



PT ★
GOVERNMENTS
A LEGACY
FOR THE
FUTURE

ALOIZIO MERCADANTE | MARCELO ZERO - ORGANIZERS

Presentation by Dilma Rousseff

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FUNDAÇÃO
Perseu Abramo
Partido dos Trabalhadores

Fundação Perseu Abramo

President Marcio Pochmann

Directors Isabel dos Anjos, Rosana Ramos, Artur Henrique and Joaquim Soriano

CLACSO

Executive Secretary Pablo Gentili

First edition in Portuguese

Governos do PT: um legado para o futuro (São Paulo: Fundação Perseu Abramo, 2018)

First edition in English

PT Governments: a legacy for the future (Buenos Aires: CLACSO, São Paulo: Fundação Perseu Abramo, Partido dos Trabalhadores, 2018)

Translation Renata Santos de Moraes and Fernanda Martins

Cover Design Marcelo Giardino

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ISBN 978-987-722-325-5

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Fundação Perseu Abramo

Established by the National Directory of the Partido dos Trabalhadores in May 1996

Rua Francisco Cruz, 234 Vila Mariana | 04117-091 São Paulo – SP | f: 11 5571 4299

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ACKNOWLEDGEMENTS

THIS TEXT WAS produced based on internal discussions and contributions from the staff of the Workers' Party (PT) in the Senate, from the group of economists of the Lula Institute (IL¹) and the Perseu Abramo Foundation (FPA).

It was coordinated by Aloizio Mercadante. The base text and the final edition was made in partnership with Marcelo Zero, with the critical reading and contributions of Danilo Molina, Jorge Messias, Ricardo Carneiro, Jorge Mattoso, Ladislau Dowbor, Tereza Campelo, Pedro Rossi, Guilherme Mello, Marcio Percival, Marcio Pochman, Esther Dweck, Luiz Antonio Elias, Clara Ant, Renato Simões and also contributed by texts produced by Alexandre Padilha, Heider Pinto, Miriam Belchior, Mauricio Tolmasquim, Eleonora Menicucci, Nilma Gomes, Henrique Paim, Gerson Gomes, José Eduardo Martins Cardoso, Miguel Rossetto, Guido Mantega and Juca Ferreira.

We are thankful also to the critical comments of Senator Gleisi Hoffmann, Senator Lindbergh Farias, Artur Henrique and Juvandia Moreira (from CUT), João Paulo Rodrigues (MST), Fernando Haddad, José Genoino and Emir Sader.

1 TN. Acronyms and abbreviations will be written in Portuguese.

Most of the texts that contributed to this work have not yet been published and are being built in the FPA and IL, so they may not be mentioned. We had many other comments and suggestions during the discussions, but it would be very difficult to register all of them. And, of course, everyone who contributed directly or indirectly has no responsibility for interpretations, possible errors or omissions.

Finally, we are thankful to President Luiz Inácio Lula da Silva, who accompanied and actively participated in the internal discussions in IL and FPA, and to President Dilma Rousseff for the reviews, comments, suggestions and, especially, the governments that led to and made possible this important historical process of building a more just and inclusive Brazil for all.

FOREWORD

Marcio Pochmann*

AT THE BEGINNING of the twenty-first century, Brazil experienced, with a delay of almost six decades, a situation comparable to that experienced in developed countries after the Second World War. In other words, a kind of “silent revolution” sponsored by the convergence supported by the modern right of citizenship aimed at guaranteeing a basic standard of well-being for all.

In this sense, the notion of citizenship has advanced considerably beyond the primitive dimension based on income as authorizer of the pattern of consumption enshrined by simple individual choices.

The diffusion of the standard of welfare committed to universal access to essential goods and services — no longer limited to the restriction of individual incomes or the monopolizing capacity of local public policy — implied reversing the priorities established by previous governments. For this reason, the implementation of an economic policy committed to the full employment of the labor force, the social policy of extending benefits to guarantee the income of those most in need, from public policy to the homeless, to those without electricity, to those without water and sanitation, without school, without university, among many other aspects of inequality generated by free market forces.

* President of the Perseu Abramo Foundation.

The novelty of the recent Brazilian experience ended up suffocated by the force of the political coup that in 2016 withdrew a legitimately elected female president from the functions of the country's leader. At the same time, the "silent counterrevolution" was established, based on the withdrawal of the poor from the public budget, with the deconstruction of public policies and the favoring of the already privileged.

The trajectory of the Workers' Party (Partido dos Trabalhadores – PT) governments that had been validated in the last four successive presidential elections, were it not for the political coup of 2016, would allow to consecrate a great democratic nation with sustainable economic growth and inclusion of all in the basic standards of well-being.

All of this was systematized in a didactic way, comprising consultation and varied and qualified participation of many in this commendable study that is now being published, organized by Aloizio Mercadante and Marcelo Zero. Although it may not be definitive or exclude others, it is a fundamental narrative for the collective understanding of those who have already demonstrated that they know how to do good to the people and that they have better conditions to continue doing so, provided that the people can manifest themselves in free and democratic elections.

PRESENTATION

Dilma Rousseff*

IT IS OFTEN SAID that the first victim of war is truth. Indeed, in a war in the strict sense or in a political war, the murder of truth and the concealment of facts occur in profusion.

In Brazil, it is no different. The first victim of the parliamentary coup of 2016 was not only democracy. It was also the truth.

Before the coup, and to justify it, the anti-popular and anti-national forces disseminated, exhaustively, a series of lies about the Workers' Party (PT) governments. Among the many lies, it was said that the Workers' Party governments had "broken Brazil", promoted an immense and irresponsible "profligacy", "destroyed Petrobras", managed the public finances with "tax irresponsibility", implanted the "corruption of history", "swollen the public machine", implemented an "ideological and third-world" foreign policy, among other accusations.

This smokescreen of lies was intended to conceal an extraordinary social, political and economic legacy left by the Workers' Party governments. A legacy that, in sharp contrast to our historical tradition of exclusion and social inequality, has improved the lives of tens of millions of Brazilians and has made Brazil a respected country around the world. Indeed, throughout the development cycle of the PT

* Chair of the Perseu Abramo Foundation Board of Trustees.

governments, our country has experienced, for the first time, a virtuous combination of democratic perfection, massive social inclusion, income distribution and growth with macroeconomic stability.

However, the coup forces that assaulted Brazil want to make a clean slate of this legacy, hiding facts from the population and destroying the extraordinary achievements of this virtuous historical period.

This being said, this work is an effort to reveal and analyze this legacy. Not only to show what has been done in the past, but fundamentally to reveal what can be done in the future. It is our solid understanding that if Brazil wants to overcome the coup, the dismantling of the State and the world of labor, its extremely regressive measures and to promote a new cycle of development, the basis for this overcoming must be based on the legacy of the Workers' Party governments.

It is clear that national and international circumstances are today quite different from those that prevailed in the era of the Workers' Party governments. Nevertheless, the fundamental guidelines of that cycle, such as social inclusion, the expansion of opportunities for all, the distribution of income, elimination of poverty, the strengthening and expansion of an internal market for mass consumption, educational inclusion, the opening of higher education to the poorest and Afro-descendants, improved access to health, the banking inclusion of the population, the openness of the state to popular participation, the republican and anti-corruption struggle, the improvement and expansion of the Welfare State, the active and haughty defense of national interests in the external scenario, economic, social and environmental sustainability must be present in the formulation and implementation of a new development cycle that deepens and consolidates the legacy left by the Workers' Party governments.

The destructive and regressive agenda of the coup has put Brazil on the path of social abyss, economic frailty, the erosion of national sovereignty and the commitment of democratic institutions. The only future that such an agenda offers to Brazil is the widening of social inequalities and the return of hunger and poverty, combined with "chicken flights" in the economy, the destruction of labor and social security rights, dependence on the great powers and growing with a state of exception.

Thus, this work, when analyzing the past, also intends to reveal a future for Brazil. A future to be built in Mr. Da Silva's third government. A future in which all Brazilians are included.

This future will certainly be based on the distribution of income of enormous importance to the country and one of the main aspects of the legacy of the Workers' Party governments. It should also deepen and advance a fundamental initiative for the development of the

Brazilian nation, which the Workers' Party governments have started. These are actions, initiatives and programs for the distribution of wealth. The main tripod for achieving real and effective sharing of wealth is based on access to quality education for all, on dignified retirement to compensate the generations of Brazilians who built Brazil with their work, on the access of the people of our Country to their fundamental patrimony: land and housing.

The future that we will build together is the result of collective effort. It is the result of a country based on the civilizing, ethical and moral values of cooperation and altruism, not competition and selfishness. We are on the right side of history. The side of democracy, social justice and national sovereignty. We are on the side and next to the people of Brazil. We are where we have always been and where ever we will be. And we are sure that just as hope defeated fear in 2002, it will defeat hatred in 2018.

A FAIRER, MORE INCLUSIVE BRAZIL WITH OPPORTUNITIES FOR ALL

BRAZIL IS A COUNTRY of late capitalism, with a long colonial past and a regime of slavery that lasted for nearly four centuries. A country with strategic natural resources, continental dimensions, modern competitive agriculture, and a relatively diversified industry, but marked by a historical process of deep exclusion, social privileges and inequalities, and strong political instability.

The democratic experience is very recent, and since direct election and the universal vote have been secured in 1946, only five presidents have completed their respective mandates:

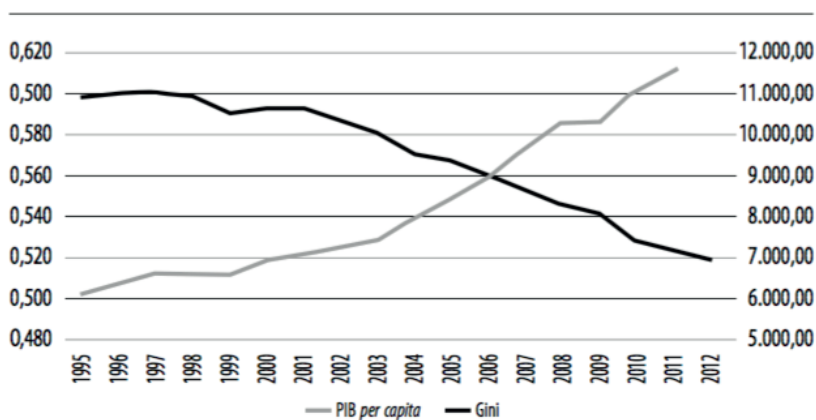
- Eurico Gaspar Dutra (1946-1950), which was not really a democratic government;
- Juscelino Kubitschek (1956-1960), who underwent two coup attempts;
- Fernando Henrique Cardoso (1995-2002);
- Luiz Inácio Lula da Silva (2003-2010); and
- Dilma Rousseff (2011-2015), who completed her first term, was re-elected and dismissed in 2016, due to a political coup, through impeachment, without a crime of responsibility.

Brazil has become, throughout history, a democracy with long authoritarian periods, some coups d'état and recurrent political instability.

The country has gone through a long period of external debt crisis, with a long-term hyperinflation in the eighties and nineties of the last century. The hyperinflation was overcome with the monetary stability resulting from the Real Plan (*Plano Real*²) in 1994. However, the country did not overcome macroeconomic instability and suffered a new crisis of payments, as a result of the prolonged use of the currency anchor. It was also about the IMF's orthodox monitoring in the 2002 presidential elections.

In contrast, Brazil experienced some of the best years of its development, from 2003 to 2014. For the first time in history, we had a combination of: democracy, economic growth, stability, social inclusion and income distribution. Brazil, the 13th largest economy in the world, became the 6th largest economy in the world and reached the level of investment of rating agencies. The fruits of development could be shared with a large part of the population, which until then had been excluded from the process of economic growth.

Figure 1
Per capita gdp and gini index - 1995-2012



Source: IBGE – Esther Dweck

² TN. “Plano Real” is the political-economic program implemented in 1994 responsible for the change of the Brazilian currency to the “Real”.

Rather than acting in favor of greater social justice, the Workers' Party governments have promoted a change in the pattern of economic development, placing job creation and social advancement of the poorest at the center of the development strategy, combined with the restructuring of the state instruments in favor of a greater dynamism with redistributive bias, thus feeding back the mechanisms of growth.

This new pattern of development sought to articulate three fundamental axes: sovereign international insertion, deepening democracy and popular participation, and social inclusion with income distribution, increasing opportunities for all and reducing inequalities (Mercadante, 2006, 2010).

In this sense, it seems to us that the concept of social-developmentalism is insufficient to characterize this period of history, even though the axis of social inclusion and income distribution is structuring for the new development pattern of that period, considering the historical inequality of the country and the level of social exclusion that were present in 2002.

These national, democratic, and social fronts (and, we might add, that of sustainability) work through the implementation of a complementary and articulated set of public policies that have enhanced economic and social gains in a more favorable international scenario, and an internal market for mass consumption.

Thus, we can affirm that in the model of development with inclusion that we carry out in Brazil, economic and social aspects are inseparable, and together with sustainability, such a model incorporated the three pillars: economic, social and environmental, in a context of radicalization of democracy and greater popular participation.

In summary, the governments of Mr. Da Silva and Ms. Rousseff have promoted the construction of a fairer, more inclusive Brazil with greater opportunities for all.

THE SOCIAL AXIS: SOCIAL INCLUSION, REDUCTION OF INEQUALITIES AND ACCESS TO RIGHTS BOOSTED A WIDE INTERNAL MARKET OF MASS CONSUMPTION

Contrary to what is said, the driving force of Brazilian development in the period of the Workers' Party governments was public and private investments articulated with the formation of a broad internal market of mass consumption, not the international cycle of commodities. In Brazil, exports as a whole represent about 11% of GDP and that of commodities, in particular, approximately 6.8% of GDP. In contrast, household consumption accounts for more than 60% of GDP.

The contribution of exports to GDP growth was only significant between 2001 and 2005, when they were equal to household consumption and contributed to the resumption of economic growth³.

Obviously, the initial year of the crisis (2015) — which led to impeachment — was contaminated by the deep political crisis created by coup leaders to facilitate for President Dilma Rousseff to leave. The years 2016/17, on their turn, are the years of state dismantling, permanent austerity and the disruption of the labor market.

The social agenda and the fight against hunger and poverty have gained centrality and priority in the action of the Workers' Party governments, and it is important to stress that this option went far beyond the search for social justice. The latent potential in a country that then had 190 million Brazilians, of whom a huge portion was excluded from access to income, goods, services and basic rights, opened a new path. Including this historically neglected population in the economy triggered a gigantic economic potential.

This first important front of aggregate demand, the domestic mass consumption market, was only possible through redistributive policies, which allowed the inclusion of millions of Brazilians in the economy through the expansion and improvement of employment, innovative social policies, wages and income, the strengthening of family agriculture and the democratization of credit for low-income families.

The very positive development of the labor market has had a substantial impact on the formation of the internal market for mass consumption. The minimum wage grew in real terms 77% in 12 years and generated 23 million formal jobs. In 2014, the Brazilian Institute of Geography and Statistics (IBGE) recorded the lowest unemployment rate in its monthly survey series: only 4.8%. Labor formalization grew from 45.7% in 2003 to 57.7% in 2014. It was a result of the resumption of growth, accompanied by strong labor market surveillance and new legal frameworks, such as the Individual Micro Entrepreneurs (MEI), which allowed the regularization of more than 5 million workers, who had no social security or access to credit.

As examples of public distributive policies, innovative income transfer policies ought to be mentioned, such as the *Bolsa Família*, created at the beginning of Mr. Da Silva's government, a successful and internationally recognized Republican program. The *Bolsa Famí-*

3 In the period 2006-2010, for an average growth of 4.51% per year, household consumption contributed with 2.66 percentage points (p.p.), while exports contributed only 0.22 p.p., below also the gross capital formation (1.07 p.p.) and government consumption (0.55 p.p.). And, in the period from 2011 to 2014, for an average growth of 2.34%, household consumption accounted for 3.51 p.p., while exports accounted for only 1.56 p.p. (the leakage of demand stems from imports by 3.77 p.p.).

lia benefited, in 2015, 13.9 million families and 17 million children and adolescents, who had school attendance monitored, contributing to a broad educational inclusion. Of these, nine million were also monitored at health facilities, contributing to the reduction of 58% in malnutrition and 46% in diarrhea.

The *Bolsa Família* was complemented, during Ms. Rousseff's government, by the *Brasil Carinhoso* program, which added the guarantee of a minimum income and allowed the withdrawal of 8.1 million children and adolescents from poverty and significantly increase educational inclusion, especially in kindergartens and pre-schools (Campelo, 2017).

The transfers provided for in the Federal Constitution should also be mentioned, which, with the new policy of real increase of the minimum wage, have boosted the distributive capacity of the social security system, besides having had a positive impact on the labor market. At the same time, the social security system was supplemented by welfare policies for citizens who were not under the protection of a contributory scheme, through the program *Benefício de Prestação Continuada* (BPC)⁴.

The increase of the income of the poorest is one of the elements that helps to understand the articulation between the social and the economic, which reduces poverty and improves the quality of life of the population, generating, on the other hand, very positive macroeconomic effects.

It is also important to understand the role of extending rights and access to goods and services. We are talking about the right to food in quantity and quality, ensured by increasing employment and income, school meals and the expansion of food production by family farming, and of the right to water, housing, basic sanitation, education and professional health care. All this turns the economy, generates investments and jobs. Therefore, the expansion of the domestic market for mass consumption also came as a counterpart (positive side effect) of the guarantee of rights⁵.

4 The behavior of income in the period 2002-2015 shows that it has grown in all bands. The average per capita household income growth in the period reached 38%. All the bands presented positive variation. The richest 20% of the population grew by 23%, while for the poorest 20%, growth reached 84% in real terms. This explains the reduction in the income inequality measured by the Gini Coefficient, which reached the lowest level in Brazilian history: 0.49 in 2014.

5 Some indicators can assess the levels of exclusion and the potential for growth in the domestic market for the period from 2002 to 2015. The supply of quality water which in 2002 benefited 152 million Brazilians, in 2015 benefited 193 million people, thanks to the construction of 1.2 million cisterns and structuring works,

GDP per capita, between 1980 and 2003, grew by only 6%, which is an annual rate of 0.02%. From 2004 to 2013, as a result of these policies, GDP per capita grew by 30%, equivalent to an average annual increase of 2.6% (Carneiro, 2017).

Throughout the Workers' Party governments, 36 million Brazilians left extreme poverty and another 42 million ascended socially. According to the World Bank's concept of multidimensional poverty, which considers a set of indicators, the reduction of extreme poverty was from 9.3% of the population to only 1%.

In short, a set of public policies ensured that poverty was faced from all sides, ensuring income and employment, but also investing in access to water and basic sanitation, housing, health, education, and consumer goods that greatly improved the life of the population. These investments ensured quality of life and opportunities. They are rights that generate rights – the right to water, the right to food security, the right to decent housing. And they also generate investments and employment in social and housing infrastructure actions. In the countryside, there was an important advance in agrarian reform and family agriculture. This articulated set of investments and public policies strengthen and stimulate the internal market of mass consumption.

The consequences are recognized. Brazil came out of the UN/FAO Hunger Map, dropping 82% of the undernourished population between 2002 and 2014. Infant mortality fell by half (from 23.4 to 12.9 per 1,000 live births). Child labor among the poor and extremely poor fell by 84 per cent from 2004 to 2015. In absolute terms it declined from 2.4 million to 390,000.

The constitution of a broad market of mass consumption was part of the government program and strategy of Mr. Da Silva's government since its inception. This program was based, as we have seen, on some pillars: social policies of income transfer, expansion and improvement of employment and income, and democratization of access to credit for the low-income population. The constitution of a broad

such as the São Francisco Transposition, in the northeastern semi-arid region. Access to sanitation reaching 114 million benefited 48 million new citizens in the same period. In addition, electricity was offered to 35.6 million people who did not have access to this essential public service. In the case of durable consumer goods, such as telephones, televisions, stoves, refrigerators, radios and washing machines, the increase in access was of 28.2% of the population in 2003 to 44.4% of Brazilians in 2012 (Ipea, 2013). There were 24 million households that had a refrigerator and another 37 million households that had gas or electric stoves between 2002 and 2015 (Pnad/Ibge, 2002 and 2015). Thus, we had an important democratization of access to durable consumer goods and a broad modernization of the consumption pattern of the low-income population.

market of mass consumption would change the pattern of growth, because it stimulated the domestic productive structure and, by means of economies of scale of companies, provided gains of productivity and competitiveness, boosting the exports and promoting a virtuous growth circle (Bielschowsky, 2012; Rossi, and Mello, 2017).

BASIC AND UNIVERSAL SOCIAL POLICIES

EDUCATION AS A STRATEGIC PRIORITY

The popular governments of Mr. Da Silva and Ms. Rousseff conceived education as a public good, a subjective right of every citizen, and a public policy of State responsibility, strategic and essential to the nation's new development project. Education has become one of the foundations of the new government program.

Education was considered a fundamental public policy to ensure inclusion and social justice, but also as an indispensable requirement for sustainable economic development, increasingly associated with the economy of knowledge, marked by the impact of science, new technologies and innovations.

Our historical heritage, marked by deep educational backwardness and cultural and social debt to the poorest families, required a bold educational policy and an immense effort to democratize access, with the inclusion of large numbers of excluded, especially children and young people in education systems.

The actions of Fernando Henrique Cardoso's (FHC) government (1995-2002) were focused only on elementary school. Early childhood and high school did not have a clear and consistent agenda of support or funding.

Professional education was relegated to the background. The Brazilian Social Democracy Party (PSDB) government had taken up the dualistic and exclusive conception between secondary education and vocational and technical education. Presidential Decree No. 22087/1997 banned the experiences of integration between these two modalities and imposed a ban on the expansion of federal public vocational education.

In tertiary education, although there was an important growth of enrollments in private institutions, due to the privatizing reform of FHC's government, the access of the low income population was very restricted, maintaining the historical tradition of educational exclusion. In addition, federal universities faced a severe budget constraint, which detracted from their activities, with staff reductions and low enrollment expansion. Such an exclusionary conception is now being reintroduced, as in the recent World Bank study, inspired by the arguments used by neoliberal thinking, that free public university educa-

tion and access and educational inclusion programs are costly, and should be replaced by the private sector.

Since the beginning of Mr. Da Silva's administration, there has been a great effort to overcome these false oppositions and a systemic, articulated, integrated and complementary set of educational policies has been implemented. In the new systemic view of education, all stages and modalities are interconnected and are oriented to ensure access, permanence and quality, from day-care to post-graduation. This set of policies and programs was accompanied by a new pattern of public finance for education.

The first important change in the pattern of funding was the transformation of the Basic Education Development Fund (Fundef), created in the FHC's government, which had an exclusive focus on elementary education. The new Fund for Basic Education Development (Fundeb) overlooked the previous exclusion and ensured that resources were available for all levels of basic education: basic and secondary education.

Another relevant change to the new financing standard was the revocation of the Union Revenue Unbundling (URU), implemented in 1994, by then Finance Minister Fernando Henrique Cardoso. This measure removed 20% of the resources linked to education, which were established by the Federal Constitution of 1988.

This new pattern of public funding for education allowed the governments of Mr. Da Silva and Ms. Rouseff to raise education budget by 206 percent in real terms. President Dilma Rouseff invested, in education, R\$ 54 billion above the constitutional base.

Another major breakthrough towards the new medium-term and long-term education funding took place during Ms. Rouseff's government, with 75% of oil royalties and 50% of the pre-salt Social Fund destined for education and health. The estimated resources to be passed on at the time of law approval, which depended on future production, international oil price and exchange rate, was R\$ 112 billion in ten years, and R\$ 324 billion in thirty years. This estimate is now compromised by the changes promoted by the coup government, such as Constitutional Amendment (EC) No. 95, which imposed a ceiling on public spending for 20 years and terminated the constitutional base for education, and changes in the pre-salt law, which reduced environmental and national content requirements and exempted oil multinationals from taxation in a tax waiver that could reach R\$ 1 trillion. The coup is ripping our passport into the future, the pre-salt, which was the only relevant additional source of resources for education.

In any case, with the new integrated and systemic vision and with the new pattern of education funding built by the Workers' Party gov-

ernments, we have had the broadest and most sustained process of educational inclusion in the entire history of the country.

Compulsory schooling, which used to be from 7 to 17 years old, became one of the important goals of the National Plan for Education (PNE) approved in 2014 at the age of six in 2010 and at the age of four as of 2016.

PNE has 20 macro targets and hundreds of strategies, covering all the most important dimensions of Brazilian education. The targets are quite bold for a period of ten years, but they work with the forecast of 10% of GDP in public investments for education (goal 20). Of course, the PNE is totally unfeasible after the approval of Constitutional Amendment 95 by the coup government, which sets a declining ceiling for public spending for the next 20 years.

In the Workers' Party governments, in order to expand the offer of infant education, a set of initiatives and programs were implemented reaching the poorest population, in isolated and peripheral areas. Enrollments in pre-primary education increased 84.7% between 2008 and 2016.

President Dilma Rousseff launched the *Brasil Carinhoso* program in 2012 to support existing day care centers and build new kindergartens of excellent architectural and pedagogical standards. Completed and delivered 2,940 units by 2015, and left in progress, with guaranteed budget resources, 2,093 day care centers. In addition, 3,167 new day-care centers were agreed with the city halls.

However, the coup government practically ended the *Brasil Carinhoso* program and completely abandoned the policy of building day-care centers and supporting early childhood education. In 2014, R\$ 642 millions were invested. However, in 2018, only R\$ 6.5 million is in the budget, 1% of the 2014 resources. *Brasil Carinhoso* and support for the construction of day care centers are practically no longer available⁶.

Major challenges of quality improvement remain in the municipal and state public school networks. The Basic Education Development Index (Ideb), which evaluates school performance and education, has been performing well above the expected goal in the initial years of elementary school, an equivalent performance in the final years of

6 In high school, enrollments in the 15 to 17 age group increased from 42% in 2002 to 61.7% in 2014. In this age group, 84.6% of the population currently attends school. Among the poorest 20%, in 2002, only 31.6% were in the expected grade, in 2015, 60.2% were in this condition. Among the poorest 5%, the number of adolescents who attended high school at the right age increased fourfold. Black female heads of household who have completed primary school have grown from 5.7 million to 17.5 million between 2003 and 2015.

schooling, and an important lag in secondary education, which remains one of the major challenges of basic education.

An important effort to improve quality was the adoption of the teachers' minimum wage law, implemented in Mr. Da Silva's government, which allowed real salary growth of approximately 49% between 2009 and 2015. Another essential effort was the investments in the initial and ongoing formation of teachers, with a set of initiatives, such as the creation of the National Pact for Literacy at Proper Age in 2012 in Ms. Rousseff's government, which provides scholarship and a special training program for all about 300 thousand teachers and literacy teachers, the Open University of Brazil, which offers free and distance learning for network members and training programs for licentiate and pedagogy students (PIBID), or for network teachers such as the National Training Program (PARFOR), in which teachers enroll in courses corresponding to the subjects they teach in the network, among other initiatives.

Also worthy of mention are investments in full-time schooling, such as the programs *Mais Educação* and *Ensino Médio Inovador*, and textbooks. One important initiative was the democratic and participatory process for the construction of a new National Common Curricular Base (BNCC), at the beginning of Ms. Rousseff's second government, for all basic education, seeking a more exuberant curriculum and dialogue, especially with diversity interests of high school students. An initiative that was distorted by the authoritarian intervention of the coup government team, which imposed changes that were out of measure by means of a Provisional Measure, trying to revoke disciplines such as physical education, arts, and sociology, and also prohibiting gender discussions in schools, in line with conservative and homophobic parliamentary pressure. These arbitrary attitudes promoted students' uprisings in more than a thousand schools, as well as teacher strikes, breaking the climate of dialogue and negotiation that should mark a process of curricular construction.

Another important aspect was Pronatec, implemented in 2011, in Ms. Rousseff's government, the largest and most diversified technical and pro-education program in the country's history, mobilizing all the offering networks and ensuring enrollment to 9.4 million participants, in order to stimulate productive inclusion and open up new possibilities in the labor market.

In higher education, we jumped from 3.4 million enrollments in 2002 to more than 8 million in 2015, the period of greatest expansion of our country's university education.

