

Bringing the State back out: how vested interests, moralism and conservative economic discourse helped undermine Brazil's democratic government

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ABSTRACT: From 2013 to 2018, the Brazilian political and economic landscape has been engulfed in incessant turmoil. Following what started as a series of popular demonstrations on bus fare increases in major capitals, the country's middle class took to the streets to voice their discontent with the stream of PT administrations started in 2002. After impeaching democratically elected president Rousseff and judging former president Luis Inacio Lula da Silva, partisans of this local strain of neoconservative ideology still adhere to the general tenet that Brazil's XXIst century policy shifts were the result of the prevalence of vested interests within the federal administration.

Our aim with this paper is twofold: on a first level, we aim at reconstructing a historical narrative of the current debacle of Brazilian democracy and the decisive influence of right-wing populism and its radicalization of vague and irresponsible political discourse centered on supposed vested interests. On a second note, we reflect upon how the ideas present in Vested Interests and the Common Man provide an interesting standing point not only for reassessing the claims of Brazil's middle class and its most vocal apologists, but also the links between morally grounded political movements and their subservience, on several instances, to the motivations of economically established vested interests.

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Over the span of two decades, Brazil has experienced dramatic changes in social and economic policy, in its station when it comes to international relations, and on the shape and praxis of its political party system. Starting with the election of Luis Inacio Lula da Silva, in 2002, and going through the three successive Partido dos Trabalhadores administrations, the country emerged from a structurally vulnerable peripheral economy to the grasps of sovereignty. Average income, employment rates, monetary reserves, exchange rates - several key macroeconomic aggregates point to an overall increase in the conditions of living in Brazil. Despite this improvement of living standards, since 2013 PT and other left wing parties have fought a losing battle, with the impeachment of Dilma Rousseff (2016), the incarceration of Lula (2018) and massive defeats in regional (2016) and presidential elections (2018) as some highlights of Brazil's shift to the right. How come, then, that the same population that lived and thrived on what has been called a second humbler edition of the Brazilian Miracle came to so openly reject several of the policies implemented throughout the PT years? How did Brazil progressively shift to the right, while savoring the outcome of a decade and a half of social democratic inclusive policies?

These are the two main questions that we aim at answering on this paper. In doing so, we intend to shed light on the recent changes in the Brazilian political landscape, while resorting to the veblenian insights on Vested Interests. We do not mean to take Thorstein Veblen's writings as a *prima facie* explanation of modern day political economy, but do consider his notes on vested rights, business and corporate interests, the shaping of conservative and belligerent discourse and on the characteristically veblenian class interplay among an inherently conservative institutional setting invaluable in analysing contemporary Brazil. As such, we start by briefly revisiting the key elements in Veblen's (1919) characterization of Vested Interests, their relation to the modern scheme of thought, to the state of the industrial arts and the impact of these habits of mind on the exploitation of common man by corporate finance. After laying out the foundations for an institutionalist overview of the recent trends in Brazilian history, we present a chronology of the main turns and twists in the last two decades, focusing both on the prevalence of a conservative mindset amongst Brazilian lower middle class, its convulsive taking of the streets in June 2013, and the three focal points of the overtaking of Brazilian politics by Vested Interests: the impeachment of Dilma Rousseff, started on December 2015; the trial and condemnation of president Luis Inacio Lula da Silva, in early 2018, and the election of Jair Messias Bolsonaro, in October 2018.¹ After this forray in contemporary Brazilian politics,

¹ This paper also comes out of the difficulties the authors faced in describing a situation while living through it. From 2016 to 2018, higher education and research have come under assault in Brazil, and every single one of us experienced funding cuts, militia surveillance and profound emotional and psychological distress. In the apt words of Paul Simonon, "this game is called surviving, at the end of whatever may come". Reflecting on the recent institutional crisis and writing this short piece has revealed itself part of our survival strategy.

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we focus on the perceived key contributions of radical institutional analysis to understanding contemporary Brazil, in specific, and the general "shift to the right" observed in the 2010s.²

About Vested Interests

Written between 1918 and 1919, *The Vested Interests and the Common Man* stands out as one of the key works in Veblenian production, where the author reviews some of the notions established in his earlier works and puts them to use in describing the convoluted political and economic outcomes of World War I. In it, Veblen moves toward a structured analysis of the role played by corporate finance in contemporary economies, analysing what he perceives as the modern point of view and the prevalence of a set of deep seated imponderables in contemporary economic discourse and praxis. These elements, understood as the guiding precepts of the modern point of view, are seen by Veblen as the "principles of right, equity, propriety, duty, perhaps of knowledge, belief and taste" also "made to serve as standards of validity in law and custom, knowledge and belief"(Veblen, 1919:3-4). As such, imponderables are described as having "become axiomatic by force of settled habit", and could thus be displaced and "cease to be (...) Imponderable(s) by a course of unsettling habit."(Veblen, 1919:8). The main issue arises out of how the modern point of view (and the habits of thought that should be concerned with the challenges faced by the modern industrial arts) anachronistically adheres to a set of notions that wildly differs from the reality in which the author lives and writes. Modern men, in explaining the shortcomings of financial enterprises and contemporary capitalist societies out of notions inaugurated by Adam Smith and David Ricardo are unable to adequately perceive the world they live in, and, as such, read and shape it through the conservative prerogatives of the leisure class. This extemporaneity becomes even more glaring when one writes out of the setting of a historically peripheral society, placed on the fringes of the capitalist world-system and where modern industry clearly presents itself as a mere facade to barbaric social relations.

