

THE POLITICAL ECONOMY OF BRAZIL UNDER THE PRESIDENCY OF DILMA ROUSSEFF: ACCUMULATION, BLOC IN POWER AND CRISIS

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EXECUTIVE SUMMARY⁸

After the ending of the first year of its second and final political term, the government of the President Dilma Rousseff, re-elected by the Workers' Party (PT) in 2014, has severely diminished its transforming capacity. The government has not been able to propose any programmatic agenda. The political slogan of the Brazilian government has changed the whole discussion about development policies in one and only agenda: the fiscal adjustment. The political disarticulation is enormous, the economy is in deep recession and, furthermore, significant part of accumulation mechanisms of Brazilian capitalism (non-banking financial) is in crisis.

The economic and political crisis persists with no signs of returning to prosperity. On the contrary, what has been observed is a profound crisis that is advancing with critical contours as well as put in the ground the developmental policy set along the second Lula's government, due to the immobility of the government and the political and business consequences of the operation Jet Wash ("Lava Jato") - conducted by the Federal Judge called Sergio Moro, investigating corruption practices in Petrobras and other government agencies.

Economically, the recession has become a reality with the rise in unemployment and the collapse of the aggregate investment. GDP shrank 3.8% in 2015 and the expectation for 2016 is also a decrease of 3.5%. Politically the situation can be even worse, since (i) the Planalto (Presidential Palace) cannot articulate his parliamentary base in Congress; (ii) the PT is demoralized considering the advances of the operation "Jet Wash" (advancing on Lula – the highest leader of the Workers Party) and collapses in front of their inability to rebuild a popular project for the nation; (iii) an

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extreme distrust of the dominant sectors, the general population and significant left-wing parties (even members in the Workers Party) on President Dilma Rousseff and the economic policy in general; and (iv) the eventuality of the Impeachment is surrounding the Planalto Palace as an important instrument of pressure from the bloc in power (dominant sectors) and their representatives (the political scene) for the government to proceed in the direction of fiscal adjustment and, if possible, in the direction of a new round of neoliberal structural reforms.

Thus, this article aims to analyze, through the critique of political economy approach, the dynamics of the governmental period of Dilma Rousseff (2011-2015) and the ongoing crisis in order to identify the main factors that led to such structural crisis under the effects of the operation Jet Wash (“Lava Jato”) and the possible consequences of this crisis in terms of short (fiscal adjustment, impeachment, government lethargy and distressing of PT) and long term (new rounds of pro-capitalist neo-liberal reforms and restructuring of the capitalist blocs).

First the article presents the main theoretical elements (accumulation; the bloc in power; political scene - parties, House, Senate, etc. -; State and its policies, and crisis), the critique of political economy, following the lines proposed by Marx, Gramsci, and Poulantzas, which were used as analysis axis of the Dilma Rousseff governments and the ongoing crisis.

Prior to this analysis, it was necessary to present the broader lines of the Lula governments in order to understand the current crisis. Synthetically it can be said that the pattern of accumulation of the Brazilian capitalism, inserted in the international context of extreme bonanza over the Lula government (2003-2010), set up a unstable ground for an economic development agenda (formed by the Brazilian bourgeoisie, the PT government and by the trade union movement and popular), without the need to disarm the dominance of the banking and financial sectors, which allowed the configuration of a win-win for all segments (dominant sectors, traditional middle class, "new middle class" and poor). More specifically it is possible to identify four stages (acts) shaping that period, namely:

First Moment (Act): The failure of the neoliberal model adopted by the former Brazilian President Fernando Henrique Cardoso (FHC) to fulfill the promises of growth, stability and income distribution has allowed the candidate's electoral victory of Luiz Inacio Lula da Silva of the Workers Party in 2002. Both the greatest part of the population as well as part of the Brazilian dominant sectors, were looking for a transformation in the political agenda. However, in the case of the latter, not those changes proposed by the PT's historic program. One of the clearest signs of this intention was expressed in the strong currency crisis occurred in the middle of the election campaign of 2002. The large amount of dollars that left the country could be interpreted as a message of the dominant sectors (national and international) to the PT that not agreeing with the

historical program of the political party, so if it was going to be fully applied would imply a path with many difficulties to win the election and govern the country.