All this expansion was accompanied by the inclusion in the higher education of a portion of the historically excluded population.

A major democratization of access occurred with changes in the National High School Examination (Enem), as of 2009, during Mr. Da Silva's government. The examination created a path of opportunities in higher education: Sisu, ProUni, FIES, SisuTec and *Ciência sem Fronteiras*⁷.

The network of federal universities also had the greatest expansion of its history in the Workers' Party governments. It was composed in 2002 of 45 universities, with 148 campuses and reached, in 2015, a total of 65 universities with 327 campuses. Graduate enrollments at federal public universities rose from 512,000 in 2002 to 1,060,000 in 2015.

As to technical schools, only 140 campuses were built between 1909 and 2002. In Mr. Da Silva's government, Technological Institutes of Education, Science and Technology (IFETs) were created, with extraordinary expansion⁸.

Mr. Da Silva's government also created ProUni, which has already secured 1.7 million scholarships and completely reformed the FIES, with 2.6 million beneficiaries. The Quota Law (No. 12711), from 2012, under Ms. Rousseff's government, was a key action to combat social inequality and racial discrimination. The Quota Law ensures that half of the places for new entrants in all federal institutions are for students coming from public schools, with income cuts and favored access for black and indigenous people.

Proof of the success of this set of policies is that by 2015, 35% of the graduates who completed the National Student Performance Exam (Enade) were the first of their families to be graduates. In addition, the presence of young black people in higher education, with policies of differentiated access, grew by 268% in Workers' Party governments. And all the researches carried out show that the quota students and public policy scholars have a similar performance at the end of the course.

The *Ciência sem Fronteiras* and *Idioma sem Fronteiras* programs, created at the beginning of Ms. Rousseff's government, acted for

7 From then on, the access door opened and Enem registrations reached more than 8 million participants in recent years. This is because we have about 16.8 million students between the ages of 18 and 29 who have finished high school and have not attended higher education, in addition to more than 2.5 million high school graduates each year. This was the size of the suppressed demand for access to higher education.

8 By the end of Ms. Rousseff's government, there were already 38 IFETs and 600 campuses. Tuition rates have almost doubled from 558,000 students in 2002 to more than 1 million in 2015, considering only secondary education and technical vocational education. All IFETs also have 30% of their top-level enrollment, including post-graduate courses.

international student mobility and for the internationalization of universities and scientific production, bringing about 100 thousand Brazilian students and researchers to 2,912 universities and research centers in 54 countries.

Investments in education, science, technology and innovation also grew significantly in Workers' Party governments and aimed to prepare the country for the economy of knowledge⁹.

PUBLIC HEALTH AND THE CHANGES TO A QUALITY UNIFIED HEALTH SYSTEM

The health of a people is the result of various policies, as established by Article 196 of the Brazilian Federal Constitution. Health is recognized as a right of all and a duty of the State, guaranteed through economic and social policies that aimed at reducing the risk of diseases and other ailments, and universal access to actions and services for their promotion, protection and recovery.

The Unified Health System (SUS) was conceived as a public, universal, integral and free public system, unprecedented among countries with more than 100 million inhabitants. With SUS, the right to health is an essential component of citizenship and the defense of life. However, it is important to recognize that there is still a considerable gap between ensuring the right to health and providing quality health services, especially for the population exposed to great social vulnerabilities.

In the family health strategy, which was fundamental for the implementation of the *Bolsa Família* program, the coverage of health agents was 33% of the population and reached 69% in 2015, allowing greater coverage of children's vaccination and prenatal consultations, reducing the need for hospitalization. Resources for basic care increased 222% in real terms.

The public policy of greatest impact was the program *Mais Médicos para o Brasil*, implemented in Ms. Rousseff's government, which suffered strong corporate opposition in the initial phase of its implementation. This program was built with three fundamental axes.

9 As a highlight, we could mention that graduate programs had a 97.7% growth in the offer of masters and PhD courses. The researchers, which were about 57,000 in 2002, reached 200,000, in 2015. The PhDs were 34,000, in 2002, and outnumbered 130,000, in 2015. Brazil, which in 2006 published 33,498 scientific articles in scientific journals indexed, produced 61,122 in 2015. In this trajectory, Brazil reached the thirteenth place in scientific production, worldwide, when evaluated by specialized and indexed publications (Web of Science). From 2010 to 2015, the average growth of countries in scientific publications was 51%, while Brazil grew by 134% in the same period.

The first was the investments for construction, expansion and reforms in the Basic Health Units (UBS). A total of 15,720 works were completed by 2016.

The second axis refers to the provision of doctors for the most vulnerable areas and who did not have a family health team. By 2016, the program had 18,240 physicians, operating in 4,058 municipalities and, for the first time in history, in all Indigenous Health Districts, serving 63 million Brazilians. The action included from the peripheries of the great cities of the country to the most remote villages in the rural areas and small forest municipalities.

The third axis of the program is the most structuring and provides:

- Reorientation of the profile of the training of medical professionals and of all health professions in an integrated way to the public health service network, strongly guided by basic health care;
- Planning and expansion of the training of physicians and more pro-health professionals in the specialty and in the locality where they are needed to serve the population; and
- Expansion of access to medical education, decentralizing from the South and Southeast and capitals, to allow people to form in their regions and settle there¹⁰.

The second axis benefited more than 63 million Brazilians who had previously been discharged, and who were now being served, after hiring 18.2 thousand new doctors, especially Cuban physicians, at the beginning of the program, who were allocated in the most critical areas of access to health services. Note that the hiring of Cuban doctors, via the Pan American Health Organization (PAHO), as well as those of other nationalities, only occurred because the program could not fill the open positions with Brazilian doctors.

It should be noted that *Mais Médicos* also promoted a policy for the creation of new medical courses, ensuring a field of practice in the SUS network, accompanied by a strong increase in medical residency vacancies and a progress assessment exam during

10 Since the launch of *Mais Médicos* until 2015, 6,391 new places were created in medical undergraduate courses, 59% of which are in private institutions and 41% in public institutions. With the processes of public calls, another four thousand new places were authorized in private institutions. This expansion was accompanied by the introduction of the progress test every two years of graduation, articulation with a field of practice in the SUS and adoption of educational inclusion policies, such as Fies, in the new courses. Regarding the training of specialists, approximately 7 thousand new medical residencies were created between 2011 and 2015.

the course of graduation, among other improvements (Padilha and Pinto, 2017).

Another relevant effort was the reduction of regional asymmetries and inequalities in the provision of health services. In 2003, there were simply no services in the public network that offered diagnoses and comprehensive treatment of high complexity in cardiology, neurology and oncology outside capitals in almost all states in the North and Northeast of Brazil¹¹.

The programs *Farmácia Popular* and *Aqui tem Farmácia Popular* allowed generous discounts of up to 100% of an essential set of medicines. Also worthy of mention are other programs created under Mr. Da Silva's administration, such as the *Brasil Sorridente* program, which ensured the provision of dental treatment for the low-income population, as well as other important innovations, such as the Mobile Emergency Care Service (SAMU), with great efficiency in attending medical emergencies. This program, created in 2003, surpassed the coverage of 70% of the population in 2015.

In 2014, the neonatal screening test for six diseases (phenylketonuria, congenital hypothyroidism, sickle cell disease, cystic fibrosis, congenital adrenal hyperplasia and biotinidase deficiency) was implemented in all states of the federation and reference centers were implemented.

The Partnership for Productive Development (PDP) policy, set up in its initial milestones in 2008, broadly reformulated in 2011 and perfected in 2015, was one of the key measures to increase access to high-quality products at the same time: technological density, lower costs for the Ministry of Health and for the SUS, partnerships between the public and private sectors, transference, incorporation and development of technology in Brazil; and stimulation of the regional decentralization of the production and development of knowledge and technology, in the area of health¹².

11 In 2003, of R\$ 12.3 billion allocated for specialized care, of medium and high complexity, only R\$ 3.5 billion was destined for the North and Northeast states. In 2010, these resources reached R\$ 8.7 billion and more than R\$ 12 billion in 2015. The Workers' Party governments have radically changed the quality and scope of the offer of high complexity services in the most needy regions of the country.

12 At the end of Ms. Rousseff's government, there were 85 PDPs, involving 19 public producers and 50 private producers and 91 products (61 medicines, six vaccines, 19 health products and five equipment) and nine Research and Development (R&D) partnerships, responsible for development of 28 products, already under purchase by the Ministry of Health (a product for health and 27 medicines). The PDPs corresponded to 28% of the total value of acquisitions made by the Ministry of Health up to December 2015, with realized economy (2011-2015) of R\$ 2.4 billion and a forecast economy (at the PDP) of about R\$ 5.3 billion (PADILHA, A. and PINTO, H., 2017).

With regard to the response to HIV, Brazil has taken another step forward in becoming the first developing country to adopt the “test and treat” strategy, innovating in the combination of prevention and treatment. Also during this period, the lowest rates of vertical transmission were reached, from mother to baby, and the higher rates of diagnosis and early treatment, guaranteeing a higher quality of life and reduction of transmission, besides the incorporation of new last generation medicaments.

In the governments of Mr. Da Silva and Ms. Rousseff, for the first time, the federal government has fulfilled the minimum constitutional level for the application of health resources. The budget jumped from less than R\$ 30 billion in 2003 to more than R\$ 105 billion in 2015, a real increase of 111%. Such a feat was made even with the conservative opposition in parliament impeding the renewal of the Provisional Contribution on Financial Transactions (CPMF), which was the major source of health financing, especially in the high and medium complexity, which represented a loss greater than R\$ 40 billion (Padilha and Pinto, 2017).

Nonetheless, Brazil has achieved millennium goals in the area, such as reducing more than two-thirds of child mortality, and has responded efficiently to the epidemics of HIV, malaria, tuberculosis and leprosy. Like the other countries of the Americas, with the only exceptions in Cuba, Canada and Chile, the goal of reducing maternal mortality was not reached, although Brazil achieved its greatest reduction in Mr. Da Silva and Ms. Rousseff’s periods. During this period, Brazil received UN International Certificates for eradicating child paralysis, eliminating rubella and controlling the incidence of tuberculosis and leprosy.

POPULAR HOUSING AND THE PROGRAM MINHA CASA, MINHA VIDA

Brazil underwent an accelerated process of urbanization at the turn of the 20th century, concentrating more than 80% of the population in the cities, especially in large cities, with an immense urban and social passive. The lack of housing for the poorest led to a disorderly and precarious growth of the peripheries, with clandestine settlements and *favelas*, especially in medium and large cities. The high cost of urban land, the lack of consistent housing policies and the lack of affordable housing for low-income workers generated a quantitative housing budget of around 7.2 million units in 2000, that is, 16% of households, 82% of which are families with incomes of up to three minimum wages. The qualitative deficit in permanent households reached 11.9 million housing units, according to data from the IBGE Census.

With the election of President Mr. Da Silva, the Ministry of Cities and the Council of Cities were created to design and implement innovative urban policies capable of coping with this heavy inheritance of urban life and dialoguing with the popular movements for housing and urban reform. In the 13 years of the governments of Mr. Da Silva and Ms. Rousseff we can highlight the implementation of the National Policy on Basic Sanitation, the National Urban Mobility and Mobility Policy and the National Housing Policy.

In the popular housing, the largest program in the history of the country, *Minha Casa, Minha Vida* (MCMV), was carried out in 2009, with two main objectives: to reduce the Brazilian housing market and generate jobs to counteract the effects of international crisis that had already hit Brazil. This program involved a new institutional design and a federative renegotiation, new social management and control mechanisms, the urbanization of precarious settlements, the recognition and incorporation of popular movements of rural and urban housing as actors of the whole process, a policy of subsidies to enable low-income population access to housing, a large-scale housing production and a high and unprecedented volume of investment resources.

This new conception allowed the operationalization of the program to involve a diversity of actors, such as builders of all sizes, popular movements, rural and urban cooperatives, and public banks, *Caixa Econômica Federal* (CEF) and *Banco do Brasil* (BB).

The most important feature of the program has always been to provide subsidies that allowed families with income up to three minimum wages access to home, since 82% of the Brazilian housing deficit was concentrated in this income range. At the beginning of the program three income bands were defined, which were adjusted over the years¹³.

In addition to the care provided to the families benefited, especially the poorest, *Minha Casa, Minha Vida* empowered the women who owned the properties, in the contracts signed with the *Caixa Econômica Federal* (CEF). The program's investments had a significant impact on the country's economy, income generation, increased production of construction materials and services and creation of new

13 Between 2009 and 2016, 4.5 million homes were contracted, 96% of Brazilian municipalities and 3.3 million were delivered during our governments. The families with incomes of up to R\$ 1,600.00, where the greatest housing deficit is concentrated, received 1.7 million housing units. In this range, 46% of the beneficiaries received *Bolsa Família*, 66.8% are black, more than half did not have complete elementary education and 70% received up to R\$ 800.00 of family income.

direct and indirect jobs. MCMV has shown that investing in the welfare of the poorest families generates benefits for all Brazilians¹⁴.

However, despite its strategic economic and social role, the coup government is dismantling the program. In 2016, 35% fewer housing units were hired than the program average in the previous seven years. In 2016, 35% fewer housing units were hired than the program average in the previous seven years. In band 1, 15% of the average of the Workers' Party governments were hired, which is less 209 thousand units. In 2017, the dismantling increased. As for band 1, for the poorest households, hirings were virtually zero, considering the execution until June 2017 (Belchior, 2017).

REGIONAL DEVELOPMENT AND REDUCTION OF INEQUALITIES

The Workers' Party governments also committed to design and implement a new National Policy for Regional Development (PNDR). This policy even envisaged the re-creation of the then extinct development superintendent units, Superintendence of the Development of the Amazon (SUDAM) and Northeast Development Superintendence (SUDENE), which had been scrapped and abandoned in the neoliberal period.

The PNDR proposal, created in Mr. Da Silva's government, sought to reduce regional inequalities, to activate the development potential of Brazilian regions, and to value the country's regional diversity in its various dimensions (environmental, socioeconomic and cultural).

The PNDR has rightly linked the regional issue to the new national development standard. The regional development policy innovated by bringing a national perspective on the Brazilian socio-spatial inequalities, by giving centrality to the role of the State in the face of the neoliberal retrogression and by proposing actions on multiple fronts.

In 2013, in Ms. Rousseff's government, a new version of the PNDR was conceived and had four main objectives:

1. Interregional income convergence;
2. Regional competitiveness and generation of employment and income;

14 A study by Getúlio Vargas Foundation (2014) found that approximately 49% of the program's subsidies return to public assets in the form of taxes and that 1.7 million direct and indirect jobs were created up to that year, as a consequence of this policy. Available data from the IBGE show that in 2008, before the MCMV, the real estate construction sector had 29,000 companies employing around 760,000 workers, with a turnover of R\$ 60.2 billion. In 2014, the number of companies reaches 43 thousand, directly employed 1.2 million workers and had a turnover of R\$ 153.2 billion (MAGALHÃES, I. and MUNIZ, M., 2017).

3. Aggregation of value and economic diversification; and
4. Construction of a polycentric city network.

The proposal reaffirmed the need to create a National System of Regional Development (SNDR), based on collegiate organizations established at all three levels of the federation and on the feasibility of a National Fund for Regional Development (FNDR), which had not been implemented (Coelho Paes, 2017).

It is also important to highlight investments in water supply, which reached 35 million new families throughout the period, with specific and successful water supply policies in the Northeastern semi-arid region, which is extensively hit by the prolonged drought.

The construction of 1.2 million cisterns in the Northeastern semi-arid region contributed significantly to avoiding thirst, hunger and greater damage to the inhabitants of that region. Thus, even with the worst droughts of the last decades, there has been no mass emigration from the Northeast, as has occurred regularly in the past. This initiative was accompanied by investments in major water infrastructure projects, such as the São Francisco River Transposition. Made by the National Department of Anti-Drought Works (DNOCS), it is already ensuring access to water for the population and agriculture of the northeastern backlands, structurally changing the drought scenario.

The overall results, in terms of combating regional inequalities, were very positive. The transversality of other public policies such as education, in which Fundeb greatly expanded resources for the Northeast and North regions, and the internalization of the campuses of the universities and the federal technological institutes impacted on stimulating the development in the microregions. And this implicit regionalization was present in several public policies, presenting even higher results than those of explicit regional policies.

In fact, during the Workers' Party governments, the North, Northeast and Central West regions showed more intense economic growth than the national average, which resulted in a slight interregional convergence of income. Likewise, the indicators of formal employment growth were significantly higher in the North and Northeast regions. In addition, poverty reduction was more intense in the traditional peripheries of the country, with a significant impact on other social indicators, resulting in a higher relative growth of the HDI of these regions, compared to the rest of the country (Coelho Paes, 2017).

Nevertheless, this improvement in the regional indicators of production and employment was predominantly due to macroeconomic policies (increase of the minimum wage and expansion of credit

for investment and consumption) and sectoral (Growth Acceleration Program, PAC) and social policies (*Bolsa Família*, *Previdência Rural*), which benefited asymmetrically the most backward regions. In other words, these implicit regional policies were responsible for the superior performance of the poorer regions of the country during the Workers' Party governments, at least in terms of employment and income generation.

By benefiting the poorest Brazilians, the regions of the country that contained their largest contingents were also benefited. Thus, in the last ten years, the income of the Northeast, measured by the IBGE, grew 42%, while the income of the Southeast increased by 16%. In regions with the highest poverty rates, the impact of these policies to combat poverty and inequalities was greater.

In addition, these regions were also benefited by a relative decentralization of industrial production¹⁵.

Thus, in the governments of Mr. Da Silva and Ms. Rousseff, the most intense process of social inclusion and reduction of social and regional inequalities in the documented history of the country took place. Some policies implemented had an intergenerational impact, such as educational inclusion in secondary education, vocational technical education and higher education, with a strong impact in the North, Northeast and Central West regions.

AGRICULTURE, FAMILY FARMING AND AGRARIAN REFORM

THE RECORDS OF AGRICULTURAL PRODUCTION

Brazil had a spectacular growth in agricultural production during the Workers' Party governments. Grain, cereals, legumes and oilseeds grew from 96.8 million tons in 2002 to 209.5 million tons in 2015. From 1994 to 2014, production increased by 154%, and planted areas only increased 46%, which demonstrates productivity gains and the modernization of the Brazilian countryside. Brazil became the second largest agricultural producer in the world and one of the largest exporters, being surpassed only by the USA, with heavily subsidized agriculture. Brazilian production has met the growing demand from Asia, especially from China, which is a trend that remains for the future. Available studies show that between 80 and 90 million hectares of degraded pasture could still be used without deforestation.

¹⁵ According to a survey by the National Confederation of Industry (CNI), between 2001 and 2011, the North, Midwest and Northeast respectively increased by 1.9; 1.3 and 0.6 percentage points (p.p.) their participation in the country's Gross Domestic Product (GDP). In the South and Southeast, the movement was opposite, with a decrease of 2.1 and 1.7 p.p. in participation, respectively.

The Brazilian Agricultural Research Corporation (Embrapa), a public company, led research and development of new technologies that were decisive for the increase of productivity and efficiency of Brazilian agriculture. Embrapa's performance has been seriously jeopardized by the dismantling policy of the coup government. Its budget has suffered severe reductions and is seriously jeopardized for the 2018 tax year, with another programmed cut of 20%¹⁶.

The government is heavily involved in financing agricultural and livestock production through Banco do Brasil, the large public bank responsible for agricultural credit, with regional criteria and favoring the middle and small farmers. The government also acts in risk management with climate forecasting, *Seguro Safra*, and *Bolsa Estiagem*, among other protection mechanisms for producers, especially in the face of climate change and changes in hydrological cycles with strong impacts on production.

The government also participates in the commercialization of crops with regulatory stocks, which mitigate the strong price swings of agricultural products. All these public policies were strengthened and improved throughout the Workers' Party governments, ensuring the expressive results of Brazilian agricultural production, with successive records of harvests. Agriculture and livestock have played a very important role in the large trade surpluses of the recent period, due to the extraordinary competitiveness of Brazilian agriculture.

Despite all investments in highways, railways and ports, there are still major logistical deficiencies and there are no warehouses and silos for storage. These shortages in logistics and storage capacity of the harvest end up imposing significant losses on the country's agricultural production.

Programs to promote low-carbon agriculture have been developed, with the development of new technologies and innovations in management, but a major challenge still remains. The abusive use of pesticides, predatory land practices and above all the illegal deforestation of the *Cerrado* in the Midwest and the Amazon Forest remain the great challenge of the inspection and control institutions, especially the Brazilian Institute of Environment and Renewable Natural Resources (Ibama).

The Workers' Party governments resumed the aerospace agreements with China for launching much more precise territorial moni-

16 The main agricultural products are soybeans, corn and rice, which represent almost 90% of grain production. In addition, Brazil is the world's largest producer of sugar and one of the largest producers of ethanol. It is also the largest producer and exporter of orange juice, beef, second in poultry and third in pig farming.

toring satellites that allowed a leap in inspection and combat to illegal deforestation, especially in the Amazon region. The use of satellite imagery, associated with radars, rain gauges and hydrometers has improved specialized weather forecasts and greatly contributes to improved planting and crop yields.

The structural conditions of the Brazilian agriculture, land, water and climate are extremely favorable, and the regulatory framework of farms and agricultural production has evolved, with a view to greater control and preservation¹⁷.

The preservation of strategic natural resources, especially forests and water resources, remains an immense challenge. The coup government, in addition to postponing the full term of the Rural Environment Registry (CAR), sponsored an amnesty for environmental crimes, authorizing through a presidential decree that more than R\$ 4 billion in fines applied by federal agencies, especially Ibama, be converted into installments of services, weakening the inspection and fomenting the predatory agricultural production, that must and can be fought and surpassed.

INVESTMENTS IN FAMILY FARMING AND AGRARIAN REFORM

Thanks to the support of the PT governments, family farming has become a strategic sector for the country's development. Today, it is responsible for 70% of the food consumed by the Brazilians.

Mr. Da Silva and Ms. Rouseff perfected the National Program for Strengthening Family Farming (Pronaf) and multiplied the volume of credit. For the period 2014-2015, the government made R\$ 24.1 billion available for funding and investments. This was the largest volume of resources in the history of the program¹⁸.

The progress of Pronaf was the result of intense negotiations between Mr. Da Silva and Ms. Rouseff with representatives of the sector, such as the National Confederation of Agricultural Workers (Con-

17 A new legislation, the object of a long and complex parliamentary dispute, was approved in the form of the Forest Code in 2012, in Ms. Rouseff's government, which defined the general rules on where and how Brazilian native vegetation can be explored. It determines the areas to be preserved and the types of agricultural production for each region. An important innovation was the creation of the Rural Environmental Registry (CAR) and the National System of Rural Environmental Registry (SICAR), which establish the environmental conservation requirements of each property, allowing control and monitoring by information technology tools.

18 A Ordinance of 2013 enabled the renegotiation of the debts of 947 thousand settled families, 200 thousand of Pronaf. With the facility to liquidate and renegotiate debts, with discounts of up to 80%, families returned to the productive credit system, mobilizing eight million hectares for food production.

tag), the Federation of Workers in Family Farming (Fetraf Brasil), the Landless Workers' Movement (MST), the Movement People Affected by Dams (MAB) and the Small Farmers Movement (MPA).

The *Plano Safra* program for family farming, created by Mr. Da Silva in 2003, has been offering more resources to transform and advance the sector, which now has integrated credit, marketing, insurance, price guarantee and technical assistance policies that benefited around 450,000 farming families until 2014, according to the Ministry of Agrarian Development (MDA)¹⁹.

All the benefits generated by the Workers' Party governments have contributed to the increase in agricultural production in the country, which, as noted, has been breaking records in recent years. In 2013, the Gross Value of Production (GVP) reached about R\$ 438 billion. In 2014, the value surpassed R\$ 445 billion.

Agrarian reform was also boosted during the governments of Ms. Rousseff and Mr. Da Silva. Together, they settled, by 2014, 771 families on 51 million hectares, democratizing the land and increasing job and income opportunities in the countryside. In addition to credit, families started to receive benefits such as technical assistance, housing construction and remodeling, opening roads, installing water and electricity, seeds of high genetic quality, guaranteeing the sale of production and increasing levels of schooling.

Ms. Rousseff invested in the qualification of settlements, and for the first time a specific housing program was offered to the rural family, *Minha Casa, Minha Vida Rural*, which benefited 180,000 families in its first phase. The rural population can also count on the *Luz para Todos* program, which brought electricity to 97% of households. In 2001, only 78% of homes in rural areas had access to electricity. In turn, the *Água para Todos* program allowed 74% of rural households to have access to piped water, compared to 53% in 2001.

The Food Acquisition Program (PAA) and the National School Feeding Program (PNAE) were innovative projects that allowed family farmers to sell their products directly and also contribute to the good results of fighting hunger in the country and the quality of school meals. Through them, the local government bought food directly from the region's family farmers, which were supplied to school and offered food security to the population.

19 Before PT, the government invested only R\$ 56 million in technical assistance. In 2014, the investment was R\$ 1.1 billion. With the National Agency of Technical Assistance and Rural Extension (Anater), farmers started to have support to incorporate new technologies and increase productivity, providing greater integration between innovation and research developed by Embrapa and technical assistance and rural extension.

Women were protagonists in government programs in the countryside, created to strengthen the economic insertion of rural women workers, such as the National Program for the Documentation of the Rural Worker, the creation of *Pronaf Mulher* and the Program for the Productive Organization of Rural Women. Specialized services were also provided to women in situations of violence.

The Workers' Party government also created programs to encourage the permanence of young people in rural areas, such as the National Land Credit Program. The allocation of at least 5% of the vacant lots in the agrarian reform settlements for the children of the settlers creates real conditions for the possession and use of land for the youth. Ms. Rousseff's government created conditions for access to land by rural youth, by providing an extension of the *Pronaf Jovem* credit, technical assistance and specific rural extension and incentive to the agro-ecological transition with training actions.

CONSEQUENCES OF THE COUP IN AGRICULTURE AND IN THE COUNTRYSIDE

The coup seeks to implement a new model of accumulation centered on a night-watchman state, an orthodox tax policy, the reduction of labor costs and pensions (and consequently the increase of inequalities) and the insertion in new-world value chains.

Consequently, as to agriculture, the coup's guidelines will be:

- a. to privilege the interests of the agribusiness and the political ruralist benches that, in general, support and give parliamentary backing to the coup;
- b. to internationalize national agricultural production, including the sales of land to foreigners;
- c. to strongly limit investments in family farming and agrarian reform.

Regarding this last item, it is necessary to consider that Constitutional Amendment 95 is promoting a real disinvestment in these vital policies for the Brazilian rural population, which, nevertheless, could affect all Brazilian agriculture.

While it promotes the amnesty of agribusiness billionaire debts and does not hide its complicity with the interests of agricultural estates, Michel Temer's government stifles family farming, cutting funding from incentive programs, technical assistance and agrarian reform.

In this sense, the budget proposal for 2018, which the government has just approved in Congress, determines cuts of up to 99.8% in structuring actions for small producers. In addition to stifling family farming, the restrictions announce the end of social programs linked

to the production and access to food and condemn thousands of families to poverty and hunger²⁰.

Although the revision of the budget law has slightly changed these figures, it does not alter the basic fact that the coup government is promoting strong regressivity and cuts in family farming and agrarian reform policies, which will have far-reaching consequences, including with a strong evasion of the countryside, which has happened in other periods of history.

DEMOCRACY AND POPULAR PARTICIPATION

The Workers' Party and the leftist parties that have composed the political alliance and even some center parties that participated in the presidential coalition of the governments of Mr. Da Silva and Ms. Rousseff stem from democratic struggle. President Mr. Da Silva was one of the great political, union and workers' leaders in the struggle for redemocratization, and President Dilma Rousseff, a militant of the revolutionary left, who fought in hiding, was arrested and tortured.

The governments of Mr. Da Silva and Ms. Rousseff had a position of principle and a deep commitment to the democratic rule of law, with respect for the broadest democratic freedoms. The Workers' Party governments have always respected the separation and independence of powers, freedom of expression and the press, individual rights and guarantees and all the foundations of the Constitution of 1988.