One such imponderable is the principle of ownership, which Veblen sees as an extemporaneous residue of the prevalence of Liberal economic thought, in a time when Liberalism does not account for international politics or industrial organization. As such, Veblen presents an original and radical critique of modern civilization, cementing his place as what Tilman and Simich (1984) characterised as an indigenous strain of critical theory. As many of the radical social thinkers of his time, Veblen is quick to point out how damning the untoward adherence to outdated theoretical systems in early XXth Century could be. Echoing his earlier views in institutional change, he issues the challenge: "Will the present experience of calamities induce men to revise these established principles of conduct, and the specifications of the code

²We have presented earlier drafts of this paper under the title of Conservatism and Change in the June Journeys. A first version was part of the proceedings of the 2016 AFIT meeting, in Reno, and a second one was part of the 2018 ASE @ ASSA sessions. We would like to thank the fellow scholars present at both meetings for their feedback and encouragement.

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based on them, so effectually as to guard against any chance of return to the same desperate situation in the calculable future?"(Veblen, 1919:15)³

The XXth Century has provided a somewhat pessimistic answer to his question. The prevalence of a series of anachronistic habits of thought and their dominance over the modern point of view, due to the legal and social legitimacy conferred to these principles, is something that Veblen extensively delves upon. For him, guilt lies with the vested interests which guide the subservience of the common man to corporate finance. According to Veblen (1919, p. 38), vested interests are "a marketable right to get something for nothing." The vested interest does not stem from the productive use of a plant but from the "ways and means of driving a bargain." In the first case wealth derives from the use of a tangible asset, on the other case, wealth derives from intangible assets, or the "immaterial relations between owners and the industrial system." In this sense, the wealth derived from the use of intangible assets is not a result of "an increase of the equipment or the material resources in hand. The enterprising owners of the concern may be richer by that much, and so may the business community - though that is a precariously dubious point - the community at large is no better off in any material respect."

Marketing and advertising as generators of intangible assets must be seen as a common manifestation of vested interests and a way by which business men sabotage production and social welfare. For Veblen (1919:71) the "good-will" of a company as a synonym of fair trade practice is in the same line of vested interest as a trade-mark, patent right, franchise, or any monopoly right of immaterial nature. In this sense, vested interests may have diverse forms. They might be ingrained in a formal right for an intangible asset on one hand, but they can be informal in the very veblenian definition of institutions as "shared habits of thoughts." It can be rooted in a patent right or in social reputation, but all vested interests manifest itself in a " (a) Limitation of supply, with a view to profitable sales; (b) Obstruction of traffic, with a view to profitable sales; and (c) Meretricious publicity, with a view to profitable sales." (Veblen, 1919:100).

It also stands out that Veblen rightly defines the profits resulting from intangible assets as somewhat connected to his take on the fraudulent expedients (Veblen, 1899; Simiqueli, 2016) adopted by the leisure class in defending its prerogatives. As it is, the gain originated from intangible assets is perceived, more often than not, as *free income*, as a parasitic tax on the outcome of industry and, as such, on the work of the common man. As Veblen points out, "these supernumerary and preferential gains, "excess profits", or whatever words may best describe this class of free income, may be well deserved by these beneficiaries, or they may not. The income is, in any case, not created by the good deserts of the beneficiaries, however meritorious their conduct may be."(Veblen, 1919:72)

From this perspective, we must remember William Dugger's (1980) famous hierarchical description of contemporary institutions. For this radical institutionalist, there is a dominant economic institution that controls all the others: the corporation. This institution is the "true source of power" (Dugger, 1980, p. 898) and controls our kinship, educational, religious, military and political institutions. In this last perspective, Dugger (1980, p. 900) highlights that "the habits

³ Comentário breve sobre desencantamento da razão e crônica da política internacional. Veblen e Versalhes.

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of thought of most political officials are those learned in performing, or in preparing to perform, corporate roles.” The central concept here is that corporate interests need not coincide with social welfare. As Veblen (1899, 1964) points out, our contemporary order preserves its barbaric past within the institutions of private property and the leisure class. The socially accepted vested interest results from these institutions in the same terms as the old “divine right of princes” Corporate power, as the main institution of our contemporary order, is the most important vehicle of “vested interest” and as Dugger (1980) points out, this corporation controls, among others, our political institutions.

An analysis of the institutional framework of contemporary capitalist societies focusing on the role played by vested interests ought to resort, then, to an understanding of (1) the foundations of political and economic discourse as represented by the imponderables; (2) the shaping of the modern point of view out of the perception, by the general populace, of the rightful entitlement of vested interests to a series of social, political and economic privileges; (3) the ways in which the leisure class (and, specifically, corporate interests) presents these privileges as decorrence of rightful claims of ownership - i.e., the whys and hows of legitimating exploitation in economies marred by inequality and unemployment.

