

The struggle between Neoliberalism and Neodevelopmentalism political discourses in Latin America

How support for austerity policies was consolidated in
the case of Brazil

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ABSTRACT

Neoliberalism as a development approach was diffused in Latin America by international financial institutions after the 1980's economic crisis that hit the region. The Washington Consensus was constituted by a ten-policy prescription that determined a Neoliberal solution for Latin America's economic problems. The measures formulated abroad, however, failed to solve inequality and poverty related issues and to promote sustainable growth in the region. This hegemonic understanding of development, represented mainly by trade liberalization and a reduced participation of the state in the economy, was defied by Neodevelopmentalism, an endogenously thought approach that rescued the state as an active economic actor in Latin America with the objective of promoting inclusive growth. Neodevelopmentalism's guidelines have been applied in mainly in Argentina and Brazil by center-left governments in the last decades. Brazil is considered in this study as a relevant case to analyze the struggle between those two approaches to development. The country is currently facing a political and economic crisis and the government has chosen to solve it through severe austerity measures that curb government spending for the next twenty years, harming the poor specifically since the revenues destined to public services, such as health care and education will be limited. This understanding of austerity as the best solution for the economic crisis is influenced by the hegemonic position of Neoliberalism in the development theoretical debate. The support for austerity measures despite the evidence that it deepens economic crisis is interesting to be investigated, as well as the policy shift represented by the abandonment of Neodevelopmentalist policies and the adoption of Neoliberal ones, considering that Neoliberalism is generally considered to have failed to promote development in Latin America. Thus, this project investigates the process of support building for austerity measures in Brazil, taking into consideration the struggle for hegemony in political discourse between two main development approaches in Latin America: Neoliberalism and Neodevelopmentalism. In order to investigate the issue, a critical discourse analysis is used in order to establish how the government discourse is influenced by the struggle between those two approaches, how this discourse is invested to build support for austerity and how it is positioned in relation to the existing socioeconomic and power structures of the Brazilian society.

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1. Introduction

Since the 1980's economic crisis that hit several Latin American countries and the Washington Consensus economic policies formulated to solve it, Neoliberalism has been ebbing and flowing in the economic thinking of Latin-American governments. Although the Washington Consensus economic recommendations and, more broadly, Neoliberalism as a development approach, are generally regarded to have failed in promoting Latin America's development and sustainable growth (Bresser-Pereira 2006, 9), neoliberal orthodoxy has dominated discussions over development policies for the last quarter of a century (Grabel 2005, 275). Albeit the backlash it suffered in the past decade, when Neodevelopmentalism was put in practice by a series of left-wing governments in Latin America, such as in Brazil, Venezuela, Bolivia, Ecuador and Argentina, the Neoliberal paradigm still influences the development strategy applied in the region (Libertatore 2013, 106).

In order to defy the hegemonic Neoliberal paradigm, Neodevelopmentalism was elaborated as a development strategy for Latin America and it has been patchily applied in the region with great variation in policy and scope (Féliz 2015, 71). This approach advocates a nationally driven economic development, considering issues such as social inequality and poverty as interrelated with economic growth, which has to be socially inclusive (Libertatore 2013, 107). Although, Neodevelopmentalism has achieved better results than Neoliberalism regarding poverty and inequality reduction, since it was created out of the historical, political and cultural specificities of Latin America, it does not constitute an established set of policies to be followed nor is it completely free from Neoliberal influence (Bresser-Pereira 2006, 17).

The political and ideological struggle between these two development approaches can be identified in Latin America and also in the case of Brazil. In the Brazilian scene, Neoliberalism was applied mainly in the 1990's by several governments (Baer 2002, 947). Although Neoliberal economics was successful in achieving macroeconomic stability and in controlling inflation (Baer 2002, 948) it fell short in addressing social issues as well as sustained economic growth in the country (Baer 2002, 949). Therefore, since 2006, center-left governments have put forward policies along Neodevelopmentalism's lines. They were expected to promote economic growth with

social inclusion and, indeed, most social and economic indicators improved (Ban 2012, 20).

Nonetheless, since 2014, Brazil has been mired in serious political turmoil and economic hardship (Pineiro 2016). The political crisis, which resulted in the controversial impeachment of former president Dilma Rousseff, who had continued in the Neodevelopmentalism path, has aggravated the economic plight. In addition to several corruption scandals involving all main political parties, the country's economic growth has slowed dramatically, due to a soaring deficit, falling oil prices and structural inefficiencies (Santos 2016). The current administration, led by the new president Michel Temer, has introduced a series of neoliberal measures as solutions to the country's economic problems (Sims 2016). These measures, namely austerity policies, have put the heavy burden of the economic crisis on the poorest part of the population by preventing further public spending in essential services such as health care and education for the next twenty years (Oxfam 2016). Moreover, structural modifications in the Brazilian pension system as well as increased labor law flexibility are on the agenda of Temer's government. Its neoliberal platform calls for, among other things, balanced budgets, tax cuts, legislation tying social spending to GDP growth, and free trade agreements with the United States, Europe, and Asia (Romero 2016).

Thus, the recent crisis in Brazil reflects a long-lasting debate between two development approaches. This study intends to understand the path chosen by the current Brazilian government to solve the country's economic crisis within the broader Latin American context of struggle between Neoliberalism and Neodevelopmentalism in the region. It investigates how the Brazilian administration has built support for neoliberal-related policies in order to solve the country's economic crisis, shifting the development path of the last decade, even though Neoliberalism failed to promote sustainable growth and social development in the past.

Firstly, the research question will be presented and explained. Secondly, the methodology of this project, a critical discourse analysis, will be outlined, as well as the choices of case, theory and data. Thirdly, in the theoretical considerations part,

Neoliberalism and Neodevelopmentalism will be explained. Finally, in the analysis, these two approaches will be used to understand the political-economic discourse in Brazil and how the support for austerity measures was consolidated. The analysis is followed by the conclusion reached in this study.

2. Research Question

In the context of the struggle for hegemony between Neoliberalism and Neodevelopmentalism in Latin America, how has the government in Brazil consolidated political support for austerity measures as the main solution for the current economic crisis?

The austerity measures applied by the current Brazilian government figure as central in the research question because they represent not only the main solution for the economic crisis, but also a major shift in the country's understanding of development. The constitutional amendment, named PEC 55, cuts public spending on health care, education and social security, which had been the priority of the previous government for 13 years. It limits government social spending to current levels adjusted for inflation over the next 20 years, with a possible alteration after 10 years. Inflation is around 8% in the country (Sims 2016). In this context, austerity measures during an economic crisis represent a return to a Neoliberal economic perspective and a move away from the previous state-centered Neodevelopmentalism strategy of the last decade.

Neoliberalism is generally perceived to have failed in Latin America. Even the IMF, one of the most representative economic entities regarding Neoliberal ideas, has considered austerity measures to deepen recession (Rocha 2017) (Lakoff 2006). However, the austerity measures were approved in the Brazilian Congress in December of 2016. Therefore, this study intends to investigate how the Brazilian government, returning to a development paradigm that has already failed in the past, managed to build enough political support for austerity, taking into consideration the theoretical approaches that encompass development issues in Latin America.

The relevance of the research question is justified in the understanding that the struggle for hegemony between Neoliberalism and Neodevelopmentalism in Latin America has political and economic consequences, which are important for the development of the region. In a more specific context, the austerity measures chosen by the Brazilian government to solve the economic crisis are the result of a shift in the political environment of the country that will affect its development path for the next twenty years. It is important to understand the background of support for this change. Likewise, it is acknowledged that the policies applied by Brazil may influence other Latin American countries' economic and political choices.

Additionally, the struggle for hegemony between Neoliberalism and Neodevelopmentalism goes beyond the Brazilian case and it requires a broader understanding of the social and economic development policies that were applied in Latin America in order to be understood. Therefore, this research contributes to the historical theoretical debate related to the economic and social development paths available in the region by trying to understand how Neoliberalism and Neodevelopmentalism play a role in a crisis management situation like the Brazilian one.

3. Methodology

This study uses critical discourse analysis as a method to answer the research question, while the Neoliberal and Neodevelopmentalist approaches serve as bases for interpretation in the analysis part. In a context of struggle for hegemony between those two economic development approaches, the project intends to understand how political support for austerity measures was consolidated in Brazil. As political discourse is the major means to build political support, a critical discourse analysis was chosen as the most suitable method of investigation. As explained by Norman Fairclough in his book "Discourse and Social Change", critical discourse analysis "brings together linguistically oriented discourse analysis and social and political thought relevant to discourse and language, in the form of a framework which will be suitable for use in social scientific research" (Fairclough, Discourse and Social Change 1992, 62). Thus, it is possible to use critical discourse analysis to join

language, the main tool in political communication and consent-building, and social and political theories to investigate social phenomena.

Accordingly, this project adopts a constructivist and critical approach. The research focus of a critical discourse analysis is both the discursive practices, which construct representations of the world, social subjects and social relations, including power relations, and the role that these discursive practices play in furthering the interests of particular social groups (Phillips 2011, 4). Therefore critical discourse analysis is suited to this study because it is an investigation procedure that cannot be understood as politically neutral, but as critical to a status quo situation. This methodological framework is politically committed to social change, taking the side of the oppressed social groups. It aims to uncover the role of discursive practice in the maintenance of unequal power relations, with the overall goal of harnessing the results of critical discourse analysis to the struggle for social change (Phillips 2011, 5). Considering the project's case, the austerity measures applied in Brazil and the government discourse related to it are considered to maintain unequal power relations and to be socially detrimental to the poorest part of the population.

Regarding the usage of the critical discourse analysis method, this project uses Fairclough's framework, which suggests that not all guidelines have to be used in exactly the same way in specific projects (Fairclough, *Discourse and Social Change* 1992, 78). As the selection and application of the tools depends on the research question and the scope of the project, there is no fixed procedure for the production of material or for analysis: the research design should be tailored to match the special characteristics of the project (Phillips 2011, 17). In this specific research, the focus will be on how Neoliberalism and Neodevelopmentalism have influenced language and how political actors invested it to gain support for austerity measures in Brazil.

3.1 Critical Discourse Analysis

Critical discourse analysis provides theories and methods for the empirical study of the relations between discourse and social developments in different domains (Phillips 2011, 2). This project uses Fairclough's framework, which consists of methodological guidelines and specific techniques for linguistic analysis, representing the most developed method for research in communication, culture and society

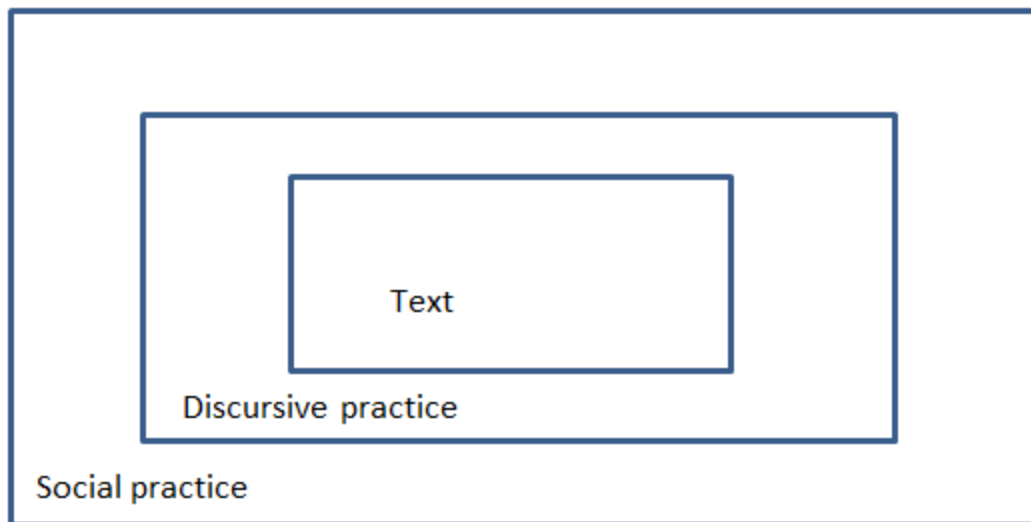
(Phillips 2011, 2). The goal is to clarify the linguistic-discursive dimension of social phenomena and processes of change, encompassing areas such as mass communication and economy as well as democracy and politics (Phillips 2011, 2). In this project, the discursive dimension of a recent political change in the Brazilian development path will be analyzed.