Another important dimension was the initiative to expand spaces for popular participation and citizenship in the public spheres of the Brazilian State.

20 According to an analysis made by João Intini and Gerson Teixeira, from the Workers' Party advisory office in the Chamber of Deputies, cuts in the budget of the National Institute of Colonization and Agrarian Reform (INCRA) for the agrarian reform will fall by 86.7%, a fall of R\$ 800 million, in 2015, to R\$ 34 million, next year. Between 2017 and 2018, resources for rural technical assistance for the agrarian reform will be reduced from R\$ 85.4 million to R\$ 12.6 million, which means 85.2% less resources. In the last years of Ms. Dilma Rousseff's administration, between 2015 and 2016, these values corresponded to R\$ 355.4 million and R\$ 199.6 million, respectively. For the development infrastructure of the settlements in Brazil, resources will shift from R\$ 242.5 million in 2017 to R\$ 75.3 million in 2018, corresponding to a reduction of 69%. In 2015 and 2016, the amounts allocated to the infrastructure of the settlements were R\$ 261.9 million and R\$ 168.2 million, respectively. The promotion of education in the countryside, in the areas that were in charge of the INCRA, will increase from R\$ 14.8 million to R\$ 2 million from 2017 to 2018, representing a decrease of 86.1%. The estimated budget for the recognition and indemnification of *quilombola* territories – places of refuge for African and Afro-descendant slaves that have become territorial achievements through land rights, will suffer a cut of 62.5% in the same period.

The Ministry of Cities and the Secretariat of Institutional Relations were set up to improve the dialogue channels and to strengthen the federative pact. The Economic and Social Development Council (CDES), created during Mr. Da Silva's administration, was another complementary initiative for permanent dialogue with civil society.

A fundamental dimension of this process was the policies to promote women equality, with the creation of the Special Secretariat for Policies for Women. A set of actions and social policies of transversal and articulated management to face inequalities were implemented. Women took center stage in *Bolsa Família*, *Minha Casa, Minha Vida* and in the agrarian reform. It is also essential to highlight the National Pact to Combat Violence against Women and the conquest of the *Maria da Penha* Act, accompanied by the *Mulher Viver sem Violência* program and the innovative *Casa da Mulher Brasileira* project, which includes a set of policies and ensures a conceptual and political leap. The strength of these initiatives was evidenced in the coup itself, which is misogynist, and the composition of the coup ministry, which was the finished portrait of the retrogression (Menicucci, 2017).

Another historic milestone was the commitment of the Workers' Party governments to the struggle to overcome racism and promote racial equality. The governments of Mr. Da Silva and Ms. Rousseff changed the level of dialogue with the black movements, especially with the creation of the Secretariat for Policies for Promotion and Racial Equality, back in 2003 (Gomes, 2017).

Fundamental innovations have been implemented in education, such as the compulsory education of Afro-Brazilian and African history and culture in basic education. The most difficult advance, faced by long-standing parliamentary opposition led by DEM, the party of the current Minister of Education of the coup, was the approval of the Quota Law, which assures half of the vacancies for public school students nationwide throughout the network of federal universities and institutes, with differentiated access for low-income, black and indigenous students.

The quotas are a great success and have contributed, like Prouni, to a 268% increase in the access of young blacks to higher education. Equally relevant was the approval, in June 2014, of the reserve of 20% of vacancies in contests for public offices for blacks and blacks.

Racial inequality is very deep and the Workers' Party governments have begun to confront this heavy inheritance in a country that was the last to abolish slavery in the Americas. The coup, however, extinguished the ministries of Women, Racial Equality and Youth. In the first ministry of the coup there was not a single woman, black man or black woman. All process of accumulation and institutional

articulation to implement transversal policies and advances has been eliminated. But the Workers' Party governments have consolidated the values that without democracy there is no racial equality and with no racial equality, there is no democracy²¹.

Another important dimension was the advances in gender policy issues, with new public spaces for the GLBT community and movements and the fight against all forms of discrimination and prejudice. Here too, the setback is very serious, especially in the initiatives of the coup government to censor and prevent all gender discussions in schools. This fundamental dimension of the new National Common Curriculum Base for the training of students and young people was withdrawn by the Ministry of Education (MEC) from the coup government, that is, the role of schools in combating discrimination and homophobia and all forms of prejudice was erased, something essential for building a culture of peace and respect for differences.

Another advance that deserves attention concerns the achievement of the rights and interests of the indigenous population. In the governments of Mr. Da Silva and Ms. Rousseff, vast indigenous areas were demarcated, totaling 22 million hectares.

However, there was a lack of political debate and there was no politicization of the society, especially among the poorer segments and favored by public policies of inclusion and income distribution. Important sectors of the middle class reacted to the rise of the poor.

An example of this dissatisfaction was the strong oppositions to Prouni, the Quota Law, or even the *Bolsa Família* and the policy of valorization of the minimum wage, which made the cost of some services demanded by these middle sectors more expensive. It is evident that this whole process has been heavily contaminated by the intense opposition of the mainstream means of communication, which are extremely concentrated and aligned with the conservative and neoliberal opposition.

But historical experience shows that there is no change government, which promotes income distribution and justice, without popular and political struggle. Parliamentary elections are essential for governability, but advances sponsored by popular governments committed to structural change require new forms of direct democracy and strong popular participation (Rossetto, 2017).

21 The democratization of management and the expansion of popular participation involved 115 national sectorial conferences, 27 forums for discussion and formulation of public policies, 15 National Councils, and several negotiation, monitoring and evaluation panels.

THE CULTURAL POLICIES OF THE DEMOCRATIC STATE

In 1985, the Ministry of Culture (MinC) was created as one of the important acts of the democratic transition that marked the end of the military regime and indicated culture as an essential dimension of a democratic country. But it was in Workers' Party governments that culture gained the indispensable projection for the construction of a democratic, pluralistic and qualified nation project to face the immense challenges of the 21st century (Ferreira, 2017).

All the rich cultural politics, strategies and actions, in the Workers' Party governments, were conceived from three fundamental axes.

First, the symbolic dimension, which gives meaning and qualifies existence and social relations, essential to citizenship. Culture and art that expresses human beings, singles out social groups and identifies us in the midst of human diversity. Valuing cultural diversity, its permanent mutation and renewal developed all cultural policies.

Second, the dimension of culture and art as a fundamental right, as a basic and essential human need, such as food, health, housing and education, meaning culture and art as a factor of insertion and social recognition, of the full realization of the human being. To this end, all efforts were to promote cultural inclusion and give voice to the cultural expressions of the people, who were mostly outside the cultural goods market, depending exclusively on open, highly oligopolized television.

And finally, culture as economy, essential to the dynamism of the creative economy, increasingly important in the world economy. And, in this sense, the democratization of cultural access and production was essential.

MinC's management was markedly republican, contemporary in its concepts, methods, technologies and management procedures, seeking more transparency and efficiency.

There has been an important evolution in the legal framework of culture, with the National Culture Plan, the National Culture System, the *Cultura Viva* program, the Copyright Law, the ProCultura and new paths for copyright on the Internet, with the approval of the new Civil Rights Framework for the Internet.

Two fundamental dimensions of this whole process shall also be highlighted. The *Pontos de Cultura* program that fostered new processes of cultural production, from those who had never had access to public policies, in all the rich diversity of the historically excluded and marginalized peripheral population, and the advances in audiovisual production, as the country produced about a dozen films in 2003 and began to produce approximately 150 films a year, at the end of the democratic governments of the Workers' Party. MinC's budget has

grown sevenfold, from R\$ 287 million in the PSDB government, to a budget of around R\$ 1.3 billion.

Therefore, it was no coincidence that the creation of the Ministry of Culture was one of the first and most important acts of the democratic transition and its extinction was also one of the first measures taken by the Temer coup government. It was the strong reaction of the entire cultural sector — which had an extraordinary participation in the fight against the coup and the great negative repercussion in civil society — that made the coup government review this decision, but kept the MinC empty. The fundamentalist manifestations grew with the coup and censorship of the free artistic and cultural manifestation also returned. But surely the cultural politics of a democratic state was an important legacy of Workers' Party governments (Ferreira, 2017).

PUBLIC POLICY OF STATE OF CORRUPTION PREVENTION AND COMBATING

Since 2003, Brazil has had a public policy of preventing and combating corruption, through a set of internal and external control bodies, strengthened by the new government, and by a greater participation of the civil society in the management control. A new legal framework was formed, new bodies were created and existing ones were strengthened, which allowed the combination of preventive and repressive-punitive measures.

The narrative of the putschists tries to present to public opinion the Workers' Party governments as the most "corrupt of the history". Indeed, in this cynical and hypocritical narrative, the Workers' Party and its governments appear even as the "creators" of Brazilian corruption. According to this gross narrative manipulation, there was practically no corruption before in Brazil. With the Workers' Party, however, large and numerous scandals of misappropriation of public money would have begun to appear. In fact, the correct narrative is the opposite of this coup manipulation.

A cold and objective analysis of Brazil's recent historical period shows that the Workers' Party governments were the ones that contributed most to the fight against corruption, attacking its causes and the factors that caused it.

Firstly, the Workers' Party governments have extraordinarily strengthened state control institutions and have strongly promoted transparency in public management. The PSDB's neoliberal governments have promoted, in eight years, only 48 special operations of the Federal Police (PF) against corruption and evasion. By contrast, the Workers' Party governments carried out, until 2014, more than 2,195

PF operations for the same purpose. This was because the PF was strengthened by the hiring of more than 3,000 agents and delegates and its budget, which was R\$ 1.8 million in 2002, soared to R\$ 4.7 million in 2014. In addition, the PF was managed republicanly, as a state institution. Therefore, the governments of the supposed corrupt people have fought with much more commitment and vigor to the corruption than the governments of the false moralizers.

The Office of the Comptroller General of the Republic, a mockery of the government before Mr. Da Silva, and now symptomatically extinguished by the coup government, became an efficient institution in the Workers' Party federal funds for municipalities.

The Attorney General's Office and the Public Prosecutor's Office were also strengthened and, with the elimination of the policy of political control, they performed their duties with independence and resourcefulness.

Indeed, in the Workers' Party governments, the choice of independent prosecutors, appointed by the technical staff of the institutions, was systematically promoted. The PT governments, contrary to previous practice, always chose the prosecutor who was first on the list voted by the staff.

In this way, the Workers' Party governments assured these institutions total independence of action. The PT governments were, in this sense, the most republican in history.

It is unquestionable, however, that there are abuses and arbitrary actions, such as coercive conducts and preventive detentions without a reasonable legal basis and respect for the broad right of defense. There is also a strong movement of broad sectors of advocacy and civil society that call for a specific law that identifies arbitrary actions and punishes abuses by authorities.

It was also fundamental to the extinction of the sad figure of the "drawer-in-chief", who buried with ease very serious denunciations, such as the purchase of votes in the constitutional amendment of the reelection, that of the "*privataria*"²² spree, and many others, which were conveniently forgotten by the conservative media, which, at the time, played the part of the situation. The notable strengthening of the judiciary, which occurred recently, also contributed to a more rigorous and speedy investigation of illicit crimes. The promotion of new investigative laws, including the Criminal Organizations Act (No. 12850/2013), which modified the institute of the plea bargain, is another example of how the anti-corruption mechanisms widened

22 TN. "*Privataria*" is a mix of pirate action with privatization mechanisms. Similar to the term "briberization", coined by the American economist Joseph E. Stiglitz.

in the Workers' Party governments. In addition, with the Conflict of Interest Act; the new Money Laundering Act; the Law that instituted the Accountability of Legal Entities for Acts of Corruption; the Act that restructured the Administrative Council for Economic Defense (CADE) and other similar measures, promoted structural changes in the prevention and fight against corruption.

At the same time, with the creation of the Transparency Portal, which received several international awards, electronic auctions and the Access to Information Act, the federal public administration, which was totally opaque in the eyes of citizens, became much more receptive to the "sunlight disinfectant" to use the famous expression of Justice Hugo Black.

Clearly, such measures have increased allegations, whether or not substantiated, of cases of corruption, which has led to the false impression that corruption had grown. The conservative media, which confessedly acted in the Workers' Party governments as a major opposition party, tended to reinforce this false impression, often exaggerating the scope of the denunciations, politically selecting the cases to be flaunted and sometimes with mere suspicions, some with no basis such as irrefutable evidence of guilt.

Second, the Workers' Party governments initiated a process of republican reconstruction of the state, directing strongly public policies to combat the economic and social exclusion of the majority of the population. At the same time, they also generated a slow but safe process of building and strengthening citizenship, which tended to place the state apparatus under the aegis and control of a genuine public interest, no longer under the heel of some interests deprived of the secularly dominant groups.

In addition, progressive governments have strengthened the state and its public careers. It should be noted that the UN Convention against Corruption considers the strengthening of civil service, including through the payment of adequate wages, as one of the main preventive measures against corruption.

Third, the governments of Mr. Da Silva and Ms. Rousseff promoted a true social revolution in Brazil, removing millions of people from extreme poverty and providing social mobility to tens of millions of Brazilian citizens. This substantial improvement in the living conditions of the population, including in educational opportunities, also indirectly tends to cool the occurrence of the phenomenon of corruption in Brazil. After all, a broad, informed and active citizenship is the best inspector of the State.

THE FEDERAL GOVERNMENT AND PUBLIC SECURITY

In terms of public safety, the constitutional competencies fundamentally belong to the state governments. The Union can only operate within the scope of its police (federal and federal highway), border police (police and armed forces) and federal prisons (maximum-security prisons), transferring funds to other federal entities in the implementation of public security policies. The Union also acts in cases in which the public security system collapses or faces severe crisis, with legal provision by means of Law and Order Guarantee (GLO), when requested by the state government.

The public security situation is one of the great challenges of the country. Most of the state governments have not been able to deal effectively with the serious security problems and this continues to be one of the major concerns of the Brazilian population. Despite some progress, there is an unacceptable level of homicides that reaches 60,000 deaths a year, victims being mostly young, black and poor people. There is a serious crisis in the prison system, rebellions are recurrent, with an aggressive presence of criminal organizations, especially in drug trafficking, and, currently, a deterioration in important public safety indicators.

The policy of mass incarceration has led to the deterioration of prisons and lack of management, control and discipline, with 43% of prisoners being held in pre-trial detention without the conclusion of the trial. Congress has been deepening legislation that extends mass incarceration, despite having approved, with the support of the Workers' Party government, incentives for alternative sentences and the use of ankle monitors to help reverse this dramatic scenario. However, such measures have had little impact so far.

The governments of Mr. Da Silva and Ms. Rousseff, respectively, assumed a role in inducing security policies through the construction of integrated actions between the National Secretariat of Public Security (SENASP), belonging to the structure of the Ministry of Justice (MJ), Federal Police (PF), The Federal Highway Police (PRF), the National Penitentiary Department (DEPEN) and the Armed Forces. The following projects were developed (Martins Cardoso, 2017):

1. *National Public Security Force (FNSP)*: Created in Mr. Da Silva's government in 2004, based on the United Nations Peace Force (UN), the FNSP is made up of a body of public security professionals, who undergo a selective process and specialized training, and are mobilized and ready to operate throughout the national territory. Currently, it has 11 thousand professionals in its register.

Under the joint coordination of the federal and state governments, the FNPS supports special public security operations whenever requested by state governments and has already performed more than 200 operations. It has played a fundamental role in situations of public security crisis in several states of the federation.

2. *National Information System for Public Security, Prison and Drugs (SINESP)*: no one fights crime if they do not know when and where it occurs. The federal government did not have information passed on by the states that would allow authorities to plan a global confrontation of criminal practices and organizations, or an in-depth study of their structures and strategies. By an Act, in Ms. Rousseff's government, in 2012, SINESP was created, which is a system of national information and statistics that must be fed by the states, building a federal cooperation policy. This system gathers, systematizes and analyzes information on public security, justice, drugs and the prison system, assisting in the work of strategic intelligence and planning of the actions of the security forces.

States that fail to pass on information should not receive public security funds. With this improvement, during Ms. Rousseff's government, the process of standardization and capture of this information was developed. If it is given continuity, the country, in course of time, may have real-time knowledge of the occurrence of criminal practices throughout the national territory. One of the services available is the SINESP citizen, which allows anyone to check for stolen or robbed vehicles and people who have disappeared or have arrest warrants.

3. *Brasil Mais Seguro*: this project aimed at reducing homicide numbers was initiated during Ms. Rousseff's government as a pilot experiment in the state of Alagoas, responsible for a drop of 37.2% in crime in that state, between 2011 and 2014, which was the most violent within the country. It consists of integrated police practices, through actions focused on regions of high violence density, with the use of preventive police, ostensive police intelligence, improvement of investigative techniques and training of police officers.

In the second stage of the plan, which was halted by the coup, it would reach the country's 80 most violent cities, link universities to the study of the causes of violence, as well as federal, state and municipal social policies integrated and applied in these violent and vulnerable regions.

4. *Integrated Working Plan for Borders*: Brazil has a land border that equates directly to the distance between Brasilia and Beijing, about 17,000 km. For the first time in history, the construction of a joint action plan between the Ministry of Justice (MJ) and the Ministry of Defense (MD) was sought for border inspection. Through an Integrated Command and Control Center, joint actions of the PF, PRF, National Force, Federal Revenue, SENASP and the Armed Forces, based on their intelligence services, developed the Sentinela and Ágata operations, ran by the MJ and by the MD, respectively. The result was expressive. Since 2011, 606 police units have been structured in 263 municipalities and seized more than 910 thousand pounds of drugs, with hard defeats for organized crime.

The coup process prevented the launching of the second phase of the plan, which would include the participation of the Integrated Command and Control Centers of the States (donated by the MJ to the states, from the legacy of the World Cup and the construction of new Command and Control Centers in border states), an Integrated Command Center for International Police (for the PF) and an Integrated Border Command Center between Brazil, Argentina and Paraguay, in the Foz do Iguazu region. These centers would facilitate the integration of the state, federation and other police forces, giving greater use to the UAVs, specialized equipment for aerial monitoring of border regions.

5. *Crack, é possível vencer*: the first integrated action plan between the Ministry of Justice, the Ministry of Health and the Ministry of Social Development, developed by the federal government, after surveying vulnerable areas throughout the country. In the area of security, the repression of narcotrafficking and the definition of areas of preventive policing were strengthened in collaboration with the states. The MJ donated cameras, vehicles, mobile control centers, among other specialized equipment for the development of these operations.

In the health area, 367 thousand agents were trained and 8,034 therapeutic communities were trained, increasing the number of people who received care by means of public network vacancies and assisted care entities (SENAD/MJ). There were 132,230 thousand calls by 2014, with an average of 4 thousand calls per day. Social reintegration programs were developed and implemented by MDS.

6. *Plan for the Expansion and Improvement of the State Penitentiary System*: in an attempt to reduce the serious deficit of hundreds of thousands of vacancies of the national prison, the largest prison building program in history was executed. The program entailed the delivery of 20,000 vacancies during Mr. Da Silva's government, to be built by the states, plus 40,000 new vacancies hired during Ms. Rousseff's government. The average time for the construction of prison units is five years. The second stage of the program would be fully completed by the end of 2018.

In addition, four maximum-security prisons were built and a fifth was under construction in the Federal District, at the end of Ms. Rousseff's government. At the same time, programs were developed to improve the alternative punishment system and, especially, the state electronic monitoring system, an action that would avoid the application of sentences restricting freedom in improper situations, with a new Act approved by the National Congress. Important programs for the remission of sentences, with the study, education, health and work for the prisoner as counterparts, were developed based on the improvement of criminal legislation. Integrated activities between the MJ, the National Justice Council (CNJ) and the National Council of Public Prosecution (CNMP) were held, such as judicial trusts in prisons and custody hearings. The implementation of an integrated system of criminal enforcement data, essential for the monitoring of penitentiary activities in every country, was also initiated. A system of prison intelligence integrated between the MJ and the states was also created.

7. *Combating money laundering*: the adoption of a stricter legislation on money laundering crimes in 2012, during Ms. Rousseff's government, allowed the intensification of PF actions through intelligence actions against companies involved in these crimes and the use of laboratories donated by the MJ, which detect such criminal practices in federal and state investigations.

8. *Rodovia*: is an accident reduction program in federal highways, which has extraordinarily succeeded. The approval of the Lei Seca (Prohibition Act) by the National Congress in Mr. Da Silva's administration allowed for better management of the police forces, the creation of new management standards and the fight against dangerous practices (alcohol, drugs, non-use of safety belts, dangerous overtaking, among others). Through

the use of repressive means, it was possible to reverse the growth of road accidents and to facilitate a sharp fall in the number of accidents, including serious accidents, injuries and deaths, exceeding the targets set by specialized international organizations.

9. *Security at major events*: through integrated security plans (MJ/MD/state police), plans of excellence were developed in the area of public security during major events in the period. Public safety was assessed by tourists and participants as one of the most successful items at all major events (Rio +20, Confederations Cup, visit of the Pope, World Cup and Olympics — the latter, albeit under the interim government of the coup, had all the planning and preparation carried out by Ms. Rousseff's government). A major police integration project was initiated, with an important legacy for the country's public safety culture, with the acquisition of state-of-the-art equipment, such as more than ten thousand integrated video surveillance cameras, as well as 15 Integrated Command and Control Centers, involving 170,000 public security professionals.
10. *Support for states in public security crises*: through integrated actions of the MJ and state governments, encouraged by the Ministry of Defense (MD), support was given, for example, in the state of Santa Catarina, when serious threats by criminal organizations took place. These operations occurred with the preventive police siege in vulnerable areas, in all modes (land, air and sea), removal of leaders arrested for federal maximum security prisons on FAB planes, intensification of intelligence actions and *mutirões carcerários*²³ by the public defender of- fice, coordinated by the MJ.
11. *Law Enforcement Operations*: executed in an integrated manner between the MD and the MJ, occurred in police offices in several states and in situations of public security crisis, whenever requested by governors, as has occurred in several moments in the state of Rio de Janeiro.

23 TN. *Mutirões carcerários* are operations carried out under the responsibility of the CNJ, based on the guarantee of due process of law with the review of the prisons of definitive and provisional prisoners and the inspection in the prisons of the State. The initiative brings together judges who visit states prisons to analyze the procedural situation of persons serving their sentence, as well as to inspect the units in order to avoid irregularities.

New initiatives by the federal government, in the form of partnerships such as state security forces, were very important in improving public safety. As explained, the issue is, as a matter of priority, a constitutional responsibility of the states and continues to be an immense challenge, especially the mass incarceration and the activities of criminal organizations involved in drug trafficking, which have grown and dominate the prison system in several states of the federation.

SUSTAINABILITY AND PROTECTION TO THE ENVIRONMENT

The recent Brazilian development, facing both the issues related to the classic development of the 20th century and the new challenges of the 21st century, began to lay the foundations for the promotion of environmental sustainability and the challenge of the constitution of a new green economy in the country.

Undoubtedly, this process of transforming our development into increasingly sustainable development has been intensified by the current global environmental crisis. And the most emblematic face of this environmental crisis is climate change. In fact, the empirical evidence that the current model of unbalanced, carbon intensive economic growth is depleting is growing stronger. For instance, the global warming caused by the intensification of the greenhouse effect stands out for the extent and intensity of its impact.

In addition, the countries most affected by the warming will be the poorest and those located in tropical areas. Because of its geographical location and natural characteristics, our country would be strongly impacted by global warming. In the event of its occurrence, the pluviometric regime is expected to change, with heavy rains in the South-southeast region and intensification of drought periods in the Northeastern semi-arid region. The Amazon, which is essential for the balance of the continental climate, may undergo a process of savanization caused by the increase in evapotranspiration. As a result, vast areas of *cerrado* will lose their precious water source, with heavy losses for the agricultural activity in Brazil.

In view of this potentially negative scenario, the Workers' Party governments adopted the strategy of articulating a new development pattern, which combines measures aimed at the transition to the low-carbon economy, at the internal level, with an active and proactive stance in international conferences for coordinated actions on climate change, at the external level.

This strategy resulted in the establishment of the National Policy on Climate Change. This demonstrated concretely that the country would be able to set plausible targets for the reduction of greenhouse gases, in the proportion necessary to contain the environmental crisis.

In addition, the areas of environmental protection have been considerably expanded and the levels of deforestation substantially reduced, especially in the Amazon.

These internal advances allowed Brazil to notably change its position in the international scenario. Indeed, on the external front, the Brazilian protagonism in the theme had historically been marked by the defense of the responsibility of the rich and industrialized countries over the historical emissions of greenhouse gases and the right of the poor countries to grow economically and surpass the limitations imposed by underdevelopment, in accordance with the concept of “sustainable development”. This eminently defensive stance was, at the time, necessary to counteract the essentially conservative posture of developed-country environmentalists who advocated reducing economic growth as the only way to ensure environmental equilibrium.

However, at the UN Conferences on Climate Change — Rio +20 and COP 15, Brazil emerged from this eminently defensive historical position and offered concrete proposals: a National Policy on Climate Change, a Fund for financing mitigation and adaptation actions to climate change, and, most importantly, the commitment to reduce 36.1% to 38.9% emissions from greenhouse gases, as well as to reduce Amazon deforestation by 80%.

These substantial internal and external changes of the country in regards to the environmental issue, especially in combating climate change, have dramatically increased our role in the impressive global transition from the “carbonized economy” to the “green and creative economy”, for which Brazil has enormous potential.

These changes were understood by the Workers’ Party governments, which altered the paradigm of Brazil’s action in this area and which have had quite significant success in combating our great “Achilles heel” in the environmental issue: Amazon deforestation²⁴.

Equally important was the bold goal of President Dilma Rousseff, announced at COP 21 in Paris, to increase the share of new renewable sources (solar, wind and biomass) to 24% in the generation of electricity by 2030. At the beginning of the Workers’ Party government, there was virtually no installed capacity for renewable energy. In 2014, the share of wind power reached 5% and biomass reached 10% of the total capacity. In the last year of government, in 2015, Brazil was the

24 In 2012, during Ms. Rousseff’s government, Brazil had the lowest deforestation rate in its documented history. The reduction of deforestation in Brazil reached 76.27% in relation to the levels practiced up to the beginning of this century, which puts the country in a position very close to compliance with reducing deforestation by 80%, in accordance with the commitment assumed at COP 15.

4th country in the world to add wind capacity in wind farms. Thus, the new pattern of development of the PT governments has been, although still insufficient, a process of sustainable development.

THE REDUCTION OF EXTERNAL VULNERABILITY AND THE SOVEREIGN INTERNATIONAL INSERTION

At the beginning of Mr. Da Silva's administration in 2003, our economy faced extreme vulnerability to external shocks with almost no foreign exchange reserves of its own, and we had three times approached the IMF to manage the crisis of external accounts.

In the meantime, we had a favorable international environment until the great crisis of 2009, with an upward cycle in commodity prices and important improvements in terms of international trade. The Workers' Party governments competently took advantage of the aforementioned world trade scenario, diversified Brazil's trade and economic partnerships and, in a short time, reduced the external vulnerability of the economy. The country became a net international lender, including from the International Monetary Fund (IMF). Were it not for the haughty and active foreign policy, Brazil would not have made good use of this international cycle.

The new foreign policy prioritized the South-South relationship, without neglecting the North-South relationship, completely changing the subordinate insertion that marked our diplomacy. Brazil has had a great lead in the Latin American regional integration, with the strengthening of Mercosul and the creation of the Community of Latin American and Caribbean States (Celac) and the Union of South American Nations (Unasur).

Intra-Mercosul Brazilian foreign trade grew well above trade with other regions and was marked by the predominant exports of manufactured products, as well as the growing presence of Brazilian companies in the export of services to the economies of the region. The BRICS was a political construct that gave new international prominence to developing countries and opened up new possibilities for strategic and unprecedented partnerships between Brazil, China, Russia, India and South Africa.