Second Moment (Act): Lula and the main personalities of the PT chose the line of least resistance which, at that time, represented an agreement with the Brazilian dominant sectors: banking and financial. Evidence of this were, for example, restricted meetings of Lula as candidate and his closest staff (Aloisio Mercadante, José Dirceu, Antonio Palocci etc.) with Febraban (Banking federation). These meetings stated clearly that the possible winning of Lula would represent disruptions. The "Letter to the Brazilian People" publicly signaled what was already being discussed with the owners of the big banks. One of the axes of this agreement was the maintenance during the Lula government, of the macroeconomic regime of the FHC government (inflation targeting systems, primary surpluses and floating exchange rate).

It should be noted that this unstable and contradictory arrangements were characterized and justified in economic terms for a permanent "state of emergency" due to deleterious events such as the threat of capital flights (maintenance of the Investment Grade), currency crises and the return of inflation (Paulani, 2008). And also, at the representation level, because of constant suspicion in relation with Lula, since it was not trivial at that time the acceptance to become President a person that was a poor northeastern migrant, metallurgical and formed under the Workers' Party by the Brazilian dominant sectors - marked by the logic and the hierarchy of the *Casa Grande-Senzala* -.

Third Moment (Act): Flexibilization of the macroeconomic regime in Lula's second term after the "Mensalão" (monthly allowance) scandal, and especially after the international crisis that began in 2007 in the midst of a situation that had a less limiting external constraint, given the accumulation of International Reserves. The development agenda focused on credit expansion, raising minimum wages and income transfer programs, the creation of the PAC (Growth Acceleration Program) and the Minha Casa Minha Vida program, the expansion of Petrobras' activities and the National Bank for Economic and Social Development (BNDES) and, in general terms, the countercyclical policies of the international post-crisis period (TEIXEIRA & PINTO, 2012).

Despite the maintenance of the macroeconomic regime, the flexibilization of economic policies fostered a higher GDP growth (3.5% on average between 2003 and 2006 and 4.7% between 2007 and 2010), investment (3.3% on average between 2003 and 2006 and 7.3% between 2007 and 2010) and spending on income transfer policies, which provided higher growth rates, increased household consumption (mainly through the internal market), distributive improvement and reduction of extreme poverty. This was only possible because of the favorable international situation, marked by broad international financial liquidity, with low interest rates in developed countries and the significant improvement in terms of trade of Brazil (which increased by 37%

between 2002 and 2011). The international condition was a macroeconomic bonus, reducing external and fiscal constraints, allowing further expansion of domestic demand without leading to internal and external imbalances.

The extremely favorable international environment during Lula's mandates has also enabled, an uncommon period of rapid capitalist accumulation in the country, setting up a win-win situation. This allowed the growth of the mass consumption market, that later on proved to be unstable and heavily dependent on the external environment, because at the same time, no structural changes in terms of production and relations of domination were seen (hegemony of maintaining banking and financial sector) or were ever introduced. Thus, it was possible to grow and distribute income without affecting earnings and the power of the financial sector and, simultaneously, generate higher earnings for the productive sectors (industry and services) and workers and reduce extreme poverty. All segments of society have been better off (even if unequally).

It can be seen empirically that "never before in the history of this country" (a phrase used repeatedly by former President Lula) so many people have run-away extreme poverty. The incorporation of the poorest to the capitalist consumption allowed the legitimization of domination of the bloc in power (banking and financial sector, processing industry, construction, during this period).