According to Fairclough, the concept of discourse refers, in an abstract sense, to language use as social practice. More concretely, discourse can be understood as the kind of language used in a specific field, such as political or scientific discourse, and as a countable noun, referring to a way of speaking which gives meaning to experiences from a particular perspective (Phillips 2011, 7). In this later sense, it refers to any discourse that can be distinguished from other discourses, such as a feminist discourse, an environmentalist discourse, a consumerist discourse or a neoliberal discourse (Phillips 2011, 7). Two dimensions of discourse are important in this context: the text, which is an instance of language use such as a newspaper article, a video, or, as in this project, a set of governmental statements; and the configuration of all the discursive types that are used within a social institution or field (Phillips 2011, 8). In this project, the government's political discourse will be analyzed in order to find out if and how the Neoliberal and the Neodevelopmentalist types of discourse were used and articulated to built support for austerity measures.

Moreover, as language use should be empirically analyzed within its social context, critical discourse analysis engages in textual analysis of language use in social interaction (Fairclough, *Discourse and Social Change* 1992, 66). The character of social and cultural processes and structures is partly linguistic-discursive, as discourse is a form of social practice, which both constitutes the social world and is constituted by other social practices. It does not just contribute to the shaping and reshaping of social structures but also reflects them (Phillips 2011, 3). In critical discourse analysis, language-as-discourse is a form of action through which people can change the world and which is socially and historically situated, establishing a dialectical relationship with other aspects of the social (Fairclough, *Discourse and Social Change* 1992, 27).

Therefore, as discourse is socially embedded, the specific character of a discursive practice depends on the social practice of which it forms part. To specify the social practice it is necessary to engage in an interdisciplinary analysis of the relations between the discursive practice and the social practice. The aim is to show the links between discursive practices and the broader social structures by identifying the social relations and structures that constitute the wider context of the discursive practice, the 'social matrix of discourse' (Fairclough, *Discourse and Social Change* 1992, 113). Nevertheless, to address this issue, it is necessary to use other theories beyond discourse analysis, meaning social theories that clarify the social practice in question. Doing discourse analysis involves the trans-disciplinary integration of different theories within a multiperspectival research (Phillips 2011, 25). Therefore, this project relies on discourse analysis as a method and on the Neoliberal and Neodevelopmentalist economic development approaches to understand the wider social structures that determine the context of the discursive practice in the Brazilian case. In this context, the connections between the government discourse regarding austerity measures and the broader social structures are characterized by a hegemonic struggle between these two approaches.

Fairclough has constructed a useful framework for the analysis of discourse as social practice, which contains a range of different concepts that are interconnected in a complex three-dimensional model (Phillips 2011, 5). He built methodological tools for empirical research, stressing the importance of doing systematic analyses of spoken and written language. The method includes the linguistic description of the text, the interpretation of the relationship between the discursive processes of production, distribution and consumption, and the social processes underlining the discursive practice (Fairclough, *Critical Discourse Analysis* 1995, 95). However, the production, distribution and consumption aspects will not be considered in this project, which will focus solely on the textual and social practices of discourse. Fairclough's three-dimensional model can be illustrated as follows (Fairclough, *Discourse and Social Change* 1992, 73):



The three-dimensional model combines close textual and linguistic analysis with the analysis of social practice in relation to social structures, adding the interpretivist tradition of seeing social practice as something which people actively produce and make sense of on the basis of shared commonsense procedures (Fairclough, *Discourse and Social Change* 1992, 72). Fairclough understands social structure as social relations both in society as a whole and in specific institutions, and as consisting of both discursive and non-discursive elements (Fairclough, *Discourse and Social Change* 1992, 64). It is central to Fairclough's approach that discourse is an important form of social practice that both reproduces and changes knowledge, identities and social relations, and at the same time is also shaped by other social practices and structures (Phillips 2011, 6).

Moreover, Fairclough's approach is a text-oriented form of critical discourse analysis that tries to unite a detailed textual analysis with the interpretative tradition within sociology where everyday life is treated as the product of people's actions in which they follow a set of shared "common-sense" rules and procedures. He employs detailed text analysis to gain insight into how discursive processes operate linguistically in specific texts, but he states that text analysis alone is not sufficient (Phillips 2011, 7), an interdisciplinary perspective is needed in which one combines textual and social analysis, taking into account that social practices are shaped by power relations and that people are often not aware of these processes. In this context, the contribution of the interpretative tradition is to provide an understanding

of how people actively create a rule-bound world in everyday practices (Phillips 2011, 7).

Text

Discursive practice is manifested in the form of text, in the wider sense of spoken and written language (Fairclough, *Discourse and Social Change* 1992, 71). Text analysis concentrates on the formal features, such as vocabulary, grammar, syntax and sentence coherence, from which discourses are realized linguistically. It is also simultaneously oriented to language meanings, as the social reasons for combining language in certain ways may be a matter of vocabulary as well as grammar (Fairclough, *Discourse and Social Change* 1992, 74). Nevertheless, this study does not include all the categories of text analysis listed by Fairclough in his framework, but only the elements that best serve the purpose of the project. Therefore, only the textual features of wording and metaphors will be used in the analysis.

Regarding the wording feature, Fairclough affirms, “different perspectives on domains involve different ways of wording them” (Fairclough, *Discourse and Social Change* 1992, 191). Therefore, it is interesting to analyze how the wording of ideas may have been invested in governmental discourse and therefore played a role in building political support for austerity measures in Brazil. Moreover, Fairclough affirms that the use of “scientific vocabulary gives the idea of a complex domain” (Fairclough, *Discourse and Social Change* 1992, 191). This has to be considered once that a technical economy-related vocabulary, such as the one related to austerity measures, may deliberately imply “a prestigious status of scientifically-based knowledge” (Fairclough, *Discourse and Social Change* 1992, 191).

Concerning the use of metaphors, the objective is to distinguish the metaphor used in the discourse samples, and the effect of metaphors and the choice of metaphor upon thinking and practice (Fairclough, *Discourse and Social Change* 1992, 187). Fairclough states, “When we are signifying things through one metaphor rather than another, we are building our reality in one way rather than another. Metaphors structure the way we think and as well as our actions, and our systems of knowledge and beliefs, in an extensive and fundamental way” (Fairclough, *Discourse and Social*

Change 1992, 194). Therefore, metaphors are an important link between discourse and social practice, an element that “is ubiquitous in all sorts of language and in all sorts of discourse (Fairclough, *Discourse and Social Change* 1992, 194)”. Thus, in this study, the metaphors will be thoroughly analyzed, considering that they are “deeply assimilated within a specific culture that subjects are only almost always unaware of them, finding it extremely hard to escape from them in their discourse, thinking or action, even if their attention has been drawn to them” (Fairclough, *Discourse and Social Change* 1992, 195). The goal is to investigate which types of discourse, Neoliberal or Neodevelopmentalist, were considered when metaphorizing the crisis and the anti-crisis measures proposed by the government, how these metaphors fit in the Brazilian society, how they are permeated by the hegemonic struggle between Neoliberalism and Neodevelopmentalism, and how they were crafted to build support for austerity.

In order to complement the textual elements of wording and metaphors, the idea of conservative and progressive framing, as presented by George Lakoff, will be used in this project (Lakoff 2006, 10). Lakoff identifies two main ways of framing political discourse; each one based on a specific set of values. Like metaphors, those frames are related to every aspect of social life, including politics and economy, they are particular ways of understanding and signifying the world, defining what we understand as “common-sense” (Lakoff 2006, 16). They are also largely unconscious, being successfully reinforced by repetition (Lakoff 2006, 26). In the Brazilian case, the frames related to the government discourse will be analyzed and the “conservative” and “progressive” types of discourse will be identified and associated with Neodevelopmentalism and Neoliberalism.

Social Practice

The analysis of social practice specifies where the discourse practice originates from, why it is as it is; and the effects of the discourse practice upon the social practice (Fairclough, *Discourse and Social Change* 1992, 237). Fairclough places discourse within a view of power as hegemony and the evolution of power relations as hegemonic struggle (Fairclough, *Discourse and Social Change* 1992, 86). Therefore and to an extent, hegemonic struggle takes the form of discursive practice and the use

of discourse means the overlapping of speaking and writing in the exercise, reproduction and negotiation of power relations (Fairclough, *Discourse and Social Change* 1992, 86). In this project's case, the discourse practice, which belongs to the political and economic domains, originates from a social matrix characterized by the hegemonic struggle between two different approaches, Neoliberalism and Neodevelopmentalism. This discourse practice reflects and, at the same time, contributes to this struggle.

It is reckoned that Neoliberalism holds a hegemonic position of status quo, which is reflected in the discursive practice of the Brazilian government. The concept of hegemony implies the naturalization of certain relations, approaches and practices that are partly discursive (Fairclough, *Discourse and Social Change* 1992, 112). Naturalized discourse is highly effective for sustaining a hegemonic position (Fairclough, *Critical Discourse Analysis* 1995, 94). It is assumed in this study that Neoliberalism has remained dominant in the Brazilian scene and has had its discourse naturalized to a certain extent, a situation that has been eventually challenged by the alternative approach represented by Neodevelopmentalism.

In this context, discursive practice can be more or less influenced by one or another approach, their discourses being those that contribute to the maintenance or transformation of power relations. The "common-sense" contains several competing elements that are the results of negotiations of meaning in which all social groups participate (Phillips 2011, 16). Hegemony is a process of negotiation out of which emerges a consensus concerning meaning. It is therefore never stable but changing and incomplete, and consensus is always only a matter of degree (Phillips 2011, 16). Therefore, the concept of hegemony gives us the means by which to analyze how discursive practice is part of a larger social practice involving power relations: discursive practice can be seen as an aspect of a hegemonic struggle that contributes to the reproduction and transformation of the existing power relations (Fairclough, *Discourse and Social Change* 1992, 93).

Thus, it is acknowledged in this project that Neoliberalism has been disseminated in Latin America under the hegemonic power structure established by the U.S. and Europe (Grabel 2005, 279); however, this position has not been stable nor remained

unchallenged. Neodevelopmentalism, as well as other alternative development strategies, have struggled with Neoliberalism, in the political and economic fields, in several Latin American countries with varying degrees of success. Therefore, this study considers the struggle for hegemony in political discourse between the two most relevant development approaches in the case of Brazil. As discourse is a social practice, the social settings in which discursive events take place will be brought to light, focusing on power relations in society and on the main political actors in the national stage. All in all, when considering the social practice aspect of discourse analysis in this project, it is important to understand two main issues: how power relations influence discourse and how discourse can be invested to reproduce systems of knowledge and beliefs and social relations, in order to build political support for a specific purpose. Therefore, the effects of hegemonic relations over discourse will be investigated in the Brazilian case, as well as the use of discourse to reinforce or challenge those hegemonic relations.