Brazil's export growth rate was higher than the average growth in international trade. Brazilian participation in world trade, which was 0.92% in the period 1999-2002, increased to 1.32% between 2011 and 2014. The generation of large commercial surpluses and unprecedented and high accumulation of foreign exchange reserves at the level of US\$ 370 billion accompanied this improvement. This level of exchange reserves was decisive in facing up to crises and international financial instability, as occurred with the great international financial crisis of 2009. It is important to note, however, that the burden of re-

serves is negligible because it protects the Brazilian economy in the international financial instabilities, but it has a high fiscal cost, close to 2% of GDP per year, due to the imbalances arising from the high interest rates practiced in Brazil by the Central Bank.

This is a very important feature of the new pattern of development, because national developmentalism of the past often deteriorated external accounts, such as at the end of the 1956-61 *Plano de Metas*²⁵ in Juscelino Kubitschek's government, or even the 2nd National Development Plan (II PND²⁶).

It is a relevant macroeconomic inflection in relation to the long period of external debt crisis. It also represented an overcoming of the serious balance of payments crisis that the prolonged use of the exchange rate anchor by the Real Plan imposed on the country, which ended with our subordination to the requirements of the IMF, at the end of FHC's government.

However, the large trade surpluses generated in the PT governments, accompanied by the *Banco Central* interest policy, which for a long time fueled the arbitrage of speculative capital, also contributed to a new cycle of appreciation of the exchange rate and to the aggregate demand, especially of manufactured products (Carneiro, 2017). The appreciation of the exchange rate is one of the major obstacles to the advance of industrialization and has even contributed to the de-industrialization of some productive chains.

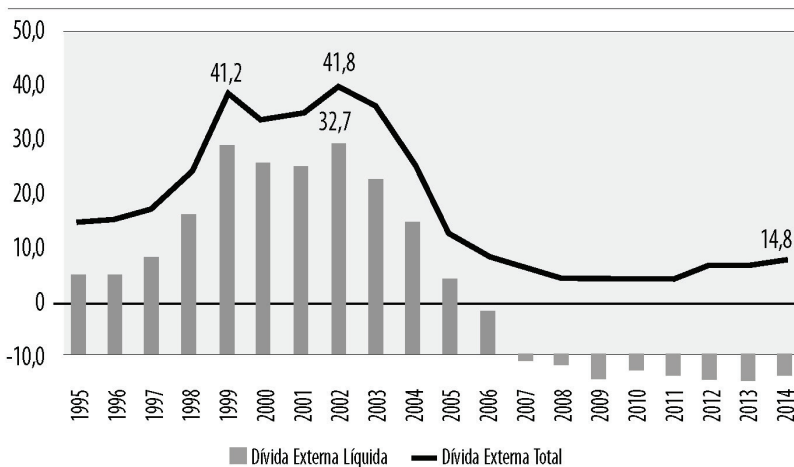
The gains from the new foreign policy were not restricted, however, to the commercial and economic aspects. There were also notable political and diplomatic advances. By diversifying its partnerships and asserting its interests on the world stage more assertively, Brazil became a leading international actor. Our country has a decisive presence in all world forums, and President Lula da Silva and President Dilma Rousseff have become great international leaders. In particular, Brazil's actions in favor of a less asymmetric and more multipolar world, with a greater presence of developing countries in decision-making processes, have made us a positive and highly respected global leadership. The creation of the G20 with the participation of heads of state, which in this period was the main multilateral forum for discussion and coordination of the world economy, and the articulation of BRICS would have been impossible without the decisive and proac-

25 TN. Economic plan developed under the government of Juscelino Kubitschek to accelerate the Brazilian economy through the project of industrialization and modernization with investments in roads, steel mills, hydroelectric power plants, merchant marine and the construction of Brasília.

26 TN It was a Brazilian economic plan, launched at the end of 1974 that aimed at stimulating the production of basic inputs, capital goods, food and energy.

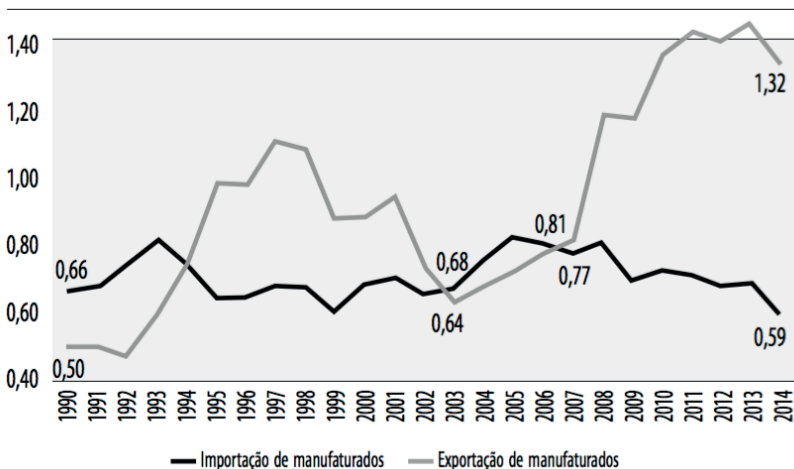
tive presence of Brazil. Our Country and the BRICS also played a key role in IMF reform, in which developing countries have more quotas and greater decision-making power.

Figure 2
Gross and net external debt (% of GDP) - 1995-2014



Source: Banco Central

Figure 3
Brazil's participation in exports and imports of total manufacturing (%) - 1990-2014



Source: WDI - World Bank - NEIT- IE- UNICAMP

Thus, haughty and active foreign policy, accompanied by a favorable cycle in world trade, has changed Brazil's international presence and brought new possibilities for commercial, technological, economic and political partnerships. It significantly reduced external vulnerability with large surpluses and accumulation of foreign exchange reserves, but did not overcome the appreciation of the exchange rate and its extremely unfavorable impact on the trade in manufactured products and, consequently, the performance of the Brazilian industry.

SOME WORDS ON NATIONAL DEFENSE

The projection of a country's interests in the complex and competing world scenario happens essentially in two forms: foreign policy and defense policy.

Thus, the full projection of Brazil's strategic interests in the international arena, although dependent on a consistent foreign policy, cannot dispense, also, with a solid defense policy.

Indeed, a country of the geographic, demographic and economic dimensions of Brazil cannot do without an efficient defense policy. Even in the context of a peaceful region, such as South America, Brazil, with its abundant strategic resources (fresh water, biodiversity, land, pre-salt, etc.) and its recent international geopolitical projection, arouses covetousness and rivalries that have to be neutralized.

However, throughout the neoliberal governments, exclusive emphasis was placed on diplomatic persuasion as an instrument to achieve the country's strategic objectives on the international scene.

Undoubtedly, diplomatic persuasion should be the principal means of asserting the interests of nations, especially of peaceful nations, such as Brazil. However, it must be acknowledged that such persuasion works most effectively when supplemented by strategic deterrence.

As the former Foreign Minister and former Minister of Defense Celso Amorim pointed out:

One cannot be the seventh economy, a member of BRICS and G-20, to have all the importance that Brazil has assumed and have no properly equipped Armed Forces. The existence of trained and equipped forces strengthens diplomatic capacity and minimizes the possibility of aggression, allowing defense policy to contribute to foreign policy focused on peace and development.

Therefore, the construction of an Industrial Defense Base (BID) began to be given renewed priority in the Workers' Party governments, which, along with the replacement of the armed forces, would constitute the central strategic pillar of Brazil's defense.

It was estimated that the government should invest hundreds of billions reais in the coming decades in a set of retrofitting programs aimed at modernizing and strengthening the defense structure (Defense Equipment and Articulation Plan, PAED). The implementation of this plan would be fundamental for the position that Brazil intends to conquer in the economic and political scenario²⁷.

In addition, a number of institutional measures have been taken to achieve the goal of providing the country with a solid Industrial Defense Base.

In 2005, the new National Defense Policy (PDN) was launched, which focused on training in the production of materials and equipment with high added value in technology, with a view to reducing the country's external dependence in this strategic area.

In turn, the National Defense Strategy (END), launched in 2008, established the "revitalization of the defense material industry" as one of the three structuring axes for the defense of the country, alongside the reorganization of the Armed Forces and of its composition policy. Thus, the inseparable link between defense and development has been confirmed. BID has come to be seen as a driver of technological innovations with civil applications. END also stimulated independent technological development, especially in the nuclear, cybernetic and space sectors.

In 2011, with the launch of the Plano Brasil Maior program (PBM), the technological development of national defense was strengthened. The PBM aimed at increasing the competitiveness of the national industry through incentives for innovation and value addition. In this sense, the PBM chose the defense industrial complex as one of the strategic programs in strategic areas.

With these initiatives, the use of strategic investment capacity of the country was aimed at reorganizing and strengthening the national defense industry.

These internal initiatives were complemented internationally by the establishment of partnerships in the area of defense. The strategic partnership with France, for instance, is of vital importance for the development of a nuclear submarine. The partnership established with Sweden is crucial for the development of the fighter aircraft in Brazil.

27 Among the main programs planned and developed were the Brazilian Navy Submarine Development Program (Prosub), the HX-BR Project (helicopter program), the FX-2 Project (fighter aircrafts), the Prosuper-Subproject of Obtaining Surface Resources (surface vessels), the Integrated Border Monitoring System (Sifron) and the Blue Amazon Management System (SIS-GAAZ, for coastal monitoring).

This set of initiatives, both internal and external, aimed at the construction of a diversified Industrial Defense Base, which would support the adequate refitting of our Armed Forces and the national technological development.

Nevertheless, it must be considered that this construction, based on complex strategic projects, required a long time of maturation and consolidation. Unfortunately, this considerable historic time has been interrupted in recent times by the parliamentary coup, committed with the implementation of an ultraneoliberal agenda in Brazil.

This regressive, anti-popular and anti-national agenda seriously compromises this construction, as well as other aspects of the Workers' Party political project, which sought to create a just, democratic and sovereign country.

Thus, the aforementioned strategic projects for Brazil's defense and national development are now in danger, with EC 95/2016, which froze primary expenditures for a long period of 20 years. In the simulations carried out, investments are expected to suffer brutal contractions, since the mandatory constitutional expenses, together with the increase in population, are expected to increase substantially in the coming years.

In addition to the damage that the Constitutional Amendment 95 will inevitably cause to the National Defense Strategy, it is also necessary to analyze that the *Lava Jato*²⁸ operation, which without the necessary protective measures of companies and jobs, has been causing considerable losses to the Defense Industrial Base.

We have no doubt that the combination of *Lava Jato*, which is destroying the business arm of the National Defense Strategy with EC 95 of 2016, which will drastically reduce state investments in this area, could bring Brazil back to the 1990s, when the emphasis given by neoliberalism was that of the country's disarmament.

PUBLIC INVESTMENT AND THE INDUCTION OF INVESTMENTS

Another important element was the expansion of public investments. With the PAC, in 2007, coordinated by the then Chief Minister of the Civil House Dilma Rousseff, there was a change in the pattern of coordination, elaboration and execution of strategic projects of investments in social infrastructure, logistics and energy and the country had again an extremely vigorous growth of heavy civil construction, giving great impetus to national engineering. The most relevant aspect

28 TN. The analysis of the *Lava Jato* operation will be developed further, however, it seems relevant to mention that this operation is a set of investigations in progress by the Federal Police of Brazil, which aims at exploring corruption, money laundering and bribery schemes in the public spheres of the Brazilian State.

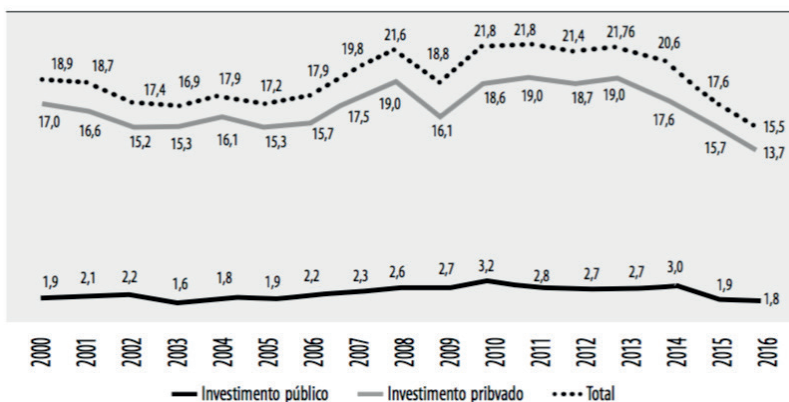
of the PAC was to equate, with a decisive participation of BNDES, the long-term financing for investments in infrastructure. BNDES had a higher volume of financing than the World Bank itself. In 2009, in the midst of the world economic crisis, the largest popular housing program was launched, the MCMV, which together with other PAC investments, allowed for a quick recovery from the crisis. In 2010, the economy grew by 7.5% (Belchior, 2017).

These efforts of planning, public-private partnership and state-of-the-art productive sector, with a new pattern of long-term financing, with the TJLP (Long Term Interest Rate) and an outstanding participation of BNDES were very important to increasing in gross fixed capital formation. Nevertheless, the efforts fell short of earlier periods of the country's economic history, especially the period prior to the protracted external debt crisis and the hyperinflation of the 1980s.

However, it is important to note that the improvement in the external accounts also brought about an appreciation in the exchange rate, which stimulated the leakage of a portion of domestic demand, impacting major industrial chains and damaging industry and investments.

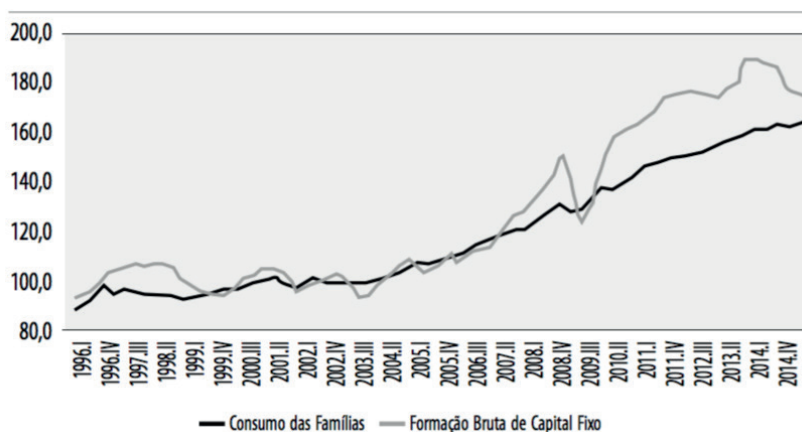
Nevertheless, it is incorrect to assert that the cycle of economic growth of the Workers' Party governments was based only on the growth of domestic consumption, even though the mass consumer market has assumed a fundamental role in the new dynamics of capital accumulation. In fact, as can be clearly seen in Figure 5, there was also a significant increase in investments, stimulated by the leading role of public investments and financing.

Figure 4
Economic investment rate (% of GDP) - 2000-2016



Source: Ministry of Finance and IBGE – MP

Figure 5
Investment and consumption of families (average 2002=100) - 1996-2014



Source: CNT (Ref. 2010) – IBGE

The PAC resumed planning and changed the pattern of long-term financing and governance of public investments in infrastructure. In the energy sector, which came from a scenario of loss of confidence and increased risk, a strategic plan was implemented that involved the realization of 37 auctions of energy commercialization and the construction of 57 thousand km of new transmission lines with interconnection of the systems, an important change in the policy of renewing concessions and improving system governance (Tolmasquim, 2017). In addition, renewable energy sources have been promoted and the implementation of the *Luz para Todos* program, which has universalized access to electricity with 3.3 million new connections, benefiting 15 million people.

In transportation, 23,300 km of highways were recovered. The change in the concession model allowed investments to be doubled compared to the previous period, with relatively lower tariffs, and cargo transported grew 32%. Over 10,000 km of railways were built. In sum, infrastructure investments grew twice above GDP in the period, with a deep modernization of airports and part of the port structure.

Finally, it is important to point out that all this effort in the design of projects, the constitution of integration mechanisms, and the coordination of state enterprises and government bodies to boost public investment, in partnership with the private sector, contributed to the resumption of growth.

The resumption of public and state investment was fundamental, but insufficient for a more consistent and sustained acceleration of the country's economic growth in the aforementioned historical period.

MANAGEMENT OF STRATEGIC NATURAL RESOURCES

Another important element of the new development standard was the better use of the country's natural resources, such as its arable land, mineral wealth and, in particular, oil reserves.

It was in the Workers' Party governments that Petrobras developed unprecedented technological innovation in the international petroleum industry and discovered the great strategic reserves of the pre-salt layer. The Workers' Party government faced a heavy political and ideological battle, especially when the ninth round of bids was halted after the discovery of large strategic reserves in the pre-salt polygon. The government sought to preserve public control over reserves and to build a regulatory framework that would allow the use of this new energy source to boost the associated industry, such as shipbuilding, refining and logistics and distribution.

Petrobras as the sole operator, the minimum level of 30% in its partnerships in the pre-salt polygon and the local content and taxation policy were focused on industrialization in the entire gas and oil sector. Thus, in addition to self-sufficiency, the country would also be an exporter of oil products, generating more added value and internalizing the investments associated with the discovery of large reserves.

Petrobras alone accounted for approximately 50% of total public investment. The potential of Petrobras' investments was strengthened by the demand for local content, stimulating a broad network of suppliers, both in the technological and productive areas. And the results and perspectives in increasing the production of oil and oil products are very significant and strategic, with a relevant impact on the country's trade balance. Pre-salt production is already beginning to outpace post-salt production and this trend is expected to accelerate rapidly. However, the rapid privatization of the pre-salt reserves and of Petrobras itself, by Temer's coup government, has already allocated about 30% of production to major international oil companies.

These three fronts of expansion — the internal mass consumption market, public investments and the new standard of natural resource management — have been strengthened by the change in the use of public management and development induction instruments.

EXPANSION OF CREDIT AND PUBLIC BANK ACTIVITIES

In the Workers' Party governments, the expansion of credit for the leverage of investments and for the expansion of a mass consumption market was very important. In 2002, total credit in the economy was only 25% of GDP. Between 2003 and 2015, credit as a proportion of GDP doubled, from 24.7% in 2003 to 54.5% in 2015.

In this process of marked expansion of credit, all public banks were indispensable. BNDES disbursements, for example, especially those destined to productive investment, went from R\$ 35.2 billion in 2003 to around R\$ 190 billion in 2014.

Banco do Brasil (BB) worked heavily on consigned credit, credit for individuals and corporate entities, for financing agriculture and for targeted productive microcredit. *Plano Safra* was decisive for the exponential increase of agricultural production, modernization of the field and strong increase of productivity. Pronaf for family agriculture was also decisive for the settlements of the agrarian reform and for the modernization of family farming.

Caixa Econômica Federal (CEF), in turn, expanded the network of bank correspondents and was essential in the payment of social programs, in the provision of payroll loans and in access to credit for the lower income population. No less important was its role in housing finance and investments in urban mobility and sanitation, making this bank responsible for about 70% of housing finance and the second largest financier of long-term projects, behind only BNDES (Percival, 2017).

These two public retail banks acted together in a successful policy of broad banking, carried out since 2004, which favored the access of the lower income population to banking and credit services. Equally important was the contribution of Banco do Brasil and Caixa to the reduction of interest and banking spreads in 2004/2007 and 2012/2013, acting strongly in the market in which they are important competitors of private banks. BNDES was essential for the expansion of long-term credit to companies in other sectors, especially infrastructure, energy and industry in general (Mattoso, 2017). A fact that must be mentioned is that the important reduction of the Selic and the banking spreads generated a strong political reaction by the agents of the financial system, with the support of large business and middle-class sectors. Companies in which financial profit is greater than the profitability of production and savers who have settled into rentier politics reacted to this government effort, revealing the depth of the financialization process of wealth and the economy.

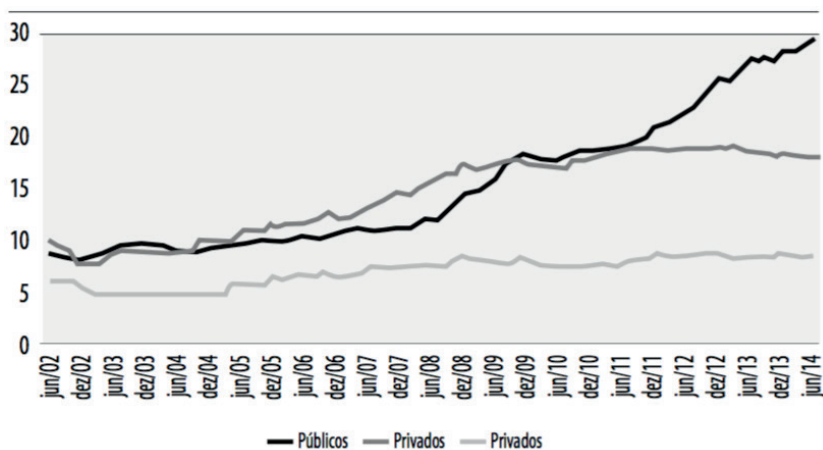
At the same time, according to data from *Banco Central* (BC), in January 2005, family debt amounted to 18.42% of family income. With very high interest rates, indebtedness is increasing regularly, reaching a maximum of 46.17% in 2015. In 2012 the progressive financial commitment of families by the accumulated debt had already been noted. These two dimensions of the financialization process of the Brazilian economy require a very in-depth reflection on the nature and complexity of credit and its implications on the Brazilian economy (BCB, DEPEC, 2015 and Dowbor, 2017: 99).

During the Workers' Party governments, an important strengthening of the private capital market took place, which almost quintupled its size compared to FHC's government. New market instruments were developed for long-term financing; such as debentures encouraged without the collection of Income Tax and financial bills for banks to also capture funding for long-term investments. However, it is still short of the needs of large investments and a longer maturation period, such as investments in infrastructure. For this reason, BNDES played a decisive role, always acting with strict technical criteria.

Evidently, credit assessment and investment monitoring processes can always be improved, but this has no direct relation to the sharp credit crunch after 2015 and the dismantling of public banks initiated under Michel Temer's government, claimed by the private sector and made a priority component of the neoliberal agenda.

It is also important to mention the role of the Financier of Studies and Projects (Finep) and of the Brazilian Industrial Research and Innovation Company (Embrapii), created in Ms. Rousseff's government, in financing technological innovation. The Brazilian business sector, the product of late capitalism and of delayed industrialization, has a low culture of innovation and the Brazilian State has developed few instruments that are effectively geared to the promotion of patents and innovations.

Figure 6
Participation of banks in credit, by capital origin (% of GDP) - 2002-2014



Source: CNT (Ref. 2010) – IBGE

The new Finep, and especially Embrapii, sought to change this pattern, breaking with the decentralized pattern and supply logic of science and technology institutions. Embrapii's new financing model began to meet the effective demand of industry and the private sector, in the form of technological partnerships with the institutes of science and technology, enabling concrete projects focused on innovations and the development of excellent patents results achieved in a short period of time.

THE "MITO DA GASTANÇA"²⁹ AND FISCAL RESPONSIBILITY

Contrary to what the neoliberal opposition says, throughout the period 2003-2013 there was a very solid fiscal trajectory with high primary surpluses in comparison to the Brazilian history and the rest of the world. There was also a declining trajectory of public debts, both net and gross, and interest payments were reduced and remained relatively controlled.

The main factors that explain this phenomenon were the strong economic growth, which broadens the collection base, the significant formalization in the labor market and the reduction in unemployment rates, which contributed decisively to a greater increase in the General Social Welfare Policy (RGPS) and an extremely solid trajectory, in terms of the Social Security Policy and any Security regime, with revenues growing more than expenses.

The first three years of President Dilma Rousseff's first term were certainly the three years in which Brazil had the lowest net public debt in its history since the late 1970s. In other words, Ms. Rousseff's government lived with the lowest public indebtedness in almost 40 years and with one of the lowest average inflation rates of a presidential term in almost 50 years. And these indicators were associated with lower unemployment rates in the historical series. To add to this, the primary public deficit of her first term was, on average, the lowest of our historical record, with the exception of President Lula da Silva's term.

From 2014, however, the fiscal results presented a divergent trajectory of the positive trend observed in the previous period. This worsening in the primary result of 2014, as could be seen later, is mainly explained by the sharp fall in the growth rate of collections and not by the lack of control in public spending.

The Workers' Party governments have increased the taxation of banks over time in the form of the Social Contribution on Net Profits (CSLL), which, together with Corporate Income Tax, represented an increase of nine percentage points in the income received by the

29 TN. *Gastança* is a term that refers to excessive and unnecessary spending. It is treated by the Workers' Party as a myth as it is believed to be an invention of the mainstream media and the opposition based on biased data.

financial system. In addition, the system also had an increase in the Financial Transaction Tax (IOF). On the other hand, the government has sought to relieve investment, the productive sector and the payroll, especially from industry, in important sectors and strongly impacted by strong international competitiveness, especially by China.

The industry had been heavily affected by appreciation of the exchange rate and the interest rates charged by the *Banco Central*. The payroll exemptions were essential for the prevention of employment and indirectly for the collection of Social Security. Some programs, such as *Brasil Maior*, especially the *Inovar Auto*, sought to burden automotive imports and discard research, development and innovations and internalization of production, to stimulate increased competitiveness and the strengthening of the production chain. All the government initiatives for payroll relief were selective and within this strategy of defending employment and production, although it has to be acknowledged, they were often amplified without the same technical criteria by the Chamber of Deputies in 2014 and 2015. It is important to remember that the “*blocão*”, led by Deputy Eduardo Cunha (PMDB), was formed in the Chamber of Deputies in 2014.

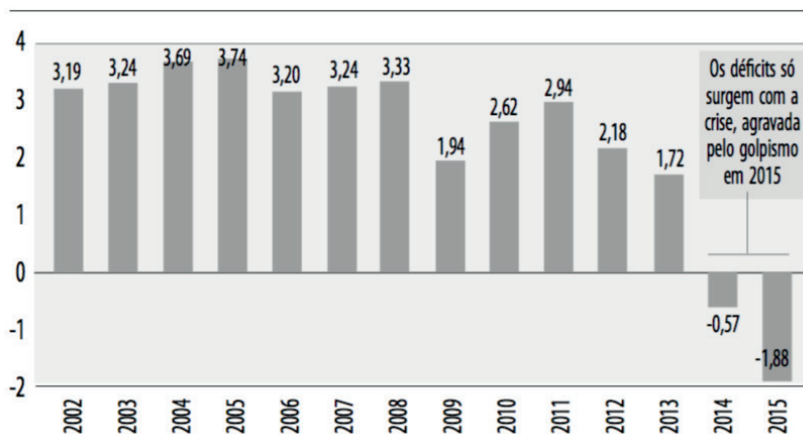
The “*blocão*” was a parliamentary initiative that articulated important parties of the base of the government and that had a prominent role in the uncontrolled enlargement of the exemptions, with no criteria, among other benefits to the private sector that aggravated the tax crisis.

Another relevant aspect in the collection of taxes has been the impact of the Tax Debt Refinancing (Repos) programs. At the beginning of Mr. Da Silva’s administration, in the context of a strong economic crisis inherited from FHC’s government, the first fiscal debt refinancing program was opened, with an important impact on tax collection, tax regularization of companies, especially small and medium-sized companies — fundamental in the generation and maintenance of jobs. In the severe international economic and financial crisis initiated in 2008, a new initiative followed with the same objective. However, such programs cannot become routine because they end up contributing to a culture of non-payment of taxes. The successive Refis end up stimulating non-payment of taxes in return for the benefit of generous installments of arrears. These programs also stem from strong corporate presence and pressure on the parliamentary base.

Clearly, the sharp downturn in the economy and the recession that has taken place in the country have played a decisive role in the fall in revenue and in the severe tax crisis. It is equally important to recognize that some specific public policies and programs needed ad-

justments, more rationalization and more aligned with the new economic framework³⁰.

