

# Workers party? The bourgeoisie in power and the companion capitalism of the Lula government.

MARCELO BALLOTI MONTEIRO\*

## **R**esumen

El propósito de este artículo es analizar la relación entre el Estado y la burguesía en el caso específico de Brasil durante el gobierno de Luis Inacio Lula da Silva (2003-2010), utilizando las ideas del pensador marxista Caio Prado Jr. como referente. Desde la fundación del Partido del Trabajo (PT), se tuvo la ideología fundamental del socialismo pero se percibe que ello ha tenido diferentes modificaciones desde antes de llegar al poder, pero sobre todo se notan cambios más radicales una vez en el gobierno, sirviendo como piedra de ascenso para incrementar los privilegios de la clase burguesa.

Palabras claves: Brasil, Lula da Silva, Burguesía.

## **Abstract**

The purpose of this article is to analyze the relationship between the state and the bourgeoisie in the Marxist view, applying the theory to the specific case of Brazil in the government Luis Inacio Lula da Silva (2003-2010) using the Marxist Caio Prado Jr. as a reference. Since the Workers' Party (PT), at its foundation, had as its fundamental ideology socialism, it is perceived that the party undergoes several mutations over the years to reach power and, when it is there, change is more radical, serving as a stepping-stone to the increasing privileges of the bourgeois class.

Key words: Brasil, Lula da Silva, Bourgeoisie.

---

\* Economista pela PUC-SP. Mestre em Economia Política pela PUC-SP. Doutorando em Ciências Sociais pela UNESP – Marília. Correo electrónico: marorestes@hotmail.com

## Introduction

The coming to power of a left-wing party (Workers' Party), in 2002, filled with hope most of Brazilians who had voted for Luís Inácio Lula da Silva. The worker president, who had a radical discourse against the economic elites and capitalism within the trade-union movement, was the hope of a reduction of economic and social inequalities and the end of the privileges of small bourgeois groups, and also, a hope of the end of corruption.

What has been seen during the Worker's Party governments (2003-2016) is exactly what Marx and Engels prophesied in the Communist Party Manifesto of 1848: a state that has only the function of being a business counter of the bourgeoisie. Caio Prado Jr., a Brazilian Marxist, explore a similar direction, pointing out that bourgeois groups linked to the state would have privileges in their economic activities. This setup ends in a specific type of "Compadrio Capitalism", the so-called Companion Capitalism.<sup>2</sup>

This article is subdivided into five sections, in addition to this Introduction and the Final Considerations. Section 2 shows the historical evolution of the emergence of the state in the Marxist view, based mainly on Friedrich Engels; section 3 illustrates the relations between state and bourgeoisie in the view of Marxists; section 4 explores the point of view of a great Brazilian Marxist: Caio Prado Jr. It approaches his vision of the national bourgeoisie and its relations with the State, to compose a strictly Brazilian analysis. Section 5 tells us about the mutation of the Workers' Party: from workers and socialist ideals to a distributor of privileges for bourgeois groups, what consubstantiates in the so-called Companion Capitalism.

### 1. The emergence of the state: revisiting the Marxists

The desire to realize a correct understanding of the origin of what has been called the Modern State, accordingly to a socialist/communist literature, calls us to an intriguing reading of Friedrich Engels's "The Origin of the Family, Private Property, and State". In this book, the author brings information about ancient societies that lived in a community system called "Gentílicas Unions", searching for the root of the State.

In these communities the division of labor was very well defined between men and women, being the first responsible for the hunting, fishing, gathering some livestock and in unique situations, agriculture; women would take char-

ge of domestic administration; the remainder was commonly used in the community. Within it, only what was necessary for consumption was produced, there was no surplus - and, therefore, there was no trade. This way of assigning tasks to the members of society was considered by Engels the first great social division of labor (Engels, 2016).

The technological evolution and the greater dominion over nature allowed these societies to obtain successive gains of productivity; in addition, the proper use of iron, for example, allowed the flourishing of another very important activity: the craft. Specialization strengthens in the communities, allowing a series of improvements in the productive processes of a greater variety of products. Thus, a second social division of labor took place in the separation of agriculture and handicraft (Engels, 2016).

Productivity gains allowed the output to increase significantly, promoting an increase in the value of the workforce. Slavery, still incipient in these societies, becomes the norm and thus the productive scale has significant increase, what creates surpluses; now the production would no longer be destined only to community consumption, with the possibility of exchanges arising - more specifically, trade arises together with a deepening of the social division of labor (Da Rocha, 2011) (Engels, 2016).

The community, from then on, would be submitted to the formation of class society given the current social antagonism: rich and poor, free men and slaves. In Engels (2016) view, the substitution of communitarian properties to private possession, and the end of syndiasmic marriage by the introduction of monogamy brought a great transformation: the family as an individual was transformed into the economic unit of society.