A starting point is understanding how political connections, access to political representation and privileged information could and should be seen as a specific set of intangible assets. There is nothing new to this assertive - Early Modern statesmen were kin to this idea, and historians and social scientists (Braudel, 1985; Tilly, 1992; Wallerstein, 1976; Anderson, 2013 [1974]; Apostolides, 1981; Perelman, 2000) specializing in this period have come to accept how statecraft and kingmaking were among the attributions of the great merchants and bankers of early capitalism. Organizational studies also place some importance in this element, even though sometimes it might come under some belief in the importance of contracts for normalizing corporate behavior and/or minimizing transaction costs (Coase, 1937 and 1960; North, 1976). As such, Dugger's research proves itself invaluable - corporate finance presents itself as a key factor, in contemporary democracies, out of how dependent political parties are on marketing and funding. In analysing the correlation between campaign funds, spending and electoral performance, Speck and Mancuso are paramount in stating "a positive and significant association between political finance and electoral performance" (Speck, Mancuso, 2014:54). What comes out as somewhat innovative, out of a Veblenian take on the matter, is how *meritorious* a lobbyist position might be perceived by the general populace, out of his entitlement to political advantages due to his participation in political parties. Due to how vested rights are perceived as part of the same set of imponderables that has taken root deep within the modern point of view, one could argue that the outcomes of changes in legislation that clearly benefit corporate interests are nothing more than the expected outcome of meritorious engagement of the private sector in economic performance. As such, legislating in favor of corporations proves itself as beneficial to the entirety of the economic system, in a somewhat stunted (albeit alarmingly prevalent) vein of neoliberal discourse.

This could lead to workers and middle classes (the lower levels of white collar careers) validating a somewhat plutocratic corporate democracy. Were it not for the peculiar interplay between workers and leisure class, in Veblen's *Theory of the Leisure Class*, we would be at a

fault here, as some strands of class and action theory would posit that this goes against laborer's interests and consciousness. Complex as the social relations surrounding production and distribution are, however, the case for a clear cut struggle is not so easy to defend. Instead, as Veblen clearly points out (1899), there is a tendency in the incorporation of tenets paramount to the defence of leisure class prerogatives by workers. This is clearly observable in the passionate defense of ownership as an imponderable (even when clearly confronted with how income distribution and profit margins present, in themselves, challenges to this notion) among working classes, and proves itself even stronger when it comes to the vested interests of corporate capital. Out of the shaping of the institutional framework giving rise to the modern point of view, we argue that the proximity in which individual private property and corporate ownership are brought about in discourse serves a peculiar function in unifying these two very distant institutions into an ideological defense of ownership in general, where objections to corporate control are judged, at times, as offenses to the divine, inalienable right to private property.

When presented concisely, what we consider to be the main contribution from *The Vested Interests and the Common Man* to an analysis of modern day political economy is the validation, by the common man, of the vested interests of corporate finance in electoral funding. This is brought about by the permanence of ownership as an imponderable and its defense as one of the key elements of neoconservative political discourse, which validates attacks to economic policy frameworks focusing on promoting egalitarian access to employment, housing and education as unsettling of the economic order. Moreover, this presents quite the challenge to policymakers, when it comes to how rises in average income might be perceived by the general populace. If ressignified through the symbolic lenses of the modern point of view and of the defense of vested interests and the entitlement to privilege as consequence of ownership, access to goods, funding, education and leisure could be perceived not as the consequence of progressive changes in economic and social policy, but as the result of said middle classes individualistic rise to power, in clear meritocratic terms. Through these distorted lenses, the same programs which made housing and education affordable, and provided constant increases in minimum wages are understood as obstacles to one's own entitlement to social privileges.

This might have been the case, in contemporary Brazil.

Pecuniary Democracy

A brief recollection of the rise of vested interests and their validation by middle class conservative discourse, in Brazil, must start with Luis Inacio Lula da Silva's election, in 2002. Moreso, it must take into account one of the key events prior to the election - the dubious relationship between Lula's candidacy and corporate finance, epitomized in the publication of the *Carta ao Povo Brasileiro* (Letter to the Brazilian People), in the beginning of the presidential campaign. In it, Lula da Silva clearly states how Brazil needs to move towards fiscal modernity, including policies beneficial to agribusiness, financial markets and corporate interests. While outlining a set of policies aimed at increasing economic competitiveness, the soon to be president

points out how his program represents a "commitment towards production, employment and social justice" (Da Silva, 2002).