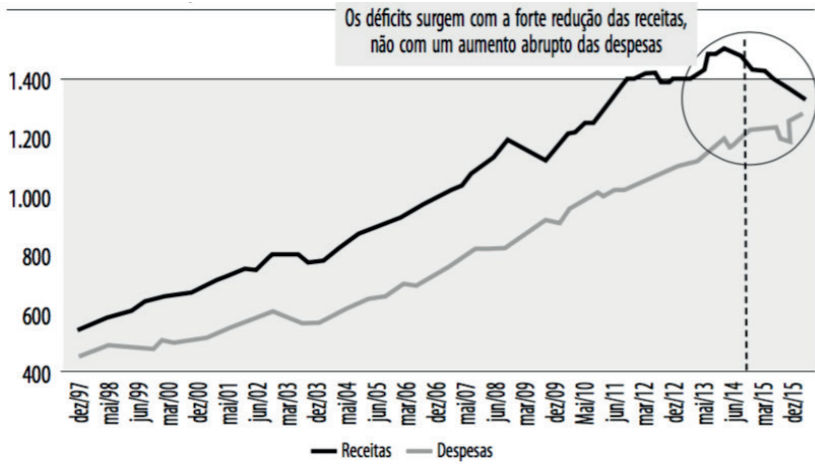
Figure 7
Results of the Public Sector (% GDP) - 2002-2015



Source: BCB - Marcelo Zero

30 A good example was the complete and qualified reformulation of the Fies in 2015. Fies grew rapidly after 2010 to meet a repressed demand for access to higher education, which manifested itself in Enem with more than 9 million participants. The demand is much higher than the enrolments, not because of the lack of places, but because of the lack of income to access and remain studying. Fies and Prouni sought to meet part of this repressed demand, but were requalified and improved throughout the process. The vacancies for Fies financing were more rigorous with the quality and priority of the courses, but suffered a significant drop in the volume offered, starting in 2015.

Figure 8
 Growth of revenues and expenses
 (R\$ billions of May/14, accumulated in 12 months) - 1997-2015



Source: Plataforma Social – Comment by Marcelo Zero: Deficits arise from the sharp reduction in revenues, not from an abrupt increase in spending.

STRUCTURAL LIMITS TO THE NEW STANDARD OF DEVELOPMENT

BEFORE CONCLUDING this analysis of the new pattern of development, we need to highlight the transformations that are occurring in the economy and the world of work in most developing countries. These transformations stem essentially from globalization and the new patterns of competitiveness imposed, above all, by the extraordinary capacity to reduce industrial costs in the Chinese economy; the financialization of the economy and wealth and the disruptive impact of a new scientific, technological and innovation paradigm. These are aspects that have a strong impact on the economy and are a gigantic challenge for developing countries.

FINANCIALIZATION, INCREASE IN INEQUALITY AND RESTRICTIONS ON DEMOCRACY

Financialization includes several aspects: growth in size and scope of finances and financial activities in the economy; growth of credit-fueled speculation to the detriment of the productive loan and to the infrastructure; the shareholder value as a model and sole objective of corporate governance; the proliferation of selfish thinking and privilege risk in both the private and public sectors; growth of the political power of financiers and CEOs enriched by them, and the ideology of the status quo that “the market knows best”, even though it is responsible for the worst crisis in the last 75 years.

Worldwide there is an evaluation that we live under a diseased economic system and this disease has a name: financialization. The symptoms are: slower and more fragile growth than the average until the 1980s, greater income inequality and increasing concentration of wealth, stagnant wages and precarious work, greater fragility of the market with vulnerability to crises, impossibility for millions of people to access the basics of wealth, such as home and land, quality education and decent retirement.

Throughout the world, finance has assumed a disproportionate volume of power in economic and political terms, becoming sort of “against the tide” to growth and not its catalyst. In most countries of the developed world and in many emerging countries, such as Brazil, the financial system does not have adequate regulation, which obliges it to support the industrial, agricultural, infrastructure, energy and services sectors, generating jobs, innovating and helping businesses and society thrive.

The logic that financial dominance imposes is that of short-term, immediate profit, with the objective of maximizing it, distributing greater dividends to shareholders and senior executives who earn in shares. Workers, consumers, smaller executives, small and medium-sized businessmen, suppliers, none of them matters. It implies the valuation of the shares in the stock exchanges and, therefore, the purchase and repurchase of shares, the application in derivatives, the speculation with the exchange rate, all kinds of securitization in future markets intensify. These processes are responsible for the enrichment mainly of the top echelons of the companies and their major shareholders.

The profitability of financial activities is immediate and higher in the short term than that of the productive sphere, whose profits take longer to mature. The consequence is that companies in the real economy are also forced to act as banks, otherwise they will be punished by the market. The effects of this on economic activity are visible: to stifle firms’ capacity for innovation that requires higher deadlines, to depress job creation, to reduce costs with mass layoffs, and to erode the competitive position of long term. They also use an immense variety of schemes to avoid paying taxes. Maneuvers that seek to circumvent and avoid paying the fair share of the national burden despite benefiting from all government support — development in R&D, intellectual property, infrastructure, credit, etc.

Companies undoubtedly consider that they earn more simply by moving money around. In the US, for example, up to five times more income is obtained from purely financial activities — trading, hedging, optimization with financial engineering for tax evasion and sale of financial services — than they have had in the past with productive activities. Everyone has to be banks now.

Power – size and influence, is the reason for the strength of its lobbying about reduction of regulation and payment of taxes. One of the most pernicious effects of the expansion of the financialization of the economy and wealth is the massive growth of inequality. The salaries of the financial sector are high relative to all others. In the US, the share of finance at 1% of the apex of the income distribution pyramid doubled between 1979 and 2005. The dominant form of wealth of the most privileged are financial assets such as stocks, bonds, funds, etc., which creates an inequality growth effect, since the returns of financial assets far exceed those coming from income earned in the traditional way: working for wages.

Moreover, financialization always means aiming at reducing costs, especially at work. That is why it imposes outsourcing, deregulation of the labor market and its precariousness. If relocating firms reduces costs, then the strategy is to look for the cheapest markets. Recently, we have seen the relocation of Brazilian companies to Paraguay. In Brazil, the financialization of the economy accelerated, starting in the mid-1990s, when the financial system was extremely concentrated in the Real Plan. In 1970, retail banks numbered 600, and there were important medium and large banks, both public and private, in the producing regions of the country. States with greater economic weight such as Minas Gerais, Bahia, Pernambuco, Ceará, Rio Grande do Sul, Santa Catarina, and Rio de Janeiro had regional headquarters. With the *Real Plan*, the regional banks were all absorbed by the two and then three private banks, with the full support of *Banco Central*. Today, only two public banks and three private banks control 90% of the Brazilian banking market, and no other large sector of the national economy has such a concentration of power in so few hands, nor is such concentration so great in other large countries. In fact, many countries have experienced bankruptcy crises, which have been rescued, but none has allowed such oligopolization of their financial systems. Banks with such concentration can allocate money where they think it is best, i.e., for debt and speculation, rather than productive investment that takes much longer to produce profits. In Brazil, they have been part of the public debt. The distortions and losses to the country caused by this extraordinary concentration are incalculable. Market economists preach the thesis that “by lowering the *Selic*, interest rates for the consumer will fall”. They do not lower or lower very little because there is no reason to lower as there is no competition in this highly concentrated banking system in which they have total freedom to dictate the rules for their customers. Why should banks lower interest rates, reduce spreads if customers are captive? (Araújo, 2017). This process of financialization in emerging countries is also associated with the exportation of capital, promoted by interest and exchange arbitrage.

The financialization of the economy contributes decisively to an early de-industrialization of many emerging countries, and thus to unemployment, underemployment and the precariousness of labor relations. In the context of the great financial and economic crisis of 2009, an important debate was opened on a new regulatory framework for the international financial system. More rigorous prudential measures were taken to avoid irresponsible leverage, the end of the hiding places of money in tax havens, more precise rules on shareholder remuneration and directors of institutions, control of capital inflows to avoid excessive volatility, new taxes on financial gains, that is, a set of measures that seek to avoid financial bubbles and establish a regulatory framework that would give the global economy more stability. Presidents Lula da Silva and Dilma Rousseff sought, in all important international economic forums, to pursue this agenda that could mitigate the impacts of the financialization of the global economy. But very little has been done, except for some timid prudential rules defined by the Basle Agreement.

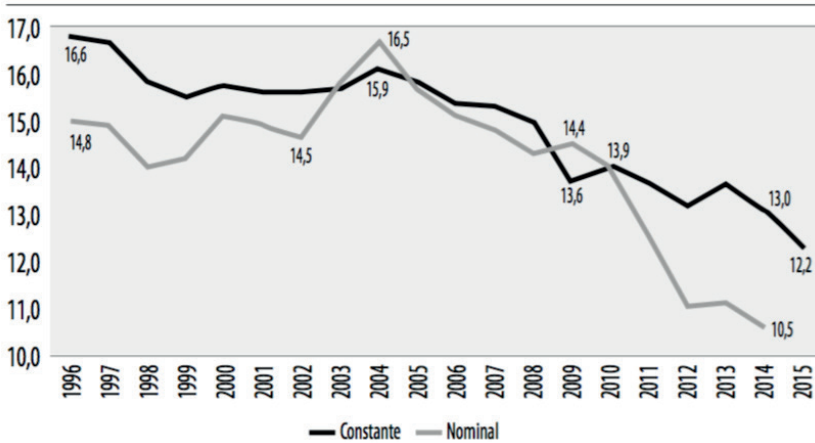
In Brazil, in the last decades, the roll of public debt, with very high interest rates, attracted a considerable volume of volatile and speculative capital, and this dynamics also contributed to a recurrent and prolonged appreciation of the exchange rate, penalizing the industry.

The financialization of the Brazilian economy has been associated with the strong appreciation of the exchange rate. In FHC's government, the so-called real exchange rate anchor triggered the process of de-industrialization and the deterioration of external accounts, leading the country to recession and agreements with the IMF.

Subsequently, in the Workers' Party governments, with the overcoming of the exchange crisis, the large commercial surpluses and the high accumulation of exchange reserves a new cycle of appreciation of the exchange rate begun. This process was accompanied by the monetary policy of *Banco Central*, which for long periods, both in FHC's government and at different levels in the Workers' Party governments, stimulated arbitrage with the international flows of speculative capital and contributed to the appreciation exchange, and, as it has already been said, for the leakage of a part of the aggregate demand, especially of manufactured products, profoundly damaging the Brazilian industry³¹.

31 In the period between 2004 and 2010, with the brief interruption due to the impact of the 2009 crisis, the real exchange rate index (in US\$) increased from 86.4 in 2004 to 50.3 in 2010. In the period from 2003 to 2014, US\$ 575 billion came into the country, predominantly for the acquisition of existing assets, which was another factor for appreciation of the exchange rate.

Figure 9
Brazil. Degree of industrialization (MVA/GDP) -
Current and constant values of 2010 (%) - 1996-2015



Source: Unido - NEIT-IE- UNICAMP

Governments in most developing countries have tried little and have done little in the face of financialization, deregulated financial openness, and the currency appreciation cycle. The Workers' Party governments have also failed to create mechanisms to mitigate this process of financialization of the economy, which is jeopardizing the industrialization effort, which has been a high priority of public credit and other government instruments such as government purchases, local, tax incentives, among others.

The banking oligopoly and the financialization of the economy constitute a powerful mechanism that sucks and concentrates wealth in our country, greatly increases inequality and threatens democracy itself. Such a model that includes financialization, increasing inequality and the impossibility of inclusion and social ascension cannot coexist with the fullness of the democratic rule of law.

Intolerance and resentment and the lack of harmony between the expectations of the people and the deliveries of the government undermine the legitimacy of democracy. For the population, first comes the loss of power, disregard for historical achievements and retrocession, then the annulment of rights, through reforms that promote exclusion and make social ascension a chimera. When dominant economic theses hinder the prioritization of investments and social gains, governments fail to respond to the needs of voters. Government and politics become irrelevant to people's lives. Hence the risk of virulent anti-pol-

itics, of the emergence of the saviors of the motherland, of the substitution of arguments for intolerance, of slogans that exploit prejudice and of the exacerbation of sensationalism and spectacle.

Neoliberalism, as it expands in the world, leads to financialization and inequality, as well as weakening and compromising democracy.

There is a rich bibliography on the financialization of wealth and economics: Rana Foroohar's *Markers and Takers: the rise of finance and the fall of American business*; *Managed by the Markers*, by Gerald F. Davies; *Capitalizing on Crisis*, by Greta R. Krippner, *Mercados Soberanos: globalização, poder e nação*, by André Araujo and *Economics of Inequality*, by Thomas Piketty, which allow a deepening of this strategic subject.

THE LABOR MARKET AND THE NEW TECHNOLOGICAL PARADIGM

The second major impact on the labor market is directly associated with the new technological paradigm, which disrupts the entire industrial and productive process. Artificial intelligence technology, the internet of things, big data, robotics, among other innovations are brutally accelerating the pace of production, changing social relations and driving the so-called fourth industrial revolution.

It is clear that the determinants of labor market evolution are economic cycles, and those of unemployment are the recessions, but the most profound and structural process in the labor world is the impact of new robotization and the digitalization of production. At the same time, there is a labor market in the process of globalization, in which competition among nations disregards collective histories, promotes a reduction of labor contracts and a competition to attract companies and investments, reducing the cost of labor (Nunes, 2012).

There is a structural and globalized tendency of precariousness of work. Artificial intelligence advances over human intelligence and memory, which is replaced by increasingly powerful and versatile electronic devices. The new level of artificial intelligence works with algorithms that are able to analyze and interpret a gigantic volume of data, or to coordinate an immense set of tasks and at an increasing speed (Abramovay, 2017).

This historical change in the technological pattern tends to impose a structural dualism on the labor world. On the one hand, a minority of highly qualified professionals with skills and competences appropriate to the new knowledge economy that concentrate income, wealth and power. And, almost always, they work in large multinational corporations that dominate the borders and the diffusion capacity of new technologies. On the other hand, there is an increasing majority of workers

who lose relevance in production and tend to be discarded or underutilized in predominantly precarious labor relations.

The financialization of social wealth and the benefits generated by the new technological and innovation pattern are not well distributed and income is increasingly concentrated in wealth and power.

In summary, in Brazil and most of the developing countries, the new competitiveness patterns of the world economy, coupled with the financialization of social wealth and the global and disruptive impacts of the new scientific and technological paradigm, impel an early de-industrialization, credit system and the labor world, thus promoting the growing precariousness of labor relations and limiting the space and effectiveness of public policies.

These are structural dimensions that are present in the development process and limit or undermine the very industrialization of developing countries.

Even so, some important steps have been taken to overcome our technological gap and to become more competitive on the international scene. In this period, a National Science, Technology and Innovation Strategy was defined, a significant increase in investments and public spending in the area and an important improvement of a new legal framework which, among other advances, allowed the implementation of the Innovation Act, of *Lei do Bem*³², of the Computing Act, of the Legal Framework for Science, Technology and Innovation Act, of the Biodiversity Act and, as a policy instrument, the Government Procurement Act; increasing institutionality and governance through formal partnerships with the State Funding Agencies (FAPs), the National Council of State Secretaries for Science, Technology and Innovation (CONSECTI) and the National Council of State Funding Agencies (CONFAP); the real increase in laboratory infrastructure; creation of 123 National Institutes of Science and Technology (INCT) in areas considered critical for Brazil; and the implementation of strategic programs.

Some structuring projects, such as *Ciências sem Fronteiras*, were implemented in Workers' Party governments. The creation of the National Center for Natural Disaster Monitoring and Alert (Cemaden) should be highlighted, which improved climate forecasts and its integration with the civil defense protection network, with a significant reduction in the number of natural disasters; the Multipurpose Reactor (RMB), fundamental to meet the demand for radioisotopes for medi-

32 TN. Act 11196/05, now known as "*Lei do Bem*" created the concession of tax incentives to legal entities that carry out research and development of technological innovation.

cal application; the SIRIUS Synchrotron Light Project, which allows to unveil the structure of materials with direct impact on industry, agriculture, health and services; the Integration and Testing Laboratory (LIT/INPE), complete infrastructure for assembly and qualification of satellites also used for tests in the automotive and electro-electronic sectors; the acquisition of the fastest supercomputer in Latin America, Santos Dumont, installed at the Federal Scientific Research Institute (LNCC), a partnership with the French government through ATOS/BULL; the acquisition in partnership with Petrobras and Vale, MCTI and *Marinha do Brasil* of a state-of-the-art Oceanographic Research Ship. The construction of the Geostationary Satellite for Defense and Strategic Communications should also be mentioned, geared towards broadband digital inclusion in remote areas, such as the Amazon, and application in military communications (Elias, 2017). However, with the coup, the Ministry of Science, Technology and Innovation (MCTI) lost its autonomy and personality and was incorporated into the Ministry of Communications. The budget cuts over the last two years have been very severe and there is a prospect of further reductions in 2018. This budget bottleneck is generating a strong concern throughout the Brazilian scientific community. A public letter of 23 Nobel Prize winners, addressed to President Michel Temer, was released recently, reinforcing this sentiment and expressing great concerns about the future of science in Brazil. It did not help, however³³.

These setbacks are particularly serious because they disrupt the progress made in overcoming many strategic challenges.

Finally, this new technological paradigm is also present in the growing and decisive weight that the Internet and social networks have in democracy. In electoral campaigns, social networks are increasingly important, targeted messages are being sent to interest groups, which fragment society. And a dimension that cannot be ignored is the interventions of powerful interests that have acted to destabilize governments in some countries, such as Turkey in 2013, and recently Venezuela and Iran.

In Brazil, in 2013, in the presidential campaign and after the inauguration of President Dilma Rousseff in 2015, we had the organic performance of powerful political agents in social networks. This is a new theme, which does not explain the major mobilizations in isola-

33 The budget of 2017 predicted R\$ 5 billion for the sector, which represented a brutal reduction of investments, compared to the R\$ 8.4 billion of 2015. In March, the already small budget of R\$ 5 billion suffered a cut of 44%, with a small revision, but reaching the meager amount at the end of year of R\$ 3.2 billion. In the 2018 budget, additional cuts of 40% are planned, which will represent the complete dismantling of the sector (Molina, 2017).

tion, but needs to be researched and deepened. Some countries with greater capacity in this field and important researchers have been making political warnings that need to be considered for the future of democracy and political stability in developing countries.

Works such as *Who controls the internet?*, by Tim Wu and Jack Goldsmith, and *Net Delusion*, by Evgeny Morosov and, above all, Robert McChesney's *Digital Disconnect: how capitalism is turning the Internet against democracy*, compose a realistic and dim view of the internet and its networks.

This last work, in particular, demonstrates how the world of the Internet is mainly dominated by the interests of large companies that effectively shape the global computer network. Indeed, these large companies, with their proprietary technologies and their immense power to produce and control information, transform the Internet into a great platform for the growing affirmation of their own and particular interests, often to the detriment of the public interest. For those who still had doubts about this domain, Napster's unsuccessful experience has fully demonstrated that any attempts to override the dominant business interests in the network will be properly contained.

But it is not just about commercial and economic interests. There are also political interests. The shocking and recent denunciations of Edward Snowden have revealed to the world that the big companies that control the flow of information from the internet, such as Google, Microsoft, Apple, Facebook, Yahoo etc. contribute actively through the US-controlled PRISM espionage system to transform the Internet into a giant political control platform.

No citizen of the world who is connected to the network is free from this ubiquitous and highly invasive system of espionage, which devours e-mails, phone calls, text messages, files and social networking posts. All of this, by the way, is done under US law, and as the bulk of the flow of information from the Internet passes through servers in the US, it becomes virtually impossible to challenge such activities legally.

Snowden's denunciations have also revealed the possibility, and perhaps even the high probability, that international flow of information from the global network may not only be lost but also manipulated. In fact, there is technical feasibility for such procedures. He also mentioned that the Brazilian government, President Dilma Rousseff and Petrobras were being spied on, prompting the president to cancel the invitation to a US state visit by former President Barack Obama. Because of all these accusations, the pressures are growing in Brazil and in the world for the Internet, a patrimony used by all humanity, to be subjected to multilateral and democratic control, and no longer

to the control of large companies and a single government. President Dilma Rousseff, in a historic address at the UN, has placed this important issue on the international agenda.

It should be noted that the recent US decision to end Internet neutrality will certainly intensify the use of the global network as an instrument of private interests and as a platform for political control.

COALITION PRESIDENTIALISM AND STRUCTURAL REFORMS

The presidential regime in Brazil confers immense powers on the parliament. The absence of in-depth political, partisan, and electoral reforms has established a context of partisan fragmentation, an absence of parliamentary loyalty to partisans, and a growing physiology in the relationship between the congressional and executive support base. The Workers' Party governments have always had many difficulties and a minority position in the Federal Senate and the Chamber of Deputies. The basis of programmatic support has always been very small. Government policies and projects required a great deal of parliamentary negotiation, political articulation, and concessions to be approved. At times, they have demanded great concessions, but the main initiatives were eventually approved. However, fundamental reforms to a new pattern of development did not happen, the first being the political reform itself. All attempts have failed, especially in the Chamber of Deputies, where MPs prefer to uphold the electoral rules that elected them. This is an essential reform to push for a structural change program in the country. Another essential reform, which has also never prospered, was fiscal and tax reform.

The strong business presence in the financing of electoral campaigns, the hidden interests of the companies that were benefited by the fiscal war in the states and the federal conflicts prevented the advancement of fiscal and tax reform proposals. The generation of a non-cumulative, less bureaucratic and simplified tax structure that ensures progressivity over income and taxation on wealth has always suffered many political difficulties in moving forward. Taxes on large fortunes and great heirs, greater progressivity in income tax, taxation on capital gains, just to mention some initiatives fundamental to a better pattern of income distribution, have never prospered. It is important to emphasize the need to reduce investments and reduce cumulateness in industrial chains so as not to hinder exports and investments. However, as we have said, such initiatives have to be measured and judicious. The Workers' Party governments always had little parliamentary base to advance the tax reform that would ensure greater tax justice, not to mention the defeat of the CPMF, just to mention the most emblematic cases that structurally compromised fiscal revenue without any

change in its deepness regression, which penalizes wage earners and the low-income population. Finally, mention should be made of the reform of the media democratization, which faces a powerful resistance from the mainstream media, supported by the parliamentary group, whose families hold important concessions in their respective states. It is another reform that has never even entered the agenda. Indeed, Brazilian democracy can no longer coexist with a highly concentrated and oligopolized media, which systematically distorts and denies information to the people of Brazil, according to their partisan agenda of specific interests. This media, in contrast to its positive role in the country's redemocratization, played a central role in the spread of political hatred and in the conformation of the 2016 coup. This process reinforces the essential need to democratize information in Brazil, respecting the broadest freedom of the press and expression. It is not a question of subjecting information to state control, but rather of subtracting the production and dissemination of information from undemocratic control exercised by a particular power and by a few. In the 2014 elections, the leftist candidate, the first woman elected president of the Republic in Brazilian history, Dilma Rousseff, was re-elected by a small difference after an extremely polarized and radicalized election. In absolute numbers, Dilma Rousseff (PT) totaled 54.5 million votes (51.64% of valid votes) and Aécio Neves (PSDB), 51.04 million (48.36%). On the other hand, the parliamentary elections have resulted in a significant victory for the conservative forces, with the formation of parliamentary fronts such as the ruralist, the bullet and the evangelical bloc, among other groups.

This profound contradiction in the electoral result contributed decisively to the outcome that resulted in the crisis of governability and impeachment without crime of responsibility. Therefore, in this brief review, it is essential to emphasize that, for the progressive and popular field, elections for executive positions must be increasingly linked to parliamentary elections. The elections of deputies and senators are essential for the resumption, under extremely difficult historical conditions, of a new cycle of new developmentalism. Structural reforms and governance will not advance without a more solid parliamentary base that is programmatically and ideologically committed to a new leftist government in the country.

A MORE UNEQUAL, EXCLUDING BRAZIL AND OF A FEW

THE POLITICS SABOTAGING THE ECONOMY: THE NATURE OF THE CRISIS AND THE COUP

THE COUP CULTURE AND THE IMPACT OF THE LAVA JATO OPERATION

Opposition to Ms. Rousseff's government did not recognize victory in the highly polarized and disputed presidential elections of 2014. Despite the legitimate and democratic victory, the opposition began to act in every way for a "the worse, the better" policy, with strong support from important media channels. The defeated candidate himself promised, in a speech in parliament, "to prevent the president from ruling."

Thus, soon after the elections, even before the inauguration, amidst the discussion about the deterioration of the fiscal scenario and the need to change the fiscal target, the opposition to Ms. Rousseff's government began to speak of an "impeachment" and in a crime of responsibility for tax matters. At the same time, an electoral audit is requested at the Superior Electoral Court (TSE), accompanied by an announced, unpublished and complete debauchery of the electoral campaign accounts to try to prevent the reelection of the president.

These actions set off a long period in which politics will sweep the economy, promoting a strong instability, potentialized by the election of Eduardo Cunha (PMDB) to preside over the Chamber of Deputies, in a much more conservative, politically oppositionist parliament and

strongly physiological, which emerges from the 2014 elections. In the Chamber of Deputies, the famous “bomb agendas” were approved and important adjustment measures were rejected, which could have alleviated the fiscal crisis that was beginning.

Economic programs, especially in economic and fiscal crises, need political stability to produce results. No economic program, even if consistent, can work in an environment in which politics systematically sabotages the economy, such as what President Dilma Rousseff has lived since the beginning of her second term.

This new political scenario of crises of coalition presidentialism and low governability was the result of a very disputed and polarized presidential election, in which the progressive field wins by a small difference the presidential elections, but suffers a strong defeat in the parliamentary elections. It is also a result of the evident and undemocratic irresponsibility of sectors of opposition, which, as pointed out, clearly bet on the “the worse, the better” idea and the destabilization of the legitimately elected government.

At the same time, the *Lava Jato* operation was advancing, which began a strong and important process of combating corruption and illegal financing of electoral campaigns by slush funds, aggravating the situation of political instability. Especially in the initial phase, marked by unquestionable partisanship of its objectives, the government and the Workers’ Party were the great and almost exclusive political targets of the investigations. Later on, political parties and important opposition leaderships were also hit by denunciations and investigations, but so far without the same rigor and without the arbitrariness that were present in the investigations directed to the Workers’ Party. The denunciations and investigations have hit large corporations and major economic sectors, such as heavy civil construction and oil and gas.

Unfortunately, the *Lava Jato* operation has not developed protection mechanisms for the investigated companies, as it does in other countries that use the plea bargain as an instrument. The more consolidated international experience punishes managers and owners, but protects companies as social institutions, thus maintaining the jobs of their workers.

In contrast, investigations in Brazil weakened large national companies, indirectly impacted the financial system and directly affected the economy, according to several economic analysis consultancies. GDP fell by 3.8% in 2015, the highest since the beginning of the historical series, in 1996. Of the total fall in GDP, 2 to 2.5 percentage points resulted from the impact of *Lava Jato* and crisis of Petrobras and the oil and gas sector.

There was shrinkage in practically all sectors, with emphasis on gross fixed capital formation (investment in capital goods) with a decline of 14.1%, civil construction with -7.6% and the manufacturing industry -9.7%³⁴.

ECONOMIC FACTORS OF THE CRISIS AND THE INFLATION IN ECONOMIC POLICY IN 2015

COUNTERCYCLICAL MEASURES

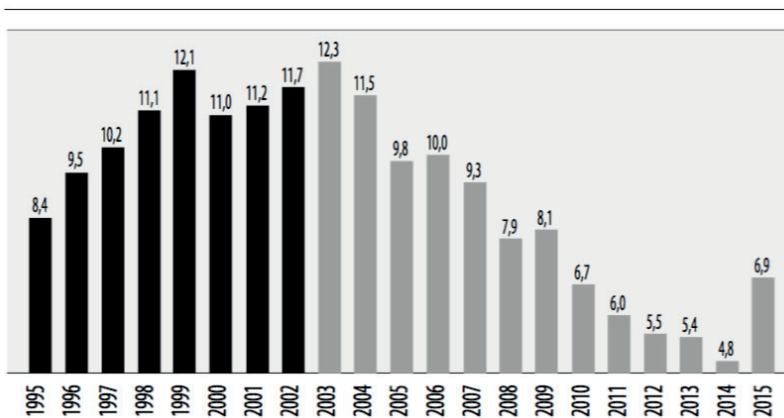
For several years, the Brazilian government sought to prevent the effects of the financial crisis that broke out in the US in 2008 from overthrowing employment and production, affecting our economy and our population.

