaps forward towards a now possible socialist construction.<sup>6</sup> Such leaps, in their turn, however, are nevertheless still inseparable from a capitalist process of development at the new social formation's central nuclei themselves, whence the formula “socialism equals soviet power plus electrification.” What were the conditions of possibility for this second historical outcome?

Generally, according to the Marxist tradition, the answer lies in the examination of class structure, and in this case, the structure specific to the February and October Revolutions. Their ideological consciousness raised, the dominated classes of Russia at the moment of its revolutionary conjuncture will act as the Revolution's midwives and agents. Trotsky's vivid description of this moment in *The History of the Russian Revolution*, the sheer quantity of workers concentrated in the larger factories, the surprisingly high number of industrial strikes,<sup>7</sup> the powerful activism among the workers

in the Vyborg quarter of St. Petersburg — all appear to confirm an already impressive working class presence in the latter city and in Moscow. And who are the peasants? They are, in fact, soldiers, press-ganged into the huge contingents of the Great Russian army. Is it the classes belonging to this class structure that make the Revolution? If so, they make it, as it were, already transformed by their own future. They make it not because of the past but because of the *future*, of which they are simply the pre-figurations. It is as soviets that they make the Revolution, in keeping with their places of production, but having been transformed by their political point of insertion.

The future of the Revolution thus ends up in a tautology: it is the Revolution that makes itself. Only in the moment that it advances does it resolve a chronic state of indeterminacy, itself the result of a revolutionizing of the material base of a Russian capitalism financed from without by the French and the Germans, an indeterminacy amplified in the crisis of a tsarist State wasted by a war that has drained it of its best reserves and increased its financial dependency. War is, *ultima instantia*, the determining factor since it is war that has accelerated the expanded reproduction of this particular instance of “combined and uneven development”; it is war that has transformed peasants into soldiers. But this determination *ultima instantia* is in no way irrevocably destined to result in a socialist revolution: in a Germany no less shaken by the combined shock of an accelerated capitalist modernization, a military defeat, and the fall of an equally powerful monarchy, a state of chronic indeterminacy exists that will not be resolved until after the Second World War. In this interval the failed proletarian revolution of 1918 comes knocking, but, as the agony is prolonged further, Nazism becomes the bloody, exasperated response — a sinister rehearsal of future forms of administered capitalism.

The role of charisma becomes a decisive factor in such a crisis — a factor that enters, according to the Weberian perspective, as a historical force so as, finally, to become a personalized one. Raised up out of chaos to coalesce in the category of the *condottiere*, charisma embodies the new, still diffuse form of “moral direction,” and carried on the shoulders of the pre-class formations, it somehow or other jump starts the historical process, forcing it into a determinate direction. This it cannot accomplish without being already virtually contained in revolutionary conditions themselves, but there is in no sense a *pre*-determined direction here. Under the specific conditions of the Russian Revolution, Lenin is this charismatic leader. The April Theses are this Caesar’s Rubicon, which Lenin crosses, decisively and boldly, initiating a new historical cycle of proletarian revolutions and arguably making possible what was eventually to be European Social Democracy’s domestication of capitalist savageries. There is no Revolution

in the West, but in its place there occurs the social-democratization of capitalism. This is a historical cycle whose Thermidor will only arrive sometime later, with Hitler, Mussolini, Stalin and the Gulag. It is the specificity of the Russian Revolution to have pointed out how difficult a task it is to implant a capitalist economy in an absolutist social and political milieu — a lesson that will later be forgotten.

#### The Duckbilled Platypus in the Labyrinth,<sup>8</sup> or, the 18<sup>th</sup> Brumaire of Luiz Inacio<sup>9</sup>

The election of Luiz Inácio Lula da Silva in 2002 was already a virtual result of the new era of indeterminacy that had begun with the whirlwind of deregulations produced during the immediately preceding period, that of Fernando Henrique Cardoso. This was a period that, given the powerful changes undergone during the previous decade — themselves overdetermined by an intensified exposure to the globalization of capital — would be characterized by its apparent suspension of any relation between the economic and the political, between classes and their political representation.<sup>10</sup> Institutional policy has followed an erratic, even an aleatory course, and no grammar or discursive code appeared able to decipher the new reality by translating it into the terms of party slogans, ideologies, or the interests of the social actors themselves. During the year 2002, voter preferences, as measured by surveys at the polls, gave Roseana Sarney, the governor of Maranhão state, an early advantage. But Sarney’s lead then abruptly and unexpectedly turned into an utter rout when her campaign was brought down by a money-laundering scandal. Yet voters did not at that point shift their loyalties from the heir apparent of the elder Sarney [José Sarney, President from 1986-90] to the government candidate José Serra, despite the fact that, Roseana’s candidacy having been blown out of the water, the impact of this collapse together with the concomitant and menacing rise in prospective voter support for Lula seemed to point towards a renewal of the same power arrangement that had propped up Cardoso.

Lula’s fortunes continued along an ascending curve, although this ascension was nothing spectacular, having been threatened by an increase in voter support for Ciro Gomes — that is, until the latter “slashed his (electoral) wrists” after a gaffe in which it was announced that Patricia Pillar, a well known actress accompanying Gomes on the campaign trail, had been given the post of “sleeping with the candidate.” As campaigning drew to a close, Anthony Garotinho also appeared to have become a threat to Lula, but his momentum got him nothing more, finally, than a strong second showing in Rio. In the end, after his fortunes had sunk to their historically lowest point, Lula was able to become a magnet for undeclared (“orphaned”) voters,

putting together a solid majority in the second round of elections thanks to winning the loyalties of substantial numbers of anti-Cardoso voters and to the more cautious support thrown in his direction by the losers in the first round. Then came the party gathering at the *Novotel*, a São Paulo hotel on the banks of the polluted river Tietê, issuing in the “Letter to the Brazilian People”: the so-called “June Capitulations.”

Not unjustly, it was the marketing guru Duda Mendonça who was given the credit for Lula’s performance in a conjuncture that had seen the relations of politics as usual ruptured and their inefficacy exposed. But why Mendonça’s success, when his counterparts had failed to deliver for their own candidates? Precisely because the other marketers were still in search of the “qualities” that would give their bosses the edge, while Mendonça resolved to emphasize only what was non-specific in his boss, that is to say, to push a “Lulinha for Peace and Love” as part of an operation in which the candidate was to be “de-PT’ed.”<sup>11</sup> That is, taking a cue from Robert Musil, the idea was to proclaim the quality of a “man without qualities.”<sup>12</sup> Everything that Lula had declared or that he had represented before was now worth as good as nothing, and his campaign thereby freed to promise heaven, earth, and all the little fishes in the sea. It was a repeat, in a somewhat different version, of what Cardoso himself had declared a decade earlier: “forget everything that I once was.”

The interesting fact is that it was precisely the losing candidates who had clung to a discourse in which society still appeared to be composed of definite relations between classes and of social cleavages that would, presumably, carry over and have an effect on the level of politics. José Serra went so far as to attempt to leave behind his poorly disguised unease at having to represent a disdained and crippled sitting government by delivering a message newly charged with productivism, economism, and rationalism, evidently believing that the electoral contest was a reasoned dispute based on class interest. That government had made drastic changes to the underlying property structure, temporarily upsetting power relations across a broad bourgeois spectrum that included the major foreign interests that had established themselves in the course of economic privatization. Serra’s visibly poor media performance — his “Brazilian vampire” face, in the words of José Simão, the caustic humorist of the *Folha de São Paulo* — certainly helped lead to his defeat, but it was not the decisive factor. Ciro Gomes trotted out a new line, revamped by his new chief ideologist, the social scientist Roberto Mangabeira Unger who, speaking with the accent of a gringo newly disembarked in the tropics, broadcast the same national-developmentalist message — a kind of reheated “juscelinismo”<sup>13</sup> backed, not coincidentally, by the Popular Socialist Party,<sup>14</sup> the most recent reincar-

nation of the old and anemic Communist Party. Gomes even tried to exploit his tabloid affair with Patricia Pillar, until the lover’s repressed *machismo* got the better of the candidate and came back like a boomerang to topple his rising fortunes. It was like a Globo TV soap opera, replete with love and tragedy. And then there was still Anthony Garotinho, exploiting grass-roots religious conflicts.

In each case a political form of discourse was supposed to be a way of summoning up the political forms of society itself. Only Lula and his marketing expert opted for the discursive form of the anti-discourse (with the single exception of a certain national-productivist tone, all that now remained of Lula’s old trade-unionist career). As with the choice of successful industrialist José Alencar as his vice-presidential candidate — like him, from a poor background — the strength of Lula’s campaign was its lack of specifics, its ineffable good vibe and the “Garanhuns road”<sup>15</sup> itself, uniting a migrant from the Northeast with a country boy from Minas Gerais in a predestined mission to save a nation without hope. The vaguely neoliberal tonality expressed in the pairing of the financial success story with the self-made man, all of it baptized by the silvery rain showers falling on the meeting in Anhembi that launched both candidacies, combined to become the most Hollywood-ized electoral circus that Brazil had ever experienced. Unmistakably *kitsch* and just this side of Globo TV standards of quality, here, surely, was the same indeterminacy, on the level of the political campaign, that had come to define the era itself.

The stance of the media in the 2002 election remains an intriguing one. In 1989 they were a decisive factor in delivering the win in the final round of voting to Fernando Collor — and defeat to Lula, albeit by a narrow margin. Everyone remembers the way the Globo network created an aura of victory for Collor by manipulating the last debate between the two presidential candidates — although not falsifying it entirely, since Lula went into it already beaten by the class arrogance of his adversary. In this case however the era had nothing indeterminate about it. On the contrary, it was strongly determined by the then current economic crisis, with inflation at 80% during the last month of José Sarney’s administration.<sup>16</sup> Collor was to be the Messiah. Then, with Cardoso’s election in 1994, crisis gave way to its opposite: the taming of inflation through the Plano Real,<sup>17</sup> the strong recovery of real salary levels thanks to the elimination of the “inflation tax” and, despite his being an unpopular candidate with no charismatic appeal for the oppressed classes, the factor represented by Cardoso himself as, seemingly above the fray, Brazil’s “Grand Elector.” The 1998 contest was a reaffirmation of ’94 and the near certainty that a “reform” policy whose real hallmark was privatization would be extended and further consolidated. The appreciation

of Brazil's national currency, the real, created a consumer paradise for broad sectors of the middle class, whose shopping carts were at least half-filled with foreign imports.<sup>18</sup>

According to conventional opinion in Brazil, the media miscalculated by withholding their support for Lula in 2002. Their mistake, on the contrary, was that they went on believing that the old laws of politics, governing the latter's relation to the economy, to class, and to ideology, would continue to operate. Considering the sheer impact that Cardoso's restructuring of bourgeois property had had, there was little reason to doubt that Serra would be a strong candidate, with real chances for winning the election, despite the wear and tear on the incumbent administration. Even today, the *Folha de São Paulo* insists on charging Lula with having "betrayed" his class agenda — an agenda that the *Folha* was determined, however ineffectively, to combat. It's the same charge leveled against him by disappointed militants of the PT [Lula's *Partido dos Trabalhadores*, or Workers' Party], only with the poles reversed. At a certain point, when the voter-preference surveys began to show the damage being done to the other candidates and just how unappealing Serra was to the electorate, the big media lost no time in striking deals with the PT candidate. The Globo network, which was saddled by a huge foreign debt, changed its position, and, a day after the election aired a program on the "Garanhuns Road" as if the latter's victory had been predestined from the start. Yet this was still no admission of defeat but rather the announcement of what was to become a calculated way of making sure the president-elect understood what was in the interest of the class running society. What is interesting here is how the accusations that Lula was violating his own class's agenda, particularly as lodged by the *Folha de São Paulo* and by the news anchor Boris Casoy, continued to reach their target, only now with an opposite meaning: this time around they become a kind of snare and a warning lest the president should fail to make good on his commitment to respect the right of contracts, the touchstone proclaimed in the "Letter to the Brazilian People."