The tripartite key of production, employment and social justice effectively corresponds to the policy framework implemented by Lula in his first and second terms. Due to the interplay of economic and social policy, the first two PT administrations managed to take advantage of the commodity boon of the early 2000s whilst increasing average income, employment and education levels. Income generated through the expansion of export drive and "national leaders" (corporations associated with Brazilian economic interests in foreign markets). Without delving too deep into the macroeconomic foundations of neo developmentalism, the policy framework implemented by the first two PT administrations can be summed up as follows: (1) since Brazil could benefit from the positive international scenario for commodity export-led growth, the task at hand involved creating endogenous demand out of this conjunctural advantage. This would be done out of (2) an articulation of social, fiscal and monetary policies, which provided for the link between export-led growth and social justice, while at the same time promoting corporate interests. For the Brazilian economy to take full advantage of the commodity boom, it was paramount that (3) agricultural and big business interests were taken into account. As such, (4) Lula da Silva's government was defined by several concessions to finance, corporations and major agribusiness interests, which catered to the overall positive performance of Brazil's economy in the 2002-2012 term, but also provided room for another key aspect of this policy framework: (5) the expansion of a burgeoning service economy, indirectly benefited by the growth of Brazilian corporate interests. This would amount, technically, to the (6) creation of millions of white collar jobs, capable of absorbing the rising numbers of Brazilian educated youth, and providing the key array to endogenous demand (even though it benefited drastically from the commodity boom of the early 2000s, Brazil has depended intensely on family consumption to fuel aggregate demand, throughout the past two decades). These new occupations would not only (7) contribute to a decline in informal employment, but also (8) provide the means for wage growth. Finally, all of this was supported by (9) expansive credit policies, focusing mainly on affordable housing (Minha Casa, Minha Vida), durable goods (Minha Casa Melhor) and education (ProUni, FIES). Another expected outcome of this policy framework would be diverting money expansion from financial circuits with income and employment expansion and (10) major public works, under the common denomination of the Programa de Aceleração do Crescimento (Growth Acceleration Program - PAC).⁴ From this perspective, we can state that Lula's administration was founded in a political endeavour to fuse social inclusion with corporate interests. The 2004-2007 Plurianual Plan highlight this position in the following terms "In the long term, the objective is to inaugurate a growth process founded in the expansion of mass consumption market and the progressive incorporation of working families in the consumption market of modern corporations."⁵ However brief, this review provides

⁴ Most of these topics have been extensively discussed by leading Brazilian specialists in macroeconomic policy. For an in-depth review of the PT macroeconomic policies, we recommend Carvalho, 2017; Singer, 2012; Blancarelli, 2014; and Morais and Saad, 2011.

⁵<http://www2.camara.leg.br/orcamento-da-uniao/leis-orcamentarias/ppa/2004-2007/ppa-2004-2007/proposta/anexo1.PDF>

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us with an interesting starting point for analysing the links between this development agenda and the rise of vested interests in Brazil. As stated, this is a list of what *should have been* the outcomes of the PT policy framework. What came to be, on the other hand, was vastly different - and we believe radical institutionalism could play a key part in explaining this gap.⁶

Brazil did manage to sustain impressive (3.7% average annual growth, throughout 2002-2012) growth rates, and dealt with the creeping unemployment levels of the late 1990s (which lowered from 12.2%, in 2002, to 6.8%, in 2010). Minimum wages jumped from R\$200,00 (2002) to R\$510,00 (2010) and the net exchanges with foreign markets yielded international monetary reserves. While keynesian and monetarist macroeconomists argue whether the credit expansion policies were at a fault or not, we aim at a different issue - the ways in which this expressive growth trajectory was signified through the prevalent habits of thought of the modern point of view. In other words, the Brazilian growth model, firmly grounded on mass consumption and market legitimation, explains how proprietary, plutocratic discourse took hold of the rising lower middle classes and helped shape Brazil's turn to neoconservatism.

Much of the social economics debate in Brazil, starting around the second Lula presidency (2007-2011) has focused on the so-called new middle class (*nova classe média*). This was one of the main selling points of Lula's reelection campaign, and consisted mostly on an emphasis on how, due to sound macroeconomic and social policy, Brazilians could now have whatever they wanted. Wage and employment growth and favorable exchange rates meant that for the first time Brazilian working class families could engage in international tourism and import consumer luxury goods. The subsidization of habitation and education also meant that lower middle class strata had far more disposable income than ever before, which gave rise to an impressive luxury services sector and to an expansion in retail business. This was, however, somewhat distant from the golden dream of consumption led development detailed in the previous paragraphs.

The key element, here, is the employment profile of Brazilian middle classes in this period⁷. While the commodity boom and the incentives to a specialized services economy did provide for stable, promising careers, a vast number of Brazilians actually found entry-level jobs in retail, or in the far end of the service chain, in sectors that depended almost entirely on the expendable income resulting from Lula's fiscal and social policies. These occupations proved to be extremely volatile, susceptible to fluctuations in demand and exchange rate. In an economy that grew about 3.5% per year, that was definitely not an issue. In a situation where chinese imports suddenly came to a halt and the same economy had to review its major fiscal tenets, however, it meant a steep rise in unemployment and loss of purchasing power.

That amounts to some of the macroeconomic shortcomings of the late Lula and Rousseff fiscal and social policies but, once again, our focus here is on how proprietary, meritocratic

⁶ Gambus and Almeida (2011) have also dealt in a veblenian explanation for the rise of Vested Interests in contemporary Brazil. We agree on general terms, while focusing on the short term (2002-2018) course of events and on the symbolic struggles between vested interests and common men.

⁷ There is a long debate on whether the increase on consumption, in the 2000s, was the result of the creation of a new middle class. On this topic and the contrasting definitions of the new Brazilian middle class, we recommend Neri, 2008; Barros, Carvalho, Frando and Mendonça, 2010; Oliveira, 2010; Scalon, 2011; and Pochmann, Amorim, Silva and Guerra, 2006.

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discourse took hold of the "milagrinho". Some of this can be credited to the new middle class expansion, and the way in which Brazilian middle classes came to identify democratic belonging to wasteful expenditure and vicarious consumption out of the luxury services economy. The debate on the new middle class provides interesting insights on this point.