3.2 A qualitative approach to data

A qualitative approach to data suggests a focus on meanings and processes, which are not accurately measurable regarding quantity, intensity or frequency. Qualitative research highlights that reality is socially constructed, that there is a close connection between the researcher and the studied subject, and that situational constraints might shape inquiry (Ryan 2007, 582). It includes many interpretative strategies, such as participant case study and discourse analysis (Yin 2009, 11), which are compatible to the methodology and research design in this study.

According to Fairclough, “the main way of justifying an interpretation is through text analysis, by showing that your interpretation is compatible with the features of the text, and more compatible than others”. Therefore, the interpretative tradition of discourse analysis is only compatible to a qualitative approach to data, which allows the main analysis of this project to be based on an interpretation of the texts that are representative of the Brazilian government’s discourse and that were used to build support for austerity measures, portraying the theoretical struggle between Neoliberalism and Neodevelopmentalism.

3.3 Data report

The choice of data was made considering its relevance to the austerity measures recently put in place in Brazil. It consists of the Brazilian Democratic Movement Party (PMDB), currently in power, government program; and of a set of interviews and speeches excerpts given by President Michel Temer in the exercise of his presidential role. Firstly, the president's party government program was chosen because it states the policies intended by the government, as well as the principles and ideas behind them. Secondly, a series of speeches and interviews given by the president were selected because they contain important linguistic tools used to gain support for austerity measures. Following Fairclough's advice, the discourse samples of this study were chosen after a preliminary survey of the corpus, "so they yield as much insight as possible into the contribution of discourse to the social practice under scrutiny" (Fairclough, *Discourse and Social Change* 1992, 230). Finally, the government program is widely available and it was downloaded from the party's website, being considered therefore a very reliable data from an authentic source. The speeches and interviews used to do the discourse analysis were selected from the Brazilian government official website, directly from officially made transcriptions, which guarantees a high degree of reliability. Only excerpts of those documents will be analyzed, however the full extent of them is available in the annex of this project.

The author of this project will translate from Portuguese to English all data excerpts in the analysis part. It is important to state that the excerpt selection was made on the basis of the research goals. Therefore, a minimum degree of partiality is inevitable, once that the process involves not only the selection, which is intrinsically subjective, but also the interpretation of spoken language. Moreover, the "different features of speech such as intonation, stress, pausing, changes in loudness and tempo and so forth" (Fairclough, *Discourse and Social Change* 1992, 229) will not be considered in the analysis.

3.4 A deductive approach to theory

This project intends to use Neoliberalism and Neodevelopmentalism, and the hegemonic struggle between these two development approaches in Brazil, to understand how support for austerity measures was built among the country's political

class. The use of a deductive theoretical approach is therefore justified, once that “if you begin with theory, and use it to explain particular observation(s), this is known as deduction. Theory is applied in order to deduce explanations for the data” (Matt Henn 2009, 52). Therefore, as the theories used are already well established, and as they are essential for understanding the social processes being investigated, the deductive approach is more appropriate to this project.

Theories can be used as analytical tools to describe, explain and understand empirical foreign events. They provide concepts that are used to investigate the data, indicating what mechanisms, actors and chance factors have to be examined in the case (Beach 2012, 219). Therefore, this project intends “to study empirical events, using theories both as explanatory tools (analytical models) to understand events, and, as critical theories to reflect upon inequalities in the social world” (Beach 2012, 213).

Thus this research investigates the effect of the struggle between Neoliberalism and Neodevelopmentalism upon the support-gathering process that led to austerity measures, while considering how this particular outcome reflects upon inequalities in the social world. In order to do that, it does not have to develop new theories, but rather to interpret the empirical data through existing approaches in order to identify them in the discourse practice of the Brazilian government. The goal is to understand how they influenced the choice of anti-crisis policies that were applied in the country, as well as how they shape the power structure in this context.

3.5 Case Study

Regarding the research design of a case-centric analysis, “one cannot ‘test’ the comparative explanatory power of theories in an exact manner in a single-case” (Beach 2012, 219). Nevertheless, it is possible to assess whether there are ‘big and important’ aspects of the case that a given theory can account for or not when theories are used as analytical tools (Beach 2012, 219). It is only possible to evaluate if a theory offers little or some analytical leverage in clarifying a particular case (Beach 2012, 219). Therefore, a case study has to be significant, meaning that it has to be unusual and of general public interest, its underlying issues have to be nationally important in theoretical and practical terms (Yin 2009, 50).

Suitably, the political crisis in Brazil led to a significant shift in the social and economic policies pursued by the previous governments. As there was a major transformation, there was also a reconfiguration in the discourse practices, reflecting a reaction to the rearrangement of the power structures that has taken place in Brazil, as well as in Latin America, since the 2000's. This project considers that the struggle between Neoliberalism and Neodevelopmentalism can account for the most important aspects of the political and economic context in which support for austerity measures in Brazil was built, assuming that those approaches offer enough analytical leverage in this particular case.

Furthermore, a case may offer insights into a broader issue, connecting specific events to larger patterns (Bailey 2010, 104). Accordingly, this project investigates the specific case of the Brazilian austerity policies, which are situated in a broader context influenced by the struggle between two development approaches in Latin America. Therefore, the general features of the Brazilian case can be traced to the regional scene, presenting unique features that are valuable to the understanding of development patterns in Latin America. For instance, in the last two decades, development policies related to both Neoliberalism and Neodevelopmentalism have been applied in Brazil, with its political class divided along relatively clear lines (Bresser-Pereira 2006, 24). Besides, as the biggest country in the region, and the one with the largest economic power, the development path taken by its government is of relative importance to other Latin-American countries.

4. Theory

This section outlines the theoretical considerations of the project, explaining the conceptual categories of each approach and how they will be operationalized in the analysis as well as the political discourse debate between Neoliberalism and Neodevelopmentalism in Latin America and in Brazil.

The Neoliberal approach is related to the main conceptual category considered in the research question, austerity measures, which, according to Neoliberalism, should be put forward during an economic crisis, as reduced state-led investment is an economic

policy suggested in times of prosperity and strongly defended in times of crisis (Rocha 2017). Therefore, Neoliberalism is presented as the main theoretical approach considered in this project, eventually challenged by the Neodevelopmentalist approach (Monbiot 2016) in the Latin American context. This theoretical hierarchy is due to the assumption that Neoliberalism is a hegemonic approach that has been diffused in the region as part of a global framework to understand development, whereas Neodevelopmentalism was built on Neoliberalism, in reaction to it. Thus, it is assumed that the political playing field is not leveled, with existing power relations favoring Neoliberal ideas.

Nevertheless, the social and political context in Latin America and in Brazil is not one of static hegemony. Neodevelopmentalism has emerged as one of the development policy alternatives to Neoliberalism and it has been applied with relative success in Brazil in the last decade. Therefore, those are the two approaches that most relate to the Latin American political context and the struggle between them is considered relevant to understand the current development path followed by the Brazilian government.

4.1 Neoliberalism

Neoliberalism has its origins in the 1960s and 1970s as an economic theory formulated in the USA, associated with the University of Chicago, and later emerging in the 1980s as political and economic policy under Reagan and Thatcher. With its acceptance as economic orthodoxy promoted by institutions such as the International Monetary Fund (IMF) and the World Bank, neoliberalism has become ‘a common-sense of the times’ (Martin 2005, 192). Yet, because of its seemingly omnipresent character, in part a product of triumphalist neoliberal discourses, Neoliberalism in practice eludes simple identification (Martin 2005, 192).

The philosophical core of Neoliberalism is that the economic forces of supply and demand, inflation and unemployment are like forces of nature. In a truly free market those forces existed in perfect equilibrium (Klein 2007, 36). As ecosystems self-regulate, the market, if left to its own devices, would create the right number of products at the right prices, produced by workers at the right wages to buy those products, “a combination of plentiful employment, boundless creativity and zero

inflation (Klein 2007, 36).” In a more practical view, Neoliberalism is most commonly thought of as an economic and political approach that seeks to liberalize trade, privatize state-controlled industries and services, and introduce market-oriented management practices to a reduced public sector. Politically, it seeks to selectively shrink certain state functions, particularly the provision of social services and regulatory restraints on corporate practices (Martin 2005, 192). When Keynesian policies began to fail and economic crises hit the Western world, neoliberal ideas became increasingly accepted. Massive tax cuts for the rich; the crushing of trade unions, deregulation, privatization, outsourcing and competition in public services were the new rule. Through the IMF, the World Bank, and the World Trade Organization, Neoliberal policies were applied on much of the world (Klein 2007, 48).

Moreover, Neoliberalism, as an economic approach, has been diffused to developing countries and it has generally prevailed over alternative local approaches due to a series of controversial claims. Firstly, Neoliberal policies claim to have already succeeded while other approaches have already failed (Grabel 2005, 276), once that free markets are responsible for the success of developed countries (Grabel 2005, 277). Consequently, as today's global economy dictates that only Neoliberal regimes can succeed, developing countries have no option but to adopt Neoliberalism in order to develop. It is also claimed that the Anglo-American neoliberal model of development is universally applicable and sustainable (Grabel 2005, 278), representing the ideal form of capitalism that all developing countries should seek to replicate (Grabel 2005, 279). This framework has consolidated Neoliberalism and its policies as a hegemonic development approach, even though it has eventually been challenged by locally elaborated alternative political-economic approaches. In this project, only the Neoliberal approach's aspects that are more relevant to understand the Brazilian case will be emphasized, such as fiscal discipline, a development driven by the private sector with reduced state participation, and an increasingly individualistic and conservative models for understanding social relations.

Fiscal discipline, meaning an austere fiscal policy to achieve a primary surplus, even during a crisis is one of the most important aspects of Neoliberalism (Vernego 2005, 334). Generally, fiscal discipline is associated with nominal fiscal results, meaning

that discipline depends on whether the government, in all its levels, has a surplus or not over expenses (Verneho 2005, 337). The primary fiscal balance excludes the interest payments incurred by the servicing of the debt. In most cases, primary surplus implies that social spending has to be squeezed (Verneho 2005, 339). Therefore, a primary surplus, together with a nominal deficit, implies that the government is paying the difference to debt holders. Usually debt holders are individuals, corporations, and banks. Hence, primary surplus and nominal deficit represent a transfer from society as a whole to wealthy debt holders (Verneho 2005, 338). Beyond the redistributive social consequences of a fiscal balance that has a primary surplus as a target, in a time of crisis, fiscal austerity means no countercyclical policies, by which the state stimulates the economy.

Neoliberalism considers as a problem the widespread use of fiscal deficits as a macroeconomic tool. That is why fiscal discipline was the number one item in the Washington Consensus policy recommendations (Verneho 2005, 338). In this approach, government spending should not be considered as a tool to promote economic incentives, except to facilitate private sector initiatives. Accordingly, state companies should be privatized or transferred to private management through concession, as well as public services, once those would always be more efficiently ran by the profit logic, reasoning compatible with the three C's of Neoliberalism: government credibility, policy consistency and investor confidence (Bakker 2014, 70). Therefore, Neoliberalism defends less state and more private initiative for economic growth, since the market rationality is inherently more efficient than state bureaucracy.