This socioeconomic contradiction was the womb where the Modern State was being born. This is how Engels concluded:

In a word, the constitution of gens, the fruit of a society which knew no inner antagonisms, was suitable only for such a society. It had no coercive means other than public opinion. However, a society had emerged which, by virtue of the general economic conditions of its existence, had to divide itself between free men and slaves, rich exploiters and exploited poor; a society in which these antagonisms not only could not be reconciled but still had to be brought to their extreme limits. A society of this kind could only exist in the midst of an open and ceaseless struggle of the classes with one another or under the dominion of a third power, which, seemingly above the fighting classes, suppressed the

---

<sup>2</sup> The author will use the term "Companion Capitalism" to designate the specific type of compadrio capitalism of the Workers' Party, alluding to the term "Companions" that President Lula frequently used in his speeches.

open conflicts of these classes and allowed only the struggle of classes in the economic field, in a so-called legal form. The Gentile regime was already out of date. It was destroyed by the division of labor, which separated society into classes and was replaced by the state (Engels, 2016: 207).

From the above excerpt, we infer that Engels had full conviction that the emergence of the state was not a power imposed from outside society inwardly; it was at the core of society and emerged from it. It emerged from the fact that this same society reached a degree of development that its contradictions became, to use Engels' own term, irreconcilable (Engels, 2016).

The Marxist thesis on the rise of the Modern State finds shelter in Lenin's writings. For the author, Engels had:

[...] the fundamental idea of Marxism in regard to the historical role and meaning of the State. The state is the product and manifestation of the irreconcilable antagonism of classes. The state appears where and to the extent that class antagonism cannot be objectively reconciled. And, conversely, the existence of the state proves that class contradictions are actually irreconcilable. (Lenin, 1986: 9).

The emergence of the state allows us to discuss its characterization since it is not an amorphous structure. Engels (2016) points out that one of the properties of the State is the assemblage of subordinates according to a territorial delimitation; the other is the creation of a public force (police force), sustained by the collection of taxes, that would be necessary because of the division of society into classes.

## 2. State and bourgeoisie: Siamese twins...

Marxist literature, more specifically the vast production of Karl Marx, presents a peculiar characteristic, which to many is astonishing: the author did not create any theory about politics or about the state. For Marxists in general, and Marx in particular, when social classes disappeared and the antagonism within them collapsed, the existence of the state would no longer be necessary (Engels, 2016).

However, the author still wrote about the subject. The socioeconomic and political organization that Marx envisaged was based on an analysis of how capitalist society is organized from the point of view of its relations of production and the alienation of the labor force. This presupposes two contradictions that are the hallmark of this type of society: public versus private and political versus economic. For this phenomenon to be reproduced it is necessary the meeting between free men (owners of the labor force) and

owners of the means of production (capitalists) so that the exchanges take place within the appropriation of wealth, this occurs unequally between owners of the means of production and owners of the labor force (LIMA, 2009).

Hence, the Marxists believed that as long as the proletariat did not have sufficient conditions to promote its emancipation as a class and to promote the revolution to assume power, the state cannot be ignored; on the contrary, we must analyze the promiscuous set of relations between it and the dominant bourgeoisie.

The analysis between fraternal, almost umbilical ties, between state and bourgeoisie, is extensive in the thinking of Marx and his followers. In an excerpt from "Manifesto of the Communist Party", Engels and Marx express with mastery the real function of the state within capitalist bourgeois societies:

Each of the stages of development of the bourgeoisie was accompanied by corresponding political progress. State (or social order) oppressed under the dominion of the feudal lords, armed and autonomous in the commune, here an independent republic-city, there a third tributary state of the monarchy; then, in the manufacturing period, a counterweight to the nobility in the monarchy of states or absolute, the main base of the great monarchies in general, the bourgeoisie conquered, with the establishment of the great industry and the world market, the exclusive political domain in the modern parliamentary state. The executive of the modern state is no more than a committee to administer the collective affairs of all bourgeois classes (Marx and Engels, 1998: 6-7).

The clarity with which the authors expounded their view on the bonds of friendship between ruling class and state (political class) was endorsed by other thinkers. Lenin (1986, p. 10) stated: "That the state must be the organ of domination of a given class that cannot be reconciled with its antipodean (with the class that opposes it)."

Lima states that:

The privatization of social determinations in the sphere of civil society is the real basis for the alienation of the abstract state, announced by Marx in "The Jewish Question." The perception of this aspect gives Marx the possibility of overcoming Hegelian logic and understanding the State not as a representative of the general interest but, on the contrary, as a representative of the common interests of the ruling class as a form of domination whose social content is determined in the sphere of

civil society, where the productive forces and the social relations of production are related (Lima, 2009: 6 - emphasis added).

