

CRISIS AND CONFLICT IN BRAZIL - 2015

*Felipe Maia Guimarães da Silva*¹

Resumen

En 2015, Brasil experimentó una de las peores crisis económicas, sociales y políticas de su historia. El conflicto político se desató al mismo tiempo. No es fácil establecer una conexión causal entre crisis y conflicto en la situación brasileña, ya que el incremento de la temperatura conflictual no fue una simple consecuencia de la crisis económica ni de sus efectos sociales, igual que la crisis económica no fue resultado del conflicto político. Ambos fenómenos tienen sus propios antecedentes, y es probable que se refuercen entre sí.

Palabras clave: Brasil, crisis económica, conflicto político

Resum

L'any 2015, Brasil va experimentar una de les pitjors crisis econòmiques, socials i polítiques de la seva història. El conflicte polític es va desencadenar al mateix temps. No és fàcil establir una connexió causal entre crisi i conflicte en la situació brasilera, atès que l'increment de la temperatura conflictual no va ser senzillament conseqüència de la crisi econòmica, com tampoc aquesta va ser provocada pel conflicte polític. Tots dos fenòmens tenen antecedents propis, i és probable que es reforcin mútuament.

Paraules clau: Brasil, crisi econòmica, conflicte polític

Abstract

In 2015, Brazil experienced one of the worst economic, social and political crises of its history. Political conflict stirred up at the same time. It is not easy to

¹ PhD in Sociology, Professor of Sociology at the Federal University of Juiz de Fora (UFJF).

establish a causal connection between crisis and conflict in Brazilian situation, because the raise of conflict temperature was not simple consequence of economic crisis or its social effects. Neither economic crisis has been produced by political conflict. Both have its antecedents and probably are strengthening each other.

Key Words: Brazil, economic crisis, political conflict

Antecedents of the Brazilian crisis and conflict

The magnitude of the present crisis can be seen in the Brazilian social and economic indicators. In 2015, the Brazilian GDP decreased about 4%, the worst result in decades, and unemployment raised from 4.3% in 2014 to 6.9% in the last month of 2015.² However, the stagnation of the country's economic activity did not lower prices but, on the contrary, inflation was about 8%, creating a very problematic social situation for Brazilian workers, who now have many more difficulties to get jobs and protect their salaries. At the government level, public debt increased by 21% in just one year, on account of the economic depression and also because of the raising of the interest rates of public debt. Regional and local governments are in serious trouble to pay the salaries of their civil servants and even to keep public services in operation, especially the public healthcare system. In fact, the Brazilian economy has been in trouble since 2012, after a decade of good results concerning the growth of GDP, jobs and salaries, also in the public sector. But last year's situation is much more dramatic than in the previous crises.

In 2013, when millions of Brazilians were on streets protesting against the price of public transport tickets and against public expenditures on the Fifa World Cup, the economic situation was very far from the present one. Instead of protesting against some social calamity, the demonstrators displayed high expectations about social rights and public services, especially healthcare,

² IBGE Pesquisa Mensal de Emprego - Dezembro 2015.

education and urban transport. They were mainly young people born in a country that had experienced a strong social and economic modernization in the previous two decades but had not overcome social inequality. Social rights and better public services were identified as the best way of creating equal opportunities. At that moment, the political targets of the protests were diffuse, and did not concentrate on the President of the Republic, but were distributed among many levels of government and political parties. The political leaders were scared, but they withstood the critics and got back on the usual track, allowing no reforms. The Brazilian political system did not properly process the new information brought to it by the mass demonstrations in 2013; none of the big political parties was really open to dialogue with the demonstrators or to incorporate their claims in their political programs. However, the demonstrations were a sign that the golden age of Brazilian development was coming to an end and social dissatisfaction was raising.

The presidential elections held in 2014 seemed doomed to be a repletion of the habitual race between the two biggest political parties in Brazil, the PT (Worker's Party) and the PSDB (Social Democratic Party), usually considered as a center-left versus center-right competition. The Worker's Party had won the last three races and would get another victory in that year. The only trouble for these large two parties was Marina Silva, a former Minister of Environment in the cabinet of former president Lula, who had left his party with strong criticism of Dilma Rousseff. Marina only became candidate in the middle of the race, after the death of Eduardo Campos, the former presidential candidate of her party, in a tragic accident. She quickly went up in the polls, but was strongly attacked by her adversaries and could not stand her position. The Brazilian elections are made up of two rounds when none of the candidates succeeds in obtaining a majority in the first round. As this was the case, the second round was disputed by the candidates of PT and PSDB, President Dilma Rousseff and her contender, Aécio Neves.

