The Worker’s Party Legacy of Corruption in Brazil – by Denise Slater, RCLF/CAOCL, Latin America Analyst

This short paper will look at the legacy of Brazil’s Workers’ Party—known by its Portuguese Acronym “PT” (Partido dos Trabalhadores), a socialist party that governed Brazil from 2002 to 2016. PT created institutionalized corruption that now permeates Brazilian democratic institutions; PT’s administrations were characterized by mismanagement, corruption and graft that caused the worst economic recession in decades; and PT leaders were responsible for conducting a concerted effort along with totalitarian regimes in the region to install an autocratic socialist system in Brazil and in the region. This paper will explore how these fundamental issues caused Brazilian voters to overwhelmingly reject this legacy and halt PT’s plans to remain in power in Brazil, by defeating PT in the 2018 presidential elections.

These were not ordinary elections, as it set a new path for the future of the country based in two completely opposed ideological views: either a fifth administration in a row by a president backed by PT—or a Jair Messias Bolsonaro, a retired army captain, from a minuscule, socially conservative but economically liberal party.

The reasons Brazil deteriorated so much and so fast

In 2009, the British magazine The Economist published on its cover the statue of Christ-Redeemer—Rio de Janeiro’s iconic symbol—flying off upwards, like a rocket, with the catchy title “Brazil Takes Off.” The economy was booming, populism was at its peak, and President Luis Inácio Lula da Silva, known as Lula, had an approval rating of over 80 percent. All economic and political prognosis for Brazil joining the most promising economies in the world were excellent. However, by 2013, the same magazine printed its cover with the same statue heading down, like a rocket hit by a missile, with the title “Has Brazil Blown it?” This time the headlines highlighted “a stagnant economy, a bloated state and mass protests mean Dilma Rousseff [president of Brazil at the time] must change course.”

Both former presidents, Lula and Rousseff were from PT; Rousseff was impeached in 2016 for mismanagement and corruption charges and Lula is in jail since April 2018, also on corruption charges. Both presidents were involved in one of the largest systemic corruption and bribery scheme in the world, which surfaced in 2014. The scandal was revealed by the anti-corruption effort brought by the “Operação Lava-jato” or Operation Car Wash, in Brazil. Led by PT, Brazil’s largest construction companies colluded with politicians from the highest echelons in many countries in Latin America and Africa, and developed a systematic, transnational, multi-billion-dollar bribery scheme. They paid off prominent politicians and members of congress, and they financed their campaigns in exchange for multi-billion dollars government contracts. The scheme nearly bankrupt Petrobras—formerly one of the largest oil companies in the world, and practically bankrupt many states in Brazil. The economy of the country has since plunged into its deepest recession in decades.

The current economic crisis was also set off by Dilma Rousseff’s disastrous mismanagement and corrupt practices. Before her reelection bid in 2014, Rousseff promised to lower electricity costs, which resulted in electricity shortages, black-outs throughout the country, and much higher prices after she was elected. The country relies heavily on hydroelectric power, and she cut electricity costs at the onset of the most severe drought the country had faced in one hundred years, exponentially aggravating the lack of potable water in São Paulo. Additionally, her erratic meddling in the economy made the GDP shrink to minus 3.85
percent; inflation jumped from 6.40 percent to 10.67 percent; interest rates increased to 14.25 percent; and unemployment rates increased 90 percent during her administration.\(^2\) Millions of Brazilians took their dissatisfaction to the streets to protest her, resulting on her impeachment in 2016. In 2015, at the onset of the economic crisis, 708,600 new businesses were created in the country, but 713,600 closed their doors that same year, causing the layoff of millions of workers.\(^3\) A similar pattern occurred in 2016, causing millions more to lose their jobs. Auto commerce and automotive repair was the most affected sector, with 44 percent of all companies closing their doors. By 2018 unemployment rate reached 13 percent, with more than 13.1 million people unemployed, while some states registered an increase of 170.2 percent in unemployment.\(^4\) Unemployment is notably higher among youth, and a staggering 24.3 percent of youth is now neither employed, neither in education or training (NEET).\(^5\)

The economic crisis spread to all sectors, threatening governance, security, education, and public health. The quality of public health services downgraded Brazil to the lowest international rankings. A Bloomberg study ranks Brazil 50 out of 51 countries (between Azerbaijan, 49; and Russia, 51), for healthcare efficiency.\(^6\) Public hospitals in Brazil display degrading daily scenes of hundreds of patients laying on the hallway floors of hospitals with no capacity or equipment. The quality of education has drastically reduced; the Organization for Economic Co-operation and Development (OECD) global report on education ranks Brazil 60 out of 75, with the average performance of students being significantly below the OECD average in science and math.\(^7\)