But the victorious candidate and his party interpreted the vote in his favor as though it had been cast by Brazilian society as a whole, synthesizing all its various sectors down to the nooks and crannies. And, unlike the *condottiere* crossing the Rubicon, Lula sets out in the opposite direction. (Recall that for Caesar, crossing the Rubicon meant crossing from Gaul into Rome, the latter being the goal of conquest. Failing to cross it would have meant surrender to Rome.) Lula assembles a government in the image and likeness of that which had seemed to be victorious along with him, and was the condition of his victory at the polls: the pledge to be a friend of Greeks and Trojans alike, of "going from a hundred to a thousand without the

number one" (Musil), a pledge that took him from Rio, where the socialite Vera Loyola had donated a solid gold dog collar — *her* dog's collar — to the Zero Hunger campaign, to the stilt-houses of the Brasília Teimosa *favela* in Recife,<sup>19</sup> where the president-elect arrived with all of his new cabinet appointees in train to "get to know" the real Brazil and inaugurate his new virtual government. Any resemblances to Zizek's "desert of the real" are not coincidental.<sup>20</sup>

Contrary to Lenin, who perceived the break-down of the dominant political order and pushed it further along in the same path, leading the movement to a socialist revolution, Lula *restored* the political order that the cyclone generated by Cardoso's deregulations and capitalist globalization had blown to pieces.<sup>21</sup> The make-up of the new cabinet reveals what kind of society and system of representation the PT, and especially the president himself, were intent on bringing about. The government's leading inner circle was made up of the PT pragmatists: José Dirceu, the true genius behind the party's programmatic turn; Antonio Palocci, Lula's choice for Minister of Finance; and Luiz Gushiken, Secretary for Communications and Strategy, "communication" here meaning simply control over funds earmarked for government public relations — a "simply" amounting to R\$ 150 million — and "strategy" referring to Gushiken's real job: to establish the parameters for a new cycle of long-term change, inaugurated by the centerpiece that was to be pension reform. And, finally, in the role of acolyte, we have José Genoïno, who had lost the race for governor of São Paulo state, and who had now become the most right-wing of all the PT leadership, taking advantage of the rhetoric and the aura of the ex-guerrilla fighter to compete with the most right-wing elements of Brazilian society at large. This radical political change, indications of which had, however, long been in the wind, was only made possible by the charisma factor, a charisma personified in Lula but that went far beyond him and was, in the final analysis, exuded by the Party itself, the major protagonist and standard bearer of the social movement that had re-invented Brazilian politics during the period stretching from the final years of the 1964 military dictatorship to 1984.<sup>22</sup> There is an interesting effect to be noted here: the personal charisma of the president has proven powerful enough to anesthetize the popular demands that had arisen in response to the policies of the Cardoso government, and it carries out a kind of kidnapping of organized society itself. It is the property of charisma to superimpose itself on whatever else acts to determine social divisions, and to annul, above all, the class division. Charisma belongs to the order of myth, the reverse of politics. The PT's switchover from opposition to government insider produces an immediate paralysis of the existing social movements. Here, that is, to employ Gramscian terms, the broad "movement" aimed at conquering

governmental power cancels its earlier “positions” once the party of Opposition becomes the party of Order. The result, for adversaries and allies alike, and especially for the left wing of the PT itself, is total perplexity.

Many of the ministries were cynically handed out like so many bargaining chips. Parties that were either allied with the PT or threw it their support wanted ministries in return and were rewarded with these. The PT even set aside the ministries with the least revenue-generating power and the smallest budgets for its own losing candidates in the races for the principal state governorships. And then to the representatives of “civil society,” i.e., high-profile entrepreneurs, ministries were doled out expressly in accordance with the nominee’s respective business interests or niche in the commodity-export market. A noteworthy trademark in all this is the absence of any prestigious intellectual from Lula’s cabinet, a symptom of a poorly concealed *ouvriériste* anti-intellectualism but also of the unmistakable monopoly exercised by the party *nomenklatura* over the realms of public opinion and governmental control alike. The scant importance given to the ministries is less a function of the personality contest that assigned some of them to second-rate individuals (and worse) than it is a reflection of a disfunctionality affecting the power arrangements of the political system, and of the level of complexity of Brazilian capitalism itself.

The de facto conservatism of the government-to-be, there for all to see as soon as its victory seemed likely, had already announced itself in the inflections of the “Letter to the Brazilian People” issued after the São Paulo summit at the *Novotel*. It was a clear message to the business class, to the “policing” institutions of finance capital (to wit, the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank and the World Trade Organization) and to the big firms and major capitalist powers in general: Lula’s government would not violate the right of contracts. This was confirmed in the nomination as Finance Minister of Palocci, whose recent conversion to neoliberalism had promptly won him an insider’s position on Lula’s transition team, and in the indications that Henrique Meirelles, the ex-president of Bank Boston and the newly elected PSDB [*Partido da Social Democracia Brasileiro*, Cardoso’s party] deputy from the state of Goiás (where he had no political track record) would be named president of the Central Bank. No sooner was he sworn in as deputy than Meirelles resigned from that position, as if his tenure in the new government were assured — is it, in fact? — safe from any unforeseen happenstances along the way. Meirelles was the sixth or seventh person to be offered the post, and those who had turned it down were all, without exception, high-ranking financial executives, a clear enough indication of the policy options favored by the PT and president Lula. For it was clear from

the very first that this was not a transitional measure meant to calm the markets but a definitive political orientation.

Symptomatically, the announcement that Meirelles was the choice to head the Central Bank was made in the United States, where the still pre-inaugural president had gone to pay a call on George W. Bush. In what is becoming a hallmark of his government — specifying its very non-specificity — this marketing move was made simultaneously with another: Lula announced in the US as well the choice of senator Marina Silva, a symbol of the environmentalist movement in Brazil, to head the Ministry of the Environment. In Musil’s terms again, Lula had gone from a hundred — senator Marina — to a thousand — the banker Meirelles — without the number one, that is, totally oblivious to his campaign promises. Soon enough, when the day the prohibition against cigarette ads on Formula 1 racing cars was to have gone into effect was postponed until after the Formula 1 races (whose first time-trials were to be held in Brazil) it was clear what the nomination of Marina — now a burnt-out star in the ministerial firmament — had really been about: a measure of convenience, the first of many similar ones, that would simply make it easier, later on, for Lula’s administration to delay enforcing the anti-tobacco law.

#### Whither the Lula Regime?

This question, inescapable as a rule, was so obvious as to be beside the point when it came to characterizing or defining the Cardoso government, but it was a question begged by the Lula administration from its very first months. The new government began as the product of a coalition so broad that it was hard to locate its center of gravity. What was more easily understood was who was in control and who was issuing the marching orders to the unexpected majority that had been put together in the legislature. That control was exercised by the “hard core” nucleus made up of the ministers<sup>23</sup> already mentioned — Dirceu, Palocci, and Gushiken, subsequently joined by the new president of the Central Bank, Mireilles.

But where and what was the hegemony expressed in this new arrangement, and what were the forces in command of it? Here the matter becomes more slippery and enigmatic. It would be easy to answer that the ministers recruited to the government directly from the upper ranks of the business elite and that the open and unabashed conservatism of government economic policy were explicit signs of such a hegemony, but the easy answer here is a cover for its falsehood. This enigma went right to the heart of the government itself; and the very make-up of the cabinet points, on the one hand, to an ingenuous and over-simplified idea of “consensus” — idealized by the

government's constant references to "negotiation" — and, on the other, to a concerted attempt at making powerful allies. That is, what was idealized here as "negotiation" hides the weakness of the government when faced with national and international business. When it was a matter of having to deal with the much broader sector of society made up of various categories of workers, then "negotiation" was nowhere to be seen, as public servants were soon discover in the case of social security "reforms."

A brief parenthesis: the "negotiation" flaunted by the government as its democratic calling card was nothing more than the reappearance within government circles, now in the form of a simulacrum, of the trade-unionist negotiating practices that — according to Lula and to most of the analysis and commentary regarding the trade-union movement — had been responsible for the greatest successes of the new unionism born, beginning in 1975, under the leadership of the metallurgical workers of the ABC,<sup>24</sup> with Lula at their head. The truth is that the real successes of the metallurgical unions, even before the formation of the CUT<sup>25</sup> coincided — the chronology is not irrelevant — with the short-lived "Fordist" period of the "Brazilian miracle" and with its decline during the great strikes of 1978-1980, when Lula broke onto the political scene as the most outstanding working-class leader in Brazilian history. From that point onwards not a single union victory can be cited, even within the areas represented by the once powerful ABC unions. The gains won by organized labor at the negotiating table, especially under CUT leadership, are henceforth essentially nil, and give the lie to the "negotiation" evoked in the Lula government's idyllic vision.<sup>26</sup> The most successful negotiation from this period, the famous "acordo das montadoras,"<sup>27</sup> was a deal struck by the leadership of the automotive sector of the CUT during the Itamar period [Itamar Franco, President 1992-95], a time when the CUT itself was still uneasy with agreements of this kind and which owed its success entirely to the São Bernardo Metallurgical Workers' Union and the auto workers themselves.<sup>28</sup> The real political importance of the CUT, moreover, resided more in its ability to put together a stronger representational presence for workers and, together with the PT, to translate that presence into political reality, than in what turned out, for labor, to be a steady stream of disappointments and sell-outs at the negotiating table during the 1980s and 1990s, decades of weak economic growth and of the increasing exhaustion of the private welfare effects made possible by Fordism's Brazilian "miracle," debilitated still further by financial default and the restructuring of industrial production itself. In Brazil, centralized labor federations, outlawed before the Constitution of 1988, work differently than their European counterparts since they do not bargain directly with employers. This is reserved for the individual trade and industrial unions

themselves, while the centralized federations have a role to play only on the political level, not in the workplace. But the trade union reform under study by the National Labor Forum (*Fórum Nacional de Trabalho*) proposes to institute a practice of "binding precedent" for trade union matters, imposed from the top of the pyramid made up of the various union leaderships, and making it possible for employer negotiations, heretofore still the prerogative of the individual union locals themselves, to be conducted by a centralized federation — and leaving to the individual unions themselves the Herculean task of passing down the results of such centralized negotiations to their memberships. The representatives of the various labor federations serving on the National Labor Forum claim that this is what real trade union freedom is all about: one can always demand more than the wage or benefit ceilings agreed to by the individual federations, but never less. It would almost be funny — that is, if sell-out government unionism were somehow to become a laughing matter.

The Council of Economic and Social Development (CDES: *Conselho de Desenvolvimento Econômico e Social*) was formed along the same lines as the Cabinet Ministries, here with a rhetorical emphasis on contractualism. As one of the emerging theoreticians of a "new social contract" — post-class struggle — Tarso Genro was named its first head. Wolfgang Leo Maar was able to attend one of the CDES's most important meetings, at which the original proposal for reforming the government workers' pension fund was discussed. He captured its essence at the time in a single, lapidary phrase: "The CDES is a portrait of the society that Lula and the PT think exists, and, what's more, of the one they wish existed."<sup>29</sup> The CDES is conceived as a reproduction of "civil society": lots of representatives of the business elite, drawn from all sectors but especially from industry and finance; a dozen representatives of the labor unions; a few intellectuals, the eternal cherry atop the sundae; and one representative of Abong (*Associação Brasileira de Organizações Não-Governamentais*) the largest umbrella organization of Brazilian NGOs. The disproportion among the various constituencies "represented" is obvious, and all members of the CDES are nominated and chosen by the president from a list provided by the head of the Council, who can invoke the same authority in order to dismiss any of them. The sectors being "represented" apparently cannot furnish their own lists of possible nominees, a fact that as good as vitiates the make-up and independence of the Council itself. The CDES was proclaimed as a place for the forging of consensus and Genro's "new social contract." As a governmental body, it has no decision-making power, however, being limited to an advisory role.