In short, the State arises from the contradictions between the social classes that are formed from the emergence of private property. It has as its primary function the representation of the interests of the ruling class (bourgeoisie) reproducing its ideas and ideals to the detriment of the repression of the dominated class that will remain useful in this relation of production of the surplus. It is because of this relationship that Da Rocha (2011) calls it the bourgeois State "because, in addition to being a defender of the privileges of the bourgeois class, it is also an obstacle to the full development of the working class."

### 3. "Tupiniquim" Marxism: Caio Prado Jr's reflections on bourgeoisie and State.

Marxist thought and its Leninist counterpart were not restricted to the European continent, despite its great diffusion there. The basic thinking of the left took shape and migrated to other regions of the globe, finding an address also in Latin America, more specifically in Brazil. But this process was not instantaneous. Let us remember that Karl Marx died in 1883 and his works were translated in South America only in the 1960s.

The spread of Marxist thought in Brazil found acceptance within the bourgeoisie, paradoxical as it may seem. Caio Prado Jr was born in 1907 in the womb of one of the most traditional and important families of the State of São Paulo, the Silva Prado Family, that was totally linked to the coffee production bourgeoisie (Iglésias, 1982), (Ricúpero, 2007).

Caio Prado Jr. holds a law degree from Largo São Francisco Law School and was politically active in 1926 participating in the creation of the São Paulo Democratic Party, whose program was liberal. Before that, in 1922, the Communist Party of Brazil (PCB) was founded by a group of anarchists who reached their climax between 1917 and 1920, when the greatest strike in the country's history, until World War II, was made; before this date the references to Marx were limited to very few authors (Ricúpero, 1997), (Ricúpero, 2007).

The takeover of Getulio Vargas, a candidate who was supported by the party of Caio Prado, caused a whirlwind of hope to flood the young bourgeois in the expectation that the transformation of Brazil began to happen. However, disappointment soon takes hold of hope; stunned by the realization that the new government would be a continuity of the *modus operandi* in force since Old Republic times, the historian of São Paulo radicalized politically, converting to socialism and joining the PCB (Ricúpero, 2007). Caio did not stand out in the political action in spite of

being a great militant within the PCB. His major political achievements were the São Paulo vice presidency by the National Liberation Alliance (ANL) in 1935, and his election to state deputy in 1945 remaining in office until 1947 when the party was declared illegal and all its members elected in parliament were dismissed from their positions (Ricúpero, 1997), (Ricúpero, 2007).

The major highlight of Caio Prado Jr was his magnificent explanation of the economic formation of the country. Making use of historical- materialism, peculiar to the Marxist approach, the author confronts the arguments defending the thesis that the Brazilian colony, just as Europe had been, was an economy in transition from feudalism to capitalism; Caio affirms that the country was nothing more than a commercial link with the metropolis that should produce what Portugal demanded, already doing integrating itself to the capitalism, being part of its structure.

Ricúpero defines the feat of Caio Prado Jr. as follows:

The particular achievement of our author makes it possible to even paraphrase someone and affirm that Caio Prado Jr. was a Marxist from Latin America and Brazil, but that not every Marxist from Latin America and from Brazil was Caio Prado Jr. That is, the first assertion serves us very little, it places Caio Prado in a certain intellectual and political context but does not his differences within that context, which precludes a complete understanding of his thought. The statement does not fully explain the thinking of the Paulista historian precisely because not every Marxist in Latin America and Brazil is Caio Prado Jr. Consequently, we must advance in the problem and understand him as a certain Marxist from Latin America and Brazil, but truly a Latin American and Brazilian Marxist, that is, someone who was able to **fuse Marxist theory with Latin American and Brazilian reality** (Ricúpero, 1998: 68 - emphasis added).

Thus we come to an important point in the reflection of Caio Prado Jr: the author uses the methodology and theoretical framework of Marxism while adapting it to the analyzed reality, in the specific case of Brazil, "nationalizing" Marxist-Leninist thinking. This can be considered one of the great differentials of the author in relation to the first Brazilian and Latin American scholars of the work of Karl Marx.

In order to do this analysis, we will base ourselves on the book "The Brazilian Revolution", where at one point the author approaches the structures of Brazilian classes from which emerges a bourgeois class that

with all its dexterity approaches the State and takes advantage of it.

Prado Jr. begins his discussion of social classes explaining landowners and their relations with the peasantry disagreeing with the view that existed in the current literature that these ties were feudal. The author sees in the large land properties one of the components of the farm where the landowner and the owner of the production turn into faces of the same coin. In realizing this reality, Caio explains that the workers of the large estates of land are not feudal "peasants" but salaried employees (Prado Jr., 2004: 105).