In this context, tax cuts are a means to promote incentives to the private sector. By paying fewer taxes, companies will have fewer costs and invest more, making the economy grow. This economic logic of a reduced state participation has consequences for how people signify social relations. The state inefficiency discourse is essential in this context to reaffirm the unviability of public enterprises when compared to private ones (Klein 2007, 34).

Although typically considered a political-economic project, Neoliberalism also shapes cultural realms. Consumption has replaced production as the privileged site of self and society, strongly influencing social identities and social relations (Martin 2005,

193). Citizens have been elevated above the collective enterprise and liberated to express their free will through their consumer choices (Klein 2007, 34). In this context, organized collective bargaining is considered a market distortion that limits the establishment of a natural hierarchy (Monbiot 2016). Efforts to create a more equal society are both counterproductive and morally corrosive, due to the market's ability to ensure that everyone gets what they deserve through meritocracy (Monbiot 2016). Neoliberalism sees competition as the defining characteristic of human relations. It redefines citizens as consumers, whose democratic choices are best exercised by buying and selling, a process that rewards merit and punishes inefficiency (Monbiot 2016). Therefore, individualism works as a binding logic to Neoliberal policies, making sense of its attempts to curb state participation in the economy and to promote the private sector's superiority in terms of efficiency.

Neoliberalism in Latin America

After the debt crisis of the early 1980s, neoliberal ideas connected development to freeing markets. The result was a convergence amongst business, international aid agencies, and financial institutions and governing elites that development required shrinking the state (Babb 2009, 12). The template for Latin America's engagement with Neoliberalism was the Washington Consensus, which defended economic policies from the privatization of public assets to cuts in public expenditure, and it played well at a time of conservative and timid democratization, when the 'excesses' of a developmentalist state were blamed for having provoked the economic crisis (Riggirozzi 2014, 4).

In this context, neoclassical economists, exercising their hegemony over the framing and emission of research, have constructed and reconstructed a dominant discourse: that Latin America should pursue a trade-centric economic structure. This discourse prevails as a frequently non-articulated, but all-encompassing set of premises and assumptions regarding the optimal exchange conditions of a self-adjusting, perfectly competitive, market-based economy (Cypher 2013, 391). To summarize it, John Williamson, an icon of Neoliberalism, asserted that the Washington Consensus merited intellectual hegemony as part of the basic core ideas that we hold in common and do not need to debate (Cypher 2013, 392).

In Latin America, the reinvigorated role of the state after the depression of the 1930s took the form of an import substitution development strategy (ISI). Essentially, it entailed the strengthening of the national industrial base and the restructuring of the state, which guided the formation of a new class of national industrialists (Cypher 2013, 393). Therefore, the Latin American debt crisis is the landmark that divides the import substitution industrialization strategy, devised under the intellectual guidance of the Economic Commission for Latin America and the Caribbean (ECLAC), and the market friendly approach, institutionalized by the International Monetary Fund (IMF) and the World Bank (Vernego 2005, 333).

Therefore, the Washington Consensus policies were the result of the need for a new development strategy (Vernego 2005, 334). The international financial institutions (IFIs) and many governments interpreted Latin America's economic collapse in the 1980s as proof that its previously followed strategy, based on import substitution and state-led industrialization, had reached a point of exhaustion. From a Neoliberal perspective, Latin America's balance-of-payments crisis was attributed to trade distortions brought about by protectionism and import substitution policies. Similarly, the fiscal imbalances were seen as inescapable consequences of activist industrial policies and subsidies. All across the region, the immediate response of policy-makers to crises was the application of macroeconomic stabilization programs on fiscal and monetary restraint (Juan Carlos Moreno-Brid 2005, 346).

Thus, the Washington Consensus defended the economic liberalization policies encouraged by the IFI's as part of their strategy of structural reforms aimed at increasing the role of market forces, which have been adopted extensively in the 1980's and 1990's (Ocampo 2005, 293). Consequently, radical macroeconomic reforms were carried out in Latin America to eliminate trade protectionism, deregulate and liberalize financial and other key markets, privatize state-owned firms, and cancel subsidies and any type of activist industrial policies. These reforms were rooted in the basic understanding that reducing the size of the state, and placing the private sector and market at the center of the investment and resource allocation processes would transform Latin America's productive structure to be more efficient and competitive, ushering in a period of sustained economic growth (Juan Carlos Moreno-Brid 2005, 346).

In this context, the IMF prescription of fiscal austerity squeezed public investment and the ability of Latin American countries to pursue countercyclical policies, restricting economic growth and social expenditures, which harm the poor in particular (Vernego 2005, 340). Monetary and fiscal policy management became increasingly procyclical, particularly during crises, when authorities were expected by markets to undertake contractionary monetary and fiscal policies in order to build credibility (Ocampo 2005, 301). Other prescriptions basically argued for deregulation, liberalization, and privatization. The emphasis on fiscal discipline was associated with the concern that high fiscal deficits were behind macroeconomic instability, generating inflation and fears of default. Populist macroeconomic policies, meaning lax fiscal policy, were, in the consensus view, the cause of the lost decade (Vernego 2005, 344).

Nevertheless, even though the Washington Consensus initiatives succeeded in lowering inflation and eliminating external budget deficits, such results were accompanied by the slowdown in the region's economic activity that lasted nearly ten years, a collapse in formal employment, and a significant increase in poverty and in the concentration of income (Juan Carlos Moreno-Brid 2005, 346). The expectations of economic reformers that rising productivity in internationalized sectors would spread throughout the economy, leading to rapid overall economic growth, did not materialize. Productivity did increase in dynamic firms and sectors, and external competition, FDI, and privatizations played a role in that process. However, these positive shocks did not spread out, but rather led to greater dispersion in relative productivity levels within the economies (Ocampo 2005, 297). Thus, poverty rates remained higher in 1997 than they had been in 1980, even though the per capita GDP decline that characterized the 1980s had already been reversed (Ocampo 2005, 298).

Overall, low inflation and better control of budget deficits did not ensure stable access to international capital markets and dynamic economic growth, integration into world trade and investment flows did not generate positive externalities, and higher productivity in leading firms and sectors did not automatically spread throughout the economy. Moreover the principles of universality and solidarity that should characterize social protection systems were put aside during the Neoliberal period, particularly in the area of social security (health and pension) reform (Ocampo 2005,

299-300). All in all, the main cause of failure was that the scope of the Washington Consensus policies was very narrow, so that its concern was merely with income growth and not with its distribution (Juan Carlos Moreno-Brid 2005, 355).

By now even the Washington Consensus defendants recognize that it disregarded the role of institutions in economic development and tended to minimize that of social policy (Ocampo 2005, 294). Nevertheless, it was not recognized that inadequate economic performance and inequitable development might have been the result of market-based reforms. Moreover, it has not recognized that there is no such thing as a universal path to development (Ocampo 2005, 294). The Washington Consensus had a narrow view of macroeconomic stability and disregarded the role that policy interventions in the productive sector can play in inducing investment and accelerating growth, upholding a hierarchical view of the relation between economic and social policies, in which the former has primacy over the latter (Ocampo 2005, 294).

Neoliberalism in Brazil

As the 1990's wore on, Brazil largely conformed to the Washington Consensus. In 1990, President Collor's first year in power, most non-tariff barriers were abolished, rapidly exposing domestic firms to intense foreign competition (Baer 2002, 947). Collor also initiated the privatization process, which was expanded to encompass public utilities and transportation infrastructure by President Fernando Henrique Cardoso in 1995. The period also witnessed an unprecedented program of investment liberalization and foreign capital was allowed to enter sectors from which it was previously excluded (Baer 2002, 948). Additionally, the government embarked on a radical fiscal reform that included many of the central tenets of the Washington Consensus (Baer 2002, 948).

Despite the significant FDI inflows and the modernization of production facilities, the economy had a meager growth in the 1990's. The average yearly growth rate was 1.82 per cent, lower than the average growth rate in the 1980's, which stood at 3.03 per cent (Baer 2002, 950). Moreover, Neoliberalism did not address Brazil's long-lasting social problem, its distribution of income. Many of those displaced as a result of the restructuring process found employment in more poorly paid and insecure

service sector and informal occupations, with higher remunerations granted to a shrinking pool of workers who remained in the industrial sector. Thus, the neoliberal process of industrial restructuring has tended to reinforce a concentrated distribution of income (Baer 2002, 956). The privatization of public utilities also had profound implications for the evolution of the real incomes of the poorest, as incentives were provided to the new private owners of public utilities and the prices of public services rose considerably (Baer 2002, 957).

Neoliberalism in Brazil has consisted of a substantial increase in the openness of the economy to foreign trade and investment, which followed a dramatic retreat of the state's participation in the economy (Baer 2002, 957). Albeit a successful stabilization program, which had finally put inflation under control, economic growth rates were disappointing and inequality remained a traditional problem.

4.2 Neodevelopmentalism

In Latin America, attempts to articulate a new political economy of development began gradually around the turn of the millennium as a series of left, or left of center, governments took office, promising an end to the cautious pro-elite era of democratization and a more expansive approach to welfare spending (Riggirozzi 2014, 2). In this context, post-neoliberalism can be understood as a set of political projects centered on reestablishing the authority of the state to oversee the construction of a new approach to welfare. Further, it seeks to enhance the capacity of the state to manage the market in ways that not only ensure growth, but also are also responsive to social needs and citizenship demands (Riggirozzi 2014, 3).

Politically, post-neoliberalism is a reaction against what came to be seen as excessive marketization at the end of the twentieth century. Its political project can be understood as a call for a new consensus between the state and the people that is respectful of the demands of growth and business interests and sensitive to the challenges of poverty and citizenship (Riggirozzi 2014, 4). However, changes to the scope of state responsibilities and a vision of a more equal distribution of national income coexist with strong continuities from the recent past (Riggirozzi 2014, 5).

While there are similarities between the national post-neoliberal projects in South America, there are also marked differences. In a nutshell, Venezuela, Bolivia, and Ecuador have followed a more radical path of transformation; while Argentina, Brazil, Uruguay, and Paraguay have shown greater continuities with the previous neoliberal development path, but also significant political and policy changes. Conversely, Chile, Peru, and Colombia are showing a much more clear Neoliberal line of continuity (Féliz 2015, 71). As this project considers the case of Brazil, it will refer specifically to the post-neoliberal approach applied mainly in this country and in Argentina from the 2000's until now, countries which “jumped from neoliberal rule into a new form of capitalist development in the periphery: Neodevelopmentalism (Féliz 2015, 71).”

One of the main novelties of this development strategy has been the place of state-driven aggregate demand growth. During the 1990s, growth was expected to come from increasing direct capital profitability, mainly through economic liberalization and flexibilization of labor relations. On the contrary, in Neodevelopmentalism stage, growing state expenditures, especially in public investment and social security, and the expansion of nominal wages became the main propulsive force for aggregate demand and the main incentive for growing private investment and growth (Féliz 2015, 72). Thus, the main bone of contention in the struggle between the Neoliberal and Neodevelopmentalist approaches is the role of the state in fostering economic activity.