A set of countercyclical measures prevented the outbreak of the crisis in this period, such as the reduction from 32% to 4.3% of incidental taxes on investments in capital goods, an increase in credit supply, at subsidized rates, allowing better investment conditions, especially the Investment Maintenance Program (PSI), as well as tax exemptions for various sectors of the economy and the preference policy of up to 25% in government purchases and the national content policy and an increase in the demand for goods and services, the second stage of the PAC and the MCMV, making feasible investments in infrastructure. In addition, with Pronatec, by guaranteeing technical courses for young people and workers, qualifying the supply of labor, the MCMV increasing demand in the civil construction sector; social programs guaranteeing demand, as, for example, with the *Bolsa Família* program which generated a return of R\$ 1.78 for the economy, according to the IPEA, overcoming poverty and contributing to the social increase of 42 million Brazilians, increasing the purchasing power and consumption of the Brazilian population.

These strategies to combat the effects of the crisis were successful by 2014. After all, as unemployment exploded in Europe and levels of inequality increased in the United States, formal employment continued to expand in Brazil, and inequalities were in decline. The share of wages in GDP increased and the percentage of the population in poverty was drastically reduced. In 2014, the unemployment rate reached 4.8% and, in 2015, it was at 6.9%.

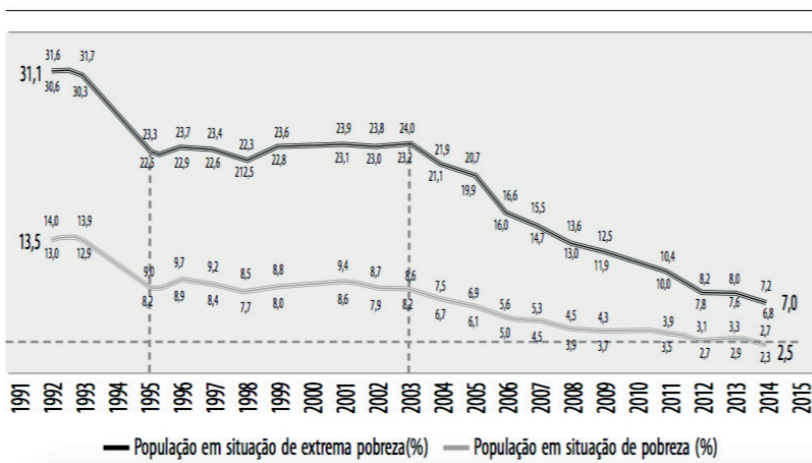
34 According to the calculation of *4E Consultoria* and *Consultoria Tendências*, among others.

Figure 10
Unemployment rate in Metropolitan Regions - 1995-2015



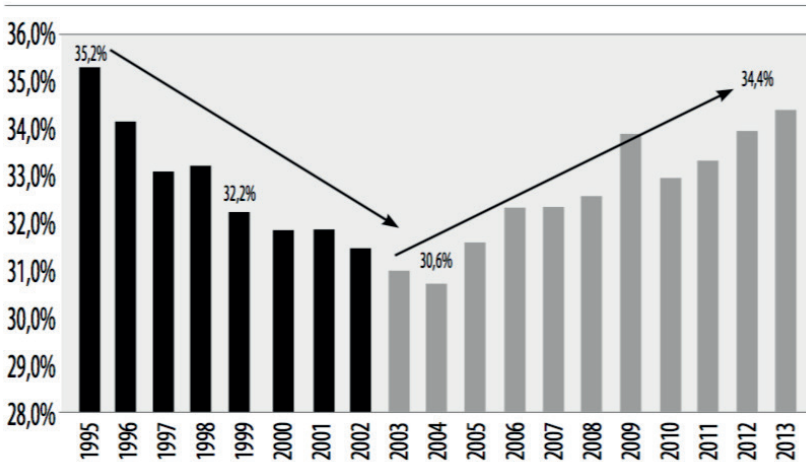
Source: PME-IBGE – Centro de Altos Estudos Brasil Século XXI

Figure 11
Reduction of inequalities in Brazil after 2003 - 1991-2015



Source: IBGE/PNAD - SAGI/MDS

Figure 12
Wage participation in GDP - 1991-2013



Source: IBGE, after 2000, ref. 2010 - Annual National Accounts series ends in 2013

However, the economic downturn itself at the height of the 2009 crisis and the subsequent slow, fragile recovery of developed economies produced negative impacts on the pace of growth of the Brazilian economy. The country suffered from the effects of falling international trade, credit restrictions stemming from the fall in sub-prime and derivative markets and the violent recession in the international market. When, after the second half of 2014, the crisis reached the emerging countries, public accounts were strongly impacted, requiring a review of the fiscal situation.

*END OF THE COMMODITY SUPERCYCLE,
CHINA'S CRISIS, TAPERING AND DROUGHT*

Internal and external factors contributed to the economic slowdown and should be analyzed for a better understanding of how and why the recession took over Brazil.

The political crisis, aggravated by *Lava Jato's* bias, coupled with a confluence of some other factors led to the strong deceleration of the Brazilian economy. In particular, four factors should be highlighted.

The first factor was the brutal fall in commodity prices since the middle of 2014, especially oil and iron ore, which reduced corporate profits and government revenue, further contributing to the depreciation of our currency. It is important to note that, between mid-2014

and the first quarter of 2015, international oil prices fell by 50%, accompanied by other commodities.

In January 2016, the prices of these commodities corresponded to almost half of those of 2009, being still four to five times smaller than the values reached from 2011 to 2013.

A second factor was the change in the US monetary policy. The announcement of the exit of quantitative easing by the FED, i.e., a change in the monetary policy pattern, accentuated the financial instability and currency devaluation and changed the growth prospects of the world economy. The fact that the United States announced a trend of rising interest rates, after years of low rates, coupled with the sharp fall in commodity prices, contributed to the strong exchange rate devaluation, with inflationary effects, and to the economic slowdown in the short deadline.

The third factor was the deceleration of the Chinese economy, the major engine of world economic growth in the last decades, which has gone through a period of depletion of its growth pattern, and has not yet been able to establish a new and more intense dynamics. The scenario of rates that are higher than 10% was left behind, making it increasingly clear that it is impossible to go back, in the short term, to rates higher than 7%.

The fourth factor is that we have had the greatest drought of the last 80 years. The reduction of the rainfall regime in the Southeast and Northeast regions has strongly impacted the cost of electricity generation, due to the need to keep almost all Brazilian thermoelectric plants connected.

Faced with the strong slowdown in the economy and the fiscal crisis, the government could no longer absorb, as of 2015, most of the cost of generating electricity, as it had been doing. This fact, of course, resulted in strong readjustments of energy tariffs and deterioration in Eletrobras's balance sheet. Similarly to the devaluation of the exchange rate, this adjustment generated a restrictive and inflationary effect in the short term, impacting all economic sectors and households.

Many fallacies were spread by the coup media. As an explanation for the crisis and the reason for the impeachment, two aspects can be highlighted. First, the statement that Brazil was "broken" and second, that it was the lack of spending practiced by the Workers' Party government that led to the serious fiscal crisis and triggered the economic recession.

BRAZIL AND BREXIT

The above-mentioned distortion of the facts by the media played a crucial role in creating the perfect environment for instability. So the question that must be answered is: was Brazil really broken?

The answer is a resounding no. A country is only broken when it cannot pay its debts with foreign creditors, which is what has recently occurred in some cases in Europe, in the euro crisis, for example, with Greece. When this happens, lenders organize to ensure debtors pay. In Brazil, in the past, during the military governments, we had the organization of the Paris Club and the presence of the IMF imposing their rules. In the final years of FHC's government, since Brazil did not have enough dollar reserves to pay its creditors, and then it was indeed broken, IMF imposed on the government its recessive austerity policy, designed exclusively to guarantee the payment of interest and the principal of the debt, without considering the consequences that the required cuts would have on the needs of the population.

This pattern of subservience to the IMF was radically disrupted and abandoned. President Lula da Silva's government paid the debt with the IMF, and during the Workers' Party governments, a UN mission never set foot in the country to determine the government's economic policy. Today, Brazil has high international reserves — about US\$ 370 billion accumulated during the Workers' Party governments — and there is no possibility that the country could face any difficulty in paying off its debts.

In fact, on June 24, 2016, two months and seven days after the departure of President Dilma Rousseff, Britain decided to leave the European Union (EU) as a result of a referendum. Immediately, in Brazil, the interim coup government analyzed the repercussions of this decision on the Brazilian economy and issued a note acknowledging the situation in Brazil as “solid and secure because the fundamentals are robust.” The main arguments used to support this point of view were:

1. the country had significant international reserves and the inflow of foreign direct investment has been sufficient to finance current transactions;
2. the financing conditions of the Brazilian public debt remained solid at that moment of volatility in the financial markets due to external events;
3. the National Treasury had large liquidity;
4. the federal public debt was composed mainly of securities in reals.

The conclusion, therefore, was clear and expressive, leaving no doubt about the country's structural conditions: “Brazil is prepared to safely cross periods of external instability.” What is clear from this note is that the coup government itself was obliged to recognize the macroeconomic lines of defense built by the Workers' Party governments.

*THE FISCAL CRISIS OF 2015 AND 2016:
FALL OF COLLECTION OR EXCESS OF EXPENDITURE?*

The fiscal management of the Workers' Party governments, as pointed out, was based on a great sense of fiscal responsibility. Naturally, this policy was defined and adjusted based on the changes that took place in the macroeconomic scenarios and their fiscal repercussions. The Brazilian government, still in President Lula da Silva's administration, adopted a policy to combat the crisis that broke out in 2008 that enabled a rapid recovery of the economy in 2010, as well as a reduction of the unemployment rate in subsequent years.

In 2011, following the rapid domestic recovery of the effects of the international crisis, the expansionist policy of previous years had to be reversed. The primary surplus had been expanded, following a good anticyclical fiscal management, which encompasses an increase whenever a recovery of the economy is in place.

However, as of 2012, the international recovery remained fragile and volatile. The euro crisis had become critical, combined with the slow and fragile recovery of the US, which had repercussions in other countries, producing a reduction instead of economic growth. This process continued over the subsequent years, with the emergence of the developing countries more intensively, starting in the second half of 2014, through the end of the commodities supercycle, China's slow-down and the end of the US monetary expansion.

As a consequence, it was necessary to revert measures that had been taken in other contexts, previously. Those were actions to stabilize the economy that had focused, in particular, on relief and credit subsidies to sustain investment. Even considering that, thanks to most of them, the Brazilian economy has hit successive records of low unemployment rates, it must be recognized that some extensions sponsored by the Chamber of Deputies have had effects on tax collection.

Moreover, by the end of 2014, stimulus measures were no longer sufficient to maintain the pace of activity in the face of the mounting political instability in 2015. The government has thus taken a number of measures to reduce spending, maintain investments and social programs and, above all, recover the revenue of the federal government. The government focused on the fiscal dimension by reducing spending on credit subsidies, reducing tax exemptions to the private sector; and proposing to increase tax revenues, among other measures.

It should be noted that, contrary to what the coup leaders said, the fiscal crisis did not stem from excessive spending but from a brutal drop in revenues. Brazil, in 2015 and April 2016, was experiencing a fiscal problem caused by the strong economic slowdown and not vice versa. The coup plotters argued that the worsening of fiscal indicators

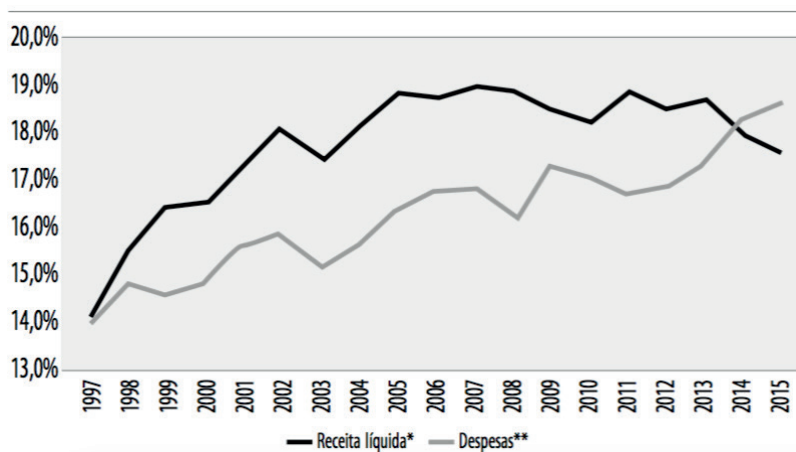
stemmed from an uncontrolled increase in public spending and that the fiscal result led to a drop in the level of economic activity, when in fact the opposite has occurred. It was the worsening economic growth that led to a deterioration in the fiscal result, and this worsening is not due to an uncontrolled increase in spending. In this sense, first, fiscal data are clear in demonstrating that the fall in primary income in recent years was much more because of the fall in taxation than because of an increase in expenditure. Michel Temer's illegitimate government has aggravated the fiscal crisis, underestimating the reasons for the economic and political crisis created by them. The following table shows that in Mr. Da Silva and FHC's governments there was a strong increase in net revenue, an increase of 3.8 percentage points (p.p.) of GDP in FHC's government and 2.0 p.p. in Mr. Da Silva's government. In Ms. Rousseff's government, there was a decrease of 2.4 p.p. Therefore, even with much lower expenditure growth in Ms. Rousseff's government than in the two previous governments, especially if we remove the effect of the payment of liabilities imposed by the Federal General Accounting Office (TCU) in 2015 (R\$ 55 billion, almost 1% of GDP), the lower primary result observed could be attributed to the drop in collection.

Table 1
Primary result and expenditure and revenue (% of GDP)

Year	Primary Result	Expenditure	Expenditure without liabilities	Net Revenue
1997	-0.2%	14.0%	14.0%	14.2%
2002	3.2%	15.9%	15.9%	18.0%
2010	2,6%	18.1%	18.1%	20.0%
2015	-2.0%	19.5%	18.6%	17.6%
April 2016	-2.5%	20.1%	19.2%	17.8%

Source: STN

Figure 13
Net revenue and primary expenditure (% of GDP) - 1997-2015



Source: STN.

Notes:

* Withdraws the effect of the Onerous Assignment in 2010.

** Eliminates the effect of Petrobras' capitalization in 2010 and the payment of liabilities in 2015

The graph above shows that, from 2005 to 2013, net federal revenues (i.e., excluding transfers) were practically stable at 19% of GDP. On the other hand, federal primary expenditure was also practically stable, around 17% of GDP, between 2006 and 2013. Only after 2014 did a stronger change could be seen in the trend of both series. In the series below, discounting liabilities from 2015 and operations with Petrobras in 2010, spending increased to around 19% and net revenue fell to around 17.5%.

This trajectory is explained by the fact that in times of economic contraction, spending, because it has a relatively rigid structure, maintains its real growth, but revenues and collections tend to fall more than GDP.

This change in the behavior of revenue and expenditure can be observed based on the crisis of 2008. Until the crisis, real average revenue growth was higher than that of expenditure, guaranteeing the conditions for obtaining the positive primary result seen since 1999.

After the crisis, the situation was reversed, with net revenue growing slightly less than expenses. In the last two years (2014 and 2015), however, this trend is increasing and spending, despite having had real growth well below previous years, has grown well above real income. As a result, there was a need to approve an increase in revenues, espe-

cially those that affect inequality, such as taxation of financial transactions, interest on equity and the return on taxation of dividends.

SPENDING SPREE AND TAX RELIEF

Definitely, the causes of the deepening of the crisis are not the increase of the public expenses. The pace of expenditure expansion was lower in the years 2011-2014 than in previous periods. By 2015, the growth spending rate was one of the lowest in the series. The change that occurred in fiscal policy in the period from 2011 to 2014 was not due to the volume of expenditures but to its composition. In the first biennium, fiscal space was widely used to expand public investment, which grew at an annual average of 21.4%. In the second biennium, investments remained stable and expenditures on subsidies and tax relief increased, following the assessment that it was important to stimulate private investment.

Table 2
Annual growth of primary revenue and expenditure (%) - 1999-2015

Year	Total Revenue	Transferences	Total expenditure	GDP
1999-2002	6.5	9.1	—	2.4
2003-2006	4.8	5.6	5.0	3.5
2007-2010	3.7	3.0	5.3	4.7
2011-2014	1.7	2.7	3.7	2.2
2015	-5.9	-5.2	-2.5	-3.8

As private investments were not resumed as expected, tax relief in this context served more for private companies to recover profit margins than to expand employment and productive capacity. In addition, the amount of tax relief provided for in the acts proposed by the executive has been greatly expanded in Parliament, leading to a greater than expected tax loss. At the same time, the overthrow of presidential vetoes had, for the first time, been adopted by Congress, thus making approval of certain benefits measures irreversible.

The growth of domestic consumption, in turn, lost strength, due to the increase in the import coefficient and the degeneration of production chains in the Brazilian economy, after years of appreciated exchange rates. This has reduced the ability of investment and consumption to expand domestic demand.

The consequence of the combination of restrictions on consumption, reduction of public investment and of the non-response of private investment, as well as the reversal of the commodity cycle, fur-

ther reinforced by the effects of the *Lava Jato* operation and, above all, by the amplification of the political crisis was the sharp drop in investment. In this scenario, the political crisis assumed the fundamental role of accelerator of the blockade to any solution, hindering any possible measures. Thus, the fall in investment led to the vicious circle of employment, income and GDP shrinkage, with a negative impact on tax collection.

**THE POLITICAL CRISIS: PARALYSIS OF THE PARLIAMENT,
THE POLITICS OF “THE WORST, THE BETTER” AND IMPEACHMENT**

The fiscal effort in 2015 was of the order of R\$ 134 billion, that is, 2.3% of GDP. However, it was not enough to cope with the frustration of revenue and the rise in both compulsory and parliamentary spending. The size of the deficit stems from the systematic boycott orchestrated by the opposition coup to the legislative measures proposed by the government, which greatly contributed to amplify the impact of the political crisis on the economy and thus on the public accounts.

In order to be able to measure the speed of the crisis progression — throughout the end of 2014, throughout 2015 and until April 2016 — it is opportune to evaluate the evolution of the economic parameters.

In December 2014, GDP growth was expected to be 0.8%. In July 2015, however, the expectation was already decreased to 1.5%. At the end of the year, GDP was expected to decline by 3.7%.

The main factor leading to this accelerating deterioration is the political crisis, which had a profound impact on the economy and society. Undoubtedly, Brazil suffered, in this period, the greatest and most premeditated political destabilization of our democratic history. It manifested itself in several dimensions, namely: in the so-called “the worse, the better” policy, that is, in the “bomb agendas”, which was the deliberate and systematic increase in public spending imposed by the parliament; in the boycott to the legislative appreciation of the increase in revenues, such as the refusal to even consider the proposed taxation on financial transactions, as well as the defeat in the change of legislation on interest on own capital, among other measures and the total paralysis of the Federal Chamber, from the beginning of 2016 until the vote on the acceptance of impeachment.

It is important to emphasize that the threat itself and then the systematic demands of impeachment brandished and registered by the coup opposition paralyzed the country’s economy: no investment decisions are taken during periods of deep political instability.

Obviously, these proposals clearly collided with the need for fiscal rebalancing. Thus, deliberately, in seeking the destabilization of

the government, the appreciation of the measures taken by the Executive Power was hindered and, consequently, so was the way out of the crisis.

If the measures proposed by the Executive Power were not subject to procedures and approval by the then President of the Chamber and its group composed by the current occupants of the *Planalto*, Brazil would certainly be in another economic and fiscal situation today.

Certainly, without a political crisis, the political coup forces that favored the dismissal of President Dilma Rousseff would not have had the proper and necessary environment for articulating the openness, admissibility and processing of the request for fraudulent impeachment, since the society would not be as intense.

It is not possible to understand the economic crisis plaguing Brazil since 2015, without taking into account the acute political instability that, since the re-election of President Dilma Rousseff in 2014, has characterized the environment in which investment and the production of goods and services occurred.

At that time, no attempt was made to discuss and approve a better proposal for the country. What was obsessively intended was the weariness of the government, with little regard for the coup opposition for the damaging results of this questionable political action for the whole population.

Let us recall that, two months after the election, the impeachment of the President of the Republic was openly discussed in Congress, with open access to the media to convey their positions, despite the reasons to justify this radical movement.

Thus, in spite of the fragility of the arguments used by its supporters, the eventual possibility of impeachment by the President of the Republic remained a central issue in the political and media agenda throughout the period of her second presidential term.

In this environment of turbulence and uncertainties, it is natural that the business sector adopt a conservative stance, reluctant to apply its own resources or third parties in productive enterprises. As a result, the country's economic life was paralyzed, waiting for safer times for investments to be made. Less wages were paid, less goods were purchased and fewer investments were made, reducing the demand for goods and services. A negative spiral began to be fed.

In other words: the constant risk was triggered by the activism of a considerable portion of the political coup opposition, its media and business allies and the action of the judiciary corps, which with *Lava Jato* operation, in the way the investigations were conducted, without the necessary precautions for the preservation of businesses and jobs, virtually destroyed most of the national engineering companies

involved in the denunciations. And in these conditions, it ended up being an additional element for the retraction of the investment and for the deepening of the economic crisis. The climate of general instability created by the coup plotters is what gave rise to impeachment and is a consequence of the political crisis that has nothing spontaneous about it — it was altogether planned. It was not the economic crisis that produced the political instability, it was the political crisis that accentuated and prevented the overcoming of the economic crisis generating the conditions for the impeachment.

The whole process, in fact, was only possible by means of an open and direct attack on Brazilian democracy, since democracy had allowed us to beat in four presidential elections the ultraconservative neoliberalism. Initiated in Collor de Mello's government and deepened in FHC's government, the neoliberal program was interrupted with the arrival of Mr. Da Silva, in 2003.

In *The Shock Doctrine: the rise of disaster capitalism*, Naomi Klein (2008) points out that neoliberal theorists and politicians advocate the use of crises to impose unpopular measures. In our case, the crises, economic and political, producing impeachment was the ideal opportunity for the resumption of the neoliberal prescription. Crises were conducive to the advancement or establishment of neoliberalism by breaking down resistance to neoliberal reforms that would otherwise never be allowed through democratic elections. As the father of neoliberalism, Milton Friedman, said:

Only a crisis — actual or perceived — produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the *politically impossible* becomes the *politically inevitable*.

The politically impossible through free and direct elections became politically inevitable through impeachment.

THE MEASURE OF IMPACTS

Measuring the impact of these external shocks and shifting the international scenario is almost impossible and the calculations, however good, assume certain assumptions and should be taken *cum gran salis*, i.e. only indicative. A very interesting metric was used by Bráulio Borges (Ibre-FGV Blog, 9/8/2017).

In the debate with orthodox and neoliberal thought, which impinges on state interventionism the great responsibility for the crisis, the first argument used by the author is that the deceleration during the period was widespread, especially in the net producing and

exporting countries of commodities. It was not particular to Brazil. The second argument refers to internal factors, more precisely to the explosion of electric energy prices, an input of general use.

After exhaustive calculations, comparing Brazilian performance with several groups of countries, and also measuring the effects of rising energy costs, the author concludes: “With this, I reiterate my assessment of the original post: between 40% and 60% of the slowdown in Brazilian growth between 1999-2011 and 2012-2017 can be attributed to exogenous, international (to a greater extent) and domestic factors. I hit the hammer by 50%.”

Ms. Rousseff’s second government, in the face of this radical change of scenery, changed the profile of the economic team and the new farm team adopted an orthodox fiscal management throughout the year of 2015. This sharp turnaround in fiscal policy was accompanied by a contractionary monetary policy, due to the impact of the external shock on the exchange rate and the energy and food prices resulting from the drought, which pressured inflation. The new economic team led to a managed price shock, which worsened the sharp inflationary acceleration and *Banco Central* promoted an extremely aggressive increase in the basic interest rate since the end of 2014, which reached 14.25 % in the Selic rate, aggravating the delicate fiscal situation and the strong economic slowdown. These two movements, fiscal and monetary policies, in a context of aggravation of the international and political crisis, weakened the social and political base that supported the government and further deteriorated governability. The government has lost confidence in a significant portion of its political support base.

The political intent of impeachment was paved by a legal excuse, an unprecedented and unique interpretation of fiscal problems, strongly influenced by the economic crisis, which had already occurred in almost all previous governments and continues to occur, including states and municipalities throughout the country even in 2017. However, in the case of President Dilma Rousseff, no specific legal precedent, or even a prior warning by the control bodies, was defined as a “crime of responsibility” (Messias, 2017).

Of course, it was essential to criminalize anticyclical policies because they are the antithesis of the mainstream’s proposals of austerity at any price. Hence the neoliberal exit, with its permanent fiscal tightening, withdrawal of rights and aggressive reforms, is presented by the economists and the media vehicles sponsoring the coup as the only possible way to overcome the crisis.

The fact is that impeachment deepened and precipitated the country — in a crisis of greater duration and depth. Brazil plunged in

a scenario of great political, economic and social setbacks, with the coup stumbling to an impasse for several reasons:

1. The seriousness of the corruption allegations involving the government and its chief leaders has become increasingly evident;
2. The main strategy of the government is to play the brutal weight of the crisis on the shoulders of the poorest, the middle class and the workers;
3. It was clear that the first objective was to quickly impose the greatest economic, social, environmental, cultural, geopolitical and civilizing retrogression through measures that would never be approved by vote. Measures that pave the way for the most ferocious neoliberalism;
4. The fallacies contained in the prophecies of the media were evident, proclaiming a rapid resumption of the economy. The promise of a speedy recovery in moving away from the Workers' Party government showed that it was an orchestrated lie with widespread repercussions in the media. The unemployment has worsened and the ever-imminent exit from crisis never materializes;
5. It became crystal clear that the strategy of cutting spending, without tax revenues on the richest, shall not recover the deteriorating public accounts with growing deficits that are not being cleaned up at all;
6. The double standard of the coup austerity became clear, since the abandonment of the spending cut was fully justified, both by openly bribing parliamentarians to secure unpopular reforms, and by buying political support in order to guarantee presidential impunity. Every day, therefore, the coup becomes more expensive; and
7. It was clear that the consequence of the coup was the deep political weakening of the PSDB, the demoralization of the PMDB and the emergence of a conservative spectrum of the extreme right, fueled by a climate of intolerance.

THE DISMANTLING: PERMANENT FISCAL ORTHODOXY AND THE RETURN TO THE LATE NEOLIBERAL AGENDA

Soon after the impeachment without a crime of responsibility, the coup and illegitimate government of Michel Temer began the geo-political framework of the country in the economic, social and political dimension of the neoliberal model. He also implemented a permanent fiscal orthodoxy.

These two processes have weakened the state and its instruments for boosting development, undermining social policies, precarizing and de-structuring the labor market, and deepening inequalities and social exclusion. The main initiatives were as follows:

- Freezing of primary expenditures, including health and education, for 20 years (Constitutional Amendment 95, approved in December 2016);
- Early repayment of loans to the BNDES, which contributed to an 84% contraction in the bank's credit supply;
- Labor reform with the withdrawal of hundreds of rights and fragilization of union organizations and outsourcing without limits, including activities purposes;
- Increasing restraints on public investments, both by the decrease in financing and by the contraction of budget revenues;
- Social Security Reform, with a project that heavily penalized the poorest workers;
- A price policy for automatically aligning fuel prices with international prices, which in the case of flue gas practically doubled the value of the cylinder, and;
- Generalized privatizations, especially of important Petrobras structures, pre-salt blocks and privatization plans for Eletrobras itself.

Temer's government was born marked by betrayal and illegality, deepened by the grave allegations of corruption that hit the president and a considerable part of the ministerial team. Under these conditions, the government is marked by a paradox: the Temer paradox. That is, the more unpopular it is, the more unpopular it must be, because its base of support is exclusively the "market." Therefore, it is dedicated to implementing an orthodox and permanent fiscal policy and a neoliberal agenda that weakens the State, compromises fundamental instruments for development and confronts national sovereignty.