The main poles of the social structure of the Brazilian countryside are not the 'landowner' or 'feudal or semi-feudal landowner' on one side, and the peasant on the other; they are, respectively, the capitalist entrepreneur and the worker employed, salaried or economically and socially assimilated to the wage-work (Prado Jr, 2004: 105).

It is inferred from the above passage that Brazilian agriculture is essentially capitalist with a structure of commercial<sup>3</sup> enterprises based on the relations between employee and employer whose objective is the production and gauging of profits. According to Prado Jr. (2004) these great landowners, owners of the large lands compose the agrarian bourgeoisie of Brazil. These, often, diversify their activities; extend their tentacles to other segments of the economy like industry, commerce, and the finances.

The author, still in the characterization of the agrarian bourgeoisie, affirms that there is no evidence that this social class has any inclination favorable to imperialism; on the contrary, this group is indifferent to it except for the coffee and cattle groups (Prado Jr. 2004).

Proceeding in its elucubration, Prado Jr. (2004) analyzes the formation of the Brazilian urban bourgeoisie. The author claims that they were Portuguese merchants who settled here in the colonial period and who after the independence of Brazil became naturalized and became part of the population of the country. In addition, the other European peoples (German, French, English) were united to these when the Opening of the Ports. This heterogeneity of peoples was countered by the homogeneity of interests.

In the analysis of the Brazilian historian, it is not possible to make any distinction between the agrarian and urban

<sup>3</sup> As Prado Jr. (2011) points out as the meaning of the country's colonization.

bourgeoisie; they were the same because they originated from the same activity and had the same interests. By the singularities of the economic formation of Brazil, for example being a capitalist commercial unit prepared to supply products typical of the tropics for its metropolis, the country did not suffer from the harassment of the imperial capital; on the contrary, it was indeed a splendid cradle for foreigners.

To crown his description of the Brazilian bourgeoisie, Caio Prado Jr. summarizes it as follows:

The "national bourgeoisie," as it is ordinarily conceptualized, that is, as an essentially anti-imperialist and therefore progressive force, has no reality in Brazil, and is but one of these myths created to justify preconceived theories; if not worse, to bring, with immediate political ends, a correlative and equally mythical "progressive capitalism," with the support of popular and leftist political forces. Anti-imperialism in Brazil has other content and other bases of specific interests of the bourgeoisie or of any of its sectors (Prado Jr. 2004: 211).

Beyond the analysis of the formation and composition of the Brazilian bourgeoisie in the view of the "first" Brazilian Marxist, let us turn our attention to the umbilical connections that exist between the ruling class (bourgeoisie) and the State.

Prado Jr. (2004) points out that these fraternal bonds are the result of the economic and social formation of Brazil since colonial times. The author points out the whole bureaucratic apparatus that constituted the Portuguese monarchy from the beginning of the country exploration that was responsible for a great part of all economic activity of the colony. By becoming a republic, a fundamental characteristic is added to this bourgeois-state relationship: the proliferation of business and economic life in the country combined with centralization and strengthening of the federal government with a disproportionate increase in the financial resources at its disposal. This bourgeois-state relationship is called by the author of bureaucratic capitalism.

The author is elucidative around the relation State and private capital, symbiotic relationship of domination and power:

[...]to the role played by the State, or rather by the Government that embodies it, in the national economy and, in particular, **in the process of private capital formation and accumulation by favoring the public power of particular interests.** It is true



that the enrichment of individuals directly or indirectly by public action, and by means ranging from simple more or less veiled favoritism to illicit forms and characterized corruption, is found in any country or regime. In Brazil, however, and in most of the underdeveloped countries of the modern world ... **this more or less illicit enrichment at the expense and expense of the public power not only reaches exceptional proportions in comparison with the ordinary and normal forms of capitalist accumulation, but it is no longer a mere exceptional and marginal occurrence to become a system that can be considered consecrated and institutionalized**, representing a major role in the country as a whole. What especially counts and makes private enrichment at the expense and in function of the public power in a true economic category and specific form of capitalist accumulation of great magnitude is the fact that it has been **the basis of state activities and functions a special sphere of private business provided by the public power and systematically promoted by the holders of this power for their own benefit and the individuals and groups to which they connect and associate**. In all sectors of state and parastatal administration where business prospects are offered, private initiatives are soon insinuated and inserted to take precedence over them. **In this way, a private business network, which directly or indirectly feeds and maintains public functions, is generally organized around public administration** (Prado Jr. 2004: 122-123 - emphasis added).

Caio Prado Jr's exposition could not have been more contemporary given the moment when Brazil is beset by scandals of corruption and illicit favoritism of public entities and private companies, especially in the years of government of the Workers' Party (PT) between the years 2003 and 2016 comprising the efforts of Luís Inácio Lula da Silva and Dilma Rousseff.