What came out of the PT neo development years was the subscription, by new middle class Brazilians, to conservative meritocratic ideals. This can be explained by the employment in low level managerial positions, a rise in luxury services entrepreneurship (where service providers quickly and strictly adhere to leisure class values) and the identification of democratic participation to wasteful consumption, something entirely necessary to one's validation as an individual in what we have described as a pecuniary democracy. Classic demonstrations of pecuniary force amount to much of family expenditure, at the period (cit.pend.): well-being, plastic surgeries, pet shops, tourism, beauty parlors and free courses.

The average Brazilian also didn't see himself (and his consumption profile) as the result of fiscal, monetary and social policies, but as an individual who finally reaped the fruits of hard labor and dedication. As such, it did not amount to much that his housing was acquired with the assistance of public bank funding, or that his education was financed or subsidized by government programs. The Brazilian left was partially successful in guaranteeing wage increases and unemployment control, but failed miserably at the symbolic struggles on the origins of neo developmental Brazil.

For god, family, and twenty cents

The Rousseff presidency was off to a rough start. No matter how the previous growth cycle might have benefited middle class Brazilians, the period from 2013 to 2015 was marked by a revival of street riots and large scale demonstrations led by social network right wing movements, sometimes funded by corporate interests.

The so called Twenty Cents Riots actually had their beginnings in traditionally progressive movements. Increases in bus fares in several Brazilian capitals spark a quick response from organized movements, mainly the Movimento Passe Livre (MPL). As such, the first wave of protests (early June 2013) is associated with classical left-wing discourse and demands. The main concerns voiced by the movements present in said demonstrations were how income distribution and uneven job opportunities came to cement the seclusion of low income youth from the leisure, education and well being spaces in the biggest Brazilian capitals. This was fueled, in parts, by Lefevre's and Harvey's takes on the "rights to the city" idea, and the discussion that expressive parts of Brazilian population only contributed to the material gains of the economy, while not being able to reap their fruits. A brief look at transport infrastructure, in São Paulo, helps validate these claims. Considering bus fares of R\$3,00⁸ per ride, at least three rides a day (home-work, work-school, school-home), and minimum wages of R\$678,00, at the time (June, 2013), the average low income Brazilian would spend around 31.8% of their gross

⁸ The epithet of "20 cents riots" (Revoltas dos Vinte Centavos) is due to the proposal of increasing bus fares, in São Paulo, from R\$3,00 to R\$3,20, in June 2013.

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income in public transportation⁹. There is a sense of social justice in the actions of the MPL: most Brazilian young adults can relate to the struggle of working and studying in sprawling metropolises and making use of poor public transportation for exorbitant prices.

The general sentiment concerning real wages and inflation (which was at a modest rise - at 5,91% per year - at the time) provide far reaching support to the movement – for the first time in many years, a popular movement is greeted with acceptance by the majority of the Brazilian middle class. However, this support comes with a price. The radical elements in MPL discourse are quickly weeded out, and most of its expedients (but not much of its content) are appropriated by the Brazilian middle class. These citizens perceive the June Journeys not as an opportunity to discuss the rights to the city agenda, or how urbanization in cities such as São Paulo, Rio de Janeiro, Belo Horizonte or Campinas is, in itself, exclusive, but as a proxy for voicing their concerns on the recent adversities faced by the Brazilian economy. From a progressive movement delving mostly on income distribution and job opportunities, the June Journeys quickly turn into a proxy for entitlement and aggressive, chauvinistic nationalism. Now, under the "It's not only twenty cents" ("Não é só por vinte centavos") slogan, what started as a series of demonstrations for better transportation infrastructure and, consequently, increases in quality of life for laborers, quickly turned into some sort of abstract jingoist carnival with abstract slogans and a more and more conservative agenda.

Some notice must be paid to the diligent work of corporate media, in this particular shift to the right. Brazilian conservative press takes a free ride on the first demonstrations, and quickly sets a different tune to the riots. The outlining of left-wing demonstrators is done out of the demonization of the "Black Blocs": easily identifiable, clearly left-wing (anarchist) "enemies" of "well-meaning citizens" protesting their rights. In a matter of weeks, the demonstrations become home to fascist (integralist) and neo-fascist (carecas do ABC) groups, as well as neocon and neoliberal strands of the Brazilian new-right, led by online factions such as Revoltados On-Line, Movimento Brasil Livre e Vem Pra Rua.

The outcome of this convulsive taking to the streets, when it comes to institutionalized party politics, is the need to attest that different candidacies are permeable to "the voice of the streets", a vague, generalistic take on the myriad of concerns voiced by the general population in 2013. As such, all three major presidential candidates claim they are ready to listen to the people, structuring their discourses around the key significant of *change*, vague as that might be. This provides for a very sui generis policy/identity setup, since the PT candidate, Dilma Rousseff, is running for reelection, while Aécio Neves (PSDB), her main opposition, represents traditional regional oligarchies and neoliberal corporate interests, and Marina da Silva (PSB/Rede) epitomizes the ambiguity of post marxist left and new right in Brazil, tending to conscious consumerism and religious fundamentalism in equal measures. [inserir nota com background dos opositores; dilma já é discutida na seção anterior]. The presidential campaign is predictably marred by shallow rhetorical appropriations of the idea of change, and on aggressive takes on how other candidates fail to embody this ideal.

