Programme

Any further updates and final details will be posted on the OCIS Conference Blog at http://ocis4.wordpress.com/

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Day Two: Thursday 1st July

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|        |      | **TB01: New Dimensions in Chinese Foreign Policy II**
|        |      | Chair: Jian Yang (University of Auckland) |
|        |      | - Xiaoming Huang (Victoria University of Wellington), "Being liberal: Does a liberal China matter for world politics?"
|        |      | - Jia Guan (Australian National University), "Changing colours of soft power in recent Chinese discourse"
|        |      | - Gerald Chan (University of Auckland), "China’s rising Influence in global economic governance: A mounting challenge to the global economic order?"
|        |      | - Monique Taylor (University of Queensland), "Governing capacity in China’s oil sector: An inside outside explanation of China’s international energy behaviour"

Case

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|        | 3    | **TC01: Militarism and Gender in the Pacific II**
|        |      | Chair: Anthony Burke (University of New South Wales) |
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• David Capie (Victoria University of Wellington), "Gender, guns and insecurity in Papua New Guinea"
• Carol Harrington (Victoria University of Wellington), "Knowledge, empowerment and partnership in international politics: Governing sex workers in Timor Leste"

OGGB 5  TD01: Sovereignty, Responsibility and Responding to Mass Atrocities  
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• Luke Glamvillie (University of Queensland), "Understanding the international's community's Responsibility to Protect"
• Justin Massie (University of Ottawa), "Anglosphere and Francosphere: Transnational cultural identities and Canada's post-Cold War military interventions"
• Matthias Mass (Yonsei University), "Exile: An alternative to international criminal law?"

273.107  TE01: The Past in the Present: Western Discourses in International Relations
Chair: Heloise Weber (University of Queensland)

• Barry Hindess (Australian National University), "Time and the others"
• Mara Bargh (Victoria University of Wellington), "Corporatising the Māori"
• Robbie Shilliam (Victoria University of Wellington), "Forget (English) freedom: Remember (Atlantic) slavery"
• Pal Ahiuluwala (University of South Australia), "Terrorism, diaspora and the modern"

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Chair: Reajeli Nicole (University of Canterbury)

• Anne McNevin (Royal Melbourne Institute of Technology University), "Undocumented citizens? Undocumented migrants and contestations of citizenship in Los Angeles"
• Roland Vogt (University of Hong Kong), "Values in conflict: The effects of Islam, migration, and social fragmentation on European politics and foreign policy"
• Rebeca Kocks (Victoria University of Wellington), "The others: Early settlers' views on Maori before the Taranaki Wars"

Case  TG01: Development: Transforming the Lives of the Poor?
Room 2  Chair: Kamal Shah (University of Queensland)

• Anita Lacey (University of Auckland) and Suzan Ilican (University of Windsor), "Partnerships in the new global aid regime: Shaping the lives of the poor through privatization efforts and pro-poor programs?"
• Greg Rublee (University of Auckland), "Poverty, insecurity and weakly governed spaces: Can development NGOs in Africa promote peace?"
• Rosemary Frey (University of Technology, Jamaica), Adele Ciccone (Wilfred Laurier University) and Tushar Singh (University of Allahabad, India), "Women graduate students and self-concept in developing and developed societies"
• Rosanna Keam (University of Auckland), "The interaction of IFI development policies with social contexts: A case study of water privatization in Namibia"
11.00 12.30 OGGB 5  TB02: Global Governance and Democracy
   Chair: Xavier Marquez (Victoria University of Wellington)
   
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   - Steven Slaughter (Deakin University), "Deliberative global governance and the G20: Legitimacy, contestation and public participation"
   - Hayley Stevenson (Australian National University), "How democratic is global climate governance?"
   - Madeline Carr (Australian National University), "Global governance of the internet"
   - Max Harris (University of Auckland), "Democracy, judges, and human rights. Why Waldron’s case against judicial review fails"

Case Room 3  TC02: Roadblock or Crossroads?: Feminist International Relations and Security Studies
   Chair: Ann Tickner (University of Southern California)
   
   - Laura Sjoberg (University of Florida), "Gender hierarchy (as opposed to anarchy) as a permissive cause of war"
   - Katrina Lee-Koo (Australian National University), "Feminist contributions to thinking about security in Australian IR discipline"
   - Jacqui True (University of Auckland), "The political economy of violence against women"
   - Megan MacKenzie (Victoria University of Wellington), "Sex, security and the family"

Case Room 2  TD02: Policing, Peacebuilding and Security Sector Reform
   Chair: Anita Lacey (University of Auckland)
   
   - Beth Greener (Massey University), "International policing: What authority, whose police, which values?"
   - Andreas Reitzig (University of Otago), "New Zealand’s ‘Pacific advantage’ in peacekeeping: Fact or fiction?"
   - Callum Martin (Victoria University of Wellington), "New Zealand’s expeditionary police: The expanding role of the New Zealand police in international relations"
   - Anne Johnstone (Massey University), "International policing: Drug trafficking and the regional response in the Asia-Pacific"
   - J. Jackson Ewing (Bond University), "Addressing the intractable: Comprehensive approaches to peacebuilding in the southern Philippines"

273.107  TE02: Strategic Issues in East Asia
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   - Daryl Morin (University of Queensland), "Putin’s Pacific power? Russian resurgence and an Asia-Pacific strategy for the twenty-first century"
   - David S. Sorenson (United States Air Force Air War College), "Arming the Pacific rim: Asian arms sales patterns after the Cold War"
   - Jian Zhang (University of New South Wales, Australian Defence Force Academy), "China’s defence White Papers: Between transparency and propaganda?"
   - Brendan Taylor (Australian National University), "What type of triangle? China-Japan-US strategic relations in the Asian Century"
TF02: Diasporas and Migrants I: The Forced and Irregular Movement of Peoples
Chair: Samid Sulman (University of Queensland)

- Phil Orchard (University of Queensland), "A right to flee: Refugees, state and the origins of international cooperation"
- Dele Oggunmola (University of New England), "Explaining the migration conundrum: The politics of migration and ethnic violence in Côte d'Ivoire"
- Kathy Errington (University of Auckland), "Warming to the problem? New Zealand's response to climate forced migration in the Pacific"

TG02: Maritime Issues and the Law of the Sea
Chair: Michael McGinnis (Victoria University of Wellington)

- Sophia Kopela (Kingston University), "Regionalism and the international law of the sea"
- Mohd Hazmi bin Mohd Rusli (University of Wollongong), "The application of compulsory pilotage in straits used for internal navigation: The case of Singapore and the Straits of Malacca"
- Sora Lokita (Indonesian National Coordinating Agency for Survey and Mapping), I Made Andi Arsana (University of Wollongong), Astrid Rimayanti (Indonesian National Coordinating Agency for Survey and Mapping), "Archipelagic baselines and the sovereignty and security of Archipelagic states: Problems and practices in the Asia-Pacific region"

12.30 13.30 260-098
"Future of OCIS" meeting - open to all

12.30 13.30 Foyer
Lunch

13.30 15.00 OGGB 4 TA03: Challenges of Emerging and Middle Powers
Chair: Philip Nel (University of Otago)

- Mark Beeson (University of Birmingham), "Can Australia save the world? The limits and possibilities of middle power diplomacy in the twenty-first century"
- Daniel Baldino (University of Notre Dame, Australia), "The Rudd government and national security: Continuity or change in the war on terror?"
- Richard Mason, (Institute of Occidental Studies, Malaysia), "Containment and the challenge of non-alignment: The United States, the Cold War and Indonesian-PRC relations 1950-1955"
- Tom Chodor (Australian National University), "Lula's passive revolution and the consolidation of neoliberalism in Brazil"

OGGB 5 TB03: Security and Ethics
Chair: Katrina Lee-Koo (Australian National University)