Every segment of society was affected by the crisis. However, it was the poorest citizens – the same ones Lula and Rousseff vowed to represent and uplift from poverty – that paid the highest price. These are the millions of Brazilians that benefited from Bolsa Família, a government sponsored direct cash transfer program for extreme poor households, which was expanded by Lula. In the state of Maranhão, one of the poorest in the region, 58 percent of the households qualify for Bolsa Família.\(^8\) With the economic recession, Bolsa Família’s gains evaporated, and plunged millions back into poverty.

All aspects of public security were affected by PT’s predatory corrupt practices; they voted on lax laws and promoted low law enforcement; impunity climbed to the highest levels; lack of investment in police equipment rendered the police less able to confront highly armed criminals; overcrowded jails became subject to prisoners’ mutiny; and corruption and graft emptied states coffers causing entire public security services in many states to nearly collapse. Murder rates increased from 59,080 murders in 2015 – a jump from 48,136 murders in 2005 – with a total of 318,000 youth killed between 2005 and 2015.\(^9\) Violent crime and homicide are now at the highest levels in history, with 63,880 people murdered in 2017 (more than 7 people are murdered every hour).\(^10\) The prisons are overflowing in capacity, with 729,463 incarcerated in facilities with the capacity to accommodate half of that number.\(^11\) However, with Brazil’s elevated level of impunity—the application of the rule of law is weak—organized crime bosses continually take advantage of the various loopholes in the law, and their expensive lawyers manage to keep them off prison sometimes for decades. Corrupt politicians or heads of criminal organizations can pay expensive lawyers that use the never-ending appeal system to evade justice.

Corruption, criminal activity, and violence are now so widespread that fear of crime has changed the way Brazilians live their lives. The perception of insecurity in the country increased from 59 percent of the people feeling insecure in 2010, to 65 percent in 2013.\(^12\) These elevated numbers are even more dramatic when separated by gender: 76 percent of women say they are afraid to walk alone at night, while 60 percent of men report the same fear. Brazil ranks second in the world for perception of insecurity and
fear of violence—behind Afghanistan, a country ravaged by war and sectarianism—none of which exist in Brazil.

In the political front, PT undermined democratic institutions in Brazil in a systematic way for decades. PT’s association with totalitarian regimes in the region began years before Lula came into power. In 1990, Lula and the late Cuban dictator Fidel Castro founded an organization known as “Foro de São Paulo” [São Paulo’s Forum], with the intention of joining all the socialist governments in the region. The Forum also included hundreds of legal political parties and many criminal organizations connected to narco-trafficking—such as the Colombian narco-guerrilla known as the FARC. Another important red-flag about this Forum is that it was kept as a secret from the Brazilian public until 1997, when it was formally denounced by a lawyer from São Paulo, José Carlos Wagner—who was quickly labelled by PT as “a conspiracy theorician.”

The alleged conspiracy theory became reality, as factual evidence emerged in many countries in the region about this un-democratic organization that trampled national security and sovereignty of these independent states without the knowledge of its citizens. In literal terms, the political future of Brazil was being decided in Havana, in Caracas, and in other cities throughout the region wherever the Forum gathered to think of ways to use democracy to undermine democratic institutions, so they could remain in power. All populist leaders that were part of Foro de São Paulo were elected presidents in Latin America; Venezuela’s late president Hugo Chávez, then Francisco Maduro; the Kirchner’s in Argentina, José Mujica in Uruguay, Evo Morales in Bolivia, and others. Hugo Chávez confirmed in a video the presence of the leader of the FARC, Raúl Reyes, and Lula in the forum’s gathering in 1995 and in future meetings as well. In 2010, the executive secretary of Foro de São Paulo, Valter Pomar, denied any connections of the FARC with the Forum, despite publicly available videos of Hugo Chávez saying otherwise.