⁹ For a in-depth analysis of the impact of transportation costs in the quality of living and on expendable income of middle class Brazilians, see Rolnik and Klintowitz, 2011; Maricato, 2013; Cruz, 2010; and Arantes, 2014.

Results reveal heavy dissent - 51.6% of valid votes support Rousseff on the runoff, while the remaining 48,4% side with Neves (who refuses to accept Rousseff's election and calls for a recounting on the votes). Meanwhile, legislative elections bring a set of conservative politicians into the lower house. Openly sexist, fundamentalist and militaristic representatives gain momentum. Among them, names such as Marco Feliciano (a right wing pastor, known for openly opposing LGBTQ rights) and Jair Bolsonaro take the lead. Parliamentary Commissions dedicated to Human Rights are held in check by extreme right pastors and former military. Rousseff is tasked with running the country against the lower house, with the losing candidate and his party all too aware of how much support they can still gather among Brazilian population.

The general rhetoric of the 2013 demonstrations is once again subverted for conservative purposes. Going one step further (or maybe quite a few more backwards), Brazilian right wing movements call for new elections, disputing the legitimacy of the 2014 results. Corruption scandals in which PT officials are involved receive even more press attention and forces in the legislative push for a solution that goes through deposing the head of the executive. In this, Eduardo Cunha (a right wing pastor, effective head of Brazil's vote-mongering PMDB and its "dwarf" allies - small political parties designed to bargain ministries or secretaries for voting specific bills) plays a key role. The close articulation between key members of the lower house and right wing movements escalates to several Impeachment proposals, supported by constant public demonstrations. The "voice from the streets" turns into an incessant howl, proxy to the patrimonialist and entitled demands of Brazilian middle class (that no more focus on the equal distribution of the gains of the 2002-2012 cycle, but instead revolve around the consolidation of the right to owning social privileges).

Amidst the turmoil, Rousseff's VP signals his adherence to impeachment attempts by courting legislative opposition. The successful impeachment bid is accepted in December 2nd 2015, and runs until August 31st 2016 (with a vote by the lower house in April 15th 2016). The votes issued by different MPs are employed as a means of mobilizing popular resentment against a government perceived as undeserving and unqualified, by the Brazilian middle-class. It is paramount to note that Rousseff was allegedly judged due to fiscal expansion chicaneries out of public bank balances (something that constitutes an all too common practice in Brazilian executive, having been employed on several occasions prior), but most of the opposition voted to impeach on the basis of her "collected works". Following the impoverishment of parliamentary debates in the eve of the election, this rarely delved further than a broad and shallow nod to the economic and political crisis which the country faced, at the time. In the stead of anything resembling clear political or economic arguments, deeply misogynistic and religious catchphrases ("For god, for family, for my children") vied for the ears of the public.¹⁰

¹⁰ Over the course of the arrangements to Rousseff's impeachment, Romero Jucá (one of the senators leading the parliamentary mobilization) is recorded stating that in order to impeach her, it would take "a national pact, with the justices, with everything". Jucá's statement gave rise to no investigations of how tendentious his involvement on the impeachment trials were; at the same time, this was perceived by Rousseff supporters as a clear nod to the colligation of oppositional interests in impeaching the president as a means of guaranteeing the respect to their own material interests (such as the wage increases to justice officers immediately approved by Temer, in the first weeks of his presidential term).

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This occasion also signified a throwback to Brazil's own "red scare", from the 1950s to the 1970s, when the heirs of getullism and its opposition clashed as to what social and economic policies a modernizing Brazil should strive to follow. Amidst Rousseff's trial by the lower house, Jair Bolsonaro dedicates his vote to the memory of Carlos Brilhante Ustra, a general and supporter of the Brazilian Military Dictatorship (1964-1984). What makes this mention even more revolting is Ustra's active engagement in torture - particularly in Rousseff's torture sessions, when she was held a political prisoner by the regime. This was met with public outcry from parts of the public opinion; alarmingly, though, other groups fashioned themselves as heirs to the deceased torturer, going as far as styling themselves in apparel with the saying "Ustra Vive" (Ustra lives).

On the aftermath of the impeachment, Michel Temer inherits a Brazil intent on moving "forward", in other resort to discursive imagery that clearly states its distance from alleged left-wing PT. In vindication of the link between the Brazilian shift to the right and the key terms of political and economic discourse mobilised by the new right, most of the new presidency's propaganda focuses on efficiency, competitiveness and an alleged neutrality in opposition to the perception of PT's left wing bias. Once again, the economic imponderables of the "modern point of view" are quoted in an effort to defend reforms to Brazilian labor and pension legislation, issued by the same corporate interests that contributed to this state of affairs. It is of import that, at this specific juncture of recent Brazilian political history, the suppression of workers rights and a review of the terms in which retirement pensions are granted gained much from the established connections between new right movements and political parties; at this specific moment, issues such as these were not perceived as the opposition of corporate funded traditional politics and popular street movements, but as divisive topics among both strands of political representation. On the side of the reforms, once again Movimento Brasil Livre argued, in textbook veblenian terms, to how the defense of Brazilian entrepreneurs, against tyrannical and outdated legislation, would signify new opportunities for economic growth. A clear and glaring example of the spousing of vested interests by common men, who passionately came in defense of policies clearly beneficial to corporations. In the same vein, market-led economic recovery and the abandonment of "outdated" political passions gains the hues of a categorical imperative in the new rights defence of the reforms: any questioning of the "modernizing" of Brazilian labour and pension legislations is automatically classified as anachronistic, extemporaneous and obviously socialist.