- Anthony Burke (University of New South Wales), "The good of security: Architecture of an ethics"
- Laura J. Shepherd (University of Birmingham), "Locating legitimacy: Ethics, security and the politics of space"
- Matt McDonald (University of Queensland), "Ethics and critical security studies"
- Marianne Hanson (University of Queensland), "Thinking about the ethics of military force: How might the Arms Trade Treaty and Convention on Cluster Munitions strengthen the norms of international humanitarian law?"
Case TC03: Culture, Representation and World Politics
Room 3
Chair: Kim Huynh (Australian National University)

- Terrell Carver (University of Bristol), "Cinematic ontologies and viewer epistemologies: Knowing international politics as moving images"
- Mark Chou (University of Queensland), "Tragedy and the demise of American empire in The Wire"
- Constance Duncombe (University of Queensland), "Foreign policy and the politics of representation, The West and its Others"
- Tim Aistrope (University of Queensland), "Paranoid politics? Conspiracy thinking and international relations"

Case TD03: Constructivist IPE and the Asia-Pacific
Room 2
Chair: Jason Sharman (Griffith University)

- Sharon Springell (University of New South Wales), "The role of ideas in Australian FDI policy, 1998-2007"
- Marc Williams (University of New South Wales), "Constructing climate change in the Pacific"
- Duncan McDuie-Ra (University of New South Wales), "The coral triangle initiative: Discourses of environmentalism, institutional capacity and the agency of Pacific states in multilateral initiatives"

273 107  TE03: Navigating Religion and Gender Politics
Chair: Miwa Hirose (University of Nottingham)

- Nicole George (University of Queensland), "Starting with a prayer: Feminisms and religion in the Pacific Islands"
- Bina D’Costa (Australian National University), "You cannot hold two watermelons in one hand: Gender justice and religious identity politics"
- John Rees (University of Notre Dame, Australia), "Going global: The creation of religion by international organizations"

260-098  TF03: Postgraduate Mentoring and Networking Forum
Chair: Jacqui True (University of Auckland)

1. Surviving and writing up the PhD and ‘Gee, I wish I had done that while I was doing my PhD’ (Facilitators: Richard Devetak and Luke Glanville, University of Queensland)
2. Making the transition from student to academic life (Facilitators: Robbie Shilliam and David Capie, Victoria University of Wellington)
3. Getting a job and issues relating to early career path development (Facilitators: Maria Rublee and Anita Lacey, University of Auckland)
4. How to get published: ‘Journal insider tips’ on good writing and publishing practices (Facilitators: Doug Van Belle, Editor, International Studies Perspectives; Shannon Brinca, University of Queensland)

15.00 15.30 Foyer
Afternoon Tea

15.30 17.00  OGGB 4  TA04: How to Get Your Scholarly Work Published: International Feminist Journal of Politics
Chair: Sandra Whitworth (York University, Canada)

- Juanita Elias (Griffith University)
- Catherine Eschle (University of Strathclyde, Scotland)
- Teresia Tsiaki (Victoria University of Wellington)
TB04: Roundtable: Teaching International Relations in Oceania: Agendas and Approaches
Chair: Sandra Tarte (University of the South Pacific)

- Robin Nair (University of Fiji)
- Alumita Durutalo (University of the South Pacific)
- Greg Fry (Australian National University)
- Gordon Nanau (Solomons College/University of the South Pacific)
- Anita Lacey (University of Auckland)

TC04: International Violence and Feminist Analyses
Chair: Marysia Zalewska (University of Aberdeen)

- Ann Sisson Runyan (University of Cincinnati) and Marysia Zalewska (University of Aberdeen), "The double life of feminism"
- Heidi Hudson (University of the Free State, South Africa), "The violence of feminist irrelevance: Revisiting the conversation between mainstream and African feminisms"
- Maryam Khald (University of New South Wales) "The gendered logic(s) of Orientalism: Analysing representations of the 'Other' in the war on terror"
- Jill Steans (University of Birmingham), "Myths of motherhood and motherlands in cinematic representations of war and national identity"

TD04: Special Roundtable sponsored by Centre for Pacific Studies, University of Auckland:
The Polynesian Panthers – Political Activism in Aotearoa New Zealand
Chair: Melani Ane (University of Auckland)

- Will Iolohia (Polynesian Panthers)
- Tigilau Ness (Polynesian Panthers)
- Alec Toleafoa (Polynesian Panthers)

TE04: The Frontiers of Civilization
Chair: Robbie Shilliam (Victoria University of Wellington)

- Lacy Davey (Australian National University) "Infidels, barbarians, and dominium: The role of identity and war in the construction of modern international society"
- Andrew Phillips (Australian National University), "Civilizational Identities and the rise and fall of a hybrid East Asian international order"
- Srđjan Vucetic (University of Ottawa), "The Anglosphere, liberalism and race"
- Jacinta O'Hagan (Australian National University), "The imperative of compassion: Humanitarianism and the discourses of civilization"
- Sarah Teitt (University of Queensland), "China, humanitarianism, the responsibility to protect"

TF04: The EU in the Asia-Pacific: Between Values and Interests
Chair: David Capie (Victoria University of Wellington)

- Naila Maier-Knapp (University of Canterbury), "Between values and interests: The case of PCA negotiations in Thailand"
- Gudrun Wecker (Stiftung Wissenschaft und Politik, Berlin), "EU-China relations: Do values matter?"
- Katharina Serrano (University of Central Lancashire), "Trade-development nexus in EU-Pacific relations: Realism, dependence or interdependence?"
- Natalia Chaban (University of Canterbury), Sarah Christie (University of Canterbury) and Jenna Guest (University of Canterbury), "Re-tracing Europe: Images and perceptions of the EU in New Zealand history"
TG04: Roundtable: Public Opinion, Political Marketing and International Relations
Chair: Jennifer Lees-Marshment (University of Auckland)
- Maria Rublee (University of Auckland)
- Claire Robinson (Massey University)
- James Ockey (University of Canterbury)
- Lyndon Burford (University of Auckland)

Jim Headley (University of Otago)

17.30 - 18.30 OCIS Keynote address by Professor Ann Tickner (University of Southern California)
Invited plenary speaker of the OCIS IV organizing committee.
"Retelling International Relations' Foundational Stories: Some Feminist and Postcolonial Perspectives"
Download the presentation here.

19.00 - 21.30 Conference Dinner
Fale Pasifika
Conference Dinner, including conch welcoming ceremony and entertainment

Day one | Day three

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THE OCEANIC CONFERENCE ON INTERNATIONAL STUDIES
30 June - 2 July 2010

Welcome

The University of Auckland and Victoria University of Wellington are pleased to jointly host OCIS IV in Auckland in July 2010. The Oceania Conference on International Studies (OCIS) builds on the successful legacy of OCIS I-III in Canberra, Melbourne and Brisbane bringing Oceania’s largest International Relations (IR) and International Studies conferences across the Tasman for the first time.

Conference convenors
Dr. Jacqui True (The University of Auckland)
Dr. David Capie (Victoria University of Wellington)
Dr. Anita Lacey (The University of Auckland)
Dr. Robbie Shilliam (Victoria University of Wellington)

Important Dates

29 March: Student Bursary applicant notification
31 March: Submit full papers for refereeing to receive decision by 7 April
14 April: Close of early registration
30 April: Final deadline to submit full papers for refereeing
8 April 2010: OCIS programme is now available
17 May: All papergivers to register for OCIS

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Wednesday 30 June - Friday 2 July 2010, Auckland, New Zealand

**About OCIS**

The Oceanic Conference on International Studies (OCIS) is an initiative to facilitate the coming together of the growing community of international studies researchers in Australia, New Zealand, the Pacific and beyond. The inaugural OCIS conference was held at the Australian National University in 2004 and it has subsequently been hosted by the University of Melbourne (2006) and the University of Queensland (2008).

