

Lula, the *Partido dos Trabalhadores* and the New Brazil

by Huub Sanders, updated 16 December 2004

Introduction

In the fall of 2002 the world became increasingly gripped by the tension created by Bush' policy with regard to Iraq. All over the world public opinion appeared to be captivated by a play for which there seemed to be only one ending. It is therefore not surprising that an unrelated event did not receive the attention it would otherwise have had were it not for the impending Iraq War. On October 27, 2002, the candidate of the *Partido dos Trabalhadores*, Luíz Inácio Lula da Silva (Lula), won the elections for the Brazilian presidency in the second round. Brazil was Latin America's largest country, had the biggest economy and the largest population, and it had elected a trade union activist and left-wing party leader as president. Lula had not only won the trust of the millions of the poor, but also large sections of the middle classes and even parts of Brazil's overwhelmingly rich elite.

Brazil, the years of dictatorship

With the coup of March 31, 1964, Brazil's military established a regime that differed significantly from other Latin American dictatorships. First, the military regime lasted longer than that in Argentina, where the soldiers ruled between 1976 and 1982. In Brazil the dictatorship ended only with the first free presidential elections of 1989. A second difference is that the Brazilian military regime was less ruthless than Videla or Pinochet. In 1998 a committee established by the then president Fernando Cardoso, the *Comissão Especial dos Mortos e Desaparecidos Políticos* investigated 336 cases. Despite the fact that every death is sad, Chili already reported 1200 victims in the fall of 1973, and researchers on Argentina now reckon the deaths there at over 30,000 (the Brazilian statistics do not reflect the level of violence in the society as a whole, for it was extremely high). Finally, the margin of freedom in Brazil during the entire period has always been greater. In the seventies the opposition grew in self-confidence and strength. In 1973, for example, there were demonstrations against the high prices. Trade unions remained active during the dictatorship, although immediately after March 1964, on the basis of existing corporatist legislation, the military changed the leadership in the unions. What is more, these unions received a greater role in the sphere of social and medical welfare, while wages were regulated by the ministry. The trade union officials appointed by the state were called *pelegos* (*pelego* means "saddle": these officials made it possible for the government to control the unions). Lula's initial opposition in the seventies was aimed at the *pelegos*. Another social area where people could hide and organize was the Roman Catholic Church. The church organized the many immigrants in the southern cities of Rio de Janeiro and especially in giant São Paulo. The *Comunidade Eclesial de Base* were strong, lively schools for people who envisaged a future other than the continued dictatorship and poignant social contrasts.

Brazil, dictatorship, economy

The largest structural problems in Brazil's economy were the enormous poverty and the extremely unequal division of income. In addition, there was (and is) a split between the poor rural North and the relatively wealthy industrial South. These have been fairly stable phenomena, despite economic growth on a macro level and a difference in economic policy in the sixties and in the nineties.

Table 1) Economic growth in Brazil during the period 1961-2000 in percentages GDP (source: http://econ.worldbank.org/files/25405_economic_growth_in_latin_america.pdf (19-7-2004))

	1961-1970	1971-1980	1981-1990	1991-2000
total	6.13	8.46	1.55	2.71
per capita	3.18	5.75	-0.42	1.07

This economic growth has not contributed to a more equitable division of income (see table 2).

Table 2: Percentage of DP for the various income groups (source: Politics transformed. etc. p.92)

	1960	1980*	1990	2000**
poorest 20%	3,5	1.9	2.1	2.3
poorest 50%	17.7	11.9	11.3	12.6
richest 20%	54.3	64.2	65.6	63.8
richest 10%	39.6	47.6	49.1	47.4
richest 1%	11.9	13.4	14.2	13.3

* data from 1979 ** data from 1999

The economic policy of the military was aimed at better integration of the Brazilian economy in the world market, expansion of state industries (through protectionist measures), and favoring big capital, whether domestic or foreign. This policy was successful with regard to economic growth, though unbalanced in more than one way. The state of São Paulo experienced an economic growth of 23% per year in the years 1967-1969. But for the same period (between 1964 and 1970) real wages in this region declined by 25%. Migration contributed to both. The scale of the socio-economic earthquake can best be understood by comparing the population increase. Metropolitan São Paulo received 2,108,751 migrants between 1960 and 1970. In the same period 1.250,498 new *Paulistas* were born. This nearly doubled the population, which reached 8,106,250 in 1970.

Growth also generated a stronger working class movement. This is the region that contains large engineering firms and the foreign-owned automobile factories where Lula started his career.

Agriculture

Agriculture also developed more rapidly in the South. This region contains a large concentration of enormous landed estates, as also can be found in the Amazon region. These estates, bordering Uruguay and Paraguay are cattle ranches of bewildering dimensions, and half the sugar production in the state of São Paulo is in the hands of five families. The difference with the North can be seen in the following table.