DECLINING CEILING OF PRIMARY EXPENDITURE AND PUBLIC INVESTMENTS (CONSTITUTIONAL AMENDMENT, N° 95, DECEMBER 2016)

Orthodox and permanent fiscal adjustments, as a necessary condition for economic growth, totally contradicts all the literature and empirical evidence of economic history. Nevertheless, the coup government has already approved Constitutional Amendment 95/2016, which imposes a declining ceiling on primary expenditures and, consequently,

a gradual reduction over the next 20 years, from 2017 to 2037, of the size and role of the state. The projections over this period are for a reduction of the share of primary expenditures from 20% of GDP to about 12%. The fiscal orthodoxy of the coup and the CA 95 are not sustained. The BNDES lending to the national treasury have provisionally closed the fiscal hole in 2016 and 2017. Fiscal rigidity was relaxed in these two years, before the full requirements of CA 95/2018. That is why the economic and legal areas of the coup government already discuss the easing of the fiscal rule of gold that was in the Constitution, in which it is established that the public debt cannot finance the cost of the State.

This is the constitutionalization of the fiscal orthodoxy policy, which will prevent the federal government from acting in a countercyclical way for the next 20 years — something unheard of in the world economy. Ms. Rousseff's second government proposed a short-term adjustment that, even if questionable, can never be confused with the eternalization of fiscal orthodoxy, the dismantling of the state, and the public policies sponsored by Temer's coup government.

In addition, CA 95 incorporated a set of measures, such as reducing minimum constitutional connections in health and education, repealing constitutional minimum standards. Thus, any collection gain should no longer be applied in these two priority areas and there is no longer an obligation that connects the Union's tax revenues. All other social areas will also be heavily affected.

Without a doubt, public investments will be the most penalized. They are, therefore, an indispensable tool for a countercyclical policy and a resumption of growth.

The IBGE has just released data on poverty, according to which there was a 53% increase in the population exposed to extreme poverty, representing an increase of 8.6 million Brazilian women and men under these conditions, i.e., surviving on less than a quarter of the minimum wage between 2014 and 2016.

It is clear that, during 2017, this situation continued to worsen. However, the coup government continues to reduce the space of republican budget policies to give even more room to parliamentary physiology. And the most serious threats are the severe cuts in the federal budget for social areas, which will hit the most vulnerable populations³⁵.

35 The Bolsa Família program suffered a cut of R\$ 1 billion in the 2018 budget. Public programs and policies for agrarian reform and family farming for indigenous peoples and communities have suffered deep cuts. In some cases they were left without any budget forecast. As examples, we can still consider other values for family farming and agra-

The coup government has met the demands of the rural bourgeoisie sectors, and now with a budget crunch that will hit family farming, rural social movements and the most vulnerable populations. Public functionaries in all spheres will also be severely affected, with the aim of recomposing salaries, restrictions on career advancement and the infeasibility of new competitions for entering the federal public service.

FALL OF PUBLIC FUNDING FOR INVESTMENTS

One of the main reasons for the worsening of the economic recession is the fall in public funding for investments, which began to fall in the construction of the coup and in politics of “the worse, the better”. The management of Eduardo Cunha even prevented the installation of the Chamber of Deputies committees, at the beginning of the year until the impeachment in May 2016, totally immobilizing the federal government. Temer’s coup government now deepens this process of cutting off public investments and financing. On average, the drop in investment financing was 76% since the start of the coup.

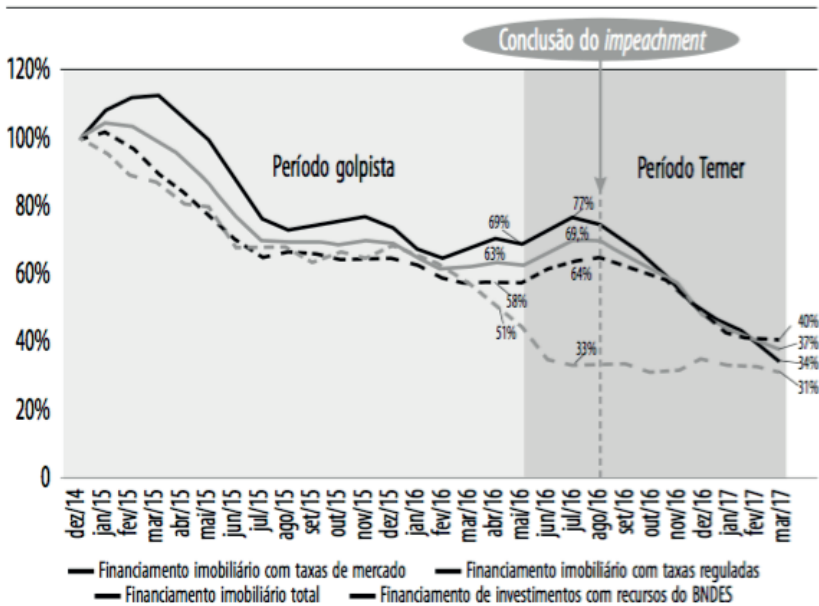
Real estate financing at market rates in this short period fell by an incredible 65%. Real estate financing at subsidized rates, basically with the *Minha Casa, Minha Vida* program, fell 27%. Total real estate financing fell 46% in the first year of the coup government. As civil construction is one of the main employers in the urban area, this helps explain the rapid rise in unemployment.

The situation of credit directed to productive investment is even worse than credit directed at housing. In Brazil, this type of financing is carried out mainly by BNDES. This drop is especially striking

rian reform, such as the land acquisition resources for agrarian reform, which reduced from R\$ 800 million in 2015 to R\$ 84 million in 2018; technical assistance for agrarian reform settlers fell from R\$ 356 million to R\$ 19.7 million in the same period; the National Education Program at the Agrarian Reform (Pronera) had a reduction from R\$ 32.5 million to R\$ 9.5 million; the granting of credits to settled families decreased from R\$ 946 million to R\$ 266 million; credit for the structuring and organization of production units fell from R\$ 54.7 million to R\$ 5.6 million; the promotion and strengthening of family agriculture fell from R\$ 83 million to R\$ 27.3 million; the resources for sustainable development in rural territories fell from R\$ 372 million to R\$ 78 million; in the cisterns, the decrease was from R\$ 268 million to R\$ 40 million; in the distribution of food for specific populations, there was a decrease from R\$ 78 million to R\$ 24 million; in the *Bolsa Verde* program, the cut was from R\$ 101 million to nil; the resources for mitigation and adaptation to climate change fell from R\$ 22 million to R\$ 7 million; the budget for the *Minha Casa, Minha Vida Rural* program decreased from R\$ 977 million to R\$ 267 million; indemnification to *quilombola* communities reduced from R\$ 29.5 million to R\$ 2.8 million; for demarcations and inspections in indigenous lands, the decrease was from R\$ 78 million to R\$ 41 million, etc. Few social programs have had their budget preserved. In some isolated and low-impact cases, a few programs have seen a marginal increase in resources due to pressure from opposition groups.

because it came from a very small base. Below, respectively, a graph on the reduction of investment credit in Brazil since the beginning of the coup is presented.

Figure 14
Directed credit (December 2014 = 100% - Mobile average 6 months - 2014-2017



Source: Banco Central

Since 2016, the current government has been transferring about R\$ 100 billion in funds from BNDES to the National Treasury in a process that clearly violates the Fiscal Responsibility Law, fully committing the financing capacity of the long-term investments of the National Treasury.

As mentioned above, the Ministry of Science, Technology and Innovation has already achieved a 44% cut in the C&T budget, which is expected to deepen in 2018, compromising priority projects and making many research projects in progress unfeasible.

In addition to these restrictive measures, the Finance Minister has also announced several other “liberalizing reforms”, among which we can highlight:

- A model of concessions with high returns to the concessionaire and high costs for the population;

- End of local content policies, such as the preference margins in government purchases and horizontalization and globalization of local content requirements in the oil and gas sectors;
- Creation of TLP and decapitalization, with a reduction of BNDES;
- State-owned enterprises being managed exclusively with private logics, without any commitment to the public interest, and;
- The state as a mere regulator of the private system.

WITHDRAWAL OF RIGHTS AND PRECARIZATION OF WORK RELATIONS

The first major change in labor relations was the approval of Bill no. 4302/1998, converted into Law no. 13429/2017, predicting unrestricted outsourcing, which should reach negotiated labor agreements and acquired labor gains. Outsourcing has existed for more than 40 years and could be improved. But now it is fully authorized, even in the companies' main activities.

Data from IBGE's National Household Sample Survey (PNAD) indicate that in November 2017, Brazil recorded the lowest number of workers with a work permit in the whole historical series started in 2012, with a loss of about 3 million jobs since the same period of 2015.

At the same time, a "new" labor law was approved, which came into force on November 11, 2017. This labor reform, Law no. 13467 of July 13, 2017, establishes the withdrawal or relaxation of dozens of legal rights. Only the constitutional rights were preserved.

Thus, the following aspects came to be valid: restriction of access to labor justice, collective bargaining without the protection of the law, the primacy of negotiated aspects over the legislated aspects and authorization of direct negotiation for the suppression of rights. The law removes the powers, attributions and prerogatives of trade unions and weakens the trade union support of these representative workers' organizations.

This set of setbacks dismantles labor law and justice. Among the hundreds of changes in labor legislation the following could be mentioned: holidays can be split up and partially paid as a salary bonus, flexible and intermittent working day is defined by the employer, a 12x36 hour journey, withdrawal of the working shifts in the company if not directly linked to the work itself, flexibilization of labor rights in remote work, expiration of employment contracts after the negotiated deadline, resignation to be negotiated with the payment of half of the previously existing rights, eventual responsibility for damages and bullying will be proportional to salary and limited, flexibilization of the work of pregnant or lactating women in

unhealthy places, revocation of various other rights and downgrading of employment contracts.

In summary, the labor reform withdraws from the labor legislation the character of public norm that cannot be waived for the protection of labor, which had been in force since the enactment of the Consolidation of Labor Laws (CLT) in 1943³⁶.

What is being adopted is a dismantling of the protective legislation; not its “modernization”. Nothing similar has happened in the past, not even during the military rule. These changes violate Conventions 87, 98 and 154 of the International Labor Organization (ILO). The scenario projected by this new legislation points to an accelerated and generalized process of precariousness of work, downgrading of collective bargaining, with great setbacks in the rights conquered historically. That is why in 2017, Brazil was included in the ILO’s long list of cases, which analyzes the mockery of international commitments regarding compliance with the conventions of that body.

In fact, this labor reform is extremely regressive and aims at more than just reducing the value of work and putting the costs of the crisis down to the workers, especially those with lower qualifications. Labor reform and the pension reform of Temer’s government imply a disruption of the labor market and of the state, with broad deleterious effects capable of altering the economy’s own resilience by expanding both unemployment and informal work relations and as well as hampering access to credit and public services.

In regards to Social Security, it is important to consider that there is a need for a social security reform, as the country is aging rapidly. The governments of Mr. Da Silva and Ms. Rousseff sought to make adjustments by eliminating undue privileges and promoting more justice in the social security system. What the coup government is sponsoring, however, are proposals to reform the social security and thus encouraging the privatization of the system. Consequently, it would penalize low-income workers without eliminating distortions and privileges.

In other words, in addition to promoting the destruction of labor rights, the coup government also seeks to destroy social security rights.

36 About 75% of the original Consolidation of Labor Laws (CLT) had already undergone changes, over more than 70 years. New proposals were under discussion on the labor relations system, including the reduction of labor recruitment costs by companies, in particular the replacement of the excessive judicialization of labor disputes by the strengthening of negotiation and collective agreements. But there was no dialogue or negotiation for the implementation of this broad withdrawal of rights, downgrading of the essential principles of labor law and weakening of the trade union representation of workers.

PASSIVE AND SUBORDINATED INTERNATIONAL INSERTION AND AUSTERICIDE

In less than a year, the coup government lead by Michel Temer implemented an orthodox and permanent fiscal adjustment. Investments and public spending were plastered for two decades and reforms were approved, such as the labor reform, which withdraw rights and promote the precariousness of labor relations. In addition, sovereignty in the decisions on pre-salt oil was given up, strategic reserves were privatized. In some cases, local policies were reduced or terminated. Also, taxes were exempted and concessions negotiated in the regulatory framework of the pre-salt in an obscure way, as revealed by the official documents of the British government concerning Shell and other English companies. The coup government also started the slicing and denationalization of Petrobras; started the privatization of Eletrobras; abandoned strategic investments; and decapitalized and increased the credit of the BNDES.

Altogether, these measures undermine the country's capacity for development and aggravate the situation of businesses, employment and households. In addition, such measures compromise Brazil's future development and national sovereignty itself.

Indeed, the coup has triggered a series of measures that call into question the sovereignty, patrimony and future of the national economy.

The sale, at depreciated prices, of the pre-salt deposits, without the participation of Petrobras as the sole operator, alienates our ability to internalize investments and to invest in future generations, as was the intent of the Workers' Party governments. The end of the national content policy drives despair and unemployment to vast productive sectors, especially to the naval industry. The BNDES impediment to lending creates a serious obstacle to the resumption of investments. The general offensive against public credit and public banks poses a virtually intransigent obstacle to the resumption of growth, since private banks will not replace public credit in a situation of insecurity and recession.

The dismantling of the "active and haughty" foreign policy, particularly of Mercosul, of the South-South Cooperation and of the BRICS weakens the country and destroys an important external market for our industry. The resumption of negotiations for the use of the Alcantara base by the United States, under the asymmetric terms proposed by that country, threatens the design of the satellite launch vehicle and the Brazilian space program.

The *Lava Jato* operation, in the conditions under which the investigations were carried out, without the necessary protective measures of businesses and jobs, destroys most of the biggest national construction companies.

Even the territory, the base of the Nation-State, is in danger. The announced provisional measure that will permit large-scale sales of land to foreigners to “attract investment” raises doubts about the country’s ability to preserve various strategic resources such as energy, food and water.

The truth is that all of this demonstrates that the economic strategy of the coup is growth based on foreign private investment, which essentially prioritizes the acquisition of our strategic natural resources (oil, land, water, biodiversity, etc.) and the savage privatization of equity. And it also shows that the coup has as its geopolitical strategy to place Brazil, once again, as a subordinate within the North-South relationship.

Clearly, it is a return to the inherited mentality of Brazil colony, which would make the country integrate into the “international value chains”, basically as a producer of commodities for the industrialized metropolis or as a host for *maquiladoras*, as it is the model implanted in Mexico. In the background, the coup came in to sell Brazil.

It is an impracticable model, incapable of resuming a new cycle of development.

Michel Temer’s government, along with key sectors of the media that supported the coup, claimed that after the president’s withdrawal, the economy would recover immediately, with a confidence shock, with a return to growth and a reduction in unemployment. Soon after the media campaign, it would be enough to approve CA 95/2016 to regain confidence and resume growth.

However, in the near future, there is no room for accelerated and sustained growth recovery. At the same time, we are witnessing the dismantling of essential social policies for social inclusion, for combating poverty and for reducing inequality.

This strategy will prevent the resumption of sustainable growth, keeping us in a vicious circle in which spending cuts worsen the fiscal result because they reduce the collection capacity.

This policy did not work anywhere in the world. One only has to look at the case of Greece, which suffered seven years of deep depression, or even the example of our own recent history, during the so-called lost decade.

LIMITS OF ECONOMIC RECOVERY

The coup first promised a confidence shock in the financial markets that would ensure a resumption of growth. The resumption was then linked to the approval of setbacks and withdrawals of rights, such as CA 95, outsourcing, labor reform and privatization. The pension reform is still on the agenda.

It was clear, though, that permanent fiscal orthodoxy, the drastic cut in public funding, the shrinkage in public investments, and cuts in social spending would not ensure a resumption of growth in a sustainable way.

The exceptional agricultural crop in 2016, strongly determined by the improved rainfall regime and the consistent agricultural credit policy built during the governments of Mr. Da Silva and Ms. Rousseff, a relative recovery in commodity prices, the acceleration of international trade, minimum wage adjustments and the release of the FGTS at the beginning of the year explain a slight improvement, especially in the first two quarters of 2017.

However, the cost of the coup was eight quarters of a decline in production, the largest recession in documented economic history in the country, and an even more dramatic fall in GDP per capita, of 10.4% in the first half of 2017. After this tenuous recovery in the activity level, also marked by a strong carry-over projected at 0.97% of GDP in 2017 and 0.24% in 2018, there are no elements that can assure a proper resumption of sustained growth.

Household consumption remains very low. Life insurance has been the worst since 2006. The level of household indebtedness is very high and 61 million adults remain in default. Unemployment, which reached 6 million workers in 2014, got to 14.2 million in 2017. There was only a slight improvement in rates, after a peak from 13.7% to 12.4% in October. However, this slight improvement was accompanied by a structural deterioration in the labor market. Workers without a work permit rose from 41.4% in December 2014 to 44.2% in October 2017.

The main components of aggregate demand, such as exports, household consumption, basically comprised of wages and credit and private investment, remain without a significant and consistent reaction. Furthermore, public spending and investment, which would be an autonomous variable, are fully fueled by the orthodox and permanent fiscal adjustment of EC 95, which will be even more severe in 2018.

The favorable impact of the minimum wage adjustment at the beginning of last year (2017), the social security expenditures associated with the minimum wage and the extraordinary FGTS release will not be repeated. The fiscal crisis tends to remain, exhausting the effects of the collection promoted by the repatriation of capital and the first moment of a new Refis. The coup is deepening social inequality. Thus the newspaper headlines and the market analysts' effort in line with the coup fail to overshadow the fact that the stagnation remains, and the fact that the coup was the major contributor to the serious reces-

sionary crisis. The coup policy increased the economic and social cost of the crisis and did not deliver the accelerated economic recovery, which was strongly present in the discourse of the coup government and its allies³⁷.

THE ATTACK ON DEMOCRACY AND THE FRAGILIZATION OF THE INSTITUTIONS

THE COUP

The coup has affected, in addition to the president's mandate, the basis of the institutionality of the presidential system, as it compromises all the social achievements promoted in the last 13 years. In other words, in short, there has been a complete dismantling of social policies and government programs and actions in all important areas.

One cannot claim the dismissal of a president of the Republic for "purely" political reasons to meet the demands of the financial and economic sector and an agenda of permanent fiscal orthodoxy and neoliberal reforms defeated at the polls in four successive presidential elections.

No dismissal of a head of state and government is possible in presidentialism in the same way as in a parliamentary system. In a democratic state of law, it is not permissible to invoke false legal grounds for the removal of a president. An annulment of the presidential term legitimately granted by the majority of the population, in disregard of the provisions of the Constitution, is a profound offense against its foundations. It is an institutional break. It is a deep violence and a historic injustice against the elected president and the society that elected them.

Indeed, the coup of 2016 profoundly affected the Brazilian democratic regime and opened the space for arbitration and for a state of exception, producing an extremely hostile environment for political and individual liberties, civil rights and social conquest of the sweat-political pact of 1988. Far from being an isolated fact, the coup showed that authoritarian thinking in Brazil is still alive, active and willing to destabilize political institutions and the checks and balances of a modern democratic system still under construction.

The antecedent elements of the coup already indicated that there was something rotten within our young and still imperfect democracy,

37 Recent survey by *LCA Consultores*, with IBGE's Continuous PNAD data, reveals that the top 10% of those receiving the best salaries (around 8.5 million people) in 2016 accounted for about 39% of the total wage bill. In 2017, they began to concentrate 41.1%, equivalent to R\$ 774 billion. At the other end, 40% of the workers with the lowest wages received 14.1% of the wage bill in 2016 and received 12.7%, equivalent to R\$ 23.7 billion. New labor legislation and the declining fiscal ceiling tend to exacerbate this downward trend in social inequality.

but all the signs were being relativized by the diffuse desire to deny that an authoritarian and protofascist seed was growing in our midst. It was unthinkable to suppose that we would regress on the democratic path, but the facts have gradually revealed another truth.

Since the strong demonstrations of 2013, a portion of the Brazilian elite has started flirting more concretely with the self-organizing idea of taking the PT out of power at any cost. The fall of the approval ratings of all political actors was the opportunity for a frontal and systematic attack against the administration President Dilma Rousseff and the Workers' Party, aimed at reversing the fourth successive defeat of the opposition in the 2014 elections.

A brief glance at the TV news, newspapers, magazines and other traditional media vehicles was enough to catch a general trend of opinion makers against the government. The speeches began to go beyond the normal criticism of a democratic environment and, increasingly, they were used to disqualify and delegitimize the government and the party. In the world of "the worse, the better", everything was wrong, everything would get worse and everything was the fault of the Workers' Party government.

The systematic bombarding of news and negative opinions about the government managed to create a toxic environment that was absorbed daily by society in the form of a sense of rejection of the government and of the Workers' Party. The diffuse dissatisfaction of 2013, with which the democratic government was able to respect and dialogue, was gradually directed towards an angry discourse against President Dilma Rousseff, the Workers' Party and its leaders.

It was in this scenario that police and prosecution operations against political leaders grew. It was in this environment that the right-wing ultra-radical groups were formed and it was in this context that the 2014 elections took place and, soon afterwards, so was the questioning of the mandate of a legitimately elected president with 54.5 million votes. The diffuse dissatisfaction of 2013, at least to part of the society, has been transformed into something unacceptable to the democratic state of law: hatred. Hatred against the Workers' Party, against the left and against everyone who thinks differently.

Contrary to expectations, the result of the 2014 elections did not interrupt the authoritarian climb of the Brazilian conservative elite. Instead, President Dilma Rousseff's victory seems to have provoked even more anger and hatred in the radical right, which ended up extending the polarized electoral environment until the impeachment trial.

As all the effort to defeat the adversary in the democratic process of the polls was in vain, other tactics, even more authoritarian, were used. The electoral result was not accepted and all court instances

were used to challenge the democratic process, including ridiculous reports of fraud in the ballots and an absurd audit on the reliability of the results derived from the electronic voting system.

The tactic adopted was clear and based on denying the legitimacy of the elections and the mandate of the elected president. What we witnessed was politics sabotaging the economy and building up the basis for the coup.

The role of the conservative and oppositional parliamentary majority in the Chamber of Deputies in this scenario was, as we have seen, fundamental for the destabilization of the Brazilian political framework. The imposition of “bomb agendas” and sabotage on the legislative agenda of Ms. Rousseff’s government ended the minimal predictability of the political process and led the country to deep political, social and economic instability. What was a cyclical downturn of the economy has turned into a deep and prolonged recession, which lasts until today.

It was clear from the outset that, in the face of mediation and regardless of content and evidence, President Dilma Rousseff would be convicted for a liability offense and then, in a new phase of the coup, President Lula da Silva would also be convicted, who is the main and most representative leadership of the country, for whatever reason.

Associated with this, the messianic actions of the Public Ministry and the Justice, deliberately offensive, were directed at the Brazilian political system, especially against some leaders and parties, notably the Workers’ Party. The systematic destruction of the legitimacy of political institutions has not contributed to the strengthening of a democratic state of law. It only provided the ideal conditions for authoritarianism and hatred to advance within our society.

SELECTIVE STATE OF EXCEPTION

The vice-presidentialism implanted after the impeachment trial without a liability offense revealed the state of exception that was being brewed. The coup makers did not mobilize weapons and troops, but managed to spread the idea that in order to deal with the political and economic crisis, it was necessary to use legal interpretation to relax democratic rules, to relativize constitutional guarantees, to suppress social rights and to stifle dissenting thinking.

In other words, in order to face the crisis, it was necessary to “pause democracy”, creating an exceptional situation in which constitutional rules could be suspended or relaxed.

Before consummating the coup, it was expressly stated that the reforms to be forwarded by the then vice-president could only be made by someone who had no commitment to the polls, either in the

past or in the future. And so it is. The parliamentary majority built to support the illegitimate mandate of the current president allows the suspension and suppression of the fundamental rights of the Brazilian citizen.

In this post-coup year a succession of attacks against rights hard-won by Brazilian society was observed. However, this direct attack on social rights could not be maintained without also a harsh attack on the citizens' civil and political rights.

The conservative hatred wave, which supported the coup and supported the state of exception, created an extremely hostile environment for minority or marginalized groups in society, such as natives, *quilombola* communities, landless movements, homeless movements, black people, women, GLBT, among others.

THE CRIMINALIZATION OF POLITICS AND THE CRISIS OF THE POLITICAL REPRESENTATION SYSTEM

The crisis of political parties and systems of representation is present in many democracies. In France, the cradle of modern democracy, a president who has just founded a new party to take part in the election has just been elected. In the US, Donald Trump, a far-right outsider with a speech tailored to trick unemployed workers, came to power, much to the surprise of many. In Britain, Brexit, something unthinkable a few years ago, was confirmed in a plebiscite. An important part of Europe faces a growing feeling of disbelief in "politics" and in traditional parties. "Apolitical" adventurers, "new politicians", new parties with old ideas, and pseudo-"technical" solutions to complex political issues emerge.

This global crisis that impacts many democracies and politics itself is due, in large part, to the global economic crisis. In fact, whenever there is a great economic crisis, intense and persistent as today, democracy and systems of representation suffer considerable stress. In such circumstances, the ability of politics to absorb and arbitrate conflicts, especially the distributive conflicts inherent to the capitalist system, is weakened or, in many cases, completely wiped out.

In the crisis of the 1920s and 1930s, in the aftermath of the First World War, some European political systems simply imploded, giving way to fascism and Nazism, which led the world to the gigantic tragedy of World War II. In the US, however, the political system was saved by Franklin Roosevelt's countercyclical policies.

However, in this global political crisis, there is a deeper, underlying factor that goes beyond the economic crisis. It is what we could call the "depoliticization of the economic policy". Indeed, since the 1980s, to varying degrees, systems of political representation have

“outsourced” the relevant decisions on the conduct of the economy to the “market”, “market analysts” and “independent institutions” such as central banks dominated by large financial interests.

Since that time, “technical consensus” have been created, which have consecrated, as rational, desirable and inevitable, neoliberal policies that are friendly to the interests of big financial capital. With this, the really relevant decisions on the conduct of economies and countries were excluded from the system of representation and control of popular sovereignty, exercised by the vote.

In Europe and the US, the traditional alternation between traditional center-left and center-right parties no longer has a relevant impact on economic policy and people’s lives. Most governments have reproduced and still reproduce, to a greater or lesser extent, the sameness of “technical” and neoliberal consensus. In Europe, this ideological submission of the traditional leftists to the neoliberal ideology was termed the Third Way. All of this has resulted in a significant increase in economic and social inequality, in unrestrained structural unemployment and in the “financialization” and deregulation of the economy, which have been the factors determining the worst global crisis since 1929.

In politics, the usurpation of the control of the economic politics by the popular vote resulted, initially, in a growing electoral absenteeism, and now, in the crisis, in a generalized disbelief in politics and lack of credibility of the parties and of representation systems in many countries. Voters in many democracies realize that their votes do not make a great difference in their lives. Voting or not is indifferent, because the prevailing feeling is that nothing changes. Politics that does not create real alternatives of power is not political. It is, indeed, only a simulation of democracy. It is this political void that is at the root of the crisis of modern democracies. Thus, the worldwide crisis of politics is, in reality, a crisis of the lack of politics. And the crisis of the systems of representation is the crisis of the lack of representativeness of the political systems, which do not give an effective voice to the votes that are collected.

BRAZIL BACK TO THE FUTURE?

SCENARIOS AND TRENDS FOR 2018

In Brazil, to make matters worse, the coup removed from the popular sovereignty any control over any politics, not just the economic one. Without a single vote, the coup consortium has been implementing, not only the orthodox conjunctural adjustment measures, but also deconstructing measures with long-term or even definitive effects in many areas: education, health, social security, social assistance, labor, protection of minorities, environment, science and technology, energy, foreign policy, etc.

In addition, the governments of Mr. Da Silva and Ms. Rousseff had to deal with a coalition of parties with a minority programmatic parliamentary base. As it has already been said, this unfavorable correlation of forces in parliament prevented the implementation of a profound political reform that would alter the electoral process and establish a new pattern of financing for election campaigns.

As a result, the corruption investigation process, which has as one of the main targets campaign financing and slush funds, has deprived the credibility of an important part of the Brazilian political class and the main political parties and transferred the system of representation to a consortium formed by large financial capital, important oligopolized media vehicles, prosecutors, police officers and partisan judges.