It seemed at first as though the CDES would, in fact, become such a consensus-building body. Lula looked like nothing so much as a latter-day

Diogenes with his lamp, searching, in this case, for honest interlocutors. The regulations governing the selection of its members did have the advantage of being made public — a seemingly innovative practice by Brazilian standards. The only previous development council had been created by Kubitschek in the 1950s, although it did not include representatives of “civil society.”<sup>30</sup> Paradoxically, Kubitschek’s development council, together with the BNDE (no “S” here)<sup>31</sup> really *were* the places in which developmentalist strategy was formulated, and the conflicts that were averted within this dual institutional space reveal more about the institutional brokering of developmentalism than does Lula’s council. Roberto Campos [first director of the BNDE], until his departure from the BNDE, was an opponent of nationalism, but together he and the Bank were responsible for producing the developmentalist consensus that was the underpinning of the Kubitschek government. Under military rule there was also a council of industrial development that functioned more as a clearing house for state bureaucracies and the business elite and that in this way also came to play a role in strategic planning. After a few months of existence, the CDES, by contrast, became a nonentity and may very well remain one as far as Lula’s regime is concerned.

The CDES, in this instance, does act in concert with the BNDES, which had initially been placed under the leadership of Carlos Lessa, a survivor from developmentalist days and representative of the current of which [PT-affiliated economist] Maria da Conceição Tavares remains the unquestioned leader. Lessa, it is said, was Lula’s personal choice for the job (a choice reflecting the latter’s productivist-developmental side) and had always been close to the wing of the PMDB<sup>32</sup> linked to Ulysses Guimarães,<sup>33</sup> its old, steadfast chieftain from the days of military dictatorship, with whose death Lessa’s friends had lost their leading position in the party. The PMDB went on record to clarify that Lessa did not represent the party, which was under consideration for receiving two other important cabinet posts, Communications and Social Security. But there is nevertheless a perceptible absence of any fundamental linkage between the three poles: the BNDES, CDES and the leading business circles. Lessa was appointed against the wishes of Luiz Fernando Furlan, Minister of State for Development, Industry and Foreign Trade, to whom he was formally subordinate, and the occasional friction between them is what mainly left its mark during brief period of their joint incumbency.<sup>34</sup> There were frequent indications as well of the business elite’s unhappiness with the head of the BNDES, to whom were attributed excessively high dosages of economic nationalism and even statism. Of all the members of Lula’s government, Lessa was probably the one whose positions were the clearest and most definite, and he never made any bones about his nationalist-developmental ideals.<sup>35</sup>

At a certain point, Gushiken went on record as to what he considered to be his office’s strategic mission, announcing the formation of a group of “notables” who were to work out the formulae for long-term planning. According to him, such a group, under the auspices of the Institute for Applied Economic Research (IPEA),<sup>36</sup> and which was to exclude academics who only wasted their time discussing the “sex of the angels,” would have as its objective the definition of projects, programs, strategic working groups, scenarios, etc., and the coordination of the various sectors and agents with a stake in planning outcomes. It seemed, at that point, that one of the identifying marks of the new government had revealed itself, partly at least, in what was to be the formation of a Gushiken-IPEA-BNDES axis. The ex-Minister of Finance, Palocci, seemed not to be averse either to this trend, as seen in the fact that, by all indications, it was Palocci, together with Gushiken, who was responsible for the appointment as president of the IPEA of Glauco Arbix, Palocci’s old comrade in arms in the exuberant, “radical chic” days of their political militancy in Libelu, a Trotskyite sect. An all-powerful Finance Ministry was less than happy with the direction being taken at the BNDES, but Lula himself would be the guarantor of the interface between the BNDES and his inner circle of strategists. Yet Gushiken’s axis never came together, despite the fact that Lessa had redesigned the BNDES, formerly run as an investment bank under Cardoso, as a fund for development and new initiatives. In any case, the BNDES maintains its primary role as an Intensive Care Unit for large privatization schemes gone bust — like that of the electrical utilities — and as insurance in case vital sectors such as civil aviation should fail — or “crash,” since we’re talking about airplanes. (There had been talk of a merger between the airlines Varig and TAM, an idea later discarded in favor of an individual restructuring of Varig. There was also the matter of a bailout for the television networks, especially for the dominant Rede Globo,<sup>37</sup> which is sinking beneath a mountain of un-payable debts, now that its comedy shows aren’t the least bit funny.) In this it looks more like the banking regulatory body known under Cardoso as the “Program of Incentives to the Reconstruction and Strengthening of the National Financial System” than an investment bank along the lines of the financialization strategies being pushed by Gushiken. Occasional reports about Gushiken’s group of “notables” appear in the press without much fanfare, and it would appear that despite minister Gushiken’s allergic distaste for the “sex of the angels,” the short, medium, and long-term scenarios assembled by his group of wise men have not amounted to more than scholastic exercises themselves.<sup>38</sup> It was *déjà vu* without let up, while the real coordination between financial and economic groups and state planning agencies became a balancing act perched

on the initial budget surpluses being racked up by then-Finance Minister Palocci.

So — where *is* the center of gravity in Lula’s government? Surprisingly, for a government whose backbone is a party that grew directly out of the labor movement, a party that refers to itself as “of the Workers,” and that, in effect, took its structure from that of the labor force,<sup>39</sup> its center of gravity rests elsewhere: in the financialization of Brazilian capitalism. This contradiction, paradoxical in appearance, was explored in my “*O ornitorrinco*.”<sup>40</sup> It points to the formation of a new class, whose function in the system is defined by its access to public funds. And, given that accumulation itself is state-driven in Brazil’s peripheral capitalism, the latter’s financialization, in all its various forms, is also a product of the state, created initially through pension funds linked to state enterprises, a kind of private welfare system started under the military dictatorship.<sup>41</sup> The principal investment firms in Brazil today are the pension funds: Previ, Eletros, Sistel, Petros, Portus, Funcef and the rest, whose names always refer back to the firm or the economic sector in which they originated. Such funds intervene directly in the stock market and were decisive in setting the agenda for privatizing state enterprises. They are owners and shareholders in the case of many of the economy’s major undertakings.<sup>42</sup> The 1988 Constitution gave the final push to financialization when it created the FAT (*Fundo de Amparo dos Trabalhadores*) — the Workers’ Protection Fund — which is today the principal source of funds for the BNDES, that is, the country’s principal long-term growth fund. Its representative par excellence is none other than Gushiken, not by chance the Minister for Communication and Strategy. But he is not alone — high-ranking pension fund officials are a notable presence in Lula’s government.

Nevertheless, this center of gravity is not hegemonic in the Gramscian sense. It is, in actual fact, the PT’s arm within the emergent class formation that has grown out of the simultaneous processes of globalization and privatization and the new relation between the State and the market that these have brought into existence. The vote in favor of pension reform was its first victory. The new statute created supplemental pension funds for the civil service — and will later do the same for the military. Notwithstanding the fact that these funds are supposed to be public and sheltered from market forces, they remain essentially a form of finance capital: their holdings are to be invested on the financial market and they are, in effect, destined to be capitalized themselves as the products of defined contributions but with no provision for paying out fixed benefits.<sup>43</sup> From this point of view, they are a continuation of what was already the policy of the Cardoso government. But this fact in itself is not sufficient indication of a hegemonic relation, if for

no other reason than because maintaining the basic neo-liberal ground rules does not guarantee a way out of the impending crisis of peripheral neo-liberalism itself. It might only make matters worse, as demonstrated by Lula’s recurrent problems in securing foreign financing and the continued imposition of a foreign debt policy that only further confirms the “extroverted,” i.e. externally driven character of the accumulation of capital in Brazil. The effect of this, meanwhile, has been an exponential increase in the internal debt, further barriers to accumulation, and the creation of a powerful mechanism for concentrating profits within the financial sector.<sup>44</sup> As ex-president Cardoso once said to an interviewer, it’s not the government that controls the debt, but the debt that controls the government. He forgot to add that this upside down version of government got its start under his administration.<sup>45</sup>

The power structure whose disintegration had led to Lula’s election — the latter interpreted as the will of a “unified nation” transcending class struggle — may at long last be on the way to being restored. But if so, then under a new system of domination generated by two seemingly contradictory realities, both extroverted in character and linked to the globalization of capital. The first of these is, again, the financialization of the Brazilian economy, in which the continued external financing of accumulation — its internal sources having dried up thanks to globalization — is now linked to the emergence of new forms of internally generated surplus value, both in the banking system, whose profits depend to a large extent on bond transactions, and in the pension funds. But financialization is unable to mobilize all the internal sources of accumulation, whence its resistance to being nationalized, that is, its inability to weld together the preponderance of bourgeois interests. Moreover, as interest-bearing obligations — according to Marx, one of the forms of surplus value, and, as such, in contradiction to the profits generated within the commodity-producing sector — financial profits themselves are merely transfers of income from the various sectors of individual business enterprises into the pockets of the financiers. This only serves to penalize real earnings thanks to the increased cost of borrowing borne by the firms, resulting either in a slowing of economic activity or in the increased rate of exploitation of labor-power.

The second of these contradictory realities is that of capital’s real cutting edge when it comes to rapid expansion, namely the export sector, led by agribusiness, which has been on a steady upswing for three decades. Leading the way here, in terms of growth rates, have been the agricultural products typically traded on the commodities markets (e.g., soybeans), the only exceptions being exports of *Embraer* aircraft and of automobiles. But within the overall matrix of inter-industrial relations, such agricultural commodities

generate minimal added value and show no real capacity for producing higher levels of economic integration on either an industry-wide or a national scale. The possibilities of such exports sowing the seeds of a real process of self-sustaining economic growth are scant, i.e., agro-exports are scarcely up to the task of consolidating a broad range of economic interests. In general it is a question of highly self-contained, concentric spheres of production such as agribusiness, which rests on a base of unskilled labor. The national petroleum company Petrobrás is also a force in the export sector, especially in petroleum derivatives, but it owes its success to the fact that it is a state enterprise, whence the possibility of its quest for self-sufficiency and of its establishment of strong linkages to a national industrial base.<sup>46</sup>

But can we speak of hegemony in the Gramscian sense here? The “great little Sardinian” had always understood hegemony to mean the “moral direction” of society, not merely its domination. Paradoxically, the PT and the social movements linked to it during the “age of invention” of 1970-1990<sup>47</sup> had almost managed to provide such “moral direction”: its demands for increased public awareness of fundamental social conflicts led to the establishment of a new set of rights and to the broadening of the basis for citizenship itself, both consecrated in the 1988 Constitution; to a general condemnation of patriarchal and politically arbitrary practices; to new controls over public spending and the strengthening of an independent Justice Department that for the first time was able to provide real oversight of government dealings. In sum, a renewal of public-spiritedness without parallel in Brazilian history. Even the ultra-neoliberal Cardoso regime was forced, in part, to accommodate such demands, even to the extent of approving, for example, a new Law of Fiscal Responsibility whose explicit purpose was to prevent sitting governments from taking on excessive debt but which was transformed into a powerful brake on spending, translating into fiscal surpluses.