Table 3: Size of farms (in percentages) in the Pernambuco and São Paulo sugar zones in 1985 (source: The end of the peasantry p. 115-116).

	Pernambuco	São Paulo
less than 10 hectares	5.5	0.4
10 - 100 hectares	15.2	11.2
100 - 1.000 hectares	63.0	45.5
larger than 1.000 hectares	16.3	42.9
total	100.0	100.0

The companies in the South have the advantages of economies of scale, and they are closer to the commercial and financial center. They are also more capital intensive, which means that the cost of labor is less important. Thus, there is less fear of workers' demands and industrial relations are less polarized. In the North the entrepreneurs immediately reacted with violence when workers and peasants presented their demands.

The *Partido dos Trabalhadores* (PT)

This was the background of the PT: industrial workers in the rapidly expanding South and landless peasants and agricultural workers in the poor North. In 1978 there was a spontaneous and unexpected wave of strikes in the "ABC" region. This industrial zone of São Paulo, comprising the cities of Santo André, São Bernardo do Campo, and São Caetano do Sul, became the heartland of what has been called the *new unionism*. On a wave of workers' resistance, Lula and his allies regained control over the unions and provided the members with real improvements. In the course of the strikes Lula and others realized that it was essential that politics also needed to change and that a new political party was needed. In January 1979, at the ninth metal workers congress in Lins, Lula called for the establishment of a new party. In

June 1980 the party was finally established during a wave of strikes in which Lula was imprisoned by the authorities. In this way the *Partido dos Trabalhadores* (PT) came about. The PT was more than just a party of trade union officials: it soon became the home of a colorful parade of activists of varied inclinations, all opposed to the military dictatorship. In those days the party was a gathering of openly acting committees and tendencies. This in spite of the adhered principle of democratic socialism. What all the members shared was a strong ethical sense of justice, inspired by the *Comunidade Eclesial de Base*. The mainstream around Lula also organized into a tendency called *Articulação*. This group consisted of trade union activists and others. Among them members of the *Aliança Libertadora Nacional* (ALN). This organization had fought in the armed struggle against the dictatorship. But beaten and disappointed, they had embraced the idea of a peaceful, democratic path to a better society. The *Articulação* saw the PT as an open, democratic mass party in which Brazil's downtrodden or despised groups, such as the environmentalists and homosexuals, could find a place.

Of great importance was the group that was part of the movement of peasants and agricultural workers, *Movimento dos Trabalhadores Rurais Sem Terra* (MST), established in 1984. This organization was strongly connected with the Roman Catholic *Comissão Pastoral da Terra* (CPT). There was continual tension between cooperation and competition between PT and MST. The MST was relatively far to the left, and its members believed deeply in moral reasoning. MST's program involved confiscation of land to give to the landless peasants and a moratorium on the repayment of foreign debt.

The long run, up to 2002

The worldwide changes in 1989 also affected Brazil. This was the year of Brazil's first free presidential elections since 1964. Fernando Collor de Mello, candidate of two small right-wing social democratic parties, won the elections. His government was dominated by the unsuccessful fight against inflation. The young president was accused of corruption, forcing him to step down at the end of 1992. Itamar Franco, as acting temporary president, could not really control the government, but he did nominate Fernando Henrique Cardoso Minister of Finance. Cardoso was one of the leading men of the (*Partido do*) *Movimento Democrático Brasileiro* (P) *MDB* and subsequently of the *Partido Social Democrático Brasileiro* (PSDB), which he founded in 1988. Cardoso is important because he succeeded in stopping the runaway inflation (1158% in 1992, 2709% in 1993). In 1994 he announced the *Plano Real*. In this plan the new coin, the Real, was more or less pegged to the USD. Next to this, Cardoso raised the minimum wage in a number of steps. The effect of the price stabilization was to sharply increase real income. Cardoso's popularity was enormous, causing him to win the elections of October 1994. This left the PT in confusion, and Lula lost for the second time. Beginning with 1995 Cardoso became the leading person in what has become known as the *Washington Consensus*. This is a set of measures, devised in the Washington desks of the IMF and World Bank, aimed at promoting economic growth by abolishing regulations. State enterprises, of which there were many in Brazil, also had to be privatized. In theory these measures were intended to attract foreign capital or foreign savings, and thereby raise levels of investment. But the reality was very different. The high exchange rate of the *real*

indeed lowered inflation (1.7 % in 1998), but also created high imports and low exports. This resulted in a trade deficit, forcing Brazil to borrow and led to a rise in interest rates. Deregulation did put state companies in private hands, but investment in these companies did not increase as much as expected. In 1999 Cardoso, who was reelected in 1998 (inflicting a third loss for Lula), had to abandon the fixed rate between the *real* and dollar. Despite these measures, however, the neo-liberal promises were not fulfilled. Growth remained low, and unemployment increased: from 6% in 1994 to 15% in 2000. Unemployment was hardest for skilled workers. There was growth in the informal sector of the economy, a sector that did not allow workers many rights. Real income decreased and crime statistics rose. The result was a turning against Cardoso.

