

# The Fight against Neoliberalism: Brazil in the Context of a Global US Counter-offensive

Interview with Theotonio dos Santos

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*Interview with **Theotonio Dos Santos**, Brazilian social scientist and one of the most influential intellectuals of Latin America.*

At 79, Theotonio Dos Santos can affirm that he has lived through the greatest political processes in the region: he was exiled in Chile after the 1964 coup in Brazil and his new destination in Mexico in 1973 until he came back to his homeland, Brazil, with the return of democracy, in 1985.

*He is one of the pillars of the Dependency Theory and the term “World-systems”. Now, on his trip to Buenos Aires, where he was invited by the Latin American Council of Social Sciences (CLACSO), which he co-founded, he explains the reasons why Dilma Rousseff’s government is agonizing and, parallelly, the region is experiencing a return to neoliberalism, even though it seemed to be in the past history of the continent.*

*“I see the situation in Latin America as part of a broader offensive at a worldwide level”, he says at the offices of CLACSO, where the determinant element is the loss of economic and political control by the hegemonic center of the world-system, the US.*

## **How is this offensive manifested?**

There is a very desperate strategy to regain power and, even though it didn’t come out as expected, it had quite destructive local effects. For example in the Middle East, where there is a deep crisis and Russia, that began to cooperate, ended up being labeled again as “Europe’s great enemy”.

## **Does this new confrontation start in Syria?**

They see Russia as a threat, mostly because of its alliance with China, which once again puts us in a state of worldwide dispute. So far, they have only managed to create really difficult situations in the old Soviet world, but the US has no control over the situation.

## **So, the attack against Dilma’s government could be explained by her government’s rapprochement with the BRICS?**

All that’s not under US control is regarded as a threat and the BRICS are a strategic threat to the US. In a way, they are right, because the BRICS have taken up a place that used to belong to the US. Regarding Latin America, their main concern is oil and Venezuela, which has the biggest reserves of the world. And, also, Brazil —after the discovery of the Pre-

Salt—, which dedicates part of its income to health, education, science and technology.

### **Dilma's government was terminated, boycotted, and the Congress was filled with disgraceful officials**

That isn't difficult to do (laughs).

### **The question is, why wasn't the Workers' Party able to stop the impeachment?**

The Workers' Party has always played the negotiation card and one of the consequences of this policy was diminishing the intensity of social and political mobilization.

### **That was their biggest mistake?**

Every time I spoke with Lula about this I told him there had to be a united left, regardless of all the negotiations, because they needed a strong backing to support the negotiation. If you limit yourself, the result is that you start depending on negotiation more and more. Lula had a high ability to negotiate and there was a great expectation that the Workers' Party and the PSDB would alternate in the presidential power. That was the proposal of (former President) Fernando Henrique Cardoso after he left the Dependency Theory. But there were many unnecessary concessions, and very negative too. Because a country can't afford to sponsor the creation and strengthening of a financial minority that profits from unproductive activity and speculation.

### **But the Workers' Party never attacked those financial groups.**

On the contrary, Lula's President of the Central Bank, Henrique Meirelles, is now the Minister of Economy (in Temer's administration) and in the past he had been with Fernando Henrique Cardoso. He is a pawn of International Banking. This helped consolidate Lula's relationship with the financial system, but the result is catastrophic.

### **What happened then? Did Dilma have a different capacity to negotiate?**

There are some elements to be taken into account: First, the decrease in the price of oil due to the increase of US production via fracking, which had a great impact but only for a limited period of time. Around Dilma a group began criticizing the attempts of the PT to try to confront this negative situation and affirmed that an adjustment was necessary. All of this was during a very dangerous crisis and during a period of rising inflation, which used to be almost non-existent (around 4 per cent), but then increased in addition to the increment of the interest rate.

### **This was on January 2014, when Dilma started her second term.**

She had begun to accept the idea of rising the rate in 2013, forced by the Central Bank. She was paving the way to hold growth back, so as to paralyze inflation. On the other hand, there's something that I have been discussing for many years with many schools of bourgeois economic thought: the idea that inflation is the result of an economic excess that can only be held back through a raise in interest rates.

### **The classic old monetarist formula**

The dramatic result was that inflation increased. What conclusion do you draw? Both the

theory and its application are wrong... but no, they claim that the interest rate grew very little. The climate was prepared for this situation and we were already at a 14% interest rate, and a declining growth.

### **What should we expect for the future? Will Dilma come back or not?**

The common sentiment is that there will be conditions for her to come back because the campaign has been strong, but the interim government has done some terrible and paradoxical things: A union leader that supports such an anti-unionist and anti-workers' government has to pay a cost, not only in elections, but in his own class as well. Union leaders, even the ones that supported the right and the impeachment, are backing out to avoid being associated to an increase in the retirement age or other similar measures. The proposition to raise weekly working hours and to directly modify the minimum wage, which Lula had increased by almost 200%, is very violent. This has had major effects in people's lives. If you start to believe that you can make all of these changes in an exceptional regime, imagine what you could do if you were in fact effectively in power. This is creating a very complex situation that has not resulted in a new wave of support in favour of Dilma but I have been told by the PT that they have chances of coming back —the line is very thin, they only need six more Senators' votes. Of course, every Senator is different and Dilma is not easy. She will hardly negotiate in terms of selling/buying votes, she comes from a revolutionary movement and she is faithful to that, even though, at the same time she knows that sometimes these things are necessary.

### **But she doesn't like it.**

No, she doesn't, that's the thing.

### **It seems as though Brazil is resigning a historical destiny of leadership that Itamaraty (the Ministry of External Relations) thought had been fulfilled after the country entered the BRICS.**

It has been 200 years of struggle for the independence of Latin America. Pro-Hispanics and pro-Portuguese have struggled for years to remain in power when Spain and Portugal were only instruments of England's power. These men thought that their ability to survive as a dominant class depended on that historical alliance. They believe that the US the greatest power and they don't know how to handle the possibilities that China opens as a worldwide buyer. That's very serious because the Chinese negotiate in a collective manner, in great projects, and therefore, they negotiate state to state. Businessmen are taken into account but only as auxiliaries for State planning. Our bourgeoisie doesn't believe that. These people are the anti-independence of Latin America.

### **How do you see the future of the region? Because Mauricio Macri's triumph has certainly accelerated the coup in Brazil and the onslaught against Venezuela**

It seems as though this is a very favourable phase for them. But when the time comes that an effective resistance finally emerges, I highly doubt their ability to control the situation. Because they stand on top of a world created by mass media, which denies reality, and create psychological realities with specialized people who know exactly how to communicate that to the masses.

It's absurd to believe in managing the world as if neoliberalism was the only source of economic growth and development. There are no economic sectors that are not lead by

State's investment nor any processes that are not related to the transference of State resources. This leads us to a false idea, that the left also needs to learn, which is that you need to cut down State expenses to transfer them to a minority that is basically in the financial sector. In Brazil, we pay 40% more in public expenses due to a debt explicitly created for macroeconomic reasons.

**This scenario implies that at a given point there could be massive uprisings. Could this create situations similar to the ones in the Middle East?**

Ultimately, it might, but I believe that the US doesn't want this because the cost might be too high in this situation in which they are deploying their troops to do something that sounds incredible, but they say it explicitly: to surround China. In Middle East, the results have been devastating. The strategy might have been the "creative chaos". If that is the case, they have already achieved it.

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