What has happened since then, however, is, in the first place, a powerful erosion of the employment base and the subsequent weakening of the union movement. From the first lifting of commercial restrictions under Collor, and then on through to the Cardoso years, the loss of salaried jobs was relentless. Between 1989 and 1999 these losses reached 3.2 million, of which 2 million were in the industrial sector. In the same period the numbers of unemployed leapt from 1.8 to 7.6 million, and the unemployment rate increased from 3% to 9.6% of the economically active population. In the 1990s most of the new jobs created were extremely precarious ones, lacking all formal regulation and protections, and miserably paid. Four out of five were in what is anachronistically called the “informal sector.”<sup>48</sup> What social class could have withstood such gale force winds? And with what consequences for its

political representation, and for its relationship to institutionalized politics generally? The paradox of Lula’s electoral victory is that it is simultaneous with the sinking of his own social class into disastrous levels of disorganization. His electoral campaign’s lack of specificity — everything reduced to the level of “Lulinha for Peace and Love” — is the perverse and contradictory proof that his legendary class base had ceased to matter. Perhaps Lula and his marketing analyst alone had understood that his electoral sleight-of-hand was only made possible by the fact that the veto-power once exercised by his working-class constituency had been reduced to almost nil. But the personal charisma he had acquired through his affiliation with a labor movement that had once outfought the military dictatorship and helped re-democratize the country still remained, and was his alibi for winning the election — and for failing to cross the Rubicon.<sup>49</sup>

But the sidelining of Lula’s working class base under the new political regime was not merely the outward result of the devastation caused by deregulation. The restructured production processes are internalized and give rise to a new form of subjectivity, inculcating values of individual competition and confronting workers with the objective reality of new production processes that corrode the sense of class identity once made available, at least in principle, by a precarious peripheral Fordism.<sup>50</sup> Newly molecularized labor processes such as production teams undermine the kinds of class self-awareness on which earlier forms of solidarity and organization had been based, making the unions themselves increasingly useless. The “collective” basis of production seems to vanish, giving way to nothing more than pure, individual competition, and the unions do not know how to operate in this new political universe. Moreover, new schemes, such as worker participation in company profits, instituted under Cardoso, effectively exclude the unions from negotiations with workers over profit sharing. Research conducted in sectors especially well adapted to production teams, such as pharmaceuticals and hygiene products,<sup>51</sup> attest to the formation of a new sociability indifferent to larger collectivities and little interested in the political entities claiming to represent it. If one considers that, in addition to the restructuring being undergone by the workforce still employed in the formal sector, some 40% of workers are now employed in the informal sector, and that unemployment in Brazil runs officially at 10% — and in the big cities at least double that rate, as calculated by Dieese (*Departamento Intersindical de Estatística e Estudos Socioeconômicos*),<sup>52</sup> the trade union research body — one has to ask what class demands are now viable and what sorts of political actions could back them up? Current welfare policies, in fact a political functionalization of poverty, are the counterpart to this trend towards the liquidation of class currently developing in Brazil. And it is not by chance that, precisely under

Lula's government, such policies have continued to multiply under a variety of headings, beginning with the Zero Hunger campaign.<sup>53</sup>

### Populism, Representation, Political Parties, and Hegemony

To the decomposition of his class Lula responds with a presidential style that some have termed a new populism, or "lulismo-petismo."<sup>54</sup> Whatever it is, the president displays it in his communication with the masses, bypassing political institutions themselves and even his own party, especially when what is at stake is the political functionalizing of poverty. The erosion of class as a basis for politics and the breaking down of any representational bond between society, parties, and other political organizations, including the trade unions themselves, produce a short circuit fatal for politics and the exercise of government.<sup>55</sup> So it is that the president launches himself daily into new rounds of activities, constantly announcing new programs and social projects that are for the most part merely virtual but that serve the function of communicating with a base now grown diffuse, and taking up simulated "positions" — in the Gramscian sense — in the political struggle. The electronic media are of enormous help for this purpose, giving the president constant exposure, often several times daily — and at the same time, thanks to the fleeting quality of its representations, avoiding any representational fixity when it comes to the president himself, so that his next political appearance always seems to be a novelty. But the basis for such media effects is itself the decomposition of class.<sup>56</sup> Here, perhaps, we really do find ourselves face to face with a new populism, given the impossibility of *any* politics based on class organization — a populism even purer in form than was the case under the classic Latin American populist regimes of Vargas, Perón and Cárdenas.<sup>57</sup> These operated as authoritarian forms of incorporating the new working classes into political life, breaking up the traditional power arrangements bequeathed by Latin American underdevelopment. This process, whose material base was precisely the growth of wage labor and especially its industrial form, gave rise to the social-democratic understanding of the working class as a simple *social* majority, making it the task of organized parties to transform the latter into a *political* majority. Up until the decline of the workers as a sectorial presence within the social division of labor, social-democratic strategy continued to be based on a kind of class demographics.

But the new, actually existing populism represents the exclusion of class from politics. It is neither an exclusively Brazilian phenomenon nor is it of ideological origin — it stems from the disintegration of the working class, above all of its hard core, the industrial proletariat. The same process has

visibly been occurring in Argentina and Venezuela. Néstor Kirchner was elected without having to rely on the support of a traditional working class Peronist base, thanks to the vacuum left by the devastating impact of the de-industrialization introduced by Martínez de Hoz<sup>58</sup> and the subsequent internalizing of globalization under Menem. The central "actor" of Argentinean politics has become the diffuse multitude of unemployed workers and *piqueteros*.<sup>59</sup> In Venezuela, the organized ranks of the petroleum workers, numerically small but the group that counts in the Bolivarian Republic, are the allies of big capital linked to petroleum, and Chávez has to resort to the cult of Bolívar to cement together a base that is no longer a social class. In both of these cases, just as in the Brazilian, the system of political parties has undergone a severe crisis, including the total demoralization — even more than in the Brazilian case — of the major traditional parties. But Chávez and Kirchner, in the midst of the indeterminacy provoked by the simultaneity of economic crisis and the destruction of the party system, attempt, unlike Lula, to cross the Rubicon in the direction of Rome and not the other way around.<sup>60</sup> The differences here are probably to be explained by the sheer scale of the devastation caused by the economic crisis in Argentina and Venezuela, while in Brazil what took place was more a change in the structure of effective power within the business elite than an economic crisis of any significant depth. All value judgments aside here, what is needed is to work out a sociological and political understanding of the new order of things on a capitalist periphery thrown into crisis by what is evidently the overturning of what had been a fundamental balance of socio-political forces. With the weakening of the mass base of the popular social movements, the relative strength of the other pole, that of capital, has been increased, although here too without any *bourgeois* unity either, since the sectors that emerge as winners from the financialization/extroversion of the economy cannot themselves manage to synthesize a more general class interest. And the populism characterizing the current form of political interpellation completes the un-balancing act: the government gets caught in the trap of believing that its election really *was* the result of an appeal to national unity, and any organized movement appears as an obstacle to the national unity over which it considers itself to preside.

Thanks to the sheer depth of social inequality in Brazil, hegemony becomes a virtual impossibility. The opening of a seemingly unbridgeable gap between the classes turns in common, any public space, into a chimera. Any such public space has, in any case, already undergone an accelerated process of privatization, whose result is now a country of elite schools, brand-name hospitals, more than two hundred helipads in the city of São Paulo alone while New York City has only four (making air traffic

control for helicopters a necessity), condominium ghettos, and private police forces with more employees than those of the public police and the army combined. Since it belongs to the symbolic order, no hegemony can coalesce unless social equality achieves a minimum of plausibility, that is to say, without a minimum of material equality. But once the gap of class inequality becomes a virtual abyss, it cannot be closed even symbolically. And the abyss grows still wider. In 2004 the number of millionaires in Brazil grew 6% while the economy registered a negative growth rate of 0.3%, and the *Financial Times* reports a boom in luxury consumption that saw the opening of two Tiffanys in São Paulo, with a third soon to follow. The response of those ruled over by this system of privatization is a privatized violence: the exponential growth of criminality is proof of the impossibility of hegemony. What the vanished promise of equality can no longer deliver is accomplished through crime.

To the absence of hegemony the PT's only response is to retreat back across the Rubicon, surrendering to the Rome of the dollar, situated somewhere between the Avenida Paulista and Wall Street.<sup>61</sup> In the worst tradition of the Brazilian patronage system, The PT has tried to monopolize the state machine, on all levels, as well as the directorships of the remaining — but hugely important — state enterprises and quasi-state organs such as the pension funds, staffing them with its own party loyalists. The only exceptions to the rule here are the offices charged with the formulation of economic policy, the chairmanship and the board of directors of the Central Bank and of the Bank of Brazil, which were turned over to major players from the finance and capital markets. In this sense, Lula and the PT have gone one better than even Cardoso himself, who filled these posts with intellectuals and economists affiliated with his own party. After their time in power, the latter, in most cases, moved on to head large consulting firms or to become bankers, occupying the right flank — assuming it is possible to say what that is! — of the new 'duckbilled platypus' class. In Lula's government not one of the above mentioned high-ranking economic or financial officials is or was a PT cadre, nor do any of them have any intellectual credentials to speak of — not that that is a guarantee of anything.

The government's media critics, as well as the opposition parties, hammer incessantly, as if from the left, about the PT's handing over of all government and civil service posts to its own apparatchiks, forgetting their own past practices. It is worthwhile looking more closely into the kinds of institutionalized relations that have arisen historically between parties, especially governing parties, and the state in Brazil. From the time of Vargas, civil servants had made their careers in a bureaucracy structured according to principles of meritocracy, competition and impartiality. Of course, Brazil's

patronage-based culture shaped the "Weberianizing" of the civil service in its own way, whether at the federal, provincial or municipal level. The military dictatorship began the slow process of dismantling the career civil-service system, and it was during this period that the North American-style revolving door, in which high-ranking members of the private sector rotate in and out of public service, began to be introduced.

With the PT in power, there occurs something more reminiscent of the socialist experience. In appearance there is a total occupation of the State by the party. Examined more closely, however, the reality is just the reverse: the party dissolves *into* the State. It does not govern but rather *becomes* the government. Within the socialist political system, the tasks, functions and obligations — in sum, the very *reasons* — of the State became, of necessity, the functions of the party. It is not the State that becomes partisan but, on the contrary, it is the party that is statified. This inverse relation is rendered opaque in the socialist instance because the latter was always a single-party system, making any further delineation of an otherwise blurred picture impossible. But the PT, luckily, is not part of such a single party political system.

The statification of the PT is, in part, a product of the fact that the party, on taking up the reigns of the government, is transformed into the party of Order, in the rigorous sense of that term. Whence, on the most immediate level, the contradictions that characterize its relations with working class organizations, with social movements, and with what the current literature refers to, broadly speaking, as "civil society."<sup>62</sup> As a party, the PT cut its teeth by subverting — disordering — the existing order. But that only makes its role reversal and its strained relationship to its erstwhile political base all the more visible, especially considering how enormously society's capacity for organization has increased during the decades during which politics experienced its "age of invention."<sup>63</sup>

Faced with the decomposition of its class-base and with the corresponding increase in the power of the bourgeoisie (despite the latter's lack of unity), and especially in the power of the "new class" of pension-fund managers, the PT responded with its own statification, occupying just those government posts and functions that allowed it to control and regulate access to public funds. This is the substitution of administration for politics, given the impossibility of the latter — a process involving dissent, choice and decision — within the framework of the current disjuncture. The "realism" of the PT is its statification, a symptom of the breakdown of hegemony as an effective means of mediating conflicts. Statification is the form taken by the political party on the capitalist periphery. Henceforward, to be a party is to be a state party. The decline of the PSDB, out of power, obeys the same logic:

notwithstanding its own intense efforts to portray itself as the party of the new globalized bourgeoisie, the PSDB throws its support to the PT, that is, to the government and the State. The opposition over which the PSDB has attempted to assert its leadership is anemic, lacking any popular underpinning as well as the allegiance of the business elite.<sup>64</sup> Cardoso parades himself as the representative par excellence of the global bourgeoisie, but a closer look suggests that he is only surfing along on a froth made up of special effects, among which are his intimacy with international personalities such as ex-president Bill Clinton. Cardoso poses as a Machiavellian “prince,” but he knows better than anyone that, as Clinton’s political strategist advised him during his first presidential campaign, when it comes to getting out the vote, “it’s the economy, stupid,” and that the State itself is the new “prince” – the prince of itself.<sup>65</sup>

Having arrived at this point, the system finds itself on the hither side of hegemony. With the breakdown of class as the traditional ground of politics, a populism that emerges out of this very same class breakdown, a bourgeoisie permanently split thanks to the predominance of finance capital and a “new class,” the key to whose formation lies not in its relation to production but in its ability to legislate access to capital, the forging of consent, the “moral direction” of society, becomes virtually impossible. And, paradox of paradoxes, the statification of politics and of the parties becomes, under the reign of neo-liberalism, merely the flip side of the privatization of the economy and of life itself. But these privatizations are, in turn, opposite in meaning: the latter is the symptom of insecurity, taking shape as a subjectivity generated in turn by the sheer uncertainty of the social nexus. The former, that of the economy, is not something opposed to the State: on the contrary, as another name for the violence of an atomized primitive accumulation, such privatization becomes a reality only *via* the State. It is for this reason that the statification of politics, and, *in extremis*, its total militarization — as is now occurring in the US — is transformed into a substitute for hegemony. This is the new paradigm that, on the periphery, is made into a reality by the PT, a paradigm that casts all earlier theories of politics into the shadows.