PT in the 2018 Presidential Elections

Lula’s questionable ties with dictators were not limited to Cuba and Venezuela. Lula established ties with Iran in 2009, when he hosted Iran’s former President Mahmoud Ahmadinejad, a move that irked the United States. This relationship with Iran emerged again in the 2018 election, when U.S. Republican congressman Dana Rohrabacher wrote a letter to U.S. Secretary of State Mike Pompeo saying he had been alerted that groups from Venezuela, Iran, and Hezbollah, were possibly “meddling in the presidential election in Brazil,” and that he was concerned especially regarding the safety of the front-runner, Jair Bolsonaro. This letter had a chilling effect for Brazilians, as Bolsonaro had already suffered a murder attempt just three weeks before the elections. Preliminary investigations on the case have linked the expensive lawyers defending the man accused of the crime to the largest criminal organization in Brazil, Primeiro Comando da Capital, known as PCC. Connections between PCC and the Islamic group Hezbollah have been established for many years. These organizations conduct a coordinated drug-trafficking operation from the tri-border area between Argentina, Brazil, and Paraguay, to the Middle East.

Fernando Haddad, the PT candidate in this election, was handpicked by the incarcerated former president Lula. Haddad also has an extensive list of corruption charges against him from his administration as mayor of São Paulo. Additionally, his PhD in Marxism and his publications reveal his deeply ingrained communist ideology. Haddad’s book “Em Defesa do Socialismo – Por Ocasião dos 150 anos do Manifesto” [Defending Socialism - to celebrate the 150 years of the Communist Manifesto of Karl Marx], published in 1998,
provides an in-depth look into his radical political beliefs.20 The book proposes many ways to subvert capitalism to install a communist ideal society. Many of Haddad’s ideas for a Marxist cultural revolution, are present in PT’s government plans, party publications, and PT modus operandi reflect these non-democratic goals in Brazil.

PT has not kept a secret their Marxist-inspired cultural revolution and totalitarian plans for Brazil. PT published them on their website all their un-democratic goals such as their open support for the dictatorships of Cuba and Venezuela,21 and their militants wave the red flag – not the green and yellow flag of Brazil. PT’s Caderno de Teses [Notebook of Thesis], published in time for PT’s fifth national congress in 2015, has their complete ideology and strategy to take power – and details on how to permanently keep it. It includes the nationalization of the major television group in the country (TV Globo) and of all religious channels;22 agrarian reform [granting immunity to armed groups that invade and take by force productive lands and farms [known by their Portuguese acronyms MST and MTST]; the annulment of the 2005 Mensalão corruption probe sentences;23 along with provisions to punish the judges that sentenced PT members;24 renationalization of former state companies that have been privatized;25 control of the financial market;26 high level of protectionism in commerce;27 and political hegemony after the elimination of the right-leaning political parties28—all in the name of “democracy.”

PT has tailored Haddad’s Plan of Government 2019-2012 entitled “Haddad é Lula” [Haddad is Lula] to be more palatable than the 2015 Caderno de Teses—since they were attempting to win over less radical voters as well. Haddad’s running mate, Manuela d’Avila is affiliated to the Communist Party of Brazil (PCDOB). The governing plan was authored by the “Coalition Happy People,”29 composed by an alliance of PT, the Communist Party of Brazil, and Social Order Republican Party [PROS]). The plan is a leaner version of Caderno de Teses, stripped from some of its detailed autocratic wish-list, and with milder terms.

The new plan wanted to “reinstate” or to “set the new infrastructure” for democracy in Brazil – or PT’s version of it, based on the authoritarian model of Venezuela.29 The Bolivarian political system in Venezuela includes what PT’s plan describes as the “instauration of popular sovereignty in maximum degree” [soberania popular en grau máximo].30 This is unsurprising to Brazilians, as Rousseff attempted to implement this unconstitutional “representative democracy with non-elected officials” by including “popular councils” back in 2014, though her efforts encountered stiff opposition in congress.31 The plan proposes the reinstatement of “all popular participation mechanisms created by Dilma and Lula such as Councils, Public Consulting, public audiences, negotiation tables or dialogues will be valued in an attempt to achieve a higher social participation.”32 These are precisely the same bait-terms used by Hugo Chávez to take over his country. These changes eliminated checks and balances and paved the way for the current autocracy. It worked for Chávez, and PT did not hide that they wanted to try it again in Brazil.

On the economic front, Haddad’s plan included a new tax on exports – which would render Brazilian commodities less competitive on the international market;33 a tax on export profits, and taxes on large rural properties “a mandatory tax that will increase over time;” it would restrict free enterprise and commerce with the creation of a “regulatory body to manage what and how should be produced and exported;”34 an agrarian reform to distribute land to the landless and to indigenous groups (also found in Caderno de Teses); and the decriminalization of the armed groups that invade lands and private property by force (such as the MST—a provision also found in Caderno de Teses).35 To fight rampant crime and
homicide that claimed the lives of 64,000 in 2017, Haddad’s new plan proposed the “demilitarization of the police,” to be complemented by “some scientific police” (the plan does not explain what this was).\textsuperscript{36} Despite the current economic crisis that Brazil is facing, PT’s plan suggested enlarging the government further, with the creation of six new Secretariats – on top of the eighteen fully staffed Secretariats the former PT administrations have created in the recent past, totaling 984,000 new government workers that cost billions of dollars to taxpayers.\textsuperscript{38}