The fourth OCIS conference will engage with a wide range of themes, true to the original objectives of OCIS of advancing a pluralistic regional community of international studies scholars. They include:

- Aid and Development
- America and the World
- Asia-Pacific and East Asian Politics and IR
- Europe and the World
- Gender and Feminism
- Global Crises, Peacekeeping and Peacebuilding
- Global Governance
- Indigenous Politics
- International History
- International Relations Theory
- Justice and Rights
- The Future of Multilateralism
- Postcolonialism
- Regions and Regionalism
- Scholarship, Policy-making, and Activism
- Sovereignty and Security Issues

Although the organisers have selected the above themes for special emphasis, OCIS IV will be an open, multidisciplinary conference. Therefore participants are also invited to submit panel or paper proposals presenting original research on any topic in International Studies.

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The Oceanic Conference on International Studies,
Auckland, 30 June – 2 July 2010

“Lula’s Passive Revolution and the Consolidation of Neoliberalism in Brazil.”

Tom Chodor
School of Politics and International Relations
The Australian National University
tom.chodor@anu.edu.au

Abstract
The Presidency of Luiz Inácio Lula da Silva (Lula) in Brazil has been seen as a watershed in the country’s development. Not only is he Brazil’s first ‘working class’ President, he has managed to bring the stability, prosperity and unity to the country that has so often eluded it in the past. This feat has been even more impressive because it has been achieved by pursuing a broadly neoliberal accumulation strategy which has failed to produce similar results in most other countries in the periphery. The key to Lula’s success lies in the combination of traditional neoliberal strategies with economic, social and foreign policies inspired by the ‘Third Way’ and its international counterpart the post-Washington Consensus. This paper argues that in doing so, the Lula government has carried out a Gramscian ‘passive revolution’ of the Brazilian social order, which, in blunting some of the worst excesses of neoliberal economy, has managed to win consent for neoliberalism while seemingly moving away from it. The paper explores the specific economic, social and foreign policies of the Lula government that work towards this end and examines their continuities and departures from the original neoliberal project and how they contribute to its hegemony. It concludes by briefly assessing the significance of this achievement, not only for Brazil but also more importantly for the broader neoliberal world order, where it is part of an ongoing ‘passive revolution’ also intent on rearticulating consent for neoliberal globalisation.

The victory of the Workers’ Party (Partido dos Trabalhadores, PT) candidate Luiz Inácio Lula da Silva (Lula) in the 2002 Brazilian Presidential election was greeted with hope and enthusiasm by progressive forces not only in Brazil but around the world. Lula had been a key figure in the working class struggle against the military dictatorship in the late 1970s and early 1980s, and following the return of democracy, became a permanent fixture of the Brazilian political scene, coming within a whisker
of winning the first democratic Presidential election in 1989 and finishing second in the subsequent two. The PT, formed by Lula and other union leaders during the struggle for democracy as the party of the working class and the excluded, had also gone from strength to strength, increasing its vote at every election and challenging the exclusionary and elite-driven Brazilian political system. The party, with its large membership based in social movements and its commitment to ‘socialism’ coupled with its track record of innovation and ethical behaviour, was widely revered as a truly progressive grassroots-based party which, having made its name challenging the previous Cardoso administration, would bring about a more just, equitable and fair social order.

However once in power, the Lula government not only continued but extended Cardoso’s neoliberal policies. The servicing of the country’s debt continued to be prioritised over social spending, and growth remained slow, retarded by austere monetary policies intended to keep inflation in check. Amid accusations of ‘betrayal’ and revelations of systemic corruption within the party and the government, many predicted that the Lula government would quickly lose popularity as it faced the reality of a globalised world in which there was little alternative to neoliberal dictates. However, Lula was re-elected in 2006 with a significant part of the vote. In its second term, the PT government brought not only macroeconomic stability to the country, but also impressive rates of growth, coupled with ‘responsible’ social policies which began to make progress in dealing with the country’s shocking rates of inequality. Consequently, Lula leaves office at the end of this year with record approval ratings and global praise from both the international community and the global financial and economic institutions as an innovative leader of an up-and-coming great power.
Dismissed as the perennial 'country of the future,' Brazil seems to have finally begun making good on its long-held potential.

How did this come to pass? Undoubtedly, a favourable global economic climate, especially a global commodities boom, has allowed the government to reap the rewards of an export-based strategy to stabilise the economy and fuel growth. However, Lula’s success comes not only from a capable steering of a neoliberal economy, but also from important innovations in economic, social and foreign policy which move beyond the simple neoliberal dictates imposed by international financial institutions during the 1980s and 1990s. By adopting an approach that blunts some of the worst excesses of neoliberalism in order to foster support for the overall neoliberal project, Lula has managed to win consent for neoliberalism while seemingly moving away from it. This ‘Third Way’ approach is reflective of a larger, global, shift from the Washington Consensus to the post-Washington Consensus amid a global organic crisis of ‘neoliberal globalisation.’

This paper seeks to conceptualise this shift in Brazil through a Gramscian framework, by identifying it as a ‘passive revolution’ of the Brazilian social intended to resolve its organic crisis. In doing so, it is divided into four parts. Part one briefly outlines the Gramscian concepts of ‘organic crisis’ and ‘passive revolution’ in order to provide a theoretical foundation for the paper’s argument. In part two, the context prior to Lula’s ascension to power in 2002 is briefly examined to explain the nature of the organic crisis in which the country found itself and the successes and shortcomings of the neoliberal project began by Lula’s predecessor, Fernando Cardoso. Part three then outlines the economic, social and foreign policies of the Lula government and
indicates the continuities and departures from Cardoso’s project and their significance in solidifying consent for neoliberalism in Brazil. Lastly, the paper reviews the means through which Lula’s specific project has managed to achieve consent for neoliberalism, under its ‘Third Way’ guise, and made inroads towards achieving hegemony.

Gramsci’s Notions of ‘Organic Crisis’ and ‘Passive Revolution’

For Gramsci, an organic crisis is a crisis of all of society’s structures, where the economy becomes paralysed, authority is de-legitimised and beliefs and values previously held to be ‘common sense’ begin to be questioned. It is a crisis of the whole structure of hegemony, when coercion becomes more central to the maintenance of rule than consent and social groups become detached from their traditional structures of control and the ruling classes lose their legitimacy (Gramsci 1988, 218; Fatton 1986, 733). The causes of an organic crisis vary. In some cases, the hegemony of the ruling class may not have been particularly strong in the first place, and the tensions inherent within it led to its crisis, often sparked by particular decisions or events that result in undermining hegemony. In other cases, organic crises can be the outcome of long-term trends in the relations of production, which, as they evolve, bring new social forces to the fore. If the traditional institutions that foster consent fail to adapt to the new situation, they will not be able to incorporate the new social forces into the social order, resulting in challenges to the hegemony of the previously dominant classes and the articulation of alternatives (Gramsci 1988, 218-9; Sassoon 1980, 207-8). An organic crisis is thus a fundamental crisis of hegemony, which brings into questions the very foundations of the social order.
Precisely because it does so, an organic crisis cannot be resolved defensively by preserving the status quo. Rather, any effort to overcome it must involve the construction of a new hegemony. An organic crisis thus opens up a window of opportunity for social forces to create a new hegemonic project. Accordingly, Gramsci theorised that it was during an organic crisis that a proletarian revolution could be successful. However, he also warned that if subordinate classes could not develop a coherent counterhegemonic project to resolve the crisis, the ruling classes would quickly regroup and attempt to reimpose their rule. The two main strategies to do this are what Gramsci called ‘Caesarism’ and ‘passive revolution.’ The former involves an authoritarian solution by a third social force as the two main ones struggling over the nature of the new hegemony balance each other out. The latter, which is of interest here, involves initiating profound changes in the structure of society from above, without the participation of the mass of the population in the process. Even though the masses may be included in the process, they do not control it, and it is not carried out in their interests, but in order to retrench ruling class power. An important aspect of a passive revolution is what Gramsci referred to as *transformismo*, that is the coopting and absorbing of the leadership of the subordinate classes into the hegemonic project thus neutralising them and their potentially dangerous ideas.