During most of its recent history, political theory, in its liberal guise, has been dominated by a mix of neo-classical, marginalist and monetarist economic theory — accompanied by the suppression, obviously enough, of its Keynesian variant. Such theory has also been married to Weberian thought, not least because Weber himself had drunk from the waters of marginalist theory at their source in the Vienna School. The rise to absolute power of economic theory reaches its apex in “public choice” and “rational choice” theories. The fallout resulting from the triumph of economic theory and a

corresponding avalanche of intellectual capitulations has been the subject of an endless, wide-ranging and extensively documented discussion.<sup>66</sup> And yet what has now become the increasing decadence of economic theory itself was to give no hint of the degree to which its subordination of political theory in fact threatened the latter with complete obsolescence — which is to say that any ability of the “new” political theory to interrogate the real phenomena of politics today has essentially been nullified. In the oligopoly that the contemporary political system has become — not to say the monopoly: witness, for example, the virtually total control exercised by Microsoft over internet access software — choice itself becomes obsolete, and the adoption of a political theory that presupposes the latter category — along with competition, equilibrium, the free flow of accurate information, voter sovereignty, opportunity costs, game theory, and all the other simulacra of conventional economics — borders on the ridiculous.

The problem becomes more serious still given how completely politics itself today is in fact subordinate to economics. Business enterprises have been transformed into directly political actors. As a juridical person, the enterprise always had more power than the workers, who are, when it comes down to it, physical persons. The class struggle invented the labor unions so as to transform the workers themselves from physical into juridical persons. But the new forms of production and work organization annul the collective character of the unions, resulting in the disappearance of the latter as a political actor of any importance, even as deregulation opens up a space for the kind of underlying political agency that only the enterprises can occupy. The scaled-down, non-interventionist State, contrary to the inanities preached by the false utopia of neo-liberalism, is not the least bit non-interventionist when it comes to economics: its non-intervention is limited to the political sphere. In a two-pronged maneuver, the State maximizes its role in the economy while reducing its political role, working in tandem with itself to create an economy without politics, hence a status quo from which it is apparently impossible to dissent. Hegemony in the Gramscian sense loses most of the heuristic ability it once had to unveil the nature of class conflict, and the “long march through the institutions,” the erstwhile school for the building of a consensus that would one day constitute itself as a new power in society, looks less and less plausible. It is for this reason that parties such as the PT — the new prince — become institutionalized themselves and thereby lose the power they once had to politicize breaches in the social edifice. This is the sad fate that the PRI had already prophesied in Mexico in the third decade of the twentieth century when it dubbed itself an “institutional revolutionary” party: the statification of the revolutionary parties of the periphery. And in the Brazil of the twenty-first century fulfills that prophecy.

The tendency on the capitalist periphery is towards a system of totalitarian neo-liberalism:<sup>67</sup> when all that Henrique Meirelles, the president of the Central Bank, requires for special access to the Lula regime is the latter's arbitrary and provisional decree, this becomes a clear exception to the democratic rule of equal treatment. And sovereign is he who has the power to make exceptions — so sayeth Carl Schmitt, the theorist of Nazism. It would all verge on the theater of the absurd were it not for the exasperating fact that it rests on the no less real state of exception that excludes the working class from the bourgeois universe ushered in by globalization's restructuring of the relations of production — and were it not an ex-worker and ex-trade unionist who, as president, had turned back from the Rubicon to cross, instead, the threshold of totalitarianism.

#### Post-scriptum

“The Lenin Moment” was written a year and a half ago, [that is, in early 2005 — Trans.] in advance of its publication in a book project organized by Cenedic that was to have been published in August, 2006, and somewhat prior to the July 2006 issue of *Novos estudos Cebrap* in which it appeared for the first time.<sup>68</sup> In the meantime the reality upon which my original text was based has moved on, making some clarifications necessary. I have preferred to record the latter in the form of a postscript rather than to modify my original text, which would have rendered it false in relation to its own historical moment. I would not want to leave the reader with the wrong impression that my text had in fact anticipated some of the other “moments” of 2005 and the first six months of 2006, above all the “mensalão” scandal.<sup>69</sup> Social science cannot meet the predictive standards of a Nostradamus, but neither, on the other hand, is it entirely aleatory.

Thus it is that, although it cannot precisely claim to have “foreseen” certain of the more intricate developments in the current political conjuncture, the fact is that one can find in “The Lenin Moment” a theoretical, conceptual and analytical framework able to account for subsequent events without violating its own premises or negating its own conclusions. Revelations concerning the blatant corruption of the PT are not all that surprising when one takes into account the specific variable that was the control by party members — especially by PT trade unionists — of the pension funds. The importance of such funds in the Brazilian financial system — given that they are among the country's most important institutional investors — was in itself a virtual guarantee of the gangster-style struggle that was to erupt among economic interests willing to kill or be killed for the “favors” such funds could bestow. The wave of corruption that was to come was already

detectable under Cardoso when the Previ pension fund teamed up with the consortium that won out in the privatization of the Vale do Rio Doce state mining corporation.<sup>70</sup> And government involvement — first under Cardoso and then, on an even larger scale under Lula's administration — with groups such as Opportunity Asset Management and Brasil Telecom<sup>71</sup> — both of which purchased the espionage services of the aforementioned Kroll corporation, which went so far as to spy on Lula's then Minister of Information — was a clear indication that the “Garanhuns Road” was leading straight into the kind of promiscuous intercourse between private and public sectors for which the PT, with its promise to reform partisan politics in Brazil, was supposed to have been the prophylactic. It may not be amiss here to say outright that I stand by the overall analysis proposed in “The Lenin Moment,” as well as its conclusions. But the latter are not neutral: I went in search of them, taking as my object of analysis political developments over three and half years under the Lula administration. Neutrality does not exist in the social sciences, for which reason I prefer to follow Gramsci's advice: to take a position and, adopting it as a point of departure, to set in motion the theoretical-analytical elements of an interpretation. But neither were my conclusions determined in advance. The reader can be assured that I have always sought to anchor my thinking in historical events themselves — without merely becoming their mirror and never concealing the fact of my total nonconformity when it comes to the policies of the Lula regime.

In a certain sense the biggest surprise held in store by developments since the initial drafting of “The Lenin Moment” was not that the Lula government simply completed the cycle — begun under Collor and then powerfully accelerated during Cardoso's eight years in power — when it too adopted neo-liberalism as its official policy; Lula's candidacy itself, his electoral victory and the political alignments these entailed already presaged, to anyone willing to analyze them, the road that, once in office, Lula was to take. Even before Lula took power, I wrote an article for the *Folha de São Paulo*, “Entre São Bernardo e a Avenida Paulista” [“Between São Bernardo and the Avenida Paulista”]<sup>72</sup> that pointedly addressed Lula's capitulationist stance; another text, published in the same newspaper in 2003 — “Tudo que é sólido desmancha-se em...cargos” [“All that is Solid Melts into... Government Posts”] — and doubling as my public resignation from the PT — forcefully denounced not only Lula's capitulationism but also the transformation of the PT into a governmental “conveyor belt.”

The big surprise, in the end, was the loss of what had been the PT's tradition of high ethical standards as the Party of the Workers not only got swept up but emerged as the major player in the huge wave of corruption that, since 2004, has traumatized Brazilian politics but (and this is what

should really frighten us) has left the economic sphere unscathed: a powerful commentary on the irrelevance of politics itself. Saying that the media were responsible gets us nowhere, and nor does Lula's panglossian claim that nothing has really been proven, any more than the reminder that Cardoso's party was no different and that corruption is a Brazilian tradition. And in any case, it has to be said that Lula's panglossian stance is itself a fraud: Lula is an inveterate and incurable politician, and, as we now know, schooled, since his days as a labor leader, in the worst practices of what can in general be called the political culture of Brazil — or, to use the terms made classic by Sérgio Buarque de Holanda, schooled in the deeply rooted Brazilian patronage system before which all attempts at modernizing social relations have come to grief. This patronage system, otherwise known as Brazilian "cordiality," is permanently reproduced by social inequality that runs so deep that it turns any pretense of democracy into a chimera. This loss is not limited to the PT: it is a catastrophe for the Left itself, on a world scale, the infinite prolongation of the Brazilian "passive way." Now that society finds itself without "moral direction" in its full, Gramscian sense, the possibilities for social transformation are once again frozen, indefinitely postponed: for the process of constructing hegemony is not an easy one, and its agents cannot simply be substituted.

How did the PT manage to become one of the architects of such blatant corruption, and of the violence this has inflicted on the *res publica*? Here again there was no "bolt from out of the blue," even if the sheer depth and extent of the ethical morass into which the PT has sunk couldn't itself have been predicted, not even by the most exacting standards of social science. The foundations for this disaster — that is, if a morass can be said to have foundations — had already become structurally apparent in the petty and more or less negligible scandals at the prefectural level, in the turning of party cadres into the directors of state pension funds — a theme taken up in "The Duckbilled Platypus" and again in "The Lenin Moment" — and, finally, in the thoroughgoing bureaucratization of the party, in accordance with a tendency pointed out a century ago by Robert Michels. With apologies to Edward Gibbon, the great historian of Rome's imperial decadence, it might be said that if the decline of the PT was a long process, that process was to end in a sudden collapse, consummated when the party took office. There, to repeat, what took place was the *statification of the party*, and not simply the turning over of the state to party apparatchiks, the charge most frequently leveled at PT militants after their wholesale raid on state offices. The pen that appoints twenty thousand state functionaries — while the president of France, on taking the oath of office, apparently appoints only three hundred — is the great instrument of corruption, since it transforms

cadres into office-holders and ideology into material interests: the great majority of those occupying such government posts and jobs receive salaries several times higher than what the average Brazilian earns, and the "Maharajas" who run the large state firms are paid sums far in advance of thirty times the Brazilian minimum wage. Moreover, government jobs require daily contact with the biggest Brazilian business firms, making them a fertile territory for all sorts of corruption. And the large state firms are themselves part of the hard core of the globalized grand bourgeoisie. The BNDES is the largest development bank in the world; Petrobrás, the state oil company, now finds itself among the fifteen largest oil companies in the world (the biggest in Latin America); while the Bank of Brazil remains the largest Brazilian bank, bigger than anything in the private sector. And the list could go on, long enough, indeed, to prove that the state enterprises are not on the sidelines of corruption but are its protagonists. Something similar had already taken place under the Cardoso government, during the phase of privatizations. And the PSDB is, or was also a party-become-state: as shown, negatively, by the fact that once out of power, it has withered to the point that it cannot so much as field a minimally competitive presidential candidate, even in São Paulo where Serra [who lost to Lula in 2002 – trans.] had been governor for six years, and Mario Covas's<sup>73</sup> vice-governor for six years before that. The proximity of the PSDB — or at least of its *paulista* cadre — to São Paulo's major economic powers, as far back as the PMDB governorship of Franco Montoro, in 1982, had already corrupted the civilian and republican foundations that had been the party's strong suit, and that once promised to fill in what was missing in Brazil's ideologico-partisan deck of cards. Thus the PT had already been cheated even before it could play its hand.