Also disregarding the deep economic crisis, the country is facing Haddad’s plan included plans for the continuation of the development of infrastructure such as railroads, ports, and roads in foreign countries. Most governments of free countries in the world tend to invest their tax-payer money in their own countries and in their own infrastructure. With funds from Brazilian tax-payers, through the Brazilian National Bank of Economic and Social Development (BNDES), the former four PT administrations financed the construction of multi-billion-dollar projects in same-minded countries—debts that have not been repaid but pardoned.\textsuperscript{39} These projects included building a port in Cuba (Port of Muriel), that cost Brazilian taxpayers 682 million dollars, so Cuba can compete with the new Panama Canal—while Brazil’s ports are overcrowded and in dire need of improvement. BNDES also financed two hydroelectric plants in Ecuador, one in Peru, one in Nicaragua; a metro system and a highway in Panama and one in Bolivia; an aqueduct in Argentina; two metro lines and a bridge in Venezuela, and hundreds of other projects.\textsuperscript{40} These loans totaled 440 billion dollars, loaned at the subsidized rate of 5 percent for 30 years, while Brazilian taxpayers would be paying the difference between the subsidized rate and the market interest rates of 11.75 percent for the duration of these loans.\textsuperscript{41}

PT’s plan also detailed where else a new PT administration would spend Brazilian’s taxpayers’ money: in Africa. This was also not a new endeavor. PT’s past administrations used BNDES funds in many countries in Africa, including in “Malawi for the construction of a railway line through the Nacala Corridor, stretching from Mozambique to Zambia and crossing Malawi.”\textsuperscript{42} Lula also pardoned 900 million dollars debts from African nations, which included Tanzania, Zambia, Senegal, Ivory Coast, Democratic Republic of Congo, Gabon, Republic of Guinea and Mauritania.\textsuperscript{43} Many of these projects included mining concessions for Brazilian state-owned companies and of construction companies that were later on found to be in the epicenter of the Car-Wash corruption probe. Additionally, these projects were environmentally unsound, promoted low work conditions and participated in bribery and corruption. Human Rights Watch accused one Brazilian company of inhumane working conditions; and in Guinea a local opposition to the project was met with force, killing 6 individuals.\textsuperscript{44}

Why PT lost the 2018 Elections

PT lost the presidential elections in Brazil in a bitter and highly polarized dispute, an election that was conducted amid strong accusations from both sides, a murder attempt, external threats, and flooded with fake news in social media. PT’s loss in the ballots represents a complete change of ideology for the leadership of the country, a total break from PT’s agenda and their grip in power since 2002. Brazilians rejected PT’s legacy of corruption, economic disarray, and the prospect to live under an authoritarian socialist regime that sides with dictatorships in Latin America and kleptocracies in Africa.

Jair Bolsonaro, an ultra-conservative congressman from Rio de Janeiro won in a landslide, with more than 10 million votes than his opponent. Bolsonaro won in 97 percent of the medium to large cities in Brazil. PT’s stronghold is in the north and the northeast of the country, in states that have traditionally voted
with PT, as former president Lula is from the region. Lula remains immensely popular there mostly for expanding Bolsa Familia, a widely popular cash transfer program.\textsuperscript{45} PT also won in remote localities (with little access to the rest of the country and low educational levels).

The third RCLF notes will discuss some of the most controversial aspects of Bolsonaro’s personality, proposed policies and politics, and will discuss his plans for Brazil, as well as the difficulties he will encounter for being elected in the most polarized and divided elections in the history of the country.
Endnotes


11 Ibid.


14 Ibid.

15 Ibid.


19 Ibid.


21 See various interviews, documents, reports, speeches, and pictures at the Worker’s Party (PT) website: www.PT.org.br


23 Ibid., 50.

24 Ibid., 160.

25 Ibid., 22.

26 Ibid., 67.

27 Ibid., 48.

28 Ibid., 58.

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For more content like this, visit https://www.usmcu.edu/CAOCL/Pubs

30 Ibid., 17.


32 Ibid.


34 Ibid., 56.

35 Ibid.

36 Ibid., 31; 54.

37 Ibid., 61.


41 Ibid.


44 Ibid.