However, as noted previously, a solution to an organic crisis cannot be defensive, it must involve the formation of a new hegemony. A passive revolution is still a revolution, in that it involves profound restructuring of the state and the ideological discourse, in order to create a new hegemonic project (Fatton 1986, 731). A passive revolution thus involves far-reaching modifications of society, bringing in a new
social group, or new alliances of social groups, into power without rupturing the
social fabric, rather adapting and gradually modifying it (Gramsci 1988, 248).
Moreover, a passive revolution can only achieve hegemony if it is accompanied by
material and ideological concessions to the subordinate classes. Accordingly, the
ruling classes must move beyond their own narrow class interests, and offer
concessions to the masses, as well as creating an ideological project that penetrates
the 'common sense' of society to attain consent for the new hegemony. While passive
revolution should not be a strategy for the subordinate classes to effect a revolution, it
is frequently used by the dominant classes to forestall revolutionary change and
remain in power.

**Brazil’s Organic Crisis and Cardoso’s Passive Revolution**

Brazil found itself in such an organic crisis in the late 1970s and early 1980s. It was
brought about by a conjuncture of trends and events. Chief amongst them was the
unstable and contradictory nature of the previous hegemonic project, established in
the 1930s. This project was based on the accumulation strategy of state-led import
substitution industrialisation as a means to modernisation, and an ideological project
centred around the 'myth of racial democracy,’ which held that all Brazilians were
part of one 'tropical' nation and that the disproportionate impoverishment of the
masses was due to the historical of slavery, and would be ameliorated by the state.
After more than 50 years in existence, neither of these promises seemed any closer to
realisation. Indeed, the reverse seemed to be true. State-led development was seen as a
failure, as the economy went into a deep and prolonged recession, and debt piled up.¹

¹ Between 1980 and 1984, the country experienced a severe depression, per capita income fell by 15
per cent, inflation hit triple digits and foreign debt rose to $100 billion in 1984. See: (Mainwaring 1986,
170)
Far from applying rational policies to modernise the country, the state was seen as continuing to be deeply enmeshed in the ‘Iberian heritage’ of patronage, clientelism and paternalism. Consequently, a strong anti-statist trend developed in society, not only amongst the bourgeoisie, who resented state encroachment in the market, but also amongst sections of the working class, grouped in the ‘new unionism’ movement, who rejected the paternalistic relationship between the masses and the state. These disparate demands were united in the discourse of ‘democratisation,’ which was broadly understood as curtailing the state’s oppressive hold on society and opening it up to participation by all of society. Likewise, the second pillar of the hegemonic project, the myth of racial democracy also came under critique, as its promises of equality and social mobility remained unfulfilled. The tensions within the myth began to be challenged, with various commentators pointing to the still deeply ingrained racism in Brazilian society, and with a range of activists stressing the class based nature of Brazilian life and the continuing and entrenched desperate situation of the poorest (Guimarães 2005, 130).2 The challenge to the developmentalist hegemonic project thus came in two related but not necessarily compatible strands. A political strand which called for the democratisation of the state and a socio-economic one which demanded that the country’s ‘social debt’ be settled by confronting the country’s shameful rates of inequality (Burity 2006, 68). All the while, the organic crisis deepened. Inflation reached almost 3000 per cent in 1990, growth was poor and erratic and in 1991 only 32 per cent of Brazilians supported democracy as a preferred political regime (Morley 1995, 24; Linz and Stepan 1996, 172-3).

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2 By late 1980s, real wages were at their lowest real levels since the 1930s. Between 1978 and the last year of the military in power in 1984, over 18 million more people slipped into poverty, and the overall poverty rate stood at over 50 per cent. See: (Amann and Baer 2002, 952; Hall and Garcia 1989, 188)
While various social forces competed throughout the 1980s and early 1990s to resolve this organic crisis, the solution finally came in 1994 from Fernando Cardoso who, as Finance Minister, managed to stabilise the economy through the Plano Real, based on neoliberal premises. This achievement, after more than a decade of crisis, turned Cardoso into the nation’s saviour and swept him into the Presidency, and would subsequently provide legitimacy and justification for further neoliberal reforms. Throughout two terms (1995-2003), Cardoso oversaw the sale of public utilities, infrastructure and banks, the opening of the economy to foreign capital, and a drastic reduction of state expenditures.³ In order to finance the servicing of debt, the capital account was further liberalised and austere monetarist policies were implemented, making Brazil dependent on foreign capital inflows to remain solvent.⁴ Wages were kept low, while an overvalued currency led to a boom of imports.⁵ These changes not only brought stability after more than a decade of crisis but also represented a significant change of course after decades of state-led development. Cardoso initiated a passive revolution of the whole social order, which involved a significant restructuring of society, but which retained the social hierarchy intact.

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³ After the initial cut of 9 per cent in budget expenditures to implement the Real Plan, the Cardoso government continued privilege debt repayments over increased government spending and following the Asian and Russian Financial Crises, a further $US7 billion was cut from the 1999 budget and a 3 year, $US80 billion spending cuts package and tax increases was announced in order to restore the country's 'credibility' with the world financial markets and pave the way for an IMF assistance package. Subsequently, a Law of Fiscal Responsibility was passed in 2000, requiring the governments to produce surpluses in each budget which would be used to pay off debt. See: (Roett 2003, 210)
⁴ During the 1990s, Brazil's annual average of incoming FDI increased from $US2 billion to $US30 billion. These inflows were desperately needed to bolster its international reserves and keep up with debt repayments. While this was not an issue in times of abundance of foreign capital, in times of a downturn, when the inflows dried up, this put the economy on the verge of a default. In such situations the government could only increase interest rates further, which were already at some of the highest levels in the world, and cut more spending in order to retain the 'credibility' in the eyes of the financial markets. This put Brazil in the proverbial 'fiscal straightjacket' and highly constrained its choice of policy. See: (Amann and Baer 2002, 949; Mollo and Saad-Filho 2006, 106)
In order to attain consent and thus hegemony for this project, Cardoso attempted to unify the two critiques of the previous hegemonic project into an ideological project that claimed to be neither neoliberal nor populist, but rather charted a social democratic Third Way between the two. In adapting the Third Way ideology to the Brazilian context, Cardoso (1993) argued that the free market was now an undeniable and positive reality, which had to be embraced and managed by a ‘responsible’ state that turned its back on traditional populism. This involved not only the removal of state intervention in the economy, but also a change in the state’s relationship with ‘civil society,’ away from corporatist top-down control towards a relationship based on ‘partnership.’ Thus Cardoso answered the demands for democratisation by dismantling the state’s active role in the cultural and social sphere and transferring responsibility for it to civil society. However, in keeping with the Third Way ideology, Cardoso also acknowledged that left to itself the market would not redress inequality and hardship (Cardoso 1993, 283). In light of this, the state should use ‘responsible’ policies to redistribute income and provide social welfare, within a market framework and in partnership with civil society. The responsibility of these policies would be measured by their impact on the macroeconomic stability of the economy. The state should not embark on traditional populist short-term initiatives that would hurt economic growth and cripple the country’s long-term prospects (Cardoso 1993, 286). Thus, Cardoso sought to satisfy the demands for socioeconomic equality by proposing to implement a new kind of ‘social democracy’ in Brazil. However in doing so, he provided a caveat for its implementation by stressing it could only come after the demands of the market were met.
Cardoso’s nascent hegemonic project, based on the ‘free market’ and the social democratic promises of the ‘Third Way’ brought grudged consent, if not outright enthusiasm for the neoliberal project. Its staunchest backers were the middle class, who, after years of organic crisis had seen its consumption-based lifestyle decline. With the renewed stability and a boon of cheap imports, the middle class was able to restart this lifestyle and lined up firmly behind the project. Likewise, finance capital and the internationalised sections of the bourgeoisie both benefited from the financialisation and liberalisation of the economy and provided intellectual justifications for it (Boito 2007, 116). Conversely, there were also many losers, most importantly large sections of the working class, which saw wages decline and unemployment rise, and the national bourgeoisie, who could not compete with international capital in austere macroeconomic conditions. However, as Gramsci has warned, a passive revolution can only result in hegemony if it involves concessions to the subordinate classes. In this context, these were understood as the fulfilment of the social democratic promises of the Third Way. By 2002, there was increasing scepticism about whether the government was willing or able to make these concessions (Panizza 2004, 472-3). High interest rates and austere monetarist policies meant that growth was low, averaging 2.3 per cent annually between 1995 and 2002, and the increasing debt burden, which rose to 60 per cent of GDP in 2002, meant that the economy remained vulnerable to external shocks (Castro and Carvalho 2003, 482). This meant that the kind of macroeconomic stability required by the Third Way as a precondition for social democratic redistribution did not materialise. In light of this, the government essentially relied on the ‘trickle down’ effect to lift living standards, with dismal results. Little progress was made in reducing poverty following the initial success with the taming of hyperinflation, and income inequality remained
amongst the highest in the world.\footnote{In 1993, just before Cardoso implemented the Plano Real, 43 per cent of the population lived in poverty. That dropped significantly to 35.1 per cent following the Plan's success. However, from then on, poverty did not reduce significantly, and indeed by 2001, it remained at 35.1 per cent. The Gini coefficient remained stubbornly around 0.60 throughout Cardoso's Presidency, which was the same level that it was in 1978. According to the 2000/2001 World Development Report, only two countries had a worse index of distribution of income than Brazil. See: (Vernengo 2007, 86; Amann and Baer 2002, 952-3)} Unemployment doubled from 4 to 10 per cent in the 1990s, and by 2001 over half of workers did not have regular jobs (Schwartzman 2005, 141; Baker 2009, 180). Overall, the country's human development index ranking dropped from 58\textsuperscript{th} in 1993 to 72\textsuperscript{nd} in 2002 (UNDP 1996, 2004). While the population was initially willing to bear such a situation in the hope that the economy would stabilise and Cardoso would deliver on his promises, by the end of his second term there was widespread exhaustion with the government (Kucinski 2003, 17). While not signifying a rejection of neoliberalism per se, there was a desire for the next government to restart growth and make progress on repaying the 'social debt.' While the neoliberal project under the Third Way banner had attained a minimal degree of consent, it was not yet consolidated and hegemonic in an integral sense.