Emerging out of that kind of political-ideological-material (dis)assemblage, the PT became, as has already been said, a governmental "conveyor belt," not to mention the linchpin in all the major policy decisions in the economic sphere. What is in the making is, to repeat, a "petismo-lulismo," the Brazilian version of a new populism that this time around is not the authoritarian form of working class inclusion in politics, but its reverse: the democratic (?) form of *excluding* the workers. The president bypasses both the political institutions and his own party. The virtually bottomless pit that is social inequality in Brazil, subjected to constant fire from the neo-liberal blitzkrieg with its privatizations, deregulations and all-out attacks on the rights of society, has not produced a new individualism, not even in its possessive form. It has merely made steeper the path that descends into social barbarism: greater competition in an already unequal society is not the formula for a democratizing individuality but for a dangerous form of social

and political cannibalism. Events that to this day have not been fully explained, such as the assassinations of Celso Daniel, prefect of the industrial city of Santo André, Lula's government program coordinator in 2002 and very likely his (ex) future Minister of Finance, and of Toninho de Campinas, prefect of the second largest city in the state of São Paulo, have aroused suspicions that militants — if not party leaders — of the PT itself were involved in corrupt dealings that probably led to the murders, which the PT lost no time in classifying as “common crimes.” The families of the murdered men continue to insist that these were political crimes, and the Federal Attorney General's office, in apparent agreement, is conducting investigations. A gangsterism very similar to that which has characterized certain other left parties in Latin America appears to be making the rounds — not forgetting, of course, that it was the Communist Party of the Soviet Union under Stalin that led the way in turning partisan, political conflict into gangsterism. Not so long ago the city of São Paulo, the biggest and most important in Brazil — along with Beijing, Mexico City and Cairo, one of the world's biggest cities — was brought to a halt on orders from the PCC (Primeiro Comando da Capital<sup>74</sup>) a criminal organization based in the prisons that took on the police in an action that led to the massacre of some 150 gang members, police and innocent bystanders. To all of this the government responds with programs that do nothing but feed into the vicious cycle of poverty: the all-purpose “Bolsa Família” (Aid to Families) being the most typical of these.<sup>75</sup> A second-rate sociology insists that crime waves, the PCC, and the like are the products of poverty and the spread of slums, but this is a falsehood: crime, violence, the PCC and other criminal organizations are the products of the slums because the latter are *themselves* the illegality in a democracy — an illegality in which the PCC is accordingly able to conceal itself. We are, of course, not speaking of illegality in its strictly juridical meaning here, but in the stronger sense according to which poverty in Brazil is itself an assault on the citizenship of the poor. The PCC and its ilk take advantage of this illegality, and since legal contracts become an impossibility under these conditions, gangsterism exercises its own governance over the poor by means of illegal terror: the employment of children as mules and lookouts for drug traffickers and the imposition of a code of *omertà* on slum residents are just two ways of exploiting the pre-existing illegality of extreme poverty itself.

Given this endless litany of capitulations and fiascos, is it still possible stick to the analogy with which we began, that of the two Rubicons: the one crossed by Lenin and the one that Lula refused to cross? Any comparison between these two historical personages is, of course, a fallacy — and one having nothing necessarily to do with a *bien-pensant* attitude of disdain

towards the Russian leader and of benevolence towards the Brazilian. The October Revolution was the overture to a long cycle of proletarian revolutions and also opened the door to the social-democratization of the advanced capitalism of the West, a process that has now been checked by neo-liberalism. The Lula regime, clearly, lacks anything like the historical protagonism of its Soviet precursor, but one does not have to fall back into outmoded forms of Latin-Americanist or Brazilianist nationalism in order to justify a demand that what triumphed at the polls along with Lula's ticket — namely, the desire for broadly representative and democratic rule with clearly socialist leanings — make good on what could have been a decisive turning point in Latin America. Here was a chance to leave behind the neo-liberal morass and to overcome Latin America's subordinate status within capitalist globalization, present and future — and a chance for the left worldwide to make a reality of its civilizing and revolutionary mission.

That in itself is, in any event, a major argument in favor of the Rubicon analogy. But there is still another: Lenin had understood the failure of Kerensky and of the formally democratic path itself in a country scarcely one step removed from serfdom, and threw everything into the effort to undo the system that Kerensky was trying to reassemble. Lula, on the other hand, preferred the role of Kerensky, and failed for that reason — even though no one as yet has emerged to play the role of Lenin in Brazil. The “indeterminacy” shown by both conjunctures is in one respect identical: Lenin's Rubicon was visibly pre-determined by the expansionism of a Russian capitalism under the aegis of Franco-German imperialism — an expansionism that is in turn revoked by the Revolution itself. Lula's election and subsequent history of governance are no less pre-determined by an intense process of capitalist globalization and de-statification: his government, however, does nothing to revoke these. Rather it sanctions and kneels down before them.

But was another trajectory possible? Trotsky gives us what looks like an answer in his *History of the Russian Revolution*, whose first volume had tried to show how implausible the Revolution was, while the subsequent volumes took it upon themselves to demonstrate how it was that the Revolution unraveled its own contradictions and made itself a reality nevertheless. In the first, Russian instance, an emancipatory opening in the midst of social upheaval is opened still wider by the Revolution itself; in the second, Brazilian instance an analogous opening is closed, and closed by the very party that had helped to create it. Lenin makes his move within the context of a rapidly growing Russian capitalism; Lula makes his in the context of what is effectively an implant, a capitalism whose dynamic is directed entirely from without. All that can be said for now is that a satisfactory answer to the

above question — specifically put to me by my friends and comrades at the *New Left Review* — would require the writing of another “Moment,” a task in which I am engaged at present. In the meantime, however, much more water will have to flow under the bridge of the current fiasco before we are able to decipher the (im)moral truth of the “Lula Moment.”<sup>76</sup>

### Notes

<sup>1</sup> Leon Trotsky, *History of the Russian Revolution*, trans. Max Eastman (New York: Simon and Schuster, 1932-4).

<sup>2</sup> Lenin’s *The Development of Capitalism in Russia* can be considered the first systematic study of a case of “underdevelopment” — along with the chapter entitled “Peculiarities of Russia’s Development” and its appendix in Volume One of Trotsky’s *History of the Russian Revolution*. The term “narodnik,” “populist” in Russian, arose out of a conception of politics rooted in the special character of Russia — the supposed natural goodness of its people — and only a few degrees shy of an openly paternalistic program for national autonomy within a capitalist framework. Here we are not all that far removed from what would later be written about populist regimes in Latin America during the era of authoritarian industrialization. It should be noted here that such “populism” arises only under the turbulent conditions caused by accelerated industrialization in a society that, in the case of Russia, had not yet fully emerged from serfdom (not abolished until the second half of the nineteenth century) and, in the case of Brazil, a society that only abolished slavery in 1888. The Latin American thinkers who were effectively the founding fathers of the theory of populism most certainly made use of the Russian sources.

<sup>3</sup> CEPAL is the Spanish and Portuguese acronym for the United Nations Economic Commission for Latin America and the Caribbean (ECLA). During the 1950s and 1960s it was a center for the Latin American dependency theory advanced by Raúl Prebisch and others. [Trans.]

<sup>4</sup> See V. I. Lenin, *Collected Works*, vol. 24 (Moscow: Progress Publishers, 1964) 19-26. See also: <http://www.marxists.org/archive/lenin/works/1917/apr/04.htm>.

<sup>5</sup> See the following excerpt from the second of the April Theses, on “fraternization”: “The specific feature of the present situation in Russia is that the country is *passing* from the first stage of the revolution — which, owing to the insufficient class-consciousness and organization of the proletariat, placed power in the hands of the bourgeoisie — to its *second stage*, which must place power in the hands of the proletariat and the poorest sections of the peasants.”

<sup>6</sup> Trotsky recognizes this moment of indeterminacy in the last sentence of chapter XXIII of the first volume of *The History of the Russian Revolution*: “This first volume, dedicated to the February revolution, shows how and why that revolution was bound to come to nothing. The second volume will show how the October

revolution triumphed.” Lenin: “The question is not whether the workers are prepared, but *how* and *for what* they should be prepared;” “Notes for an Article or Speech in Defense of the April Theses,” *Collected Works*, vol. 24 (Moscow: Progress Publishers, 1964) 32-33. See also:

<http://www.marxists.org/archive/lenin/works/1917/apr/12.htm>.

<sup>7</sup> Lenin, like Marx in his taste for close empirical study, does not stint when it comes to the actual quantitative indices of a new class in formation, as opposed to merely proclaiming its existence in ideological terms. Social differentiation within the peasantry, the typologizing of old and new forms of industry, the growing number of wage-earners, the spike in the number of strikes — all are studied with minute care. See, for example, Lenin’s references in his articles on strikes and in his writings on trade unions, as well as *The Development of Capitalism in Russia* (Honolulu: University Press of the Pacific, 2004).

<sup>8</sup> This subtitle is meant to suggest what might have been a conclusion drawn by Adso of Melk after the burning of the splendid Abbey of the same name when he asked his master, William of Baskerville (Occam): “Master, have we found our way out of the labyrinth?” In response, William could have done little more than cast his eyes over the ashes and smoking ruins of the incomparable edifice... *D’après*, without the author’s permission, Umberto Eco, *The Name of the Rose*, trans. William Weaver (New York: Everyman’s Library, 2006). It’s the same question that can be asked of Lula’s government: has it found its way out of the labyrinth of neoliberalism?

<sup>9</sup> The added phrase I owe here to my colleague and friend, Leonardo Mello e Silva, professor in the Department of Sociology at the University of São Paulo and researcher at Cenedic. In keeping with the calendar instituted by the French Revolution, it should rather have read “the 22 Prairial of Luiz Inácio,” the date of the “Letter to the Brazilian People,” or the June Capitulations. Lula’s “coup” was to win approval as a candidate and leader thanks to his opposition to neoliberalism, and then, disguising himself as “emperor,” adopting that same neoliberalism as the policy of his own government, without consulting the electorate. Typical of bonapartism.

<sup>10</sup> This earlier conjuncture was the subject of an earlier study of mine written for a 2002 Fapesp research project and published as an article under the title of “Política numa era de indeterminação” [“Politics in an Age of Indeterminacy”]. It has appeared in the book *República, Liberalismo, Cidadania [Republic, Liberalism, Citizenship]*, ed. Fernando Teixeira da Silva, Marcia R. Capelari Naxara and Virginia C. Camilotti (Piracicaba: Editora da Unimep, 2003).

<sup>11</sup> In the original, “despetizar”; PT = Partido dos Trabalhadores. [Trans.]

<sup>12</sup> “Here — in a matter that really didn’t affect him very seriously — was that familiar disconnectedness of impressions, dispersed and de-centered, that is so characteristic of the present age, and whose singular arithmetic it was to go from a hundred to a thousand without the number one.” Robert Musil, *Der Man ohne Eigenschaften [The Man Without Qualities]* (Hamburg: Rowohlt, 1952) 31. [Translated directly from the German. — Trans.]

