

Brazil's Lula Caught Between The Nation and Free Trade

by Our Special Correspondent

The electoral victory of Workers Party (PT) Presidential candidate Luiz Inácio “Lula” da Silva, with more than 50 million votes—the greatest proportional vote in Brazil’s history—confirms what had been evident from the first round of the elections: that the nation is avid for a change from the neo-liberal, monetarist economic model, which has been in force since 1990 and has brought about a state of public calamity: the highest unemployment in history, the destruction of the public and private patrimony, the abandonment of the main urban centers to organized crime, and the trapping of the nation in an out-of-control debt bubble, increasingly dollarized, which has brought Brazil—with its \$500 billion in total foreign obligations—to the brink of default.

The big question now, is whether the Lula government will represent a genuine transformation, or if all the hope his candidacy has engendered will be betrayed by continuing the policies of the previous administrations, albeit with a “social democratic” façade. Worsened by the terminal crisis of the international financial system, this would be a bitter deception.

No Compromise Possible

As is widely known, all of the campaign promises of the President-elect, especially those related to the generation of 10 million jobs, recovery of industrial and agricultural capabilities, reinforcement of social programs, and an increase in wages, are openly contradictory to the commitments and agreements made with the International Monetary Fund (IMF) and the international creditor banks. Today, for example, the liquid debt of the public sector is nearly 65% of the Gross Domestic Product, which means that merely servicing that debt will wipe out any effort to direct the resources of the national budget into the promised projects for recovery. The

commitment to continue with the IMF’s policies of fiscal austerity means complying with the new demands to raise the primary budget surplus (all of the budget excluding debt payments) to a level equivalent to 5% of GDP, a dramatic increase in sacrifice required, from the current level of 3.8%.

Thus, any effort to fulfill Lula’s campaign promises will necessarily lead to a rupture with the collapsed world monetary system, and with the whole system of globalization. As several political analysts in Brazil have already noted, the only way that the new President will not disappoint his electorate, would be that he step forward as the true leader of the nation, and announce the impossibility of maintaining the genocidal agreements with the IMF and the sacrifice which that would mean for the population.

If Lula opts for temporizing, and imposes even greater fiscal austerity, however, he will compromise the social stability of the country, since there is no way that his promises can be met through submission to a so-called “globalization with solidarity”—a euphemism for trying to accommodate the Marxist belief structure of important sectors of the PT, within the hegemonic global order.

London and Wall Street are applying brutal pressure upon Brazil, demanding that the President-elect immediately name his finance minister and central bank president, and that the team make clear that it will implement an even more harsh austerity than the outgoing Cardoso government could. As the investment firm of Morgan Stanley bluntly put it: “Delays in the commitment to a *more severe* fiscal policy will negatively affect the market.” Because there “is a very real risk of default,” the London *Times* editorialized on Oct. 30, Lula must use his broad base of support to “sell difficult reforms” to both the elites, as well as the impoverished millions who voted for him. So, too, the same day, the *Washington Post*

threatened that if Lula follows the wrong policies, he could “trigger a messy debt default [which] would be a disaster for Brazil, and especially for Mr. Da Silva’s supporters.”

Yet, if a break with the system is not concretized by the new government in its first few months, the disillusion of the electorate will be as great, and as resounding as Lula’s election victory itself. It will leave the country at the mercy of the radicals within the Workers Party, and of Jacobin groups such as the Landless Movement (MST), which, together with a constellation of non-governmental organizations and groups linked to the World Social Forum, will unleash the hordes which Italian terrorist Antonio Negri speaks of in his book *Empire*, the bible of the Pôrto Alegre World Social Forum. MST leader João Pedro Stedile interprets Lula’s election victory as a product of “the people’s mobilization,” and has already announced that he will mobilize his base to keep up the pressure on the next government. Behind the demagogy, is a project to finish the destruction of the sovereign nation-state, in submission to the emergence of an Anglo-American world empire.

It is important to note that the strategy of the international financial oligarchy is to *intentionally* provoke chaos, as a means of bringing about the disintegration of the nation-state and its institutions. The international creditors are fully aware that their efforts to collect a debt which is physically uncollectable, will unleash chaos. And they have their controlled movements, such as the MST, to guarantee these results.

A Mandate to Save the Nation

The “Utopian” faction inside the U.S. government has circulated the rumor that, with Lula’s election, Brazil will join an Ibero-American “axis of evil,” which includes Cuba and the Venezuela of Hugo Chávez. But Brazil is not Venezuela, and Lula is not another Chávez—no matter how they both dub themselves leftists. Chávez is a philosophical fascist, with his expressions of extreme Jacobinism and his explicit defense of Carl Schmitt, the brains behind Adolf Hitler’s “legal system.” Lula is something else: He has formed a broad national coalition, which undoubtedly includes radical Chavista elements (the MST, for example), but which also includes genuinely nationalist elements—and what direction this coalition will ultimately take has yet to be defined.

No one, either inside or outside Brazil, should fool themselves about the real message delivered at the polls: The Brazilian electorate voted for a political figure who embodied the aspiration for a decisive change from the *status quo*, and not specifically for a political party, much less for the radical



Brazilian President-elect Luis Inácio “Lula” da Silva will soon find that he can’t serve two masters.

factions inside the PT. This is clearly seen in the defeats suffered by the PT in gubernatorial contests for the most important states in the country, above all, the largest: São Paulo, Minas Gerais, Rio de Janeiro, and Rio Grande do Sul.

The defeat of the PT in its bid to re-elect its governor of Rio Grande do Sul, is particularly significant, because that state became the headquarters of the World Social Forum under the PT, and that is where the MST conducts its most bellicose actions.

Likewise, the record, 1.56 million-person Congressional vote for Dr. Enéas Carneiro, a nationalist who has campaigned unwaveringly for 13 years on the grounds that Brazil can only survive and develop if it breaks with the IMF, reflects the same message. Dr. Enéas, who hosted Lyndon LaRouche’s visit to São Paulo in June, is no Jacobin. As he told *Folha de São Paulo*, on the eve of the second election round: “I will be on the side of the President, whoever is elected, in everything which favors the population, and against all those actions which are against its welfare. . . . The polarity today is between the globalized world and the sovereign nation-state. My group defends the existence of the sovereign nation-state, and this will be our fight.”

And so the new President was sent the following message: The country hopes that the necessary break with the neo-liberal economic model will not mean a new Jacobin-style “French Revolution,” but rather a defense of the sovereign nation-state. This historic crossroads cannot be avoided, for it is the same that today faces the entire world. It is necessary that the President-elect understand this message well, for Brazil to maintain even minimal institutional stability over the coming months.