This was the context within which Lula and the PT faced the 2002 election. While the party had started out in the 1980s as a radical left party committed to socialism and a radical restructuring of the Brazilian social order, it had increasingly accepted the hegemony of neoliberalism from the mid-1990s onwards. During the campaign, Lula went out of his way to make it clear that a PT government would not involve any radical ruptures to the status quo (Panizza 2004, 467-8). Instead, the PT aimed to become the true party of the Brazilian Third Way by fulfilling the promises of social democracy. It would do so within a market framework, by giving 'opportunity for all' Brazilians to advance up the social ladder that had been denied to them in the Cardoso years. Lula presented himself as the 'great negotiator,' able to negotiate a new social
pact between the country’s various social forces and bring about national unity and prosperity (Miguel 2006, 132-3). The result was that Lula was swept into office by what Saad-Filho (2007b) has referred to as ‘an alliance of losers’; the unionised and unorganised working class, sections of the professional middle class, domestic capital and several of the oligarchic elites. What this disparate alliance had in common was the experience of loss under neoliberalism and the desire for an expansionary economic program that would deliver the concessions required to attain their consent for the neoliberal project (Carvalho 2007, 24). What was required of Lula was that he would complete the passive revolution began by Cardoso.

The PT in Government

While in government, the PT has largely continued with Cardoso’s neoliberal macroeconomic strategy. However, unlike its predecessor, it was able to stabilise the economy and decrease its vulnerability, which allowed it to make progress on repaying the ‘social debt’ in a way that the Cardoso government was not able to. In doing so, moreover, the government has done more than simply follow Cardoso’s neoliberal blueprint, and instead has developed several innovations, both in the management of the economy and the alleviation of poverty, which have made the initial neoliberal project more stable and consensual. In many cases, these have stemmed from the ideas of the Third Way that Cardoso claimed for himself but never implemented. Indeed, Lula has appropriated the mantle of the Third Way for his government, and arguably applied it more successfully than Cardoso ever did (Carvalho 2007, 24-5). Ultimately, Lula’s success lies in finalising the construction of the neoliberal project began by Cardoso by bringing all sections of society into its fold, and securing their consent for neoliberalism not only through material but also
ideological concessions, through an ideological project based on the notions of ‘inclusion’ and ‘integration’ which skilfully taps into the Brazilian ‘common sense.’ Accordingly, Lula has made neoliberalism hegemonic in Brazil. His achievement in doing so is significant not only for the Brazilian but also the wider international context, because it represents a successful adaptation of a new developmentalist strategy unfolding at the global level, as part of the passive revolution of the neoliberal world order conceptualised as the post-Washington Consensus. Consequently, Brazil has become a model for other countries to follow that proves there is a middle ground between harsh neoliberalism and old populism. The political, economic, social and foreign policies that have constructed this new hegemonic project are examined below.

A New Economic and Political Model

In stabilising and developing the Brazilian economy, the Lula government has combined traditional neoliberal macroeconomic policies with a more prominent role for the state. Thus initially, the government’s economic team, drawn entirely from neoliberal circles, signalled its commitment to fiscal austerity by announcing a unilateral increase of the primary budget surplus target from the IMF-mandated 3.75 per cent to 4.25 per cent, which required a R$14 billion cut in spending, including R$5 billion in social spending (Flynn 2005, 1229). Likewise, in its first year, the government pushed through neoliberal social security and tax reforms that had eluded Cardoso throughout his Presidency, in no small measure due to the PT’s opposition to them.\(^7\) In the face of accusations that the PT lacked a project for the country, the

\(^7\) The social security reforms especially, were opposed by on the bastions of PT support, civil servants, and lead to a first major split in the party and several of its members being expelled for refusing to support the reforms. See: (Flynn 2005, 1229-30)
government argued that with $US210.7 billion of debt and a current account deficit of $US186 billion, there was no alternative, as any radical changes would trigger capital flight and cripple the economy (Rocha 2007, 145; Mollo and Saad-Filho 2006, 116). The government’s strategy to bring about macroeconomic stability and development was further integration with the global economy, primarily through the promotion of exports. In a favourable international climate, this allowed for a threefold expansion of exports, mainly primary commodities and low-value-added manufactures (Roett 2010, 50; Boito 2007, 116). This had the desired effects of reducing debt and increasing foreign reserves, which made the economy less vulnerable internationally. By 2005 Brazil had paid off all of its debt to the IMF, and by 2008 became a net exporter of capital for the first time in its history (Roett 2010, 51). This allowed for a loosening of the ‘fiscal straitjacket’ as Brazil was no longer struggling to attract foreign capital, especially after several bond rating agencies upgraded their assessments of the Brazilian economy. With the economy stabilised, the government embarked on a new strategy to develop the country, based on a greater role for the state and the twin notions of inclusion and integration.