<sup>13</sup> The developmentalist and modernizing ideology associated with the regime of Juscelino Kubitschek, president of Brazil from 1956 to 1961. [Trans.]

<sup>14</sup> Partido Popular Socialista. [Trans.]

<sup>15</sup> Garanhuns is Lula's native town in Brazil's impoverished Northeast. [Trans.]

<sup>16</sup> I analyzed Collor's election and its "messianic" conjuncture in *Collor: a falsificação da ira* [Collor: *The Falsification of Rage*] (Rio de Janeiro: Imago Editora, 1992).

<sup>17</sup> The Plano Real was a set of measures taken to stabilize the Brazilian economy in early 1994, under the direction of Cardoso as the Minister of Finance during the presidency of Itamar Franco. [Trans.]

<sup>18</sup> My evaluation of the Cardoso government can be found in "Política numa era de indeterminação," but it had already been formulated in the article "A Derrota da Vitória: a contradição do absolutismo de FHC" ["Victory's Defeat: the Contradiction of Cardoso's Absolutism"], in *Novos estudos* (the journal of the Centro Brasileiro de Análise e Planejamento, or *Cebrap*) March 1998. The same journal, in its March, 1996 issue (#44) had taken note of my negative assessment of the Cardoso government, as expressed in a Cebrap-sponsored debate (November 26, 1996) on Cardoso's first year in office, at a time when the success of the Plano Real in slashing inflation had everyone in thrall.

<sup>19</sup> Beginning in 1947, the coastal section of Recife now known as Brasília Teimosa ("Obstinate Brasília") was seized by local fishermen and other poor residents and turned into a semi-autonomous settlement of stilt houses. Over the years, residents have resisted many attempts by land developers and other powerful interests to dislodge them from what has become an especially valuable piece of real estate. [Trans.]

<sup>20</sup> Slavoj Žižek, *Welcome to the Desert of the Real* (London: Verso, 2002).

<sup>21</sup> Note the difference. Lenin: "(1) Economic debacle is imminent. Therefore removal of the bourgeoisie is a mistake. (This is the conclusion of the bourgeoisie. The more imminent the debacle, the more essential is it that the bourgeoisie be removed.); see "Notes for an Article or Speech in Defense of the April Theses." And proceeding in the opposite direction, the "Letter to the Brazilian People," or the "June Capitulations," with its public pledge to respect the right of contracts and in which a conservative economic policy is justified with the argument that one must not encourage ruptures that would destabilize the economy and the government.

<sup>22</sup> See my "Política numa era de indeterminação."

<sup>23</sup> Ex-ministers after the 2005 "mensalão" bribery scandal that shook Lula and the PT. [Trans.]

<sup>24</sup> A cordon of steel and automobile factories near São Paulo, site of the major industrial strikes of the late 1970s that catapulted Lula to prominence as a union leader. [Trans.]

<sup>25</sup> Central Única de Trabalhadores, the centralized organ of trade unions in Brazil. [Trans.]

<sup>26</sup> For a history and critical assessment of CUT-style unionism, see Roberto Veras,

"Sindicalismo e democracia no Brasil: atualizações do novo sindicalismo ao sindicato cidadão" ["Trade Unionism and Democracy in Brazil: From the New Trade Unionism to the Citizen Union"], diss., Department of Sociology, University of São Paulo, 2002.

<sup>27</sup> A deal struck between unionized auto assembly-line workers, employers and the state. [Trans.]

<sup>28</sup> See Alvaro Comin and Francisco de Oliveira, eds., *Os cavaleiros do anti-apocalipse: trabalho e política na indústria automobilística* [*The Horsemen of the Anti-Apocalypse: Labor and Politics in the Automotive Industry*] (São Paulo: Entrelinhas/Cebrap, 1999).

<sup>29</sup> Wolfgang Leo Maar, professor of philosophy at the Federal University of São Carlos, in a seminar sponsored by Cenedic.

<sup>30</sup> Juscelino Kubitschek, President from 1956 to 1961, is centrally associated with developmentalist politics and policies. [Trans.]

<sup>31</sup> Banco Nacional de Desenvolvimento Econômico, created under the second Vargas administration in 1952. The "S" would stand for Economic and Social Development. [Trans.]

<sup>32</sup> Partido do Movimento Democrático Brasileiro. [Trans.]

<sup>33</sup> Guimarães, who ran unsuccessfully for president as the PMDB candidate in 1989, was killed in a helicopter crash in 1992. [Trans.]

<sup>34</sup> "Gravação revela atrito entre Furlan e Lessa" ["Recording Reveals Friction Between Furlan and Lessa"], *Folha de São Paulo* 25 July 2004. The strained exchange between Minister and president of the BNDES, as reported in the above article, proves yet again that the dispute here is not simply a matter of opinions but represents a contest of power between nationalist and non-nationalist cliques within the developmentalist camp. This sounds almost like a repetition of the 1950s when Campos the dictatorial-developmentalists squared off against the nationalist-developmentalists. But it seems that Lessa could not count on a broad base of support within the business elite, precisely because the old conflicts between nationalists and non-nationalists long ago ceased to have any meaning — a clear indication, in its way, of the anachronism of Lula's government. There were similar conflicts under Cardoso, and the non-nationalists were also the winners, notwithstanding the fact that the nationalists too were able to line their pockets very nicely. Time passes quickly, and is implacable in its choice of winners and losers: in November of 2004 Carlos Lessa was removed from his post at the BNDES, ostensibly due to his polemical statements regarding the policy and the president of the Central Bank.

<sup>35</sup> It is of interest here to note how the "opposition" to the predominantly neoliberal stance in political-economic matters is now being represented and led by economists from the developmentalist camp, formerly tied to the PMDB. The August meeting of the CDES was devoted to discussions of development, and its leading figures were all developmentalist economists from the IE-Unicamp/IEI-UFRJ axis. Not one of the economists actually aligned with the PT, making up a kind of left opposition, was at

the meeting, called by the government minister Jacques Wagner. Paul Singer, legendary activist and a household name of the Brazilian left, not to mention a member of Lula's Labor Ministry, was not even invited.

<sup>36</sup> Instituto de Pesquisa Econômica Aplicada, a government foundation administered by Gushiken's Ministry. [Trans.]

<sup>37</sup> The enormous debts now saddling these business sectors were accumulated during the euphoric days of real-dollar parity, lasting until 1999, when a powerful currency crisis tore the mask from the real basis of stabilization under the Plano Real. Thanks to the subsequent de-valorization of the real, all the extravagant plans for an accelerated modernization went up in smoke.

<sup>38</sup> In July of 2004, the newspapers reported on the end of the first phase of "Brasil em Três Tempos," a program coordinated by minister Gushiken. According to these reports, it all pretty much amounts to researching and constructing scenarios regarding the "sex of the angels," with the second phase, in which plans for actual projects and coordination between the government and business groups are to be worked out in detail, reportedly still to come.

<sup>39</sup> Benedito Tadeu César's doctoral thesis, which I co-directed along with Prof. André Villa-Lobos of the IFCH at Unicamp, features an excellent profile and interpretation of the class character of the PT. At the time I was persuaded by this interpretation, but the party's subsequent development refutes the notion that it is a party of the workers. The latter certainly participate in it, but they do not stamp it as their own. See Benedito Tadeu César, *PT: A contemporaneidade possível. Base social e projeto político* [PT: Possible Contemporaneity. Social Base and Political Project] (1980-1991), diss., (Porto Alegre: Editora da Universidade/URFGS, 2002).

<sup>40</sup> Francisco de Oliveira, *Crítica à razão dualista: o ornitorrinco* [The Critique of Dualist Reason: The Duckbilled Platypus] (São Paulo: Boitempo, 2003). [See also "The Duckbilled Platypus," *New Left Review* 24 (2003). – Trans.]

<sup>41</sup> Ignácio Rangel predicted that the rise of finance capital in Brazil would be something ushered in by the state itself, and that the latter's indebtedness to the private sector was the surest sign of this. As with many of his renowned paradoxes, Ignácio was right in his prediction, but erred in thinking that finance capital could exist without the state, and did not contemplate the possibility that the financialization of a peripheral economy, far from being a sign that it had matured to the point of being able to finance its own growth, could in fact produce precisely the opposite result in the context of a globalized capitalism. It should be noted, by way of clarification, that the Bank of Brazil pension fund predates the military dictatorship, which adopted it as a model for the creation of similar funds in the case of other state enterprises.

<sup>42</sup> In July of 2004, it came to light that the Kroll company was spying on behalf of shareholders in Brasil Telecom, and that it was taking a close look as well at the doings and connections of important figures in the Lula administration. What this *imbroglio* reveals is less a case worthy of Sherlockian fascination over revelations into what Elio Gaspari has called "privataria" — privatization by means of piracy —

than the key role played by the "new class" in the Brazilian financial system. And despite Gushiken's charges that theories regarding such a "new class" are exaggerated, he himself is the best proof that they are accurate: in reports concerning the Kroll/Telecom *imbroglio* Gushiken justifies his interference on behalf of the pension funds by saying that they are under an obligation to involve themselves in the administration of firms in which they own shares, so as to defend the interests of their own shareholders. The emphasis here is on shareholders: the minister said nothing about workers. See my "Viva o Ornitorrinco!" ["Long Live the Platypus!"], a series of articles for the *Folha de São Paulo* 22 July–25 July 2004.

<sup>43</sup> See Leda Paulani, "Sem esperança de ser país: o governo Lula, 18 meses depois" ["Without Any Hope of Being a Nation: Lula's Government, 18 Months Later"], *Desenvolvimentismo: um projeto nacional de crescimento com equidade social* [Developmentalism: A National Project of Growth and Social Equity], ed. João Sicsú, Luiz Fernando de Paula and Renaut Michel (São Paulo: Manoles, 2004).

<sup>44</sup> Paulani, "Sem esperança de ser país."

<sup>45</sup> See the journal *Primeira Leitura*, July 29, 2004. Incurring a national debt as a means of financing expenses not covered by state revenues is a universal practice, but a very recent one in Brazil, where previously governments simply printed money for this purpose. From the days of Delfim Neto, state borrowing has become an increasingly common practice, but the exponential increase in the national debt is something that should be credited — or is it debited? — to Cardoso. Even according to *Primeira Leitura* — beyond question a PSDB organ [i.e., controlled by Cardoso's own party, the PSDB. — Trans.] — the national debt had reached a balance of R\$ 6,700,000,000 in 1994, when Cardoso was elected. In December of 2002, when Cardoso handed over the reigns to Lula, it had jumped to R\$623 billion, a tenfold increase.

<sup>46</sup> This is not true in the case of other large exporters of petroleum, above all the Arab countries and Venezuela, none of which were able to exploit their oil so as to build up an industrial infrastructure. The private ownership of the oil industry probably helps to explain this weakness, and, in the case of Venezuela, a total dependence on petroleum exports and the resulting free-market orientation, which aborted any possible oil-based industrialization.

<sup>47</sup> Oliveira, "Política numa era de indeterminação."

<sup>48</sup> I take these data from Marcio Pochmann, *A década dos mitos: o novo modelo econômico e a crise do trabalho no Brasil* [A Decade of Myths: The New Economic Model and the Crisis of Labor in Brazil] (São Paulo: Contexto, 2001).