#### **4. Metamorphoses of the Workers' Party (PT): from the workers' struggle to the consolidation of "Companion capitalism".**

Originally from the working class of São Paulo ABCD region, the Workers' Party (PT) emerged in 1980, in the midst of the military dictatorship, with the promise of improving the well-being of workers, be they from the countryside or from the city. Aligned with the vision of the left, the party stood as a herald of morals and ethics, which would be its great differential in front of the other parties in Brazil.

Lagoa (2006) affirms that the strikes of the 1970s of the labor movement in São Paulo's ABCD left indelible marks on the formation of the Workers' Party. The strikers, through their movements of paralysis, placed the workers, who emerged as a class qualitatively superior to their ancestors, at the center of the national policy debate. This class was aware of its social condition and resulted from a forgetfulness of socialism as a political regime since the country still lived under the repression of the military dictatorship. From this, the author infers that in spite of the Worker's Party emerging from the labor movement, what has sharpened the class, this was also a class without any socialist/communist culture.

In spite of the workers 'embryo without a socialist/communist conscience, the Workers' Party (1979) Charter of Principles brought with it the ideology of the party that was about to be created. *"The PT affirms its commitment to full democracy, exercised directly for the masses because there is no socialism without democracy and no democracy without socialism."*

We can affirm then that among the pretensions of the Workers' Party in 1980 when it was founded was included: to give political voice to the workers, the resumption of the democratic regime and the implementation of a socialist regime in Brazil.

After the 1979 Party Charter of Principles, the Party Foundation Manifesto in 1980 would reiterate all this aspiration of the "mass party," a term used by its founders.

[...] The PT is born of the decision of the exploited to fight against an economic and political system that cannot solve its problems since it exists only to benefit a privileged minority. [...] the PT intends to be a real political expression of all those exploited by the capitalist system. We are a Workers' Party, not a party deceiving the workers. [...] in opposition to the current regime and its model of development, which benefits only the privileged of the capitalist system ... The Workers' Party wants the people to decide what to do with the wealth produced and the natural resources of the country. The natural richness, which until now have served only the interests of the great national and international capital, should be put at the service of the welfare of the community [...]

The passing of time demystifies certain concepts. The ideology of the PT was lost in the course of history, it underwent great metamorphoses. As an opposition party, it defended *ipsis litteris* its book, defending the working people, democracy and the construction of a socialist society; the coming to power showed a new facet of this party.

Singer (2010) points out, after two terms of President Luís Inácio Lula da Silva (2002 to 2010), four trajectories of the possible orientations that the PT could take, but which are very elucidative about the path that the party took after taking office.

The first held in the growing moderation of the discourse. With different tones, depending on the author's inclination, a set of works notes that **the PT does not want to revolutionize society anymore**. A second strand focuses on the transition from a markedly ideological party, with electoral insertion distinguished by such a trait, **to a maximizing accent, that is, willing to take any action to get votes**. **Third, there are those that point to the weakening of the bond with social movements and a parallel privileged insertion in the State** (Singer, 2010: 90 - emphasis added)

The speeches of the main leader of the Workers' Party, Luís Inácio Lula da Silva, when they were left-aligned with his presidential candidacy (1989, 1994 and 1998), contained much of the essence of what led to the founding of the party. But it was not well digested by Brazilian society. Proof of this is that he was defeated in 1989 by the unknown Fernando Collor de Mello and lost twice, in the first round, to Fernando Henrique Cardoso (FHC). Still, as an opposition, Lula and his party continued to criticize the elected, with a strong emphasis on the fierce opposition to Fernando Henrique Cardoso and his bourgeois neoliberalism.

In the presidential elections of 2002, a PSDB weakened by the successive crises that the country underwent in the second mandate of FHC (1998/1999 exchange crisis, electric blackout, attacks of September 11 and Argentine debt moratorium) and with a candidate with little empathy of the masses (José Serra), makes the candidate of the "left" gain sympathy of the population; but not markets. The "Lula risk" caused the Real to devalue in such a way that it reached the house of R \$ 4.00 / US\$ signaling the fear of the markets with the possible election of a radical left-wing candidate.

The great turn of the Workers Party comes with the famous "Letter to the Brazilian People" showing a less radical and more aligned Lula to what the great financial centers desired of the Brazilian government. It is corroborated here to the passage quoted from Singer (2010) where the party would do any business in exchange for votes.

Lagoa (2006) states that even before victory, in the 2002 election, Lula had already leaned toward a bourgeois alliance in choosing businessman Jose Alencar of the Liberal Party (PL), as vice-president candidate. After the election, the then president chose an economic team in total alignment

with the "impositions" of the market: Henrique Meirelles senator of the PSDB (opposition to Lula) for president of the Central Bank in a clear indication that the neoliberal policy of his predecessor would be followed and maintained.