Fourth Moment (Act): Since 2005, the pro-growth agenda has focused on domestic markets, so there were expansions in the capital accumulation of national and international industries and construction along with the growth of the economy. Thus, these segments began to exert more influence over the Brazilian State and the discussion of developmentalism returned to the debate among academics and among makers of public policies within the State bureaucracy. This new phase of capitalist accumulation throughout the Lula period, especially in his second term allowed the government to articulate a coalition of interests (political "development" front) between the bourgeoisie and part of the trade union and popular movement (Boito JR, 2012). All this without making it necessary to take the power of banking and financial segments continued showing high rates of return (20.7% between 2007-2010).

This policy front was built from three axes. The first was marked by the strong interaction between the Lula government and segments of intensive commodities industry capital (JBS Friboi, BRF, Vale, Gerdau, Votorantim) and construction (Construtora Odebrecht, Camargo Corrêa, Andrade Gutierrez, Queiroz Galvão , Construtora OAS and Galvao), which aimed to create and strengthen the great national economic groups through special programs of credit and equity participation, via BNDES performance through support for internationalization and through investment strategies for Petrobras linked to domestic content requirement for the acquisition of

inputs by the State (Boito JR, 2012; WALNUT & OLLINAHO, 2015; FILGUEIRAS, 2012; ALMEIDA & OLIVEIRA & SCHNEIDER, 2014).

The second axis of this coalition of interests was built through short-term credit expansion to businesses and families and wage gains (real increase in the minimum wage and average real income) for workers in various productive sectors that were responsible for an expansion of the aggregate consumption. That was a consolidation process to support the trade union movement and the popular developmentalism front (Boito JR, 2012).

The third area concerns the relationship between the developmentalism political front (of the Brazilian bourgeoisie, the PT government and trade union and popular movement) and the banking and financial sector. There was no need to perform neither a displacement of surplus between the economic sectors nor to reorganize the structures of power of Brazilian capitalism in its mediations with the State power cores, historically marked by strongly interpersonal relations between the private and the State owned sectors. Indeed, economic growth, the macroeconomic context bonus due to the international economy, allowed gains for all segments of Brazilian society. The progress of the developmental front, at this point, did not imply the end of the "agreement" between the PT government and the Brazilian banking and financial sector, already built during the first election of Lula. The distributive conflict between capital and between capital and labor, was mitigated by the Lula government, but remained dormant waiting for the outbreak.

It should be emphasized that this developmentalism political front and its "peaceful coexistence" with bank-finance segments (third axis hereinbefore) were built in the midst of many contradictions, which were eased in cyclical terms, the highest economic growth (capital accumulation) by extraordinary international bonanza and its positive macroeconomic effects, and the political skills of President Lula to lead this fragile alliance that "turned to dust" during the Dilma government.

The economic dynamics and the Dilma Rousseff government policy intensified the historical contradictions of Brazilian capitalism between accumulation and distribution. This led to a crisis of structural nature (breakdown of the organizational forms of the relationship between public and private - State and large private companies - of Brazilian capitalism, without the emergence of new institutional forms) and to consequences of short and long term for Brazilian society. As for the crisis factors, there is a set of economic and political intertwined factors (end of international bonanza; end of the developmentalist political front built during the second Lula's government, narrow-minded voluntarism of President Dilma, Lava Jato operation; government disarticulation on the political scene, etc.) that became obstacles to the accumulation process, reflecting the contradictions of the process of both production and reproduction of Brazilian capitalism. More

specifically it is possible to identify four stages (acts) structuring of government Dilma to date, namely:

Fifth Moment (act): The first two years of the first government Dilma (2011-2012) were marked by some hard-hitting measures, inter alia:

1) The resignation of ministers involved in corruption;

2) The reduction of the Central Bank (SELIC, *Sistema Especial de Liquidação e de Custódia*) interest rate (in nominal terms, from 12.5% in August 2011 to 7.25% in April 2013) and of the high spread of Brazilian banks by increasing competition via lower interest rates to customers adopted by the Banco do Brasil and Caixa Econômica Federal (two major public-private Brazilian banks);