Over the course of the Temer administration, two key victories to vested interests and the new right in Brazil were the trial and condemnation of former president Luis Inacio Lula da Silva and the election of Jair Messias Bolsonaro. Due to their recent occurrence¹¹, we shall explore these events very briefly, in spite of their major significance.

Lula was trialed on passive bribery and money laundering charges. As part of the proceedings of the Car Wash (Lava Jato) operation, Lula was formally indicted in March 2016, meaning his interrogation, trial and incarceration all took place within the same timeframe as

¹¹ Lula was incarcerated in April 7th 2018, and Bolsonaro was elected six months a half following that event (in October 28th 2018). The last additions to this paper were made in December 2018, a few weeks prior to ASSA 2019.

Rousseff's impeachment and Temer's presidency. Once again, public opinion played a key role in shaping the course taken by the proceedings, with new right movements making themselves massively present on the streets periodically, emphasizing federal justice Sergio Moro's role in ridding Brazil of corruption. A significant part of the discourse surrounding the Car Wash operation involved the denouncing of alleged vested interests in collusion with the PT administrations, which would have led to illicit profits (that could be read as the same free income explored by Veblen) to several major Brazilian businessman and politicians. Oddly enough, conclusive evidence implying the participation of several of Temer and Aécio Neves correlative in the corruption schemes have been systematically ignored by the investigation, which went so far as to dismiss charges against Michel Temer after he was caught on tape suggesting the maintenance of racketeering payments to then in jail Eduardo Cunha¹². Juridical explanations would go far beyond this paper's purpose, but the international legal community seems to agree with Cristiano Zanin, Lula's attorney, in identifying the former president's imprisonment as the result of political manipulation.

Car Wash as a whole and Lula's trial, in specific, serve as a peculiar example of the interplay between vested interests (Veblen, 1919), their legitimation by the adherence of common man to the modern point of view, the pressure exerted by corporate interests in parliamentary politics (Dugger, 1980) and the ways in which the conservative prerogatives of the leisure class can take hold of allegedly progressive social change (Bush, 1983, 1987). In contemporary Brazil, the struggle against corruption has taken to the level of an imponderable; few men would question themselves whether the PT administrations were actually as corrupt as media and Car Wash officials imply, while at the same time turning a blind eye towards clear evidence pointing to racketeering and money laundering schemes in the new right. As such, key discursive elements that should, technically, be associated with Brazil moving towards institutional modernization are instead employed as stratagems in the defence of the constituted privileges of upper middle class citizens. Unaware of the distance between the defense of corporate vested rights and individual ownership, popular right wing movements prove to be all too eager to defend an order of business which actually goes against the economic gains of the 2002-2012 cycle (altogether responsible for the improvement of living conditions in Brazil). The issue takes a turn for the ironic when corporate associations, such as Fiesp (The Federation of Industries of São Paulo), Febraban (The National Federation of Banks) and UDR (Democratic Rural Union) take a stand for Lula's condemnation, arguing that his two presidencies were marred by the prevalence of corrupt vested interests within the government.

The ceremonial encapsulation of change and State administration rationalizing attains new heights in the 2018 electoral campaigns. Leading the polls, Luis Inacio Lula da Silva is taken out of the campaign run by a stunted trial. This paves the way for Jair Messias Bolsonaro, the same candidate that, two years prior, voted on Rousseff's impeachment charges referencing the military officer responsible for torturing her. The Bolsonaro campaign is centered, once more, in claims for the much needed modernization of Brazil's legal and institutional framework, which would finally unleash the country's productive potential (held back by supposedly anachronistic labour protection and bloated State infrastructure). A key element of his discursive

¹² Yes, the same Eduardo Cunha that conducted the Rousseff impeachment trials. *Vested Interests and Social Progress under Uncertainty*. Association for Evolutionary Economics. AFEE at ASSA, Atlanta, Georgia, 2019.

dominance is his immediate association with the mythological figure of the tax scorched crime paranoid Brazilian common man, a god-fearing, law-abiding citizen who is constantly assaulted by corporate, street and government crime. Bolsonaro presents himself as an outsider to party politics, receiving special media and popular attention due to his "unpopular" opinions on gender, economics and political correctness. This almost instantaneously puts him as a contender against the vested interests which allegedly made themselves represented by Brazil's "old" and "rotten" political system. Claims that his proposals actually represent a radicalization of Temer's reform strategies and of the privatization cycle of the 1990s are met by deaf ears. As a popular Brazilian chronicler observes, the common man prefers to vote for his own demise but to surrender to "PT's rip-offs". Albeit surrounded by controversy and money laundering charges, including the direct participation of corporate groups in illegal funding and political propaganda schemes, Bolsonaro is elected the begin his presidential term in January 1st 2019.