Additionally the Neodevelopmentalist agenda highlights the need to improve social equity, the creation of quality employment and the reduction of structural heterogeneity, allowing policies to narrow the existing gaps and policy-makers to realize that the economic system should be subordinate to broader social objectives (Juan Carlos Moreno-Brid 2005, 359). In the Neodevelopmentalist approach, domestic reform and adjustment should stop being equated with orthodox macroeconomic policy prescriptions, and recognize much more the relevance of institutions and historical conditions, regulatory frameworks, and, in general, the need to have a strong but accountable role of the state in the allocation of resources (Juan Carlos Moreno-Brid 2005, 360). Nevertheless, the idea that social objectives should be mainstreamed into economic policy runs contrary to the mainstream neoliberal

model that characterizes the design of macroeconomic policy, where such policy is determined first and social policy is left to address the social consequences. The emphasis on "social safety nets," rather than building modern welfare states is also a reflection of the view of policy as subordinate to market-based reforms (Ocampo 2005, 310).

Therefore, to the Neodevelopmentalist approach a major alternative to such design is to rescue the role of countercyclical macroeconomic policies that are appropriate for developing countries, especially in a time of crisis. The initial formulation of the Washington Consensus contained only limited emphasis on social policy, and no concern for wealth and income distribution, or on the effects of reforms on distribution. Equity remained, however, a major focus of alternative proposals, as the concerns with income and wealth distribution, the asset base of the poor, the need for a more comprehensive social protection system, and the effects of macroeconomic volatility on vulnerable sectors have enriched the policy agenda (Ocampo 2005, 303).

Neodevelopmentalism tries to give a renewed importance to this need for a broader understanding of social protection. However, Neodevelopmentalism struggles to overcome the basic aspects of the social agenda during the Neoliberal reform period: the emphasis on the equivalency criteria between contributions and benefits, decentralization and private sector participation, rather than on principles such as universality, solidarity, efficiency, and integrality. For instance, this has been problematic when private participation in social security systems has not included solidarity principles in its design, when targeting has been used as an instrument for reducing public spending rather than for broadening access to some fundamental services, or when decentralization has not taken full consideration of regional disparities (Ocampo 2005, 304).

Thus, the Neodevelopmentalist approach underscores the fact that social policy is a basic instrument of social cohesion, and thus that its design should be guided by much more than economic rationality. Inequality is a major constraint to economic growth in Latin America as in other regions of the developing world and, indeed, that social cohesion may be a crucial competitive advantage in the global order (Ocampo 2005, 309). In this context, Neodevelopmentalism entails a new form of state activism to promote inclusive economic growth. According to its defendants it is a national

capitalist development program meant to guide the transition of developing countries away from the Washington Consensus (Ban 2012, 3).

Neodevelopmentalism in Brazil

Brazilian economist and former policy-maker Luis Carlos Bresser-Pereira first used the term Neodevelopmentalism in 2003, in an attempt to define an alternative to the Washington Consensus orthodoxy (Ban 2012, 3). In the context of the 1980's debt crisis, rich nations' economists managed to redefine in neoliberal terms their prescriptions for developing countries (Bresser-Pereira 2006, 6). The neoliberal approach becomes hegemonic, expressing itself through what became known as the Washington Consensus. Therefore, the national development strategy represented in the past by Developmentalism faces crisis and is replaced with an outside strategy: conventional orthodoxy (Bresser-Pereira 2006, 7).

“Neodevelopmentalism is not an economic theory: it is based mainly on Keynesian macroeconomics and development economics, but as a national development strategy. It is the means by which countries like Brazil may successfully compete — and gradually catch up — with rich nations. It is the set of ideas that enables developing nations to refuse rich nations' proposals and pressures for reform and economic policy (Bresser-Pereira 2006, 7)”.

A national development strategy implies a set of fundamental variables for economic development: the nation's increased savings and investment capacities, the means by which it incorporates technical advances into production, human capital development, and increased national social cohesiveness resulting in a stronger, more democratic civil society. In this process, institutions, instead of mere one-size-fits-all abstractions, are seen and construed concretely, historically (Bresser-Pereira 2006, 18). In this context, while Neodevelopmentalism wants a strong state and a strong market, and sees no contradiction between them, Neoliberalism wishes to strengthen the market by weakening the state, as if the two institutions were party to a zero-sum game (Bresser-Pereira 2006, 24).

Drawing on a mix of post-Keynesian and structuralist thinking in economics, Neodevelopmentalists argue that the demand side is where the major growth bottlenecks unfold. Therefore, they advise the adoption of increasing the legal minimum wage, cash transfers to the poor, and a government guarantee to provide employment at a living wage (Ban 2012, 4), advocating that domestic savings should be the essential form of finance for economic development (Ban 2012, 5).

In Brazil there was mostly a reproduction, with minor domestic editing, of the Washington Consensus (Ban 2012, 6). After 2006, in a policy shift, the Worker's Party government adopted a 'growth acceleration program' that expanded the aggregate demand through state investment in infrastructure, allowing state banks to expand credit and for state-owned enterprises to expand investment. Moreover, it not only maintained its commitment to mandatory real wage increases, but also opted for the extension of the duration of unemployment benefits, two measures that have been advocated by Neodevelopmentalists (Ban 2012, 8). Likewise, it enhanced the coverage and benefit levels of cash transfers, a measure that injected \$30 billion into the economy at a time of falling aggregate demand. Additionally, an off-the-books stimulus package camouflaged as credit policy targeted at employment-rich sectors (Ban 2012, 8). Such measures are hardly typical of neoliberal crisis packages (Ban 2012, 9). By using income policy and social policy to generate multiplier effects, as a countercyclical policy instrument, it characterized the guidelines of the Neodevelopment approach that would be practiced in Brazil in the next decade.

This demand-side measure was possible only because, in violation of the Washington Consensus, the Brazilian government did not privatize federal banks and showed no compunction in using them as development banks (Ban 2012, 9). Nevertheless, the enhancement of social programs and these demand-side measures did not endanger the objective of fiscal stability. Brazil's inching towards Neodevelopmentalism is also evidenced by a steady commitment to the objective of reducing the footprint of foreign capital in the state's balance sheets (Ban 2012, 11). Moreover, during the 2009 slump, Brasilia slammed capital controls on inflows in order to curb the appreciation of the Brazilian currency against the dollar, a measure once strongly rejected by the IFIs and defended by heterodox critics (Ban 2012, 12).

As a result of the adoption of a mix of income redistribution policies that push the 'Neodevelopmentalist welfare state' in a more progressive direction, between 2000 and 2008, income inequality and poverty indicators began to improve. This was also a consequence of the conditional cash transfer (CCTs) programs, promoted by the proponents of the Washington Consensus, but more importantly, the sharp increases in Brazil's minimum wage above inflation levels, a measure anchored in demand-side Keynesian economics (Ban 2012, 19). Thus, Brazil can be considered an actor in the

global economy that practiced a plausible alternative to Neoliberalism. It has more than just eroded the Washington Consensus, even though it did not adopt a full-blown Neodevelopmentalist paradigm (Ban 2012, 22). Although conditional cash transfers can be accommodated by a progressive version of the Washington Consensus, Brazil's constant increases in the minimum wage and the use of state-owned and public-private firms to enable the expansion of welfare and employment programs better fit the commands of the Neodevelopmentalist approach (Ban 2012, 24).

All in all, there are fundamental differences between the Neoliberal and the Neodevelopmentalist approaches, mainly regarding the size of the state, the role of the state and the importance of social policies. Essentially different are also the principles that guide both approaches, with Neoliberalism privileging a private rationality, individual identity and profit logic and Neodevelopmentalism defending the efficiency of the state enterprise and valuing the collective initiative.

5. Analysis

The project analysis consists of an interpretation of excerpts of political speeches and interviews given by president Michel Temer as well as excerpts of his party's government program named "A bridge to the future". By analyzing the government's political discourse, the project's goal is to understand the process of support building related to the austerity measures recently put forward in the country. As political support is built by convincing people through discourse, meaning spoken and written language related to a social context, both the discourse and the social context have to be considered in this analysis.

The process of support building for austerity in a time of crisis is influenced, not only in Brazil but also in Latin America, by the main guidelines of two approaches to economic and social development: Neoliberalism and Neodevelopmentalism. Therefore, the linguistic tools used by the Brazilian government to build support for austerity relate to those approaches. As Neoliberalism is considered a hegemonic approach, its premises are taken as part of a status quo power structure, while Neodevelopmentalism is a regionally created national strategy that largely counteracts it.

In the midst of an economic and political crisis, the Brazilian government has chosen to follow a Neoliberal path by putting forward a series of austerity measures, even though the country has practiced policies identified with Neodevelopmentalism in the last decade and Neoliberalism is generally regarded as a failure in the region. The process of support building for austerity in Brazil is therefore an interesting subject to be analyzed, as it represents an important shift in Brazil's development path.

In this context, discourse was influenced by those theoretical approaches as well as it helped shaping support for austerity by reinforcing and emphasizing preferences and identities related to one or another approach. Thus the excerpts of government program, political speeches and interviews will be analyzed in their text and social practice aspects, focusing not only on how they were influenced by Neoliberalism and Neodevelopmentalism, but also on how they depict those approaches, investing them in order to build support for austerity.

The analysis is divided into two parts corresponding to the two dimensions in Fairclough's model: text, and social practice. Under text, a textual analysis is made in which we look at wording and metaphors, relating them to Neoliberalism and Neodevelopmentalist guidelines and principles. Under social practice, the discourses in the excerpts are analyzed considering their connection to, and impact in, a wider sociopolitical context and power structures.

Text

The first excerpts are from president's Michel Temer political party's government program. It summarizes the understanding of the government regarding the current economic crisis in Brazil as well as the development means and goals uphold by the party in power. It also specifically addresses the subject of fiscal responsibility and the austerity amendment (PEC 55).

The inescapability discourse

*“All initiatives presented here constitute a **necessity**, almost **a consensus across the country**. The current fiscal crisis, caused the GDP to decline, high inflation, high interest rates, unemployment, a halt in productive investment and this **complete absence of prospects** is forcing Brazilian society **to face its destiny**” (PMDB 2015, 2)*

In this first excerpt, the government program describes the economic situation in Brazil in 2016, at the beginning of Michel Temer's presidency, and suggests solutions for it. The program was written using a word choice that depicts the unquestionable severity of the situation, for instance when it uses the expressions *complete absence of prospects* and *face its destiny*, in which the word *destiny* conveys the inescapability of the situation. The words *necessity* and *consensus* are used to characterize all proposed initiatives, giving them a sense of obviousness and common sense, implying that they are indisputably the only alternative. The wording in the excerpt builds a discourse that is hard to defy, once that it expresses the inescapability of the situation as well as the consensus around the measures to solve it.

*“At the moment of truth, what is at stake is the future of the nation. We have **no other way**, the nation has already proved it is capable to fight and win **big challenges**. We will subject it to a **new decisive test**.”* (PMDB 2015, 2)

Likewise, *at the moment of truth*, *big challenges* and *decisive test* are expressions that communicate the urgency of the crisis, while *no other way* expresses the impossibility of alternative interpretations to deal with it, characterizing a discourse of inescapability to build support around austerity. This discourse is compatible with the Neoliberal approach's hegemonic position and the understanding that there is no other way to the development path, since Neoliberalism worked for developed countries while all other alternatives have failed, and that developing countries should follow this ideal model.