3) The change in the exchange rate policy management, which has to adopt no explicit bands, nominally seeking to devalue the real - from 1 R \$ / US \$ 1.58 in July 2011 to 1 R \$ / US \$ 2.03 in November 2012 - in order to restore the competitiveness of the manufacturing industry along with the adoption of protective measures to help the recovery of the industry's competitiveness through the Greater Brazil Plan (*Plano Brasil Maior*). These measures have been articulated to greater involvement of BNDES in the investment credit programs, especially those linked to the program to sustain aggregate investment (*Programa de Sustentação do investimento*), and to Petrobras and its national content purchasing policy. It should be noted that the defensive strategy for national industry eliminated the exchange rate appreciation policy that was, throughout the 2000s, the main inflation control instrument used by the Central Bank of Brazil. Inflation began to rise from 2012; and

4) changes in public concessions programs that provided reductions in the rates of electricity bills by 20%, and public provision of transport services (ports, roads, railways, airports etc.), seeking to increase private investment in infrastructure. Trying to take advantage of the drop in the basic interest rate and its effect on investment decisions, the reforms proposed reductions in rates of return in the electricity sector and new concessions.

At that time, the style and strong personality of Dilma Rousseff, compared to the conciliatory style classes adopted by former President Lula, would signal, for many, a new stage of economic and regulatory measures that could tame the exclusive Brazilian capitalism, characterized by high rates of return, especially in the banking and financial sector, high concentration of income and property and high poverty, despite social improvements made in previous years. Dilma would be going beyond Lula, breaking the "agreement" between the Workers Party (PT) and the dominant sectors of the Brazilian capitalism (banking and financial); and advancing the development strategy (broadening the development policy fostered during the second term of Lula's government),

seeking to maintain high GDP growth rates with the inclusion of the poorest segments of the population.

The adopted economic measures have not achieved the expected effects in relation to the dynamics of GDP - which grew 3.9% in 2011 and only 1.9% in 2012 - and investment, which expanded 6.7% in 2011 and only 0, 8% in 2012, but even so, ensured the maintenance of employment and income of the population. This low dynamism can be explained partly by the new phase of the international situation, now more unstable, which generated a reversal of the terms of trade for Brazil (11% between 2011 and 2013), implying a macroeconomic burden in the balance of payments and an income effect. But it can also be explained by the difficulty in leveraging private and public investment, which will deteriorate throughout the second half of the first government Dilma. This circumstance is illustrated by the low growth of gross fixed capital formation of 0.7% on average between 2013 and 2014, due to (i) the continuous increase of the Selic interest rate from 2013 (which jumped from 7.25% in April 2013 to 11% in August 2014), (ii) the very economic slowdown (which led to fall in both the level of capital use and the rate of return on capital), (iii) changes in profitability parameters of the electricity sector and concessions (which inhibited investment energy and infrastructure, two of the largest segments in terms of investment), and (iv) the deceleration of Petrobras' investments since 2011 (due to its financial problems, the Lava Jato Operation internally and the oil price fall in the international market).

The economic downturn, combined with the new unfavorable international context, implied the reduction in rates of return of the dominant segments, with the exception of the banking and financial sector, generating significant negative impact on capital accumulation in Brazil. Between 2010 and 2014, the rates of return on shareholders' equity (ROE%) of the 500 largest companies (non-bank), the food and beverage companies (the six industry's largest), the oil production (Petrobras) and of manufacturing of steel and related companies (the six largest industry) decreased respectively from 10.7% to 3.5%, from 13.9% to 13.1%, from 11.4% to -7% and from 14.3% to 3.1%.