Boito Jr. corroborates with the view explicit in Lagoa (2006) when it brings the following observation:

Many intellectuals, socialists, and militants of the labor and popular movement, have drawn attention to the fact that such a government [Lula] succeeded; thanks to the influence it still has on part of the trade union movement and popular movements, to give greater stability to bourgeois and pro-imperialist politics in Brazil and to implement counter-reforms that hardly a government such as FHC could implement. That is, the Lula government lends the bourgeoisie a service that the traditional bourgeois parties might not be able to provide. This is, in fact, a correct and fundamental analysis (Boito Jr. 2005: 52).

Thus, we reach the point where the socialist discourse, linked to the workers of the striking movements of the late 1970s, ends. The arrival of power transforms the PT into a party aligned with the demands of the national and international bourgeoisie, and more: it uses the so-called "Companion Capitalism" for its perpetuation in power.

As advanced, "Companion Capitalism" is a designation for a specific type of "Compadrio" Capitalism in which the PT government consolidated in Brazilian society during its years in power (2003 until mid-2016).

Haber (2002) gives an important definition of Compadrio Capitalism and its functioning.

Compadre's capitalism is usually thought of as a system in which those close to the political authorities, who make and enforce policies, receive favors that have enormous economic value. These favors allow the economic agents connected to these political returns to financials above those that would prevail in an economy in which the factors of production would be priced by the market. Often, the factor of production that is cheaply supplied to compadres is capital (Haber, 2012: Xii).

Compadre's Capitalism shows a strong correlation between State and the bourgeoisie as observed by the Marxists and very well pointed out by Caio Prado Jr.

Boito Jr. (2005), Boito Jr. (2007) and Galvão (2012) bring to the discussion the concept of internal bourgeoisie<sup>4</sup> to analyze the period in which Lula was in the government and confirming with the privileges that this bourgeois group had. It is a fact that these benefits are not exclusive to the PT government since it had already occurred in the previous government.

On that matter, Boito Jr. (2003, 2005) points out that the beginning of Lula's government was nothing more than a continuation of the neoliberalism promoted Fernando Henrique Cardoso's government. It consists of a commercial opening, financial deregulation, privatizations, fiscal adjustment, reduction of social rights and deregulation of the labor market. After all, this is the same scenario that the Workers' Party (PT) proposed when was founded.

However, Boito Jr. (2007) points out that the Lula government surpassed the status of being a mere continuation of the previous government. In the author's words:

The novelty of the Lula government is that it promoted a complex political operation that consisted in enabling the political rise of the industrial big bourgeoisie and agribusiness, especially in the export-oriented sectors, although, it is true, it did not break the hegemony of nor did it change the subordinate position of the average capital to the power bloc (BOITO JR, 2007: 64).

Lula's Companion Capitalism began to distribute its tentacles to the most diverse segments of the country's economic spectrum, expanding its range of action, giving priority to business groups that would implicitly benefit from the economic policies taken by the government team.

We observed another front of Lula's Capitalism when the government, once opposed to privatizations when it was an opposition, expanded and deepened privatizations in the country. Proceeding with Boito Jr. (2005) the author states that the privatization process:

[...]addresses directly the interests of the great economic groups, that is, the whole of the great capital - national, foreign, industrial and financial. The average bourgeoisie remained, due to the rules established by the Brazilian State for the privatization process, excluded from the big business that was the auctions of state-owned companies. Fewer than one hundred large economic groups seized almost all the

state-owned companies that went to the auction, benefiting from all sorts of reasons - underestimation of the value of companies, possibility of using the so-called "rotten currencies", financing subsidized by the BNDES [National Bank of Economic and Social Development], privileged information, preference and help from government authorities, etc. Large industrial companies, such as the Votorantim Group, Gerdaul and Vicunha; large banks, such as Itaú, Bradesco and Unibanco; large foreign companies, such as Portuguese and Spanish companies in the area of telephony, in short, the great national, industrial or financial capital, and the great foreign capital, that is, the cusp of Brazilian capitalism appropriated steel, petrochemical, fertilizer industry, telephone companies, highway administration, public banks, railways, etc. These companies are today among the most profitable of Brazilian capitalism (Boito Jr, 2005: 56-57 - our emphasis).

Wrapped in a web of shadowy privileges, Companion Capitalism was not only content to use the Brazilian state for the bourgeoisie's negotiations. The government would do everything to ensure that, through Brazilian financial resources derived from taxes paid by Brazilian society, there would be an internationalization of its model of capitalism. The fate of this "new" model of capitalism embodied by the Workers' Party would be in the countries of the Southern Hemisphere, especially Latin America and Africa, which was recorded in terms of International Relations, "South-South" integration.