Lula

All the developments mentioned above contributed to Lula's victory on October 27, 2002. But a factor in the rise of the PT that should not be underestimated (although difficult to explain) is the personality of Lula himself. Lula's biography reflects the major social developments in Brazil of the last 50 years.

Lula was born on October 27, 1945, in Garahuns in the state of Pernambuco. His parents were poor tenant farmers. Lula's father migrated to Santos, the port town of São Paulo. Lula saw him for the first time when he was 5 years old. In 1952 his mother, Eurídice Ferreira de Mello, with her 8 children moved to Guarujá, near Santos. At that time Lula's father lived with another woman. As a seven year-old, Lula sold peanuts, tapioca, and oranges on the streets. In 1956 Lula's mother officially divorced his father and left for São Paulo. The family rented a one-room dwelling behind a bar, where they had to share the toilet with the bar's clientele. At 12 Lula worked at a drycleaner's, shining shoes and running errands. At 14 he got his first regular job in an engineering firm, and was trained as a metal worker. When he was 18 he lost the small finger of his left hand in an accident in a small metal company. Lula's first wife and child died during childbirth. In 1969 Lula's brother José Ferreira (alias Friar Chico), an active member of the Brazilian Communist Party, asked Lula to take a position on the board of the metal workers union of São Bernardo and Diadema. This is where his struggle against the *pelegos* started. For Lula 1975 was an important year. It is the year he married Marisa Leticia (who would be the mother of his three children), and he became chairman of the union. From then on the board acquired increasing control of the organization, and more important, knew how to relate to the rank and file of the members. This led to the major strikes of 1978 and 1979, where Lula showed himself to be a careful yet charismatic leader. This was also when he was able to demonstrate his speaking talents: he spoke without a microphone to 80,000 people in a football stadium.

The PT was founded by a remarkable group of people. In addition to Lula, these included Paulo Freire and Antônio Cândido. Early activists were José Genoíno, and Chico Mendes, the environmentalist and leader of the trade union of rubber tappers, who was killed by his opponents in 1988. In the eighties the party campaigned for free and direct presidential elections, in cooperation with the *Central Unica de Trabalhadores (CUT)*, an organization founded in 1983. At this time the PT was still an illegal party, in favour of democracy and socialism, in contrast to the important

Democratic Party, the (*Partido do*) *Movimento Democrático Brasileiro*. Fernando Henrique Cardoso, renowned sociologist, social democrat, and later president was a member of this party. Unlike the PT, the MDB was willing to accept a gradual transition to democracy.

During the years of the first free presidential elections the PT learned some important lessons and acted accordingly. First, the party saw the need for a stronger organization. Second, it learned to govern on a local level, and developed the necessary responsibilities in the process. Third, the PT learned to cooperate with other parties and groups to gain concrete results. In 1986, for instance, the PT prohibited dual memberships. But separate groups within the party were still allowed. In 1988 the tendencies were no longer allowed to have their own money and newspapers. The PT, at the close of the eighties, was the only Brazilian political party with a life outside of the election processes. Political parties in Brazil are poorly developed, and leaders easily go from one party to another. They consider that a party is just a platform for generating votes to get them elected. On a local level the PT was achieving increasingly favorable results. In 1988 mayors in 36 cities belonged to the PT, including São Paulo. In 1989 Olívio Dutra began to be successful in Porto Alegre. In this city the PT succeeded in involving large sectors of the population in experiments called *Orçamento Participativo*, which established a budget.

The outlines of the party's strategy, developed by its chairman José Dirceu, were aimed at operating in a unified way and creating realistic objectives for the party program. During the elections of 1989 the party was still too unknown, and in 1994 the country still lived in the unreal world of the success of the *Plano Real* and chose Cardoso. The 1998 elections were lost because of the middle classes' strong adherence to neo-liberal ideas. Lula was only prepared to run a fourth time if he received *carte blanche* from the party. The 1999 congress adopted a non-radical reform program, and Lula concentrated on creating coalitions with other parties and organizations to gain broad support. For this he used the *Instituto Cidadania*, which he was president of. From 1999 on Cardoso's policies failed: privatization had only led to unemployment and poor services. In 2001 Brazil had to contend with power failures from badly managed privatization of the energy sector. The middle classes lost faith in the policy, and in October 2002 Lula had convinced enough people above the secure 30% of PT voters that he would be a trustworthy candidate for the Brazilian presidency.

A copy of the microfilm collection of the *Partido dos Trabalhadores* International Institute of Social History (<http://www.iisg.nl/>).