*“In Brazil, the **fiscal crisis** and the **state indebtedness** are the main hurdles to the country's economic recovery. Without a **permanent fiscal adjustment to signal a lasting balanced public accounts situation** the economy will not grow and the crisis will escalate. This is a **fundamental matter**, which if let **unsolved**, will rent **useless** any future efforts to reanimate the economy. **No alternative opinion** or ideology can change that.”* (PMDB 2015, 5)

In this excerpt, the economic crisis is fully attributed to a fiscal crisis, which is a product of the *state indebtedness*, and the fiscal adjustment is implied as the only option to the return to economic growth. Other reasons for the economic crisis are not considered, such as international economic slow down after the crisis or structural

bottlenecks in the Brazilian economy (Rocha 2017). Therefore, this word framing blames exclusively the state fiscal situation for a multifactorial economic crisis, thereby reinforcing a Neoliberal discourse of state inefficiency.

The words *permanent* and *lasting* characterize the solution for the crisis, which equals the constitutional amendment that determines the austerity measures put in place in Brazil. The constitutional amendment proposed by the government to establish fiscal adjustment has a *permanent* status, once it will be enshrined in the Constitution, as well as a *lasting* one, once it is supposed to last for 20 years. Therefore, the excerpt tries to justify not only the content of the amendment, but also its constitutional format. Once more, when the passage states that *no alternative opinion or ideology can change that*, it grants the austerity measure proposed an indisputable status. All other economic solutions for the crisis are then downplayed as ideologically biased opinions, in an inferior, non-pragmatic position. Thus, the government discourse considers the austerity measures not only a fundamental matter, but also a common-sense procedure in a crisis, an interpretation that reaffirms the Neoliberal approach mainstream hegemonic position.

*“The fiscal situation is **disastrous**. Its solution will be **tough** to the population and should consist of **emergency measures**, but mainly **structural ones**. To address the fiscal problem, we will have to **change laws** and even **the constitution** otherwise the crisis will always return, more and more **intractable** every time until the country reaches a **collapse**.”* (PMDB 2015, 6)

Similarly, the words that characterize the fiscal situation, such as *disastrous*, *tough*, *intractable* and *collapse* have a strong connotation and serve the purpose of highlighting the need for structural changes, meaning the constitutional amendment that represents austerity. Therefore, the government discourse tries to justify a constitutional change in the seriousness of the crisis. The severity of the fiscal crisis is stressed through the government program in order to build support for and to reinforce the urgency of austerity and the importance of cutting government spending to solve the crisis, this framing is necessary since austerity policies are unpopular among Brazilians (Aleem 2016).

“Our primary public expenditure has systematically grown beyond GDP due to the

1988 Constitution. The automatic growth in expenditure cannot remain enthroned in the Constitution, otherwise, the fiscal imbalance will be the modus operandi of the Brazilian state.” (PMDB 2015, 6)

The constitutional amendment proposed by the government targets a specific clause in the 1988 Brazilian Constitution, which guarantees a minimum public expenditure percentage of GDP to health care and education as well as to other areas (Aleem 2016). The 1988 Constitution is considered a social constitution, precisely because it is historically the one that enshrines social rights (Aleem 2016). Therefore, in order to build support for cuts in public spending, the government discourse refers to this specific clause as *enthroned*, implying its illegitimate importance when compared to all other clauses.

It is also stated that if this clause is not amended the fiscal crisis will be the rule (*modus operandi*) rather than the exception. Again, this framing overlooks all other causes for a fiscal imbalance, blaming solely a constitutional regulation for it, a discourse that matches the Neoliberal approach’s aversion to regulation, in this case defending the government righteousness to fully manage domestic revenues. That is controversial, once that the amendment proposed by the government intends to curb spending for 20 years, radically limiting the ability of future government to manage those same revenues.

“It is necessary to end with constitutional mandatory spending clauses, as it is the case with education and health care spending rates. In order to achieve a new fiscal regime, which favors growth and not impasse and stagnation, we need budgetary management control” (PMDB 2015, 9)

Again, the government discourse associates the constitutional mandatory expenses with *impasse* and *stagnation*. This discourse relates to the Neoliberal understanding of a bureaucratic state that disturbs the well functioning of the market with its rigid regulations. The document urges for a *new fiscal regime* that allows *budgetary management control*, a condition to promote *growth*. Additionally, it is stated in the program:

“The indexation of social benefits to the minimum salary grants them real growth is an unjust transfer that harms the poorest part of the population because it creates a

distortion in the rest of the domestic budget.” (PMDB 2015, 10)

The minimum salary in Brazil has been increased above inflation rates in the last decade, granting real purchase power also to the social benefits indexed by it (Ban 2012, 8). As the poorest part of the Brazilian population earns a minimum salary or lives out of social benefits (Sims 2016), this policy has been said to have considerable impact in decreasing poverty and inequality in Brazil, more than the cash transfer programs (Ban 2012, 8). Therefore, the government discourse affirms that this is an *unjust* transfer that *harms the poorest* in order to discredit this policy, which can be considered as related to Neodevelopmentalism. In a Neoliberal approach, an increase in salary must come hand in hand with an increase in labor productivity. Therefore, when the passage states that the rise in payments are unjust, it means that they were not earned through merit, but are rather a product of a distortive government policy. Nevertheless, even though this indexation limits the possibilities for the government to make decisions based on domestic budget, this *distortion* serves the social purpose of preserving the purchase power of the minimum salary as well as social benefits. This disagreement is pivotal in the struggle between Neoliberal and Neodevelopmentalist political discourses.

“Only an institutional shock can revert our fiscal unbalance.” (PMDB 2015, 15)

The expression institutional shock has already been identified as belonging to a Neoliberal discourse, meaning that fast and aggressive measures need to be put in place in order to reduce the state (Klein, 43). Therefore this wording summarizes the reasoning used in this part of the government program to justify austerity. The economic crisis is boiled down to a fiscal crisis, in which the constitutional clause that determines indexation and the increases in minimum salary and social benefits above inflation plays a decisive role. Therefore, regarding wording, government discourse is crafted to emphasize the seriousness of the crisis, which implies that the worse the crisis, the tougher the emergency measures. Those measures not only have to be incontestably accepted, since they are part of the economic common view, but also they have to obey a proposed constitutional format that is *permanent, lasting, and structural*, an institutional *shock* that is the *only* option.

The responsibility x irresponsibility discourse

*“In the last years the government **spent excessively**, creating new **social programs** or expanding existing ones, hiring new public servants and **spending beyond the state’s fiscal capacity**. The situation could be less **critical**.”* (PMDB 2015, 5)

Here, the government program blames the *critical* economic situation on the previous administration, affirming that it spent *excessively* on social programs. The former government followed a Neodevelopmentalist approach, with active state participation in the economy, and strengthened the importance of social programs in the government fiscal budget through public spending. Therefore, the words *excessively* and *critical* attribute a negative connotation to the previous government and to the economic guidelines it followed, downplaying Neodevelopmentalism. Conversely, it is noticeable that the current government discourse is identified with a Neoliberal discourse that places the expenditures with social benefits as unaffordable excesses of a cumbersome state.

*“... We have completed one year of **serious, hard and disciplined** work. We have pursued the most **fundamental economic goal: a balanced budget**... It is necessary for the government to **cut its own flesh**.”* (Annex, 15)

The wording in this passage of a presidential speech suggests an association of the *fundamental* economic goal of balanced budgets with the adjectives *serious*, *hard* and *disciplined*. The merit achieved implies the work of a government that is *serious* rather than negligent with public accounts, that works hard and with discipline instead of indulging in uncontrolled fiscal behavior. This wording reinforces two images. One of a government that spends responsibly and carefully, and that works with fiscal restraint, being therefore efficient and streamlined, versus the image of a government that profligate and spend impulsively to expand its activities. The former image, highlighted by the government discourse, is connected to a Neoliberal logic of efficiency while, by exclusion, the latter logic is implicitly associated with the Neodevelopment model of the previous administration in Brazil, which maintained an economically participative state. Those images created in the government discourse serve the purpose of building support for the austerity measures proposed by a trustworthy government.

The expression “*cut in its own flesh*” implies the sacrifices that must be done by a government who *serious* and the difficulties faced by those who perform *hard* tasks with *discipline*. This metaphor reinforces the images described above by differentiating between the current and the previous governments in their willingness to make sacrifices for a healthy economy and is deliberately invested to close ranks for austerity.

“*I want to say that what guided us through every step was the **sense of responsibility**. In particular, **fiscal responsibility**, and if we want a better future, I say **fearlessly**, there is **no Plan B**.” (Annex, 16)*

Similarly, in the excerpt above, the *sense of responsibility* is associated to *fiscal responsibility*. It is a means to associate *responsibility*, an unquestionable personal virtue, to an economic austerity policy that can be questioned in its format, content and extent. Once more, the inescapability discourse is used through the adverb *fearlessly*, which conveys, the idea of certainty, with no fear of being wrong; emphasizing that there is no alternative, no *Plan B*, to the idea of fiscal responsibility as it was proposed by the government.

“*We have started to prepare the country for a **new phase of development**, a phase based on a **democracy of efficiency**. Firstly, it was necessary **to put the country in order**. That is why we did what every **sensible** person would do: to establish a ceiling to public spending. This decision is valid for the next 20 years in order to secure a **stable and prosperous future**.” (Annex, 10)*

According to the government discourse, a *new* phase of development based on a democracy of *efficiency* has been ushered after the country has been *put in order*. The adjective *new* automatically creates an opposition with what was established before, in this case, the Neodevelopmentalist approach to development of the last decade. The word *democracy* relates to an attribute of the state, therefore, when the wording in the expression ‘democracy of efficiency’ suggests that democracy will be embedded by a new efficiency, typical of the private sector. This idea relates to a Neoliberal understanding of superiority of the market rationality. It is moreover implied that the democracy in the previous government was inefficient and that the country was therefore *out of order*.

Additionally, the austerity measure represented by the ceiling imposed on public spending is associated with sensibleness, which is compatible to the responsibility discourse. The wording of the discourse attempts to approximate the image of the government to the image of a regular person by stating ‘*we did what every sensible person would do*’. This wording also suggests the obviousness of the measure, by distinguishing what every sensible person would do; those who disagree are therefore understood as insensible to the risks of the crisis.

The family budget x government budget discourse

Regarding metaphors, the most recurrent one in the president’s speeches and interviews is the family/household metaphor, which compares the government budget to the household budget and attributes family roles to the nation, the government and the people. For instance, in the following excerpt:

*“It is true that **to tidy the house, improve management and organize accounts** give good results. It is not a matter of **political ideology**, but of **responsibility, of courage** to what is **necessary** to be done.”* (Annex, 13)

The metaphor in *to tidy the house* approximates the government measures regarding the economic crisis to what people do in their own houses. This identification mechanism helps building support for the austerity measures proposed because it associates the responsibilities of everyday life with the responsibilities of government management, facilitating people’s identification with the president’s administration. In this scene, *to tidy the house* represents a necessary yet unpleasant task, which fits the frame used by the government to justify a fiscal adjustment that will financially burden the poorest part of the population but that is deemed as urgently needed.

The inescapability discourse and the responsibility discourse are combined in the excerpt. When the president states, “*it is not a matter of political ideology*” he tries to present his proposals as consensus-based, giving them a degree of scientific impartiality that downplays alternative measures as mere distinct ideological propositions. Austerity is therefore put on a hegemonic position, above ideological disagreements. This discourse reinforces and it’s supported by the common sense, hegemonic position of the Neoliberal approach. The words *responsibility* and *courage* reinforce the authority of the government to put forward the necessary measures,

strengthening the responsibility discourse.