In this second round, the opposition pointed to the deterioration of the economy and public finance, while Rousseff was confident that an economic recovery would take place in a short and promised to reinforce the social policies in her new government. She attacked the liberal views of her adversary, who was accused of supporting austerity measures in detriment of social policies. She was elected in October by a small difference in votes. After the elections, she changed her discourse, acknowledging difficulties in public finance and choosing Joaquim Levy as her cabinet's Minister of Finance. Levy was a liberal economist with strong ties to the financial markets who defended austerity policies. Rousseff's party (PT) opposed many of Levy's initiatives in the government. Internal conflict prevented the government from developing any plans to contain the country's public deficit, regain credibility and support a recovery of the economic environment. Levy left office in less than one year, but then political crisis was overwhelming Rousseff's presidency.

Crisis of representation and the judicialization of politics

In November 2014, after the presidential election, the first results of the so-called "Car Wash Operation" were revealed to the public. The investigations have begun in 2009, but their repercussion had grown when a former manager of Petrobras (the Brazilian state-owned oil company), Paulo Roberto Costa and the dollar-dealer Alberto Youssef accepted to report their activities of fraud, bribery and money laundering, and to point to other beneficiaries of their services in exchange of reduced penalties in criminal court. The Federal Police and the judiciary institutions started to gather information on frauds in public contracts involving Petrobras and big private corporations of the construction industry. The private companies had organized a cartel to increase the costs of their buildings to the detriment of Petrobras, but with the acknowledgment of the state-owned company managers, who had been chosen by the political parties of the government coalition. Part of the illicit gain was used for financing the electoral campaigns of the big Brazilian political parties, especially the ones of president Rousseff (PT) and vice-president Michel Temer (PMDB - Brazilian Democratic Movement Party), but even candidates of the oppositionist PSDB were accused of receiving bribes and illegal political funds. Actually, the big

corporations of the construction industry helped - by legal means or not - every Brazilian political party. Only small parties refused their donations.

If the illegal funding of political campaigns was well known by Brazilian journalists or political scientists, the amount of bribes and the losses these had brought to Petrobras were appalling. The job of the police and the federal prosecutors helped to collect evidence and to trial and convict many powerful businessmen and politicians, breaking the old common sense that big men do not go to jail. Some of the convicted acceded to collaborating in the investigations by delivering documents and new names to the courts. In November 2014, justice Sergio Moro arrested the managers of nine corporations of the construction industry. In March 2015, politicians were also arrested, the most famous of them being José Dirceu, a former minister of Lula's government and a leader of PT. In June, the heads of the two largest corporations of the construction industry were arrested, as well as the president of the most important Brazilian investment bank. At the end of the year, investigations got closer to the personal circle of former president Lula. One of his friends, Jose Carlos Bumlai, was arrested and agreed to collaborate with the court by reporting about the illegal benefits offered to Lula by the construction industry.

The numbers of the “Car Wash” operation are astonishing. There are 21 federal prosecutors working in 150 investigations, which affect about 500 people and companies; 57 of these people are political leaders. The president of the House of Deputies, Eduardo Cunha, is one of the politicians under investigation; the president of the Federal Senate, Renan Calheiros, is another one. Since the beginning of investigations, 119 people have been arrested and there are currently more than 30 criminal prosecutions in the Federal Justice. The federal prosecutors estimate that the diversion of resources amounts to R\$ 2 billions, or about USD 500 millions. Petrobras has estimated its losses in R\$ 6 billions (or

USD 1,5 billions).³ There has been criticism of the investigations, and especially of the preventive detentions and the collaboration agreements by the accused. Lawyers and jurists accused the judge of disdaining individual warranties and the right of defense. The Worker's Party accuses the judge and the prosecutors of political persecution. However, the Supreme Court has so far maintained most of Justice Sergio Moro's decisions, but not all of them. It is important to say that the "Car Wash" operation is not the only investigation in progress that affects politicians. The "Zelotes Operation" investigates evasion of tax by big companies and bribery of civil servants and politicians in federal offices. In the state of São Paulo, the former president of the state parliament has been arrested for deviation of public funds, and there is another investigation in progress about cartel formation in public transport. Politicians are really scared.