In this scenario of economic slowdown, the only segment that saw its profitability growing was the banking-financial combo, which rose from 20.7% in 2010 to 23.3% in 2014. Ironically, the segment that had been chosen by President as the target of her attacks by reducing spreads and profitability, which was achieved better results due to the increase in the Selic interest rate from 2003 to Singer (2015, p. 50)

to systematically raise the Selic, restored to previous typical duality to the test [developmentalism], in which, while the Treasury sought ways to make the economy take off, the Central Bank bet contraction, silted resources to rentiers. From there, developmentalism offers deaf resistance, but increasingly weakened, the pressure in favor of neoliberal shock. In the following months, in addition to the continuous increase in interest rates, cutting public investment, increasing the rate of return in

concessions, the reduction of restrictions on speculative capital and privatization in the transport sector would characterize the comeback to liberal measures. (our translation)

Sixth Moment (act): From 2013, the Dilma government will retreat little by little in its most expressive strategies since the beginning of the government, especially with the systematic increase of the interest rate, with increasing rates of return of public concessions and privatization in the transport area. Because of the pressure of the power bloc (financial business segments), of the inflation rise and the overall decline in profitability of companies (non-bank/finance), Dilma government retreated, trying to restore the unstable developmentalism policy front. Trying to maintain this political front (delivering positive rates of return for the bourgeoisie and maintaining employment and income for the trade union and popular movement), the Dilma government had to expand the exemptions and subsidized credit for large industrial companies, which jumped from 0.2% of GDP in 2009 to 1% of GDP in 2014.

This put even further pressure on public accounts due to the increase in primary expenditure (which jumped from 17.7% of GDP in 2009 to 18.9% of GDP in 2014), which were already deteriorating with the rise in the interest rate. This led to a rise in spending with 4.54% interest of GDP in 2012 to 5.64% of GDP in 2014. The option of the Government for instruments of demand stimulus via their current spending has thus been reduced.

The difficulties in the economic field became bigger and bigger with the external deterioration, with the worsening of public finances and the slowdown of accumulation. Politically, the government was also gradually losing organizational capacity. The President proved to be a disaster in the field of political skill, the antithesis of his predecessor. Her inability to dialogue proved to be impressive, as it showed little stomach for political conversation with deputies and senators and even members of her party. The government was losing votes and ability to abide agendas in Congress, increasing dissatisfaction within the political scene.

The President actually assessed that could proactively frame the political scene and the power bloc of Brazilian capitalism without a solid alliance interclass, and / or intense political mobilization of workers,. She believed that her State power (her position as President) stemmed from her own strength (in the Weberian style) distinct from class power that would enable the implementation of structural changes. A design realized by specialists/experts without class interests would be enough, and the political will of the ruler to make broader changes. Sweet illusion! History has shown us that structural changes can be carried forward in certain circumstances, such as in times of profound popular mobilization, in an authoritarian context, in situations of solid interclass alliances, when economic depressions happen, or in state of war. In

these situations the State can acquire greater relative autonomy on the bloc in power and control, at least temporarily, the process of accumulation.

In this scenario, the developmentalist political Front began to disarticulate itself during the first term of President Dilma, intensifying class tensions both within the power bloc and the political party system (political scene), since the conditions that enabled this front were shattered. The President had to back down in most of the measures adopted at the beginning of her term, except for the tax exemptions. The tension on the political scene and the power bloc increased every day. The emergence and expansion of Operation Lava Jato increased pressure. Lula's project - understood as a socio-economic model of center-left development sought a coalition of interests between the bourgeoisie and the trade union and popular movement - was ending up. The historical conditions today do not allow this kind of pact.

The last Brazilian presidential election campaign turned this explanation clearer. President Dilma was losing strength and legitimacy, both i) with the dominant segments - due to the drop in profitability / return on capital, increasing economic control (power sector reforms and changes in concessions) and Operation Lava Jato, which frightened and held the large national contractors; and as ii) the traditional middle class - which became increasingly angry with the reduction of power consumption (increase in inflation, especially services), with the physical proximity of the sub-proletariat, which now has access to services and spaces once considered exclusive of the most affluent segments, for example, air travel, and the extent of corruption in Operation Lava Jato.