The notion of inclusion related to the inclusion of all sections of society in formulating a development strategy together with the state. This strategy was based on the government’s acknowledgement that left to itself the market had failed to deliver on the promises of growth and development. It was imperative, therefore, for the state to step in and foster such development. However, unlike past populist attempts, the state could not be overbearing in doing so. It should not control or compete with the market, but rather complement it, and partner with private capital and civil society to develop a strategy that would allow the country to reap the benefits of the global
economy (Santiso 2006, 169-170). There was no doubt that this strategy would continue to be based on market logics, which proved a disappointment for many PT followers who expected a radical restructuring of the Brazilian economy. Likewise the nature of the relationship between the state and civil society disappointed those who hoped the government would implement radical participatory structures which characterised sub-national PT administrations at the national level, in order to actively include the population in the political process. Instead, the PT government pursued a largely polyarchic style of rule where it welcomed civil society participation but only as long as it did not contradict with neoliberal logics (Hochstetler 2008, 47-8). Thus the government’s inclusionary strategy was best reflected in the formation of the Economic and Social Development Council, a neocorporatist body consisting of business, unions and civil society organisations to advise the government on economic and social policy, but whose proposals were not to divert from the government’s stated neoliberal orientation (Petras and Veltmeyer 2003, 13). Nonetheless, repositioning the state in a key role in the development of the economy was a significant shift from the neoliberal orthodoxy which exalted the virtues of the market and saw no positive role for the state. It is reflective of a shift underway at the global level towards the post-Washington Consensus, which recognises that neoliberal promises of growth and development have not materialised for most periphery countries (Panizza 2005, 728). This failure is understood as stemming from the lack of integration with the global economy and comes with a growing realisation that left to itself, the ‘free market’ would not necessarily facilitate such integration, and indeed that some neoliberal prescriptions actually made it more difficult (Porter and Craig 2004, 392; Engel 2010, 183-4). The solution to this dilemma is the revitalisation of the state as a key actor in complementing the market and fostering development,
which facilitates integration with the global economy. Therefore, the new model of
development is more akin to the ‘competition state’ what has emerged in the
developed world, which operates on neoclassical economic logics, even as it takes a
more active role in the economy.

The key means to fostering this development in the economic sphere are continuing
macroeconomic stability and investment in the domestic infrastructure and economy,
in order to facilitate further integration with the global economy. While the PT
government has proven itself more capable of managing the macroeconomic balance
than the Cardoso administration, there has also been a realisation that certain
neoliberal reforms can also undermine macroeconomic stability. Thus, in 2009 the
government imposed capital controls on foreign capital inflows in order to stem the
appreciation of the real, a move unthought-of during Cardoso’s reign. Likewise, in
terms of investment, the government has been very active in aiding the development
of the domestic infrastructure and economy, most importantly through the Growth
Acceleration Program implemented in Lula’s second term, which poured considerable
financial resources into infrastructure projects, many of them in the poor
neighbourhoods (favelas), often employing their inhabitants in the process (Schaller
2008). Other means have included providing the state development bank, BNDES,
with capital to fund R$137.3 billion of development projects throughout the country
and shore up the domestic market through tax breaks and incentives during the global
financial crisis in 2009 (BNDES 2009). Moreover, following finds of potentially
significant oil reserves off the Brazilian coast, the government has drafted a
hydrocarbon law that would increase state control over the oil industry through the
state-owned oil company Petrobrás, and set aside the profits into a ‘social fund’ for
the development of the country (Latin American Herald Tribune 2009). This new ‘state-assisted development’ has yielded impressive results. Throughout the Lula’s second term, the economy has grown at around 5 per cent annually with only a short recession in 2009 due to the global financial crisis (Roett 2010, 51). A large part of this growth has been not only due to the expansion of exports, but also growth in the domestic economy. Moreover, it has been achieved with minimal inflation and a budget surplus, which has assured continued and increased foreign capital inflows (Roett 2010, 52). Accordingly, Lula became feted around the world as a leader of an up-and-coming global power that has made the most of globalisation’s opportunities, and which is a model to other countries in the periphery to follow.

The expanding economy has allowed the government to begin to go some way towards repaying the ‘social debt.’ With high growth, unemployment fell to 7.4 per cent in early 2010 and the minimum wage increased progressively from R$200 per month in 2003 to R$510 in 2010 (IBGE 2010; IPEA Data 2010a). The appreciation of the currency and subsequent lowering of interest rates has led to a renewed consumerist boom fuelled by a rapid expansion of consumer credit (Hunter and Power 2007, 15). These improved conditions have gone a long way towards satisfying the demands for an expansive economic policy by the ‘alliance of losers’ that elected Lula, especially the middle class, which according to one study, has grown from 37.56 per cent of the population in 2003 to 49.22 per cent in 2010 (Latin American Herald Tribune 2010). Unlike Cardoso however, Lula has gone beyond simply relying on such ‘trickle down’ effects to improve the living conditions of the population, especially the masses. Indeed, the PT government has developed a new model of social policy intended to address Brazil’s poverty and inequality levels as a
counterpart to the new developmentalist strategy that also relies on the notion of inclusion and the active role for the state.

A New Social Policy Model

Considering he was elected on the promise to deal with Brazil’s ‘social debt,’ Lula made improving Brazil’s inequality and poverty rates a priority from the outset of his Presidency. In the process of doing so, the PT also developed a new understanding of these issues that was, once again, influenced by the Third Way and the post-Washington Consensus. Dispensing with its previous understanding of poverty and inequality as inherent features of the Brazilian social order, the PT adopted the neoclassical understanding of poverty as arising from exclusion of the poor from the market (Saad-Filho 2007a, 515). In such a context, poverty and inequality could be dealt with by facilitating the inclusion of the poor in the market through social investment by the state. Such investment in what has come to be defined as ‘human capital,’ that is health, education and skills training for the poorest, would allow them to have the ‘equality of opportunity’ with the more privileged to compete in the market and maximise their utility (Arestis and Sawyer 2001, 263). This approach was a departure from the PT’s traditional commitment to universal equality and egalitarianism, but it was in line with the growing post-Washington Consensus approach that also sees alleviation of poverty through the prism of investment in ‘human capital’ (Hunter 2008, 28). Such investment should be through ‘responsible’ policies that do not harm growth and macroeconomic stability, and carried out in partnership with civil society (Carvalho 2007, 35-6). It is also seen as key in enabling greater and more valuable integration with the global economy.
Lula’s social policies have largely followed this new developmentalist policy in dealing with the country’s ‘social debt.’ The flagship program in doing so has been the Bolsa Família, a stipend for families living on under R$120 a month, conditional on keeping children enrolled in school and ensuring they receive basic medical care (Hunter 2008, 28). The program is in fact a consolidation of various other programs that existed under Cardoso, which received a new emphasis and direction under Lula. It was initially presented as a simple safety net for Brazil’s most vulnerable, but soon developed into a ‘human capital’ investment program, which, coupled with modest funding increases in health and education, would ensure that the next generation of Brazilians would not be excluded from the market (Hall 2006, 691). By 2006, Bolsa Família reached 11.1 million families, or about quarter of the population, and has been praised and supported by the World Bank (2005) as a model for other periphery countries (Hunter and Power 2007, 19). The program has undoubtedly contributed to the decline of the proportion of the population living in poverty from 35.79 per cent in 2003 to 22.59 per cent in 2008, and of those living in extreme poverty from 15.20 per cent to 7.57 per cent in that same period (IPEA Data 2010b, 2010c).

Such a drastic reduction has allowed Lula to claim that he has taken concrete steps to repay the ‘social debt.’ More importantly, the fact that he has done so through a social policy which compromises a mere 2.5 per cent of government spending and avoids repeating past populist policies tainted by the ‘Iberian heritage’ has allowed Lula to confidently claim the mantle of a Third Way innovative reformer (Hunter and Sugiyama 2009, 47). Moreover, this process has been conceptualised through the discourse of ‘inclusion’ and ‘equality of opportunity’ which manages to satisfy the contrasting demands of the market and improving socio-economic conditions and in
doing so, taps into the long-held ‘common sense’ demands of the population. Admittedly, there are numerous critiques of Lula’s social policies and specifically Bolsa Família, centering around the fact that they ignore the structural causes of poverty and have not been accompanied by comprehensive redistributive policies to alter the unequal social hierarchy (Amann and Baer 2009, 37; Hunter and Power 2007, 17). While poverty rates have declined, income inequality, remains amongst the highest in the world, and the country’s human development index rating has dropped to 75th as other countries have made more substantial gains (UNDP 2009). Indeed, the fact that the government’s fiscal policies transfer around 8.1 per cent of GDP annually to the country’s creditors, while 0.3 per cent of GDP is spent on Bolsa Família, suggests that the government’s policies actually contribute to further income inequality (Rocha 2007, 143). However, Lula’s social policy is still a big change in a country where the plight of the masses has been ignored for so long, and has accordingly won him widespread support from the population, which has been translated into consent for the government’s hegemonic project.