Through financing by BNDES Brazil could achieve a double objective: to promote domestic companies abroad and increase the country's investments. As an example of this relationship, Boito Jr. (2012) states that Marcelo Odebrecht, president of the construction company that takes his name and had large infrastructure projects in Venezuela, supported the Hugo Chaves government, adopting a position of alignment with the Brazilian government.

The Worker's Party (PT), in the second Lula government, inaugurated a new phase of gratification of the national bourgeoisie, suffering another metamorphosis, deviating from its characteristics already quite deformed in relation to its formation. The so-called New-developmentalism would be the focus of the rest of the PT governments, including Dilma Rousseff's first term.

Boito Jr. (2012) points out that the *Mensalão* scandal (only one of the corruption scandals of the PT governments) was the water splitter of the Lula government: while in

---

<sup>4</sup> See Poulantzas (1978).



the first term there was a continuation and deepening of PSDB's neoliberalism, the second term sought to expand the country's operations abroad, mainly in South America, halted the privatization process, strengthening the remaining state enterprises that had not been privatized. And a new role was given to the BNDES that now would act in the formation of large groups (national champions) in various sectors of the economy. Thus, Lula's second term would privilege the national bourgeoisie, often to the detriment of financial capital.

Still, in President Lula's second term, a scandal of unimaginable proportions plagues the country. "*Operation Lava Jato*" begins with a process of investigation of corruption schemes involving Petrobras' high-level leaders, politicians of all levels and almost all parties of the governing base and the largest contractors in the country. However, according to Venturelli (2016), the informers themselves heard by the Federal Police task force stated that illicit practices in the state began in 2004 and were as follows: there was a division of the contracts before the bidding so that companies were not in a position to compete. As in a game of "compadres", or Companion, beforehand it was already known who the winners would be.

Still according to Venturelli:

These contractors, in collusion with state executives, acted in concert to benefit from the contracts signed. Part of the values of the respective contracts were passed on to Petrobras executives/directors, political parties, parliamentarians and operators in charge of distributing these amounts. Operating in a concerted manner, the contractors benefited from contracts with the State. Such practices only lasted for so long because the directors, appointed by the political parties, allowed the maintenance of the false competitive landscape without questioning the scope of the respective contracts (Venturelli, 2016: 14)

The Companion Capitalism of the PT government worked on two distinct fronts: through economic policy deliberations and government programs to grace the domestic and foreign bourgeoisie and through its state: Petrobras and its promiscuous relations with the largest contractors in the country and BNDES, with its policy of training "national champions" as was the case of JBS.<sup>5</sup>

<sup>5</sup> The president of the JBS group presented in 2017 an award-winning accusation in which he accuses President Michel Temer of participating in corruption schemes with the company. In addition, they are accused of receiving tip Lula and Dilma.

The illustration of how the country, under the aegis of the PT governments, extended its tentacles to bestow small bourgeois groups, via its development bank, comes from the description of Almeida, De Oliveira and Schneider (2014) where:

A good example of this BNDES strategy of creating global players is JBS / Friboi. The amount borrowed and invested by BNDES in this company was so high (more than US\$ 5 billion) that the bank now owns 30% of the company. It is true that JBS / Friboi has rapidly become the fourth largest private business group in Brazil thanks to the support of BNDES (Almeida, De Oliveira and Schneider, 2014: 23 - our emphasis).

The Workers' Party (PT) consolidated the so-called Companion Capitalism, a derivation of Compadre's Capitalism. It was not the party who created this kind of promiscuous ties between state and bourgeoisie; however, it was in the period in which the PT, a party that was said to be representative of the workers and of socialism, that the national bourgeoisie benefited the most.

#### Final Considerations

Marxism, originally from authors Karl Marx and Friedrich Engels, and his followers as Lenin and Caio Prado Jr. had a rather defined position of the relations between state and bourgeoisie: the former would be no more than a locus of privileges and bargaining for the bourgeoisie.

The coming to power of a left-wing party aligned with socialist thinking made it seem that the bourgeoisie would not be privileged; on the contrary, it would be the turn of the workers to have their demands met after all.

For the almost general surprise of the nation, practically the opposite happened: with a populist, bread and circus policy for the low-income population, great support was secured in the corners of Brazil; with privileges and gains for the national and international bourgeoisie, came the chance of perpetuation in power. Perhaps, had there not been such corruption, the Party would remain ad aeternum in power.

The fact is that a party founded under the tutelage of ethics and morals and with socialist precepts was enchanted by power and from it tried, through corruption, to make its reason for existing privileging the bourgeoisie to the detriment of the working class; this antagonism between essence and execution marked the rise of the so-called left to power.