Seventh moment (act): To re-elect, Dilma president and his campaign adopted a directed speech to the poorest segments and trade union movements, social and popular, proposing the continuity of the model that ensured the rise in labor income and, to a certain extent, a better social inclusion. The developmentalist political Front and the "agreement" with the financial segments were definitely broken. It seemed that the second Dilma government would move toward the popular field. For part of the surprise of social movements and sectors that supported Dilma re-election, the second term started in a diametrically opposite direction. Soon after the election results, the government veered toward the orthodox economic policy and maintaining the interests of financial segments (by raising the Selic rate). Joaquim Levy and Nelson Barbosa took respectively the Ministries of Finance and Planning and carried out a tax adjustment policy which included measures of linear expenditure cuts (affecting education, despite the slogan "Brasil, Pátria educadora" -Brazil, The Nation that Educates-, health and other areas), the reduction of labor rights and the an amnesty of the repatriation of Brazilian capital abroad sent illegally by our elites.

These measures have deepened the economic slowdown already underway, implying a reduction in GDP (-3.2% on the year in Q3 2015), the significant fall in investment (-12.7% in the year on the 3rd quarter of 2015), a rising unemployment and a reduced real income of workers. A

situation that will get a lot worse with the new rounds of fiscal adjustment and the outcomes for the firms resulting from the Operation Lava Jato (arrests of entrepreneurs, fines and new plea bargaining).

It seemed that the strategy would be to repeat the measures adopted by the first Lula government, ie the prioritization of introducing measures aimed at recovering the confidence of markets and thus restoring growth: A new "agreement" with the dominant sectors. But this was almost impossible because of the current historical conditions (unfavorable external scenario, Operation Lava Jato, extreme distrust of elites with the PT, difficulty in mobilizing the base of the PT because of its fiscal adjustment policies, etc.). A very risky bet that has proven to be ineffective.

In recent years, under PT governments it was possible to obtain social and economic improvements at the base of the social pyramid and at its top (increase in profit rates of the various segments to the beginning of the government Dilma) and a certain flatness of income in the middle of pyramid (middle class), especially in the second half of the first government Dilma (2010-2014). Despite the improvement of top and bottom, the PT lost its distinctive political party aura, with the scandal of the "Mensalão" monthly allowance, and especially Operation Lava Jato. It has also seen its narrative ability to "change the country" deteriorated due to its pact with the PMDB, which is a shield against the social forces. Thus, the PT has become a party like the others, enhancing the crisis of political representation in Brazil as part of the political scene. Moreover, the crisis deepened with the fiscal adjustment, destroying the already fragile parliamentary government base in Congress and creating a fracture within the PT. While the parliamentary base coupled voted against the fiscal adjustment, the political crisis has widened dramatically, especially with the focus given to the impeachment procedure prepared by Eduardo Cunha, president of the Chamber of Deputies - one of the indicted of the Operation Lava Jato.

The impeachment of President Dilma has become a real and close eventuality. Thus, the political game is being played every day (almost every hour!). A new critical point of the political crisis settled with the acceptance to proceed with the impeachment procedure by Eduardo Cunha, on 02 December 2015, and the new phases of the operation Lava Jato. The political consequences of this process are unclear (there is a high degree of randomness in the process).

The impeachment of President Dilma can be analyzed, for part of the dominant segments, as a strategy to unlock the capitalist accumulation, that is, a belief in a presumed new economic cycle. This perspective of part of the power bloc, however, underestimate the possible political consequences of the Lava Jato on the PMDB party of the current Vice President Michel Temer, who would assume the presidency in case of impeachment, and even on the other opposition parties such as the PSDB, who held the executive federal power for two terms (1994-2002). Moreover, it is important to stress that there is trial in course (Electoral Superior Court) about the campaign

donations for re-election of the presidential ticket Dilma/Temer in 2014, which, if convicted could prevent Temer (today Vice-President) to become President, resulting thus in new presidential elections.