A New Foreign Policy Model

When the government was criticised early in its term for lacking a project for the country besides following Cardoso’s neoliberal prescriptions, it pointed to its foreign policy as proof of its innovation and change. Indeed, from its very outset, the Lula government has pursued an activist foreign policy which has reasserted Brazil’s role in the region and the world as an emerging global power. This new confidence on the regional and world stage not only tapped into long held ‘common sense’ aspirations amongst Brazilians regarding the country’s future status as a great power, but was also a change from Cardoso’s passive deference to the dictates of globalisation.
(Almeida 2009, 169; Hurrell 2008, 54). Lula cultivates an image of Brazil as an active global player that takes advantage of globalisation rather than being at its mercy. Such a perception has various benefits to the government both domestically and internationally. The strategy intended to implement this policy consists of three interrelated components.

Firstly, Brazil has sought a reinvigorated leadership role in Latin America, which is seen as necessary in providing a staging post for a great power role for the country at the global level (Flemes 2009, 176). This has prompted the country to take the lead in resolving various flashpoints in the region, for example sending troops to the U.N. mission in Haiti or negotiating the Ecuadorian-Colombian standoff in 2008, as well as to advocate increased Latin American integration as a means to succeed in a globalised world. Thus, Brazil has been active in the various regional integration projects, including bodies like Mercosul (The Common Market of the South), Unasul (Union of South American Nations) and Banco del Sul (Bank of the South), and has attempted to take a leadership role within them. This regional push has been framed in the discourse of Latin American solidarity and autonomy, implicitly presenting it as a means to counter U.S. influence, and proposing Brazil as a counterweight to American hegemony in the region. And indeed, Brazil has opposed certain U.S. regional initiatives, most importantly derailing the Free Trade of the Americas Agreement (FTAA), and rejecting U.S. efforts to isolate Venezuela. However, Brazil has not pursued anything like the anti-American policy of the Chávez government. Rather, it has cultivated a close and positive relationship with the U.S., and likewise, the U.S. sees Brazil as a reliable ally in an increasingly anti-American region, which can act as a ‘buffer’ against the Bolivarian counterhegemonic project (Cason 2006,
Therefore, Brazil’s quest to cultivate a leadership role in Latin America represents not just an attempt to construct a base from which to project its power globally, but also is part of the struggle over the nature of the regional order in the midst of an organic crisis of neoliberalism.

The second component of Brazil’s push to become a global power is a renewed push to cultivate links with other ‘South’ nations to strengthen the position of the periphery countries in the world order. Accordingly, Brazil has sought to build a political ‘Southern coalition’ to ‘change the power relationships in the world’ (Almeida 2009, 172). This has included expanding commercial links with other developing markets in order to create a ‘new geography of trade’ to alleviate the dependence of periphery nations on often inaccessible markets in the core. Consequently, China has now surpassed the U.S. as Brazil’s largest trading partner (Maxwell 2010, 44). Likewise, Brazil played a key role in stalling the WTO talks at Cancún in 2003 and has since been a key player in the group of developing nations seeking an end to protectionist agricultural policies in the developed world as a condition on the finalisation of the next round of trade talks (Cason 2006, 77). In addition to adopting the mantle of defender of ‘South’ nations, Brazil has also developed and formalised relationships with other ‘rising powers,’ most importantly the other BRIC (Russia, India, China) countries, as well as South Africa and Iran, in order to strengthen the position of the developing world in the neoliberal world order (Alden and Vieira 2005, 1090).

Brazil’s role as the champion of the interests of the ‘South’ is also directly related to the third component of its foreign policy; the push to reform of the neoliberal world order. The government has repeatedly called for reform of international institutions,
from the Bretton Woods institutions to the U.N. Security Council in order to better reflect the changing power balance in the world. This push has been framed in terms of ‘democratisation,’ in order to allow the excluded to participate and have a voice in global institutions, and Brazil has presented itself as the representative of these voices (Hurrell 2010, 64). In doing so, the government taps into the discourse of the post-Washington Consensus, which also seeks a restructuring of international institutions to better reflect changing power relations and to allow countries to better ‘manage’ globalisation (Callinicos 2001, 98). This discourse has become even more prominent following the global financial crisis of 2008, and given Brazil’s relative ease in weathering the crisis, it has become increasingly seen as a legitimate voice in the debate on the future of the neoliberal world order. This legitimacy has been recognised in its membership of the G-20 as a representative of the developing world and a successful model for others to emulate (Hurrell 2010, 62).

The government’s foreign policy serves a twofold agenda. Firstly, it works to foster consent for the PT’s hegemonic project domestically. The country’s renewed focus on links with the South and its adopted mantle as the defender of developing nations is useful in compensating for the disappointment of orthodox policies at home amongst the PT’s more radical supporters (Almeida 2009, 174). Likewise, the push to gain new markets in the periphery and force core countries to open theirs works to consolidate the export-led neoliberal accumulation strategy by providing Brazilian capital with outlets for its products and further integrating the country with the global economy. Moreover, the government’s close association with the post-Washington Consensus at the global level, and recognition of Lula’s policies by the institutions of the world order gives them legitimacy and prestige, also facilitating consent for the
neoliberalism. This close alignment is also linked to the government’s second agenda which seeks to make Brazil and active actor in the global passive revolution. Thus while Brazil hosts the World Social Forum and supports its calls for an end of ‘neoliberal globalisation,’ Lula is the only leader to attend both its meetings and the World Economic Forum, where he attempts to act as a ‘bridge’ between the institutions of world order and those demanding their radical restructuring (Panizza 2005, 729). However, the type of global reform that Brazil pushes for fits closely with the prescription of the post-Washington Consensus of allowing greater participation in the global economy by emerging powers and social forces in civil society, but within a broad neoliberal framework. Consequently, despite radical rhetoric, Brazil does not seek a radical transformation of the world order, but rather a seat at the table along with the other great powers (Hurrell 2010, 62). There is no suggestion that such a seat would be then used to push for radical changes to the global order. This can be seen in Brazil’s regional policies, where, for example, its trade proposals in Mercosul have been along broadly neoliberal lines, and do not attempt to develop alternative conceptions of exchange in a way that the ALBA bloc does. Nevertheless, Brazil’s foreign policy reinforces its role as a model of the post-Washington Consensus and ensures domestic support for Lula’s neoliberal stance.

**Lula’s Passive Revolution and the Consolidation of Neoliberalism**

Lula’s main success is the conclusion of the neoliberal passive revolution began by Cardoso. Through a competent stewardship of the neoliberal economy, coupled with the fulfilment of the promises of the Third Way, Lula has achieved the stability and growth that was promised by neoliberals. In doing so, he has completed the neoliberal project began by Cardoso. Those social forces left out of the project under Cardoso,
have now been included in it. These include the national and agrarian bourgeoisie, who have benefited from the government’s expansionist policies and the growth of exports. Likewise the middle class, the staunchest defender of the neoliberal project, has been rewarded with continuing consumption and stability, as well as a renewed opportunity of employment in the expanded state. Likewise, the masses have also been included, with the working class benefiting from an expanding economy and the subsequent increased wages and declining unemployment, and the informal sectors benefiting additionally from the government’s social policies and their inclusion in the market as consumers. The inclusion of the various social forces through material benefits has been crucial to Lula’s success, as a passive revolution must involve significant concessions to subordinate groups in order to attain their consent. In this sense, Lula has made true on his promise during the 2002 election to use his skills as the ‘great negotiator’ to bring the various sections of society together to propel the country forward.