“Therefore, what I must do is to state, to emphasize that those who spend with no responsibility, more than what they earn, will naturally have serious problems to put food on the table and to keep their children in school. The example is simple, but it is true in the house of every one of us as it is in public administration. Life cannot be like that.”(Annex, 9)

The family metaphor above has the same goal as the household metaphor described before: to give the government a personal dimension in order to spur identification and, consequently, build support for government policies. *To put food on the table and to keep children in school* resonates to the family responsibilities of a Brazilian householder. The responsibility in managing household accounting is compared to the government fiscal responsibility, which is reinforced by the common sense idea that the words *naturally, true* and the expression *every one of us* provide.

*“It is in the **government as it is in your family**, if **your family** is indebted it needs to cut expenses to pay debts. Therefore, one of our first measures was to establish limits to public spending.”* (Annex, 23)

Likewise, the metaphor compares explicitly the government with the family, and consequently the family budget with the government budget. The role that the state might have in the economy is deliberately ignored in this metaphor. Unlike householders, the state increases its own revenues by increasing its participation in the economy. In other words, the state's expenditures highly impact its revenues, this process does not happen in an ordinary household. This assumption is pivotal to the Neodevelopmentalist approach and the main bone of contention in the struggle between the Neoliberal and the Neodevelopmentalist approaches. While Neoliberalism believes that the state should have minimal participation in economic affairs, Neodevelopmentalism rescues the state role in promoting economic development. In a time of crisis, Neodevelopmentalism defends a participative state precisely to help heating the economy, which results in more sources of revenues to fight economic crises. Meanwhile the Neoliberal approach focuses on spending cuts and the retreat of the state. When state affairs are compared to family affairs they acquire an individualistic aspect that undermines support for its legitimate role to

foster collective goods by being economically active.

Nevertheless, to compare the nation to the family is a recurrent metaphor in political speeches (Lakoff 2006, 30), in this context, two types of discourse are identified: the conservative discourse and the progressive discourse (Lakoff 2006, 31). The former relates to an individualistic, strict stereotype of family and parenting while the latter relates to a nurturing parenting style (Lakoff 2006, 31). The values expressed by the conservative and progressive discourses can be associated respectively with Neoliberal and Neodevelopmentalist discourses, which guide the policies related to those approaches.

The populist measures x popular measures discourse

In the following excerpts, President Michel Temer uses the words popular and populism recurrently in his speeches; however, those words are used with unusual meanings that are interesting to be investigated since they suggest an appropriation of those words to suit government discourse.

*“I differentiate between populist and popular measures. **Populist** measures are **irresponsible**, they are immediately praised, but they **provoke disaster** later, due to their **immediacy**. **Popular** measures take time to receive recognition, but they **can put the country back on track**.”* (Annex, 1)

Populist measures are associated with the negative words *irresponsible*, *disaster* and *immediacy*. The president implies a connection to the previous government and its emphasis in public spending for social purposes. The use of the words populist measures refers to social policies and public programs established in the previous government, which are considered by the current administration as having of a share of guilt in the current fiscal crisis. The word *populism* is therefore used a synonym of irresponsibility and impulsiveness, a meaning that can be interpreted as part of the Neoliberal approach to characterize the state social spending.

Despite being instantly applauded, populist measures bring disaster. That is a reference to the popularity enjoyed by the previous administration's social policies. Lula had 80% of popular approval during his government mainly due to cash transfer programs and to a policy of annually increasing minimum salary above inflation. His

successor Dilma enjoyed similar rates of approval in her first term due to the same reasons. Therefore, it is suggested that popularity brings populism, which brings disaster. What is clear in Temer's government discourse is that he attributes the crisis to those policies, which are compatible to the Neodevelopmentalist approach. Thus, the president depicts as *populist* any measures related to social public spending.

On the other hand popular measures, which should mean appreciated, liked, approved policies, have a different meaning in government discourse. They mean responsible, although not palatable, policies. According to the president popular measures are those that are truly *for the people*, meaning that they benefit the population in the long-term even though they are questioned in the short-term. This use of the word *popular* has been recurrent in government discourse and it is used to try to minimize the lack of popularity of the government. President Michel Temer's administration has enjoyed only single digit rates of approval (Romero 2016) and this unusual usage of the word *popular*, which means unpopular but beneficial to the population, in government discourse has the goal of justifying the application of disapproved policies.

“Without giving in to temptation and resisting the seductions of populism, we have left behind the worse recession Brazilian history has known.” (Annex, 17)

The expressions *giving in to temptation* and *resisting the seductions* portrait populism as appealing, as liked, as popular, but as harmful at the same time. They are widely recognized by the public and can be easily assimilated. Accordingly:

“That is why, without resorting to the enchantments of populism and using deceiving marketing, we are constructing solid pillars to secure sustainable growth.” (Annex, 13)

Here, *populism* means an easy way out for public administration, applied only to irresponsibly please the people, but with dire consequences afterwards. To enhance this image, the expression *solid pillar* is used as opposed to ephemerality of populist measures and to the expression *deceiving marketing*, which refers to the marketing of a populist leader.

*“I want to be clear about this: our government has put Brazil back on the development path (...) we will not allow simply **populist measures**. We will not allow them to **put in risk** the present and the future of Brazilians once more”.* (Annex, 15)

*“I do not need to tell here how we have received Brazil. We have received it in a **delicate** situation and we have been fixing it little by little, is it not? However, to fix it **unpopular measures are necessary**, because **we refuse to be populists**. **Populist measures are irresponsible** measures. They are praised today, but they cause **harm** tomorrow.”* (Annex, 15)

The government discourse here makes a reference to the previous government by mentioning the situation in which they *received* the country. To *fix* the situation, it states that *unpopular* measures are necessary and that *populist* measures are *irresponsible*. The irresponsible excessive spending is associated with populist governments. The allusion to populism resonates highly with the figure of a leader, in the Brazilian case that is largely associated with former president Lula, not only because of social programs but also because of his popularity in the country. The use of the word *populist* in this case makes a reference to the previous government, associating its policies with the idea of recklessness, impulsiveness and immediacy. Conversely, the government discourse builds an image of responsibility, sensibleness and restraint for itself, as a government that refuses popularity and embraces sacrifice by adopting austerity, which are *truly popular measures*, meaning beneficial to the people even if not popular (liked) at first. This image is deliberately created to conceal the government's unpopularity and build support for the austerity measures embodied by the constitutional amendment proposed by the administration.

The private initiative discourse

The Neoliberal logic that privileges the private sector in detriment to the state is present in the Brazilian government discourse. It is generally associated with the idea of profit logic superiority and efficiency.

*“In the last years, economic growth was driven by extraordinary gains in the foreign sector and by the increased consumption of families. **Those motors are exhausted and a new cycle of growth should be based on private investment**.”* (PMDB 2015, 17)

It is clear in the passage above that the government intends to privilege the private sector when it comes to the economic growth. It again refers to the previous government when it mentions the *last years*, affirming that the motors that drove economic growth are now *exhausted* and that the consumption of families reached a maximum and demand cannot keep increasing. Accordingly, the *new* cycle of growth should be *based on* private investment, meaning a radical shift from the previous Neodevelopmentalist directives. The excerpt also mentions that economic growth *was driven by extraordinary gains in the foreign sector*, suggesting that the economic growth of the past was a conjectural result independent from the state economic performance, being instead the product of a favorable international context that is now over. This discourse is used to undermine the economic merits the state might be entitled to for promoting economic growth in the past. A frame that is compatible to a Neoliberal discourse of state inherent inefficiency. The wording in the passage again fails to mention the state role in promoting economic growth. The struggle between Neodevelopmentalism and Neoliberalism is precisely regarding the role of the state in the economy, while the former approach defends the coexistence between state and private enterprises; the later defends the primacy of the private sector and its rationality. The following excerpt reinforces this analysis:

“We need to facilitate a more effective and prominent participation of the private sector in the construction and management of infrastructure projects, in business models that respect the private economic logic in their decisions, without interventions that distort the market incentives...” (PMDB 2015, 17)

The wording emphasizes the role of the private sector without mentioning the role of the state, which has its participation limited to *facilitate* the private initiative and business model. This is in line with the Neoliberal approach, which ideas are also perceptible in the expression *private economic logic*. The role of the state is implicit only in the word *intervention* and in the verb *distort*, again in perfect consonance with Neoliberalism. The Neoliberal rhetoric is therefore used in government discourse to reaffirm the primacy of the private sector in detriment of the state. The vocabulary comes from a Neoliberal type of discourse, which is perceptible in the use of words like: *effective, management, business model, private economic logic, and market incentives*.

*“To execute a **development policy centered in the private initiative, transferring the necessary assets and making large concessions in all areas related to logistic and infrastructure.**” (PMDB 2015, 18)*

Following the same reasoning, the government program is explicit in affirming that the development policy will be *centered* in the *private* sector, distancing itself from the Neodevelopmentalist model, which has its development policy privileged the coexistence between the state and the private initiative and which was applied by the previous government. The wording in the phrase *transferring the necessary assets* conveys the privatizing logic typical from Neoliberal governments in Brazil. Privatizations in general are based on idea of the superiority of the private initiative managerial capacity. One of the focuses of government spending in the Neodevelopmentalist approach was precisely *logistic* and *infrastructure*, areas of interest to the state enterprise. Therefore, by mentioning those specific areas as examples, the current government tries to further differentiate itself from the former administration. Words such as *large* and *all* give the extent of the government intended projects.

*“We are working on several fronts. What we want is an **efficient, modern and responsible state. A state that knows the central role of the private sector in the generation of wealth.**” (Annex, 1)*

The government program highlights the characteristics of the state as if it described a company: *efficient, modern* and *responsible*. That reinforces the hegemony of the private sector’s rationality. The state is specifically downgraded in the following sentence, *“A state that knows the central role of the private sector”* implying the minimal and residual role it should have. This is in utter accordance with the Neoliberal approach, which reserves for the state only a vestigial participation in economic affairs, namely as the facilitator of the private enterprise. The neoliberal rationality is then summarized in the following passage:

*“We have launched a **new model for concessions and privatizations in public services. The private initiative offers a more rational, secure and predictable model.**” (Annex, 5)*

The model of *privatizations in public services* represents the Neoliberal approach

here. The *new* model is compared to an old-fashioned, traditional model represented by the state participation. The private initiative offers a superior *rational, secure* and *predictable* way of doing business, in opposition to the state's irrational and unpredictable ways.

The credibility discourse

The credibility discourse justifies the format and content of the austerity measures, meaning its constitutional status and its 20 years length. The credibility discourse can be associated with the three C's of Neoliberal 'new constitutionalism' (Bakker, 70), which is based on government credibility, policy consistency and investor confidence.

“Only one thing seems to be certain: Brazil has never given solid guarantee of its long-term fiscal balance, and the high interests rates are maybe the price to pay for that.” (PMDB 2015, 14)

In the excerpt above, the phrase *only one thing seems to be certain* conveys once more the indisputability of the austerity measures, which are characterized by the words *solid* and *long-term*. The government discourse uses those words to denote the need for structural measures, which justifies the proposed constitutional character of the amendment that determines fiscal balance. It then states that as Brazil has never undertaken measures of this kind, the consequences are the high interest rates on government bonds. In Brazil, the interest rates on national debt are approximately 9% (Rocha 2017) one of the higher in the world. Such high interest rates compromise the government budget, which has to destine channel around 8,5% of GDP revenues to the payment of interest rates (Rocha 2017).