## Bibliography

- ALMEIDA, Mansueto; DE OLIVEIRA, Renato Lima; SCHNEIDER, Ben Ross. (2014). “Política industrial e empresas estatais no Brasil: BNDES e Petrobras”. **Texto para discussão - Instituto de Pesquisa Econômica Aplicada (IPEA)**, Brasília, n.2013.
- BOITO JR, Armando. (2003). “A hegemonia neoliberal no governo Lula”. **Revista Crítica Marxista**, Rio de Janeiro, n.17: p.10-37.
- \_\_\_\_\_. (2005). “A burguesia no governo Lula”. **Revista Crítica Marxista**, Rio de Janeiro, n.21: p.52-76.
- \_\_\_\_\_. (2007). “Estado e burguesia no capitalismo neoliberal”. **Revista de Sociologia e Política (UFPR)**, Curitiba (28): p.57-73.
- \_\_\_\_\_.; GALVÃO, Andréia (orgs.) (2012). *Política e classes sociais no Brasil dos anos 2000*. São Paulo, Editora Alameda.
- DA ROCHA, Islândia Lima. (2011). “Estado moderno a partir da concepção marxista: o comitê executivo da burguesia e a sua supressão”. In: **V Jornada Internacional de Política Públicas**, Maranhão. Disponível em: [http://www.joinpp.ufma.br/jornadas/joinpp2011/CdVjornada/INDICE\\_AUTOR.htm](http://www.joinpp.ufma.br/jornadas/joinpp2011/CdVjornada/INDICE_AUTOR.htm), acesso em 18 jul. 2017.
- ENGELS, Friedrich (2016). *A origem da família, da propriedade privada e do Estado*. Tradução de Leandro Konder. 2ª edição, Rio de Janeiro, BestBolso.
- HABER, Stephen. (2002). *Crony Capitalism and Economic Growth in Latin America: Theory and Evidence*. Stanford, Hoover Institution Press.
- IGLÉSIAS, Francisco (organizador) (1982). *Caio Prado Jr: história*. São Paulo, Editora Ática.
- LAGOA, Maria Izabel. (2006). “Considerações acerca da crise política do Partido dos Trabalhadores”. **Revista Lutas Sociais**, São Paulo, n.15/16: p.161-170.
- LENIN, Vladimir Ilich. (1986). *Estado e Revolução*. Tradução de J. Ferreira. 3ª edição, São Paulo, Hucitec
- LIMA, Rômulo André. (2009). “Notas sobre a teoria de Estado em Marx”. In: **6º Colóquio Internacional Marx e Engels**, Campinas. Disponível em: [https://www.ifch.unicamp.br/formulario\\_cemarx/selecao/2009/index.php?texto=gt1](https://www.ifch.unicamp.br/formulario_cemarx/selecao/2009/index.php?texto=gt1), acesso em 18 jul.2017.
- MARX, Karl; ENGELS, Friedrich (1998). *Manifesto do Partido Comunista*. São Paulo, Cortez Editora.
- PARTIDO DOS TRABALHADORES (1979). “Carta de Princípios”. São Paulo. Disponível em: <http://www.pt.org.br/biblioteca/institucional/>, acesso em 30 ago. 2017.
- \_\_\_\_\_. (1980). “Manifesto de Fundação do Partido dos Trabalhadores”. São Paulo. Disponível em: <http://www.pt.org.br/biblioteca/institucional/>, acesso em 30 ago.2017.
- POULANTZAS, Nicos (1978). *As classes sociais no capitalismo de hoje*. 2ª ed. Tradução de Roberto Neiva Blundi. Rio de Janeiro, Zahar Editores.
- PRADO JR, Caio (2004). *A Revolução brasileira*. São Paulo, Editora Brasiliense.
- \_\_\_\_\_. (2011). *Formação do Brasil contemporâneo: colônia*. São Paulo, Companhia das Letras.
- RICÚPERO, Bernardo (1997). “A aventura brasileira do marxista Caio Prado Jr”. **Revista de Sociologia e Política (UFPR)**, Curitiba (8): p.55-71.
- \_\_\_\_\_. (1998). “Caio Prado Jr.: o primeiro marxista brasileiro”. **Revista USP**, São Paulo (38): p. 64-77.
- \_\_\_\_\_. (2007). *Sete lições sobre as interpretações do Brasil*. São Paulo, Alameda Casa Editorial.
- SINGER, André (2010). “A segunda alma do Partido dos Trabalhadores”. **Revista Novos Estudos - CEBRAP**, São Paulo (88): p. 89-111.
- VENTURELLI, Carlos Magno dos Reis (2016). *Operação Lava Jato, um precedente histórico. Repercussão concorrencial e penal*. Monografia (Especialista em Direito Penal e Processo Penal) – Instituto Brasiliense de Direito Público, Escola de Direito de Brasília, Brasília.