However, such concessions cannot be simply material. Any new hegemonic project also has to include ideological concessions through an ideological project that binds it together. In this case, the Lula government has been able to foster an ideological project based on the notions of ‘inclusion’ and ‘integration’ that taps into the remnants of the myth of racial democracy within the society’s ‘common sense.’ Thus the inclusion of all the sections of Brazilian society in the hegemonic project rekindles the perception of the one tropical Brazilian race united in the pursuit of progress. This progress has always been defined, by the elites and masses alike, through a Western prism. The fact that Lula’s Third Way distances itself from the country’s traditional populism, and that his policies come with the approval of the institutions of the
neoliberal world order, have raised hopes that under a PT government Brazil can finally transcend the country’s ‘Iberian heritage’ and become a Western country. This is despite the fact that the ‘Iberian heritage’ continues to be omnipresent throughout society and the PT itself has been engulfed in numerous corruption scandals. Indeed, while it remains perceived as an obstacle to development and a hindrance, the ‘Iberian heritage’ in fact continues to play a major role in the construction of consent for the social order.

This is especially the case in the relationship between the state and the masses, which continues to rest on paternalism and patronage. Indeed, through talk about investing in the ‘human capital’ of the masses, Lula has rekindled old notions of the masses as the underdeveloped raw material of the nation, which has to be moulded into shape by the state. To the masses, the state appears once again as a benevolent arbiter, caring for the good of the nation as a whole, while taking particular care for the development of its most vulnerable. The Bolsa Família program is administered directly by the federal government, bypassing state governments in order to stamp out corruption, but also to create a new corporatist relationship with the masses that weakens and discourages their autonomous mobilisation. Lula has done much to cultivate such a relationship, presenting himself as the father of the poor and defenceless (Carvalho 2007, 34). This

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8 The scandals broke out towards the end of Lula’s first term. Firstly, it emerged that in order to get legislation passed through a fractured Congress where no one party had a majority, the PT paid opposition politicians a secret monthly stipend (mensalão) to vote for its bills, specifically the social security reform, which explained the speed with which the law passed Congress. Lula denied responsibility of the practice but tried to justify it by saying that it was a normal practice in the Brazilian political system. The second and much larger caixa dois scandal erupted soon after and referred to the various ways of siphoning off public and private money to pay for electoral expenses and contribute to party funds dating as far back as the 1990s. Most of the top leadership of the PT had to quit because of the scandal, but Lula once again denied knowledge. The corruption scandal had an undoubted effect on the PT’s electoral prospects in 2006, when it decreased the number of its seats in Congress for the first time in its history, but seem to have no effect of Lula, who was branded the ‘Teflon President.’ Corruption and ethics scandals continued to plague the administration and force resignations of officials, including the neoliberal Finance Minister Antônio Palocci. For more on the various scandals see (Flynn 2005, 1231-44).
patronage relationship works both ways, and the masses have repaid this generosity with support for Lula, seen most clearly in his re-election in 2006, which he chiefly achieved due to votes from the impoverished states in the North-East, where the traditional networks of patronage remain the strongest, and where Bolsa Família had most effect (Zucco 2008). The importance of the person of Lula and the PT as the party of the excluded also cannot be underestimated. Lula has become the personification of the ‘Brazilian dream,’ a man without a formal education, born into grinding poverty who has reached the summit of the social hierarchy. In this sense, Lula’s presidency is the perfect example of transformismo. The image of a working-class President, pursuing a project centred on the ‘inclusion’ of the impoverished, convinces that masses not only that such a project is genuine, but also that the dream of social mobility held out by the myth of racial democracy is still alive. It is this hope, as much as the material benefits flowing down to them, that ensures that the masses consent to the social order, and do not develop a radical consciousness necessary to foster a counterhegemonic project.

Thus Lula has pulled off the perfect passive revolution. He has constructed a hegemonic project that not only has won the consent of the majority of the population for neoliberalism, but which also integrates the masses in such a way as to ensure their passivity and continued consent to a social order. True to tradition, Lula’s passive revolution does not create a new social order but rather a hybrid social formation. Despite the expansion of the domestic market, there has been no structural reform of the Brazilian economy, which continues to rely on the export of primary products, reflecting an acceptance of Brazil’s role in the new international division of labour as the ‘farmer of the world,’ and a deeper entrenchment of capitalist social
relations of production. The structure of the social hierarchy remains unchanged. Dramatic inequalities based on race and class persist, and the corporatist relations between the state and the masses, so vehemently criticised as reflections of the ‘Iberian heritage,’ have been re-established. Despite this, Lula remains hugely popular, with sky-high approval ratings and little serious dissent from social forces in civil society, as the PT government is seen to be marching a united country towards the future, modernity and capitalist progress.

This is not to say that this project remains without tensions that could undermine its consensual nature. First of all, the centrality of Lula to the success of the PT government means that it stands a strong chance of losing the upcoming presidential election in 2010 in which he cannot stand. Without the charismatic figure of Lula, there is nothing indispensable about the PT, especially as the opposition parties have promised to continue the government’s policies, but implement them more effectively. Whether a government by a party not so intimately linked with the excluded can uphold an ideological project based on inclusion and identification with the poor remains to be seen. Secondly, the lack of structural reform means that the growth and stability of the Brazilian economy remains largely at the whims of the global economy, and any future global downturn could plunge the country into crisis once again. Such a crisis would undermine both the privileged lifestyle of the dominant classes, and the ability of the government to continue providing material concessions to the masses on which the consensual nature of the hegemonic project rests. Lastly, and paradoxically, the inclusion of the masses in the social order, coupled with the promises of social mobility in the myth of racial democracy, could in themselves undermine the consent for it, if the limitations of the material and
ideological concessions are realised. Any such challenge to the Third Way ‘common sense’ could lead again to challenges to the social order if it evolves into an organic crisis. Such a challenge would need to encompass the few existing social forces that are already challenging this ‘common sense.’ Given Brazil’s history of recurring organic crises, any of these three scenarios, or an unforeseen fourth one are all plausible in the future, as is their likely resolution through the process of passive revolution. For now however, Lula has created a stable and seemingly enduring hegemony in Brazil, something rarely, if ever, achieved in the country’s history.

Conclusion

As this chapter has outlined, the PT government headed by Lula has carried out an effective passive revolution in Brazil over the past eight years. This passive revolution has included concessions to subordinate groups which have brought them and other social forces previously excluded from the neoliberal hegemonic project into its fold. Throughout this process, the foundations of the Brazilian social order have remained largely unchanged, while the radical potential of the masses, as embodied in the PT, has been pacified to the point where the social formation faces no considerable challenge. This process has been criticised by many disillusioned PT supporters, who have accused the party of betrayal. Indeed, the neoliberal macroeconomic prescriptions have remained largely unchanged and Brazil is lauded around the world for being ‘business-friendly’ and ‘competitive.’ However, dismissive denunciations of the PT ‘selling out’ to neoliberalism miss the important analytical point that along with neoliberal macroeconomic prescriptions, the PT has also implemented many innovative policies which have blunted some of the more objectionable aspects of the neoliberal project, in turn creating a different hegemonic project which has different
implications. These policies, based broadly on the Third Way and its international counterpart the post-Washington Consensus, have proved successful in salvaging the neoliberal hegemonic project in its original neoconservative guise as it descended into organic crisis. Indeed, it may seem that they are, in Perry Anderson’s (2000, 11) words, ‘the best shell for neoliberalism.’ Hence, Lula’s passive revolution is important, not only due to its undeniable positive benefits to the Brazilian people, but also to the regional and world context, where the battle over the solution to the organic crisis of neoliberal globalisation continues, and where Brazil’s success makes it a prominent actor and model for other countries to follow. This is especially the case in Latin America, where an alternative solution, based on socialist notions of solidarity, participatory democracy and social justice is being promoted by the Bolivarian counterhegemonic project. Although both Lula and Chávez promote a more autonomous and socially just Latin America, their projects and their consequences are radically different and competing. This competition, and its impact on organic crisis of neoliberal globalisation remains a topic for further research.
Bibliography