This is a new kind of judicialization of politics in Brazil. Judicial activism has been well accepted in Brazil since the 1990s. The Brazilian Constitution, drawn up during the re-democratization process, opened up a large space for judicial activism as well as for the actions of autonomous state and federal prosecutors. But most of the judicial activism in Brazil has been related to administrative decisions in healthcare or workfare policies, and also to the constitutional review at the Supreme Court, which probably constituted a softer way of interaction between politics and the courts. The novelty now is that political practices are being judged in criminal cases in a large scale, undermining not only the representativeness and legitimacy of politicians, but also their ability to act. One of the signs of the seriousness of this political crisis is the fact that the most relevant facts or the most relevant information for the development of policies are not produced inside the political system, but come from judiciary decisions. There is a huge incapacity of the political system to offer solutions for the present crisis. But, on the other hand, judicial activism is limited in itself, the judges' function is not to build political solutions. So, political system is in a deadlock and there are only weak attempts to recover the necessary prominence of politics and find a way out of the crisis.

3 See the newspaper "Folha de São Paulo", <http://arte.folha.uol.com.br/poder/operacao-lava-jato/>

One of these attempts comes from former president Lula and his political party. They accuse the courts to persecute PT, i.e., not investigate similar crimes committed by other political parties. This is probably a half-truth, because no one would believe that PT did not invent bribery and fraud and, in the past, there have been many bribery scandals which have been stifled by governors. But PT has been in office for over 12 years now, and their activities are a natural target for the federal prosecutors; they cannot complain about that. The great problem is that this discourse tries to exempt PT and its leaders from their responsibilities and blame the courts for their errors. So, they become completely unable to reform the country's political institutions and practices or to offer good explanations to the people.

The opposition now intends to remove Dilma Rousseff from the presidency of the Republic in a process of constitutional impeachment. This is only another attempt to restore the predominance of politics in the face of judicialization. Those most interested in the process are vice-president Temer, president of the House of Deputies, Cunha (also investigated in the "Car Wash" operation) and the oppositionist party PSDB. It is unclear where they all have the same reasons; probably they do not, but all of them support the president's impeachment. The Brazilian constitution is very open to different interpretations of the impeachment law, and if the opposition manages to get the required votes in the parliament, the government will probably fall. The new government will likely face the same difficulties as the current one. Firstly, because Temer will surely become the new president, and he is accused of illegal political funding too. His popularity has never been too high, and the situation in the parliament is also terrible, with many congressmen investigated for bribery. There is a legitimate concern that much of the interest in impeachment has to do simply with stopping the investigations and going back to business as usual, which urges the government to restrain the autonomy of the judicial institutions.

In the present deadlock, the importance of the role of Supreme Court grows day by day. Each controversy in the parliament originates an action in the Court by the disfavored part. When Rousseff called back Lula to become a minister in her cabinet, the opposition managed to prevent it by judicial action. When the majority of the deputies started the impeachment process in December, the government was able to obtain the reversion of the process in the Court, which completely changed the procedure which had earlier been defined by the deputies. Far from abiding by a review of the Constitution, the Brazilian Supreme Court will most probably perform a great role in politics now and in the following years. They will be required to judge many actions by political parties during the impeachment process and they will likely judge criminal cases involving the federal authorities accused by the “Car Wash” operation or similar ones. The judicialization of politics in Brazil is a strong tendency, especially if political representation continues to retreat, and that is really not good for democracy. But it must also be stated that most of the current judicial activism derives from the retreat of political representation, and not from the free will of the judges. The challenge for Brazilian democracy is to rebuild political representation at a higher level.

The conflict in the streets

The impact of the “Car Wash” investigations on civil society was huge. In March 2015, the first mass demonstrations against Rousseff were organized, with strong support in the social networks. The unions and social movements that stayed loyal to the government counter-attacked with other demonstrations in support of the president and by calling for changes in the country’s economic policies. In 2015, there were at least 4 waves of mass demonstrations, as can be seen below.⁴

4 See “Mapa Das Manifestações No Brasil.” <http://especiais.g1.globo.com/politica/mapa-manifestacoes-no-brasil/13-03-2015/>

Political conflicts in Brazil – Public demonstrations 2015-2016				
2015	Political target	Participants*	Participants**	Cities
March 13	Pro-government	175.000	33.000	34
March 15	Anti-government	3.000.000	2.400.000	252
April 12	Anti-government	1.500.000	701.000	224
April 15	Pro-government	150.000	32.000	53
August 16	Anti-government	2.000.000	879.000	205
August 20	Pro-government	190.000	73.000	39
December 13	Anti-government	407.000	83.000	87
December 16	Pro-government	292.000	98.000	42
2016				
March 13	Anti-government	6.900.000	3.600.000	337
March 18	Pro-government	1.300.000	275.000	54
March 31	Pro-government	824.000	159.000	75
* Participants in accordance with information offered by the organizers of the demonstration. ** Participants in accordance with the police.				