By blaming the high interest rates on the lack of a fiscal adjustment, and therefore, on the lack of credibility of the state, the government discourse gathers support for austerity, which is believed to promote the return of investors confidence and therefore will allow the government to lower interest rates on national debt. The following excerpts confirm this reasoning:

“The high level of uncertainty regarding our economic sustainability resulted in a proportional increase of our debt.” (PMDB 2015, 14)

*“The **fiscal balance** will bring back **predictability** to the economic environment and **normality** to activities in the productive sector.”* (PMDB 2015, 15)

This discourse derives from the Neoliberal belief that austerity, in this case in the form of a constitutional amendment, will increase the government’s credibility by proving its policy consistency (20 years of austerity), which is supposed to bring investors confidence back. Conversely, Neodevelopmentalism is based on the belief that the state should invest through public spending to increase aggregate demand and thereby providing the incentive for investment.

*“It is **necessary**, carefully and diligently, to transform Brazil in a ‘**normal**’ country (...) with an independent central bank - a policy applied in **all civilized countries**.”* (PMDB 2015, 15)

The words *predictability* and *normality* are attributed to a situation in the aftermath of the austerity measures. Fiscal balance is presented as a panacea for the crisis. Those measures will increase credibility and transform the country in a ‘*normal*’ one. The word *normal* suggests a comparison with an implicit model of normality. This interpretation argues that the normal countries referred to in the government program are developed Western countries. This idea is reinforced when it mentions all *civilized* countries. The idea of modernization, civilization and normality is part of a development understanding promoted by developed countries and which has been used historically reinforced to legitimize the Neoliberal approach.

*“To accomplish a full integration of the Brazilian economy in the international market, with **economic openness** and regional **trade agreements** with all **relevant trade areas** – the **United States**, the **European Union** and **Asia** – with or **without Mercosur**.”* (PMDB 2015, 18)

The Western idea of economic development is further emphasized by the word *relevant* when describing the economic north of the world or the most developed regions, meaning the United States and Europe. Additionally, when the government states that trade agreements will be made *with or without* Mercosur it shows indifference regarding its neighbors and historic trading partners. This can be explained by the government’s intended distance from the previous government and from Neodevelopmentalism, which is a Latin American economic strategy that has

been applied in countries belonging to the Mercosur, like in Argentina, and also fostered by the left-wing presidents who were in power in the region in the last decade. In government discourse, which is influenced by the Neoliberal approach, Latin America is not considered a *relevant* area regarding trade agreements.

*“Regarding the BNDES, we have put an end to the **mistaken policy** of the so-called **national champions**. We have introduced the **economic rationality** and **legal certainty** in key sectors such as **the oil sector**. We have reestablished in the country an environment in which **contracts are respected** and the **administrative efficiency** is observed.”* (Annex, 16)

In the above extract of a presidential speech, the discourse attempts to distance the government’s image from Neodevelopmentalist policies in order to identify it with the Neoliberal approach. The government program describes as *mistaken* the policy applied by the previous government, typical from Neodevelopmentalism, of providing credit and incentives to internationalize big national companies, mentioned as *national champions*. It is suggested that this policy does not respect the *economic rationality*, *legal certainty* or *administrative efficiency*. The excerpt specifically points out the oil sector, an implicit allusion to the oil giant Petrobras, a state company that has recently been at the center of a corruption scandal involving bribing and illegal campaign financing schemes (Romero 2016), as an example. This serves the purpose of portraying a state enterprise as inefficient and unpredictable.

The no taxation discourse

*“Any fiscal adjustment should **prevent a tax raise**. The **Brazilian tax burden** is **too big** and **has been growing** in the last years. To further tax families and companies, transferring resources to the state is **dysfunctional** and **harmful** to the **competitiveness** of our productive sector.”* (PMDB 2015, 17)

*“**It is no longer possible to increase taxes!**”* (PMDB 2015, 19)

*“In the taxation field, we intend to **reduce** the number of **taxes**, **exempting** exports and **investments**.”* (PMDB 2015, 19)

The no taxation discourse also follows a Neoliberal logic of decreasing taxes to

unburden companies and enhance a country's economic performance. The fiscal adjustment suggested by the government builds a discourse based on the private sector's interests of fewer taxes, less regulation and less state. The government program uses the words *dysfunctional* and *harmful* to describe taxation. The discourse builds on the idea that taxes are already too big in Brazil and that the government intends to reduce the number of taxes, exempting not families and smaller companies, but profits and investments, which are already thinly taxed (Aleem 2016). The discourse in the government program is therefore largely influenced by the Neoliberal approach. It uses only negative words to describe taxation, privileging the view that they work against economic growth. This perspective undermines the state initiative, which provides collective goods legitimately financed by taxes. The framing of taxation follows a Neoliberal social discourse that favors a minute state structure.

Interviews

Interview to SBT

Journalist: Let's say the reforms do not pass in Congress. What could happen then?

*Temer: "It would be **horrible** for Brazil. You know that if they do not pass, **unemployment will not decrease**. We first have **cut on our own flesh** when we established a ceiling to public spending, to the government, **a government cannot spend more than its revenues**. It is just like in my house or in your house."*

Journalist: "Exactly."

*Temer: "You can only spend what you earn. What happened was that you spent **much more than you earned**, that the government spent **much more than its revenues**. Therefore, we have established a ceiling for government spending. What does that mean? It means **to cut our own flesh**. In fact, the message we sent in government was: '**now, you cannot profligate, you cannot spend aimlessly, at will**'. **Because the main wish of a ruler is to spend at will. But those are populist measures that are harmful to the country.**" (Annex, 23)*

The types of discourses identified before in the government program and in the

presidential speeches are here used in a logical sequence. Firstly, the president describes the consequences of rejecting the austerity reform as *horrible*, associating this rejection with *unemployment*. Then, he uses a metaphor of the government as a martyr when he says that cutting government spending was to *cut our own flesh*. This metaphor is aggressive and conveys the image of sacrifice as a means for achieving important results. A sacrifice not made by the previous government, as it is perceptible when the president uses the adverb *now* to describe a new situation of rejecting profligacy and financial recklessness. Again, the government discourse is creating two opposed images, on the one hand, there is an image of responsibility, discipline and sensibleness and, on the other hand, there is an image of irresponsibility, wastefulness and extravagant spending. Finally, the president associates this later image with the word *populism*, identified with the previous administration in government discourse.

Once more, the government compares the government budget to the household, individual budget when it uses the phrases ‘it is just like in *my house*, in *your house*’ and also ‘*you cannot spend more than you earn*’, which highlights individual responsibility and suggests that the same should be expected from the government. The wording here emphasizes the spending frame instead the revenues frame. In government discourse the spending side of the fiscal crisis is emphasized with no mentioning of the tax collection and tax exemption structures in Brazil.

“A housewife, she cannot spend, if her husband earns five thousand reais, she cannot spend more than five thousand, otherwise she will bankrupt her husband. Why do governments always spend more than their revenues? (...) I think that now governments should have husbands, you see, because than they will not go bankrupt. What we are doing is necessary for the country not to go bankrupt. I insist, for example, in the ceiling for public spending. You cannot spend more than you earn. It is just like in your house.” (Annex, 29)

Here, he also intertwines the metaphors of the nation as a family (Lakoff 2006, 30) and of the household budget similarity to the government budget to identify the government situation with a family situation in a household environment and thus gather support for austerity. The president also uses a conservative framing (Lakoff 2006, 31) when depicting the image of a family, by describing the traditional image of

a housewife as a woman who does not work but tends to overspend the family budget. The use of this metaphor is relevant in the Brazilian scene, where the first female president in national history represented the previous government.

Additionally, the president makes a rhetorical question, put in the middle of his explanation almost as a thought, ‘why do governments *always* have to spend more than their revenues?’ this question directly associates the government to recurrent profligacy and the use of the adverb *always* in the wording gives it the status of a general truth.

Moreover, the president associates his administration to the image of the husband who works to support his family and who must control the expenses of his wife for the sake of the household finances. This is conservative type of discourse that alludes to a traditional family model, implicitly identifying former president Dilma Rousseff with the image of a thrifless wife. This metaphor resonates strongly in a country that still has serious social issues regarding gender inequality (Aleem 2016) and is to the purpose of downplaying the previous government and its Neodevelopmentalist strategy therefore gathering support for austerity measures.

*“We are being **brave**, we must agree, I recognize that we are making some **bold, tough** reforms, but they are **necessary** to guarantee the future, is it not? I make a distinction, you know, between **populism** and **popularity**, because a populist measure is the one applauded today and tomorrow but that is harmful the day after tomorrow.”*

Journalist: “We are seeing it now”.

*Temer: “That was what happened **in the past**, was it not? The **popular measure** does **not** require, need, **recognition**. So you apply it today, it might be questioned today, but it will be recognized tomorrow. Those are **popular measures**” (Annex, 29)*

In this interview passage, the president reinforces that the government is being *brave* and that the reforms are *bold* and *necessary*. He again builds a duality between *populism* and *popularity*, using the adjective *popular* with an unusual meaning. There is identification between *populist measures* being irresponsible, impulsive and harmful ones, even though those measures are popular, which is expressed by the

word *applauded*, and the *popular measures* being unpopular but eventually beneficial to the people. This is an uncommon word meaning for the adjective *popular*, which seeks to provide a beneficial image to measures that do not enjoy people's approval. The word *popular* in this abnormal usage means beneficial to the people even though they cannot understand it in the present, and therefore not applaud it in the present, suggesting that popular approval is not necessary. The government knows what is best for the people even if the people do not.

That also serves to reinforce the framing of the people as children, who cannot distinguish what is ultimately good for them, and the government as a strict father, alluding once more to the metaphor of the nation as a family.

Interview to Rede TV

Journalist: "Will the PEC 55 help to build a scenario in which job creation is facilitated?"

*Temer: "Surely, because it gives **credibility** to the country, it gives back **trust**. People notice... Do not they always say the government should **cut its own flesh**? What we are doing is this, saying: '**I am not going to spend more than what I earn**'. You see, Mariana, **the state is like it is in our houses, if you earn 2 thousand and you start spending 3 thousand, at some point you will think: 'I am going to stop because I cannot spend 3 thousand**'. Very well, we have a deficit today of 170 billion. If we do not make cuts, **the deficit will spur misgivings in the market**. And then I tell you why the market is important: 'How do we create jobs?'" (Annex, 37)*

Above, the president reaffirms the credibility discourse, reinstating that the austerity measures will provide the government with the credibility it needs, a reward for putting forward responsible measures, which is to be given by the private sector in the form of investments. Once again, he uses the '*cut its own flesh*' metaphor to denote sacrifice and painful sense of responsibility in the government willingness to uphold austerity.

The government domestic budget and the household budget comparison is present again in this interview when the president says, '*the state is like it is in our houses*'. The explanation that follows is given in a didactic wording, for instance, when the

president says, 'you see, Mariana' and 'very well', or when he puts actual numbers to illustrate his example, or yet when he makes rhetorical questions such as the one in the end of the excerpt 'How do we create jobs?'

“What I mean is that to create jobs you need to favor the market, you need to favor the private initiative. If you do not have national and foreign private investment, if you do not have an industrial sector, agribusiness and the services sector working, where will jobs come from? Jobs come from those activities. The productive forces of the nation are the employer, the entrepreneurs and the workers. So, you really need to give incentives to the