Throughout the world, the overcoming of the political crisis and, as a consequence of the economic crisis, involves the ability of representation systems to recapture the prerogative of making relevant, effective and innovative decisions in the economic field and in all areas. In a geopolitical sense, this overcoming implies giving back to the national States the decision-making capacity that was transferred to the international financial capital and enshrined in world and regional treaties. This is what so-called “right-wing populism” has been trying to do, although in an entirely sterile and misguided way. And, in a larger democratic sense, this overcoming necessarily requires giving back, to the popular vote, the effective capacity to decide the destiny of the country.

In other words, politics has to regain the ability to create a popular “identity” that is able to stand up, in a real democratic dispute, to the establishment of global and deregulated financial capitalism. Or, if they want, real politics must replace the void of “post-politics” choices and democracy must replace “post-democracy” devoid of effective popular sovereignty.

This being said, in Brazil, the process of recovering politics and popular sovereignty, which appears to be the only way to overcome the crisis, has an emergency character and requires two preconditions: defeat the coup politically, avoiding the advance of the dismantling of social policies and of the country and the dismantling of the labor market, and prevent the new phase of the coup from impeding Mr. Da Silva’s successful candidacy, who alone leads all polls in all electoral scenarios.

THE COUP WITHIN THE COUP

In this regard, it must be said that President Lula da Silva is being subjected to unprecedented judicial persecution in the Brazilian history. And a clear objective can be noticed: to prevent Mr. Da Silva from being elected again to, one more time, accomplish the economic, political and social achievements that the Brazilian people need to increasingly stand ever more proud and sovereign.

There are many arbitrary actions that Mr. Da Silva has undergone along tortuous inquests and processes, it suffices to mention the unlawful and shameful operation that took him into custody in March 2016 or the ridiculed public Power Point presentation riddled with assumptions, image montages, and sound bites, with the evident purpose of embarrassing the former president and submitting him to public humiliation, clearly offending the fundamental principles of the due process and of the dignity of the human person.

Another extremely serious fact was the leaking by justice itself of recorded conversations between former President Lula da Silva and

the then President Dilma Rousseff, whose illegality was ultimately acknowledged by the Brazilian Federal Supreme Court (STF) itself, upon whom it is incumbent to safeguard the Constitution. So far, however, the STF's ruling has not led to the punishment or removal of the suspected judge, who shows no impartiality to try President Lula da Silva.

Against Mr. Da Silva was adopted the so-called "criminal law of the enemy", the judicial policy of previously identifying and fully criminalizing a person, regardless and even before the existence of a crime. In relation to Mr. Da Silva, they act like the "referee who doesn't want to lose the game", in the words of renowned Italian lawyer Luigi Ferrajoli, in a public analysis held last April 4, in Parliament in Rome.

There is, therefore, clear political selectiveness on the part of the Brazilian judiciary system. While politicians with ties to Brazil's traditional oligarchies are protected or released, even in face of substantive evidence like recordings and suitcases full of illegal cash, Mr. Da Silva is convicted in the absence of any evidence.

It is worth underscoring that former President Lula da Silva never sought any protection or privileges of any kind. He has never refused to appear in court. He never purported to be above the law. Mr. Da Silva is not above the law, but he cannot be denied the law, which disposes that everyone is entitled to a fair trial.

The recent experience of the Workers' Party governments shows, as we have seen, that popular vote and politics can make a difference. They can change people's lives for the better.

Mr. Da Silva's candidacy is unique, which has so far presented itself with sufficient credibility to advance the agenda of permanent fiscal orthodoxy and neoliberal reforms sponsored by the coup. All other pre-nominations, with the exception of the uncompetitive ones in the progressive field, appear as a mere continuation of the coup.

Conservative applications represent the same policies that have been implemented by the coup consortium, with minor variations. The traditional right-wing parties, the "new" parties, the "technical and apolitical choices" and the "right-wing populism" are not real choices and real alternatives to what is already being achieved by the coup.

The moral, political, economic and social failure of the coup makes it impossible to compete with the project that Mr. Da Silva represents, like no other political leadership in the country.

For this reason, the first attempt to defeat Mr. Da Silva was preceded by an aggressive media campaign. Some oligopolized media vehicles sponsored a daily and unconditional attack on Mr. Da Silva and his family during all these past years.

At the same time, attempts were made to resume the discourse of fear and economic instability Mr. Da Silva could bring up, the same attempt to articulate ill-intentioned financial speculators with ill-informed voters, carried out in 2002 in the campaign of fear. The economic data for comparison between the governments of Mr. Da Silva and FHC, in all areas, including in the stock market, which had an appreciation of 535% in the period Mr. Da Silva was in charge, almost four times higher than the FHC period, make it impossible to resume such a strategy. It is important to remember that when Mr. Da Silva began his government in 2003, Brazil was the 13th economy in the world. When he left it, Brazil was already the 6th.

Another attempt was to picture Mr. Da Silva and Ms. Rouseff as the sole responsible for the crisis. However, data from the latest Datafolha survey show that 62% of the population find Michel Temer's government worse than Ms. Rouseff's second government, and this trend has been growing strongly. The role of the coup in deepening the crisis is becoming increasingly clear and the population is distinguishing the two projects.

There was still an attempt to build a new candidacy by someone "out of politics". The attempt failed quickly as it lacked social and political consistency and a discourse, and because it was somehow associated with the worn-out forces that sponsored the coup.

Finally, the "*tapetão*"³⁸ emerges with great force. Thus, to get Mr. Da Silva out of the dispute underhandedly would mean turning the next elections into a simulacrum of a real dispute. It would mean betting on "post-politics" against politics and on "post-democracy" against democracy. It is to block the right to vote of a significant portion of the electorate, of people who had already declared to vote for Mr. Da Silva in electoral polls. It would mean betting, deep down, on the deepening of the political and democratic crisis.

This movement to impede Mr. Da Silva's candidature includes the preparation of a Proposed Constitutional Amendment (PEC), which prohibits the candidature of those who have served as president in two terms, to a strong articulation to introduce, through the National Congress, without popular consultation, a sub-presidentialism, with the figure of the prime minister, even after the realization of two popular plebiscites with ample victory of presidentialism.

However, the most articulate initiative to prevent the candidature is, as we have seen, in the judicial attack. In Brazil, elements of legal

38 TN. *Tapetão* is a Brazilian expression traditionally used to characterize the rise of soccer teams to categories of greater prominence through strategies of manipulation of power, now also used to evidence illegitimate political actions.

exception have been intensified, justified by operations to combat corruption. Unjustifiable prisons, with the almost explicit goal of forcing plea bargains, and coercive conduct without a legal basis have become a routine. A denial of the constitutional principle of due process. A media spectacle is in place, with pre-sentenced and accelerated condemnation, without evidences, but devastating in public opinion. A repressive machine that intimidates, silences and gags, which has ample complicity in important communication vehicles, chooses the political targets to be reached. Uncontrolled power leads to arbitrariness and the exception in the profoundly unequal relationship between the citizen and the state.

The most emblematic cases were the humiliations imposed against the rector of the Federal University of Santa Catarina, Luiz Carlos Cancellier de Oliveira, without any legal basis, which led to the tragic outcome of his death. Again, there were similar arbitrary assaults in four major Federal Public Universities, culminating in the recent assaults against rector, former rectors and vice rectors of the prestigious Federal University of Minas Gerais for their Amnesty Memorial project, whose objective is precisely to denounce the arbitrariness, the torture and the regime of exception of the authoritarian period.

In addition, there was also a major conservative and intolerant offensive against culture. Museums, exhibitions and artists have been persecuted and repressed by a protofascist wave that despises culture and art as libertarian elements of innovation and social criticism.

FINAL CONSIDERATIONS

In Brazil and Latin America, we are going through a moment of great institutional instability, in which a set of actions and measures of exception coexist and simultaneously devour democracy.

In our countries, initial agents of the emergency measures, those who take on the role of undermining democracy, which in the past were the military, have now been the Parliament and the Judiciary. Indeed, when one of these institutions takes the lead in exceptionality, the other supports it, directly or indirectly. The Judiciary and the Legislative, by omission or effective action, act as instruments of legitimization of both fraudulent impeachment processes and persecution of political opponents, as is the case against former President Lula da Silva (Rousseff, 2017).

The power of the conservative media is available to assist them, oligopolized by a small but powerful group of companies that creates an environment conducive to measures of exception within public opinion.

The suspension of an institutional normality with the enforcement of exceptional measures occurs via legal decisions, in executive actions and in institutional and political spaces, with direct respect to the relationship between powers.

First and foremost, one or more enemies are pictured as members of the popular governments or the trade union and social movements. Such measures are thrown at them.

In dictatorships, in Nazism and in fascism, the measures of exception were general and wide, as they applied to every society and to all spheres of law. They simply suspended the democratic rule of law. What we have now, in Latin America, are measures of exception within democracy, localized and directed. They do not cover all rights and do not apply to all persons. They are aimed at specific targets, electing the enemy on whom lawfare applies: the use of laws and formal processes as a weapon of moral and civil destruction of that enemy.

Parliamentary coups are at the heart of these specific measures, as was the case in Honduras, Paraguay, and Brazil. But throughout Latin America the production of exceptional measures to persecute political opponents was observed. It is the recent example of Ecuador and Argentina (Rousseff, 2017).

These authoritarian processes are closely related to the second neoliberal wave, which begins to be implanted in the region. Contrary to what happened in the 1990s, when the first neoliberal wave occurred in Latin America and Brazil, this time the international, regional and national circumstances demand the sacrifice of democracy for the success of this second neoliberal wave, the welfare state and national sovereignty, especially in the case of Brazil, the largest country in the region, which influences the course of the entire subcontinent.

Every advance needs to be swept away. Hence, the reforms sponsored by the coup are not only antisocial and anti-national, but they are essentially undemocratic. These reforms were defeated in four successive presidential elections and cannot be legitimized by the polls. They require restrictions on the democratic experiment. It is a great setback that attacks civil, political, social and economic rights. It attacks the rights of women, black people, workers, the poor, GLBT persons, indigenous peoples, cultural freedom and artists, public universities and even science.

Indeed, in these global circumstances of acute economic crisis, intense geopolitical conflicts, weakening of the ideological hegemony of neoliberalism, crisis of the systems of representation, lack of new frontiers for the expansion of capital and growing financialization of capitalist accumulation, the second neoliberal wave, in order to establish itself, requires:

- a. The establishment of a “tutored democracy” that strongly represses left-wing political leaders and social and labor movements. Civil and political rights need to be selective and relativized with measures of exception.
- b. The deconstruction the Welfare State enshrined in the 1988 Constitution and the labor rights registered in the battered CLT. Social and economic rights need to be revoked or ‘revised’.
- c. The destruction of social and economic advances made at the beginning of this century, so as to reduce the cost of labor wildly and open new frontiers for the expansion of capital, especially international financial capital.
- d. The disposal of everything that still remains of strategic public assets, such as the large pre-salt reserves, Eletrobras, Petrobras’ essential structures, the handover of Embraer, and the erosion of the state mechanisms for market regulation and development of the economy.
- e. The imposition of a permanent fiscal orthodoxy, such as CA 95, which sets a ceiling on social spending for 20 years, limiting or invading programs in education and public health, and social policies of inclusion and reduction of inequalities.
- f. The restoration of the absolute ideological hegemony of neo-liberalism and the deconstruction of the legacy that expresses the rich social and economic experience of the Workers’ Party governments.
- g. The removal of Brazil from the geopolitical South and its relocation into the geo-strategic orbit of the geopolitical North. This implies deconstructing the old foreign and defense policies. The BRICs and MERCOSUL, in particular, need to be abandoned, at least in their geo-strategic aspects.

However, so as to the weakening of democracies, this has also been happening in more advanced countries, with more consolidated democracies. In the US, an example is the Patriot Act, which is an approved law authorizing torture for selected enemies, passed after the September 11 attacks. The same situation applies to antiterrorist laws in Europe and restrictions on immigration almost everywhere in the world.

In Brazil, in particular, the coup brought us to extreme situations, such as the distorted reinterpretation of control of the act theory, used as justification for convictions without evidence. This theory has also been used as a basis for relating guilt and hierarchy, so that the higher the defendant is in the hierarchy, the greater their guilt. The violation

of deadlines and due process procedures has also been happening. Another feature is the reversal of the due process by requiring the defendant to prove innocence. We are now entitled to presumption of guilt (Rousseff, 2017).

One of the most recent examples occurred in the Federal Regional Court of the 4th Region (TRF-4), when it was decided that the *Lava Jato* operation, on the excuse that it was an exceptional situation, could take exceptional measures, that is, it did not have to be submitted to the Federal Constitution, to due process of law and to the dictates of international treaties for the protection of human rights.

In this context, the media, through selective and illegal leaks, became a complement to the police and justice, constituting a veritable court, an instance of lynching and of a privileged summary execution of lawfare. The powerful media oligopoly of the coup still has repercussions on distortions of the institutions, guaranteeing the dissemination of what prosecutors and judges declare external to the proceedings, even if it means unlawfully anticipating trials and convictions or fraternizing with friendly defendants. This media, in contrast to its positive role in the country's redemocratization, played a central role in spreading political hatred and conforming the coup of 2016, as it had done in the military coup of 1964.

And this is how the parliamentary, judicial and media coup have led Brazil to the most serious institutional disorganization since redemocratization. A coup that has officially started with the impeachment without a liability offense of a legitimately elected president, accompanied by the succession of omissions, distortions and injustices in the action of the judiciary and associated with the unequal conflicts between the three powers and their instances.

The agents of this process are the oligarchic, physiological and rightist politicians, the oligopolized media and the coup, the selfish financial and business elites who only see their immediate interests and impose a short-term agenda on the country and segments of the legal corporations which destroyed the constitution and democratic institutions.

Today, Senator Aécio Neves (PSDB) and illegitimate president Michel Temer (PMDB) are safe and sound, supported by parliamentary and judicial decisions, even with concrete, substantive and public evidence of their culpability. In contrast, Mr. Da Silva is condemned even with abundant evidence of his innocence. Today, institutional chaos has set in and has left a perverse reality.

In this reality, it is acceptable to have a government operated by a group of people that are accused of serious denunciations of corruption and confessed coup.

In this reality, it is lawful for those accused of various serious and documented crimes of public knowledge to remain in their positions until the end of their term and remain exempt from the reach of the judiciary if they are elected for other mandates.

In this reality, the hand that punishes severely the poor, working people, black people and left-wing politicians, caresses politicians accused of serious offenses of corruption.

In this reality, it is lawful for political enemies — President Lula da Silva and the main leaders of PT, democratic parties and popular movements — to be relentlessly and unjustly condemned and prevented from running for election. All of this without a trace of evidence.

This is how the farce of impeachment has validated the following anti-republican possibility: any honest and correct president, who does not have a parliamentary majority and who has committed no crime can be overthrown by the disastrous and fraudulent mechanism of an impeachment without a liability offense, and a president, denounced numerous times for corruption, can continue to act as a president, as long as he bribes for his mandate to obtain a parliamentary majority and submits himself to anti-popular reforms demanded by the market. Popular sovereignty was simply removed from the Brazilian political life.

Former President Lula da Silva, who, in his mandates, contributed with the greatest social legacy and sovereign projection in our country's history, is tried in spite of the lack of evidence and condemned only on the basis of convictions, while the main leaders of the coup and government have been guaranteed their impunity, despite evidence and due to favorable partisan convictions.

At the same time, all the investigations carried out in the fight against corruption have made it clear that Mr. Da Silva does not have bank accounts abroad or hidden patrimony in tax havens or in Brazil. The same cannot be said of the leading political leaders of the coup. They are being clearly protected by institutions that should investigate them and spared by institutions that should punish them (Rousseff, 2017).

Moreover, without any vote to legitimize such changes, we face the absurd amendment of the spending ceiling, literally reducing public expenditures on education and health for 20 years, the labor reform that repeals the most important historical rights won by the workers and opens the door to savage exploitation, the permissiveness of leniency with work analogous to slavery, the sale of pre-salt reserves at depleting prices, the sale of Eletrobras, the sale of fertile land without restriction to foreigners, the reduction of *Bolsa Família*; the end of *Minha Casa, Minha Vida* for the poor and other essential programs for social inclusion and income distribution.

This situation is shameful and unworthy of a democracy and a republic. And it is this situation that Brazil is experiencing today.

All the polls are confirming Mr. Da Silva's leadership in the next elections and his immense respectability and credibility with the electorate. This happens despite the most violent and systematic campaign of destruction of image and reputation perpetrated against a person in our history.

This is due to the memory of our population regarding the relevant social, economic and geopolitical achievements of PT governments, in contrast to the disastrous, shameful and immoral government that we have today.

This happens because of the democratic and popular character, truly authentic of all Mr. Da Silva's struggle and history of life.

This is due to the lack of evidence of the accusations against him, making evident the persecution of *Lava Jato* and of the courts and provoking a growing exhaustion of judicial, police and media denunciation.

It happens due to the possibility of Mr. Da Silva's candidacy being barred by justice is not producing the demobilization sought by the coup leaders, in the democratic and progressive sectors, in social movements, in the left-wing parties, and especially in the Workers' Party. The right to Mr. Da Silva's candidacy has become a central and crucial issue for the future of democracy and the resumption of Brazil's development and sovereignty.

It is in this scenario that a wide and unrestrained devastation has been promoted in the Mr. Da Silva's life and of his relatives, typical of the darkest periods of the military dictatorship, always covered with a convenient legal veneer.

There are countless violations of rights and constitutional guarantees such as coercive conduct without any legal basis, telephone conversations with President Dilma Rousseff, her attorneys and family members recorded and disclosed in breach of the law, which was recognized by the Federal Supreme Court (STF), despite the lack of provisions.

None of these acts provoked, on the part of the judiciary and of the police, measures that would restrain such unlawful actions.

Undoubtedly, it is clear that Brazil is undergoing an unprecedented political and institutional crisis, with a coup that is creating exceptional measures that hurt the nation and the Brazilian people. Since then, the country has unequivocally experienced a coup against the Democratic State of Law, the sovereignty of the country and social rights.

The coup started with a fraudulent impeachment — without legal protection, since there was no liability offense. Then, the coup plotters

who betrayed the country, usurping power, carry out an agenda with political, social and economic measures that had not been endorsed by the population in the last presidential election. On the contrary, by four consecutive presidential elections they had been defeated. The powerful coup staged by the media, business and financial market sectors, the political oligarchy involved in serious corruption allegations and a part of the legal and police corporations are allies of this government that has been imposing an agenda of setbacks to the country. It is a regressive neoliberal agenda, which promotes delay and withdraws the poor from the center of public policies, a conquest since 2003 with the election of President Lula da Silva. For 13 years, in PT governments, social inequalities were reduced, the rights and citizen participation of the Brazilian population increased. That is over.

Now, a government without votes and without the legitimacy of the ballot picks up the neoliberal agenda swept away of the country in the last four elections, when the Workers' Party and the allied forces imposed consecutive defeats to the PSDB and its right-wing partners. Michel Temer's government implements a program that preaches a minimum state, a minimum social policy, minimal public investments and minimum rights for workers and the middle class, seeking maximum privatizations and unlimited benefits to large selected economic groups. The country lives a climate of chaos and regression.

The electoral impracticability of such proposals is evident. Therefore, they plotted a new act of the coup against democracy, Brazilian society and our sovereignty: to remove former President Lula da Silva from the 2018 electoral race.

The coup condominium is without votes and without a viable candidate who continues the agenda that establishes the retrocession of antisocial, antinational and antidemocratic reforms. Strategic in this agenda is to use a "legal" weapon to prevent the presidential candidacy and condemn Mr. Da Silva. It is about lawfare, the use of laws, legal instruments and the judicial and police machinery as a political weapon to persecute and destroy opponents such as President Lula da Silva.

They condemn Mr. Da Silva for offenses that do not exist.

The coup within the coup would be to get President Lula da Silva out of the presidential election in 2018, turning it into a big fraud.

Any judicial solution that compromises the representativeness of the electoral process will increase instability and institutional insecurity. Election without Mr. Da Silva will not bring hope back, nor will it serve as the basis for a legitimate government and for building a broad consensus and reconciliation of the country, because it will be yet another attack on democracy.

It is clear that democracy is compromised when there is no harmony between people's expectations and government deliveries. Between popular vote and available candidates. For the population in Brazil, first came the loss of power, disrespect for the legitimate results of the election and 54 million votes; in the wake of the dismantling of rights, through reforms — spending ceiling, pension reform, flexibilization of the labor legislation — all of which promote setbacks and exclusion. Finally, the attempt to turn the elections into a great farce, excluding Mr. Da Silva. Thus, if dominant economic practices, antidemocratic judicial processes preclude the prioritization of social investments and the relevance of popular vote, governments fail to respond to the needs of voters. And then, politics becomes irrelevant to people's lives.

Citizens then turn easily to virulent anti-politics, in which facts and arguments are replaced by slogans, violence, prejudice, distorted symbols, sensationalism, and hatred. It is in this environment that the saviors of the motherland arise.

This has occurred, in a different way, in European democracies and in the USA. It is no secret to anyone that there is a general crisis of democracies and systems of political representation, heavily struck by the inequalities occasioned by the growing financialization of the world economy and neoliberal policies. Leading authors and researchers have analyzed this situation. The pattern of capitalist accumulation of the twenty-first century seems increasingly incompatible with democracy. In a recent statement by J. E. Stiglitz:

The world is plagued by almost intractable problems. Inequality is surging, especially in the advanced economies. The digital revolution, despite its potential, carries serious risks for privacy, security, jobs, and democracy.

In Brazil, however, the situation is seriously aggravated. Contrary to what happens in Europe, for example, the traditional right-wing and center-right, with a long tradition of authoritarianism and coup, have inflated an upward fascism and bet everything on a democratic rupture.

Our economic and political oligarchies, once again in history, have broken with democracy. They broke with democracy and broke with the defense of national sovereignty. This is the sad truth.

They infused the more backward forces of Brazil to strike an honest president and bring the “sangria gang” into power. They took to the streets along with fascist groups, who called for military intervention and condemned democracy and politics in general. They

struck the serpent's egg that would inject deadly poison into our democratic institutions.

In their irrational obsession with taking the PT out of power at any cost, they opened the Pandora's box to ultra-conservativeness, which now blooms and engulfs them. In their attempt to overthrow the elected president, they destroyed the pillars of democracy and thrown into the mud the popular vote. In their attempt to stifle PT's credibility, they destroyed the legitimacy of political parties and the entire political representation system.

They also put judges and prosecutors against PT and eventually destroyed the Brazilian heavy construction industry and imposed a hard blow against national engineering. They have also put an end to our competitiveness in exporting services, which is the fastest growing strategic sector in the world. They eroded the credibility of justice and of the Supreme Court. Casuistry replaced legal certainty in Brazil.

Institutions are in tatters and the system of political representation today has very low legitimacy. Parties and political representation resemble a broken mirror, which can no longer project the image of a nation in which the people recognize themselves.

This rupture with democracy, with the popular vote and with the pact of the Federal Constitution of 1988 was planned and came to stay. It is a long-term strategy that seeks to consolidate the regressive ultraneoliberal agenda, permanent fiscal orthodoxy and a tutored democracy, which will no longer allow the alternation of power and any policies that deviate from the dogmas of economic orthodoxy with a subordinate international insertion.

It is thus a continuing coup that dismantles democracy, civil and political rights with selectivity, broad social rights, the welfare state, national sovereignty and the political-democratic pact embodied in the democratic transition, which sought to ensure the alternation of peaceful power among the political forces of the ideological spectrum.

This democratic political cycle that began with the end of military dictatorship and the promulgation of the 1988 Constitution is closing. We had essential pillars for the democratic process that underpinned the popular vote. Elections were free and legitimate. Those who lost the elections recognized the defeat; those who won took over and ruled. These principles were broken in the 2014 elections by the coup. We return to the scenarios of great instability and political unpredictability.

Political persecution and recent legal arbitrariness have placed Luiz Inácio Lula da Silva next to Getúlio Vargas, Juscelino Kubitschek, Jango Goulart, and also victims of injustice and arbitrariness in international history, such as Nelson Mandela.

A country that, in the Workers' Party governments, combined democracy, stability, economic growth with job generation, social inclusion, income distribution, national sovereignty with opportunity for all and was an example for the world, no longer exists. It is destroyed.

However, the legacy of the Workers' Party governments, as we have shown in this book, is generous, deep and consistent, and at some point in history it will come back refreshed and renewed.

If the coup destroyed Brazil's present, it is up to us to fight against the destruction of Brazil's future.

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Aloizio Mercadante Oliva, 63, holds a bachelor's degree in economics from the Faculty of Economics and Administration of the University of São Paulo (USP, 1976), a master's degree in economics from the Economics Institute of the State University of Campinas (Unicamp, 1989). Doctor in Economic Theory by the Institute of Economics — Unicamp. He is a retired professor of economics at Unicamp and a licensed professor by the Department of Economics of the Pontifical Catholic University of São Paulo (PUC-SP).

He participated in the founding of the Workers Party (PT) as vice president and director of international relations of the National Executive Committee. He also participated in the founding of the *Central Única dos Trabalhadores* (CUT), where he was the founder and first director of the Department of Social, Economic and Political Studies (Desep da CUT). He was a federal deputy for the Workers' Party (PT), in two terms (1991-1995) and (1999-2003), having been chairman of the Committee on Economics and leader of the Workers' Party back bench. He was a candidate for vice president of the Republic with Luiz Inácio Lula da Silva in the 1994 presidential election and senator of the Republic for São Paulo (PT) in the 2003-2011 legislature, having been the highest-ranked senator in history with 10.5 million votes. He was president of the Senate Economic Affairs Committee, Lula

Government Support Unit Leader, PT back bench leader, a member of the Brazilian representation and president of the Mercosul Parliament 2007-2010.

He was Minister of Science, Technology and Innovation, 2011-2012; Minister of Education 2012-2014; Chief of Staff of the Presidency of the Republic 2014-2015 and Minister of Education 2015-2016 in the PT governments of President Dilma Rousseff.

Among the most recent works are: *O Brasil Pós-Real, A política econômica em debate*, by Editora Faceba, Salvador, 1998; *Brasil Primeiro Tempo*, Ed. Record, São Paulo, 2006; *Brasil: Observatório: Coletânea de artigos sobre a evolução do Brasil nos últimos anos*, Senado da República, 2009; *A construção retomada*, Ed. Terceiro Nome, São Paulo, 2010; *Brasil: de Lula a Dilma*, (2003-2013), *Madrid-Espanha*, Clave Intelectual, 2013; *As bases do Novo Desenvolvimentismo no Brasil: Análise do Governo Lula* (2003-2010), doctoral thesis, Campinas, Unicamp, 2010.

Marcelo Zero is a sociologist, graduated and postgraduated at the University of Brasília (UnB). He specialized in foreign policy based on his professional experience as coordinator of the MERCOSUL Employment and Migration Committee, while working at the Ministry of Labor in the early 1990s. Since 1995, he has been working in the National Congress, advising the back benches of PT in foreign policy, Mercosul, national defense and intelligence policy, and other issues.

There, he has participated in the resistance to the foreign policy of the first neoliberal period, having produced opinions and studies on several important topics, such as those related to the Alcântara Agreement and to the bilateral agreements for the promotion and reciprocal protection of investments, among many others. Subsequently, he engaged in legislative support for the active and haughty foreign policy of the PT governments. He regularly publishes articles and essays on critical information sites.

Born in Lisbon, but a Brazilian citizen, he lived in several countries of the world and visited many others, due to his father's occupation, a career diplomat. This international experience taught him to love Brazil and to consider it a country with enormous potential for the construction of a peaceful, developed, just and fraternal society.

Mercadante, Aloizio
PT Governments: A Legacy for the Future / Aloizio Mercadante;
Marcelo Zero - 1a ed. - Ciudad Autónoma de Buenos Aires:
CLACSO; San Pablo: Fundação Perseu Abramo. Partido dos
Trabalhadores, 2018.

Libro digital, PDF

Archivo Digital: descarga
ISBN 978-987-722-325-5

1. Historia. 2. Acción Política. I. Zero, Marcelo II. Título
CDD 306.2

Other descriptors allocated by CLACSO:

Brazil / Partido dos Trabalhadores / PT Governments / Luiz Inácio
Lula da Silva / Dilma Rousseff / Latin America / Social Thought /
Critical Thought / Human Rights / Democracy