Regardless of the impeachment procedure, the economic (accumulation of the power bloc) and political (political scene) situations reflect a accumulation crisis of the Brazilian capitalism much deeper than a mere crisis in the political scene. The crisis is not only the "coalition presidentialism", but rather of the capital accumulation process that expresses itself in the dynamics of the power bloc and its repercussions on the political scene. There are no clear signs that the crisis can be reversed, either with or without Dilma as President. On the contrary, what is observed is that the accumulation crisis could deepen with the outcomes of Operation Lava Jato for the entrepreneurs (arrest of the leading contractors in the country and leading banker, as the owner of the bank BTG Pactual, the sixth largest bank in 2015). Lava Jato operation - which will hardly be contained, especially after revelations made by the PT Amaral Delcídio senator after his arrest along with the owner of BTG Pactual - is breaking the current forms of historical intertwining of the power bloc of capitalism with the Brazilian State. The accumulation crisis will last until new forms of interlacing emerge. This is not visible in a near future. Long-term consequences of the crisis are more likely to happen, given the evidences we have so far.

Eighth moment (act): The ongoing crisis will cause long-term consequences associated with interrelation forms of the bloc in power in Brazilian capitalism and its historical relationship with the State and the conflict between the power bloc and the dominated segment of the society (workers). The signs so far suggest that (i) we will live new rounds of pro-capitalist neo-liberal reforms and against labor; and (ii) there is already an ongoing restructuring of capital blocs in Brazilian capitalism. Such measures are likely to generate concentration and denationalization dynamic, modifying and strengthening positions of bloc fractions in power.

Should the impeachment procedure against President Dilma not succeed, she will be trapped throughout its mandate. The impeachment eventuality will serve as an instrument of pressure for the bloc in power and their representatives (the political scene) so that the government should proceed towards fiscal adjustment and, if possible, depending on the correlation of forces and the resistance of the trade union and social movements, towards new neoliberal structural reforms, as proposed by "Agenda Brasil" (An Agenda for Brazil) by PSDB economists in power from 1994-2002. For them, the barriers to growth are the result of policies of rising real wages, expansion of protection policies and public spending on universalizing policies (in health with the SUS system and to a less extent education).

Should the impeachment procedure succeed, but not the trial of Dilma-Temer for the financing of their election in 2014, the new President is likely to act in the same direction of fiscal

adjustment and neoliberal reforms since Agenda Brazil was born in the PMDB party, which recently launched programmatic document ("A Bridge to the Future"). It focuses on the permanent fiscal adjustment and the neoliberal reforms. Probably the biggest difference is associated with the temporality of the measures and the greater difficulty of President Dilma to adopt neoliberal reforms as a result of the social base resistance of the PT historically formed by unions, social and popular movements.

As for the restructuring of capital blocs in Brazilian capitalism, there will probably be a process of concentration and centralization of capital, through mergers and acquisitions, linked to the denationalization of the productive structure. It should be noted that concentration and centralization of capital are inherent characteristics of the capitalist accumulation. However, in times of crisis, this phenomenon tends to intensify because of defensive strategies of fractions of capital.

These eight acts (moments) from allegory of national redemption (Acts third and fourth) to Brazilian tragedy (Acts seventh and eighth) leave no doubt about the extremely severe economic and political crisis: The effect of operation Lava Jato broke up into pieces the organizational structures of relations between the State and private companies, without the emergence of new institutional forms up until now (end March 2016). The possible consequences of the crisis are likely to be extremely unfavorable for workers, trade unions, social and left-wing movements. Acts seventh and eighth reveal an ongoing tragedy, especially for workers, the poorest people as well as for Brazilian left-wing movements. These will need to fight hard to maintain recent social achievements and even the 1988 Constitution, in a context of demoralized and frayed Workers Party (PT) and of rising organized right-wing movements in Brazil.