<sup>49</sup> Even for those who dismiss as nonsense the allegation that Lula and the PT capitulated to capitalist interests — here due to the sheer weight of the "new (pension fund management) class" in the command structure of the PT itself — Lula's complete, overnight conversion to the very ideas he had once condemned must be a matter of intense interest. My own interpretation of this puzzle is that Lula never was a man of the left, and that his ideological horizons never went very far beyond the values of individualism. Now that he is president, Lula has confessed that

he was never particularly comfortable with being categorized as a leftist. Professor Isleide Fontenelle, author of the excellent book *O nome da marca* [*The Brand-Name*] (São Paulo: Boitempo, 2002) opts for a more psychoanalytical hypothesis: she believes that Lula's conversion is more in the nature of a repressed desire. When his electoral victory was in sight, the repression was lifted and his "dreams" were superimposed on the ideology that Lula had, involuntarily, come to embody. Thanks to his charisma, he was able to impose his own conversion on his party and his followers, but in all likelihood he himself has remained unaware of the political contradiction between the political power of his charisma and his unconscious wish. It's a provocative idea — although, clearly enough, the bourgeoisie doesn't much worry about whatever went on inside Lula's head. It's only interest is in the "head" of state. But Isleide was not making things up: in an interview with the magazine *Veja*, in 1997, Lula declared to the reporter Thais Oyama: "I want to be rich and anonymous. I've gotten tired of being poor and famous." And still more: "I always had the dream (check this out Isleide) of going to Massimo's" — one of the most expensive restaurants in São Paulo — and "I'm going to have plastic surgery when the conditions are right (...) I always wanted to get rid of these droopy eyelids." Cited by Gilberto Maringoni, "Governo Lula: uma derrota histórica dos trabalhadores" ["The Lula Government: An Historic Defeat for the Working Class"] in *Palavra Cruzada* (<http://br.geocities.com/palavcruza/>) 11 Nov. 2004.

<sup>50</sup> This is a term coined by Alain Lipietz, referring to the adoption and adaptation of the so-called "Fordist model" of production and labor organization in underdeveloped economies. See Alain Lipietz, *Mirages and Miracles: Fortune and Misfortunes of Global Fordism* (London: Verso, 1987).

<sup>51</sup> See Cibele Rizick and Leonardo Mello e Silva, report of the sub-project "Trabalho e qualificação no complexo químico paulista" ["Work and Skills in the Chemical Makeup of Paulistas"], Mimeograph.; also, Leonardo Mello e Silva, *Trabalho em grupo e sociabilidade privada* [*Collective Labor and Private Sociability*] (São Paulo: Editora 24, 2004); and Milena Bendazzoli, *O consenso dos inocentes* [*The Consensus of Innocents*], MA diss., Department of Sociology, University of São Paulo, 2003.

<sup>52</sup> The Diesse and the IBGE [Instituto Brasileiro de Geografia e Estatística, the government census bureau — Trans.] differ as to methodology. The latter counts only cases of explicit unemployment, while the former's figures include disguised unemployment and the so-called "discouragement rate," i.e., persons who have given up looking for work.

<sup>53</sup> The Zero Hunger campaign is a cluster of initiatives involving direct aid to the poor in Brazil. The most well known of these is the Bolsa Família, described in note 77. [Trans.]

<sup>54</sup> Literally "Lulism-PT'ism." [Trans.]

<sup>55</sup> The CUT [see note 26], the once powerful centralized labor federation whose close ties to the PT are notorious — the party, after all, was established by the union leaders who later went on to become the members of the CUT itself — underwent a

change to its leadership when the new government took office. Lula intervened directly to remove its president, João Fêlicio, a candidate for re-election with strong chances of winning because his constituents, primary and middle school teachers, make up one of the largest of the unions affiliated under the CUT. Since this would have led the CUT to oppose the reform of the civil service pension fund, Fêlicio was "invited" to resign, and in his place Lula nominated Luiz Marinho, previously the president of the Union of Metallurgical workers of São Bernardo and Diadema. The metallurgical workers were one of the branches of the labor force, together with workers in the banking industry, who were the most seriously affected by the restructuring of production relations brought about by globalization, and although the metallurgical workers are one of the legendary constituencies of "CUT" style unionism, their powers of political dissuasion are notably on the decline. It is likewise symptomatic here that two of Lula's most powerful government ministers, the (now ex-) ministers Gushiken and Berzoini — the latter the principal architect of the pension fund reform — were formerly bank workers. Yet as members of Lula's government they represent not the banking workers' union, of course, but the "new class" of fund-management finance capital. Never mind Goulart, not even the populism of Getúlio Vargas would have dared go this far. The paradox is that the CUT, built for the purpose of fighting sell-out unionism, has been transformed into a conveyor belt for the PT government.

<sup>56</sup> It's worth remembering, yet again, the fact that the electronic media, in the days of radio, made its first triumphal entry into politics with Nazism, which exploited radio as a technical means of bypassing society's mediating institutions, and of making the media presence of the *Führer* seem more real by first discarding its older form and then re-introducing it as something new. See here the invaluable and irreplaceable essay of Walter Benjamin, "The Work of Art in the Age of Mechanical Reproduction," *Illuminations* (New York: Schocken) 217-251.

<sup>57</sup> Getúlio Vargas was president of Brazil from 1930-1945 and 1951-1954; Juan Domingo Perón was president of Argentina from 1946-1955 and from 1973-1974; Lázaro Cárdenas was president of Mexico from 1934-1940. Each of these three presidents took measures to expand the domestic industrial base of his nation throughout the course of the 1930s, 1940s and 1950s — measures that linked industrial development policies to strong forms of nationalism. [Trans.]

<sup>58</sup> Argentina's Finance Minister during much of the military dictatorship of 1976-1982. [Trans.]

<sup>59</sup> Literally "picketers," but here referring to the full-time political activism of many of Argentina's poor and permanently unemployed. [Trans.]

<sup>60</sup> In an article written especially for the *Folha de São Paulo* ("Chávez dá esperança aos pobres" ["Chávez Gives Hope to the Poor"]) August 18, 2004) Tariq Ali relates the following from a conversation with Hugo Chávez: "I don't believe in the postulates of Marxist revolution. I do not accept the idea that we are living in a period of proletarian revolutions. Reality tells us as much everyday." What he is saying is that there isn't a working class in Venezuela that could be the agent of the

revolutions that he calls Marxist, that is, a working class that accords with its canonical form as laid down by classical Marxism.

<sup>61</sup> The Avenida Paulista is São Paulo's center of banking and finance as well as the principal zone for elite, conspicuous consumption — a kind of Wall Street and Park Avenue combined. [Trans.]

<sup>62</sup> Evelina Dagnino, “Os movimentos sociais na emergência de uma nova noção de cidadania” [“Social Movements in the Emergence of a New Notion of Citizenship”], *Anos 90: política e sociedade no Brasil* [*The 90s: Politics and Society in Brazil*], ed. Evelina Dagnino (São Paulo: Brasiliense, 1994); Grupo de Estudos sobre a Construção Democrática, “Os movimentos sociais e a construção democrática” [“Social Movements and the Democratic Construction”], *Idéias: Revista do Instituto de Filosofia e Ciências Humanas* 5.2 (1998) and 6.1 (1999).

<sup>63</sup> This is how I understand the period that extends from the first organized opposition to military rule up through the election of Fernando Collor de Melo, in 1989. See “Política numa era de indeterminação,” and also “Os movimentos sociais e a construção democrática.”

<sup>64</sup> The episode, in August of 2004, in which information gathered by a Parliamentary Commission of Inquiry (CPI) into the activities of Banestado [the Bank of the State of Paraná, which was investigated for its role in facilitating the illegal expatriation of funds — Trans.] was leaked to the press — information that had revealed the identities and confidential financial records of a number of bankers and high ranking financial executives — led to intense maneuvering on the part of all the legislative parties — all of them — for the purpose of blocking any further access to the activities of the CPI and returning to the Central Bank all the information relating to the aforementioned bankers and executives, since the latter were not suspects themselves. Sherlock Holmes would have died laughing. What would likely have escaped even Conan Doyle's famous detective is that the deputies and senators had most probably received the following message: if you do not let this matter rest, you will get no more campaign financing.

<sup>65</sup> See the interview Cardoso granted to the magazine *Primeira Leitura*, in which he proposes himself as the only person capable of renegotiating Brazil's national debt — a debt whose exponential growth had been overseen by none other than Cardoso himself — purportedly because only he possessed the kind of credibility needed to pull off such a feat without bringing down the wrath of big finance capital. Everyone trusts him, Cardoso never being the one to wobble, at least on his own debts. If Lula's government should collapse, then, to be sure, Cardoso has what it takes to stage a return to power — but only on the heels of some crisis or other, not because (as he imagines) he is the “representative” of the grand bourgeoisie.

<sup>66</sup> For an extremely interesting summary of the ideological traps lurking within economic theory, starting with John Stuart Mill type utilitarianism, and especially for a sense of the origins of the thinking of Hayek, see Leda Paulani's *Modernidade e discurso econômico* [*Modernity and Economic Discourse*] (São Paulo: Boitempo, 2005) and the book by Francisco Teixeira, *Trabalho e valor: contribuição a crítica*

*da razão econômica* [*Labor and Value: Contribution to the Critique of Economic Reason*] (São Paulo: Cortez, 2004).

<sup>67</sup> I addressed this question in “Privatização do público, destituição da fala e anulação da política: o totalitarismo neoliberal” [“Privatization of the Public, Repudiation of Speech and the Annulment of Politics: Neoliberal Totalitarianism”], *Os sentidos da democracia: políticas do dissenso e hegemonia global* [*The Meanings of Democracy: Politics of Dissent and Global Hegemony*], ed. Maria Célia Paoli and Francisco de Oliveira (Petrópolis: Vozes, 1999). The above text was accused of being exaggerated and the product of an “abstract humanism,” in the words of Luiz Jorge Werneck Vianna. But an increasing number of intellectuals are using the term totalitarianism to describe the system being generated by globalized capitalism, under the implacable control of a United States that, with its “preventive wars,” is “totalitarian” in the very precise sense that it excludes the working class from politics and has itself become increasingly stultified.

<sup>68</sup> See Francisco de Oliveira and Cibebe Saliba Rizek, eds., *A era da indeterminação* [*The Era of Indeterminacy*] (São Paulo: Boitempo, 2007).

<sup>69</sup> See note 24. [Trans.]

<sup>70</sup> Vale do Rio Doce was privatized in 1997, when the Consórcio Brasil (Brazil Consortium), led by the National Steel Company (CSN) acquired 41.73% of the Federal Government's common stock for R\$3,338 billion, the equivalent at the time of \$3.14 billion. [Trans.]

<sup>71</sup> Brasil Telecom is one of the large private telephone companies that emerged from the break-up of Telebrás, the formerly state-owned telecommunications company. Opportunity Asset Management, a Brazilian investment bank that managed some of the larger Brazilian pension funds, initially won out in the bid to control of Brasil Telecom. [Trans.]

<sup>72</sup> The title of the article alludes to the trajectory that took Lula from the hotbed of Brazilian labor militancy in the strikes of the 1970s and 1980s to the seat of financial and elite political power in the first decade of the 21<sup>st</sup> century. [Trans.]

<sup>73</sup> Mario Covas was governor of São Paulo state from 1995 to 2001. [Trans.]

<sup>74</sup> Literally “First Command of the Capital.” See Paulo Arantes's article in this issue of *Mediations*: “Panic Twice in the City.” [Trans.]

<sup>75</sup> Part of Lula's Zero Hunger campaign, the Bolsa Família provides a small unconditional stipend each month to families in extreme poverty, and a conditional per-child stipend to all families below the poverty line who keep their children vaccinated and in school. [Trans.]

<sup>76</sup> This essay was finished in the winter of our discontent, 2006. Thanks to Rodrigo Naves for his comments, always generous and precise, and to my friends at *New Left Review*, especially Susan Watkins, for the patient and critical reading. [The essay translated here partially overlaps the author's “Lula in the Labyrinth,” *New Left Review* 42 (2006): 5-22. — Trans.] Thanks also to my friends at Cenedic, who did much to persuade me to write this essay, and finally to John Steinbeck for inspiring the system of dating this PS.