Conservatism, Change and Vested Interests

Bringing Veblen, Dale Bush and Dugger into the fray proves paramount to explaining Brazil's recent shift to the right. As stated previously, the major shift in political inclination after almost 15 years of social democratic government and its connections the spurious association between the meritocratic pursuit of self-interest clearly illustrates how the modern point of view is successful in permeating the political discourse and praxis of the common man, turning the masses into first day apologists for corporate vested interests. The downfall of early-2000s Brazil, the June Journeys, Rousseff's impeachment and Bolsonaro's election could all benefit from a radical institutionalist take.

Veblen's original conception of vested interests as the right to social privileges or free income comes into play when we are faced with the apparent contradiction in the defence of corporate interests by the lower middle class. Other political economy strands, resorting to clear cut class struggle and binomial opposition centered on the redistribution of economic gains would struggle in explaining how low-income citizens, who a decade ago were the main beneficiaries of Minha Casa Minha Vida and ProUni, actually cemented the opposition to anything remotely associable with social justice from 2013 on. When it comes to Veblenian institutional analysis, however, emphasis must be placed on the interface between the state of the industrial arts (in our case, the changes in Brazil's economic structure, starting in 2002) and its disconnect with the prevalent point of view (the meritocratic defence of entrepreneurship and business advantages over labour, in the 2010s) as a result of the influence of vested interests in shaping the economy, parliamentary politics and political discourse.

The constant participation of corporate association activism and the funding of new right movements also stands as proof of Dugger's (1980) interpretation of the role played by corporate actors in setting the course for political parties and social movements, in post-industrial capitalism. As alliances between religious fundamentalism, bankers, corporations and mass media outlets shape Brazil's socio economic landscape, social movements are prone to playing the blame game, when it comes to vested interests; both sides denounce their rivals as conjoining with corporate partners against the common man, while these same interests

make themselves represented in PTs defence of national business groups and in MBL's drive for the flexibilization of labor legislation.

Finally, contemporary Brazil poses an invaluable testing ground for Paul Dale Bush's (1983, 1987) take on ceremonial encapsulation (see also Gambus and Almeida, 2017). The Brazilian new right takes shape and gains momentum in traditionally progressive mobilizations, such as the MPL riots of 2013, and incorporates its expedients and discourse into an innovative political apparatus - extremely conservative movements, that walk and talk like fractions of the post-marxist left. This is also observable when it comes to the common man's critique of Brazil's macroeconomic framework; the middle class is all too eager to assign blame to credit expansion and government expenditure, while being unable to identify how vested interests actually diverted the gains of this array of policies. Brazil's downturn is a clear case of Ceremonial Dominance and Encapsulation, and the shift to a misogynistic, politically retrograde and economically subservient administration stands as a glaring monument as to how change can be subverted in the interest of preserving key aspects of the institutional framework.

There are also lessons to be learned, when it comes to the way in which we tend to read socio economic development trajectories out of the Veblen-Ayres-Foster tradition. More often than not, institutionalist scholars are somewhat eager in sticking to the vernacular technological-ceremonial dichotomy, betting unconsciously in the inherently progressive course presented by change. As it would be sound to remind when several of the world's largest democracies turn to heads of state with neoconservative sympathies, change does not always come for the best, or even to the new. And as Veblen clearly puts out in *The Vested Interests and the Common Man*, the evolution of the industrial arts and of the pervading habits of thought can lead to the untoward business control of industry, and thus to its own incapacitation.

Moreover, in a time in which these democracies turn more and more openly to violent persecution or dismissal of its opposition, Veblen's comments on The Divine Right of Nations and the ways in which common men internalise the violent repressive expedients of modern monarchs deserve special attention. The outburst of resentment and entitlement that characterizes the new right can only be understood when these violent drives are brought in. Paraphrasing one of Veblen's key passages¹³, there are foreign investments and concessions to

¹³ "But the divine right of national self-direction also covers much else of the same description, besides the privilege of setting up a tariff in restraint of trade. There are many channels of such discrimination, of divers kinds, but always it will be found that these channels are channels of sabotage and that they serve the advantage of some group of vested interests which do business under the shelter of the national pretensions. There are foreign investments and concessions to be procured and safeguarded for the nation's business men by moral suasion backed with warlike force, and the common man pays the cost; there is discrimination to be exercised and perhaps subsidies and credits to be accorded those of the nation's business men who derive a profit from shipping, for the discumfiture of alien competitors, and the common man pays the cost; there are colonies to be procured and administered at the public expense for the private gain of certain traders, concessionaires and administrative office-holders, and the common man pays the cost. Back of it all is the nation's divine right to carry arms, to support a competitive military and naval establishment, which has ceased, under the new order, to have any other material use than to enforce or defend the businesslike right of particular vested interests to get something for nothing in some particular place and in some particular way, and the common man pays the cost and swells with pride." (Veblen, 1919:137)

be safeguarded for international finance, and the common man pays the cost; there are discontents to trial and persecute, corporate regulations to be brought down and labour legislation to be torn up, and the common man pays the cost; there are native people's lands to be offered to ruralist interests and corporate surplus value to be had, and the common man pays the cost.

Back of it all is the common man's right to profit, ownership and violence, albeit this profit rarely results in increments in his income, ownership often results in increases in rent and living costs, and said violence is generally targeted at the sons and daughters of the working classes. Through his adherence to the habits of thought spoused and brought about vested interests, the passionate defense of corporate politics and the subversion of change by ceremonial encapsulation, the Brazilian common man is content in subscribing to his own subjugation.

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