Anti-government demonstrations have been larger than pro-government ones since 2015, they have also reached more cities in the country. But pro-government demonstrations are growing, especially since last December, showing a non-despicable capacity of mobilization and organization by the unions and social movements in support of the government. Usually, anti-government demonstrations take place on Sundays, while pro-government ones are on working days, reflecting a difference on the profile of the participants. Working days favor the participation of the more organized workers called by the unions, while the more spontaneous and individualized demonstrations mainly organized through the social networks are easily attended on Sundays.

The available data on the profiles of demonstrators show that there has been a significant change in the social strata taking part in the demonstrations.⁵ If we compare them to the historical profiles of Brazilian political demonstrators, the new ones are older, richer and more educated. The surveys in the city of São Paulo show that the average age of anti-government demonstrators ranges from 39.6 to 48.2 years old for the demonstrations cited above. Pro-government

5 Surveys were realized during almost all the demonstrations cited above, see www.datafolha.com.br.

demonstrators are about the same average age, ranging from 38.9 to 43.4 years old. Anti-government demonstrators are more educated—about 80% of them are graduates—while the same data for pro-government one varies from 52% to 78%, depending on the day they were collected. Both are much more educated than the population of São Paulo, where only 28% of the inhabitants are graduates.

They are also wealthier than before, especially anti-government demonstrators, with 41% of them in the highest strata of household income and only 14% in the lowest ones. Pro-government demonstrators are not so rich, but 21% of them are part of the richest, and 35% part of the poorest. Their professional occupations also differ: about 10% or 15% of anti-gov protestors declare themselves to be businessmen, and only 2% of them are civil servants, while 13% or 15% of pro-gov are civil servants and about 2% to 6% can be called entrepreneurs or businessmen. Another important difference is the ethnic composition of the demonstrations, with only about 2% to 5% of anti-gov protestors declaring themselves black, while about 14% to 18% of pro-gov demonstrators do so.

Political preferences are very clear. Pro-government protestors support PT: the preference for this party gets to 48% to 60% of them, and 85% voted for Rousseff in 2014. Anti-gov demonstrators support PSDB, but to a lesser degree: the party gets the preference of 21% to 37% of the people taking part in those demonstrations, and 80% voted for Aécio Neves, the PSDB candidate in 2014.

The social composition of pro-gov and anti-gov demonstrations are not the same, but both differ from the average of the population at large too. In both cases, the protestors are more educated, older and richer. But anti-gov are still more educated, older and richer than the average Brazilian population. The presence of white people is also more significant in anti-gov mobilizations, which is spreading the feeling that they mainly constitute the Brazilian social

elites, whose opposition to PT has historically been very strong. But this assumption should not lead us to see the conflict as one of “the rich” against “the poor”, because pro-gov protestors are also better educated and richer than the average, maybe due to the strong presence of civil servants and unionized workers. Surveys also reveal that the popularity of president Dilma Rousseff is very low in all social strata and regions of the country. Probably, the conflict in the streets is one between people with strong political identifications, a kind of “third round” of 2014 presidential elections confronting the Worker's Party militants with their adversaries.

The great absents here are the youths, traditionally the population segment most bound to participate in political demonstrations. In 2013, most of the protesters were basically young or “young-adults”. Grass-root student associations were involved in the organization of the protests and even the youth living in the suburban neighborhoods of Brazilian cities took part in some of them. Probably, these young people are out of the streets now, unsatisfied the available with political alternatives. On the other hand, local student movements are active in resisting to government policies considered harmful to education.

It is not easy to foresee the development of the conflict in Brazil. President Rousseff's position is actually very fragile and there are great chances that her impeachment succeeds. But even a new government conducted by the current vice-president may not be in a favorable condition to face up to the difficult political and economic situation of the nation, marked as he will be by lack of legitimacy and facing strong political opposition. The interweaving of the political, social and economic crises will certainly open up new opportunities for new conflicts, which may bring into the current arena other segments of the population that have not been mobilized yet. We still do not know whether the Brazilian politicians will be able to promote reforms to improve democracy and correct the social and economic policies in the country, or if they will prefer the more tortuous path that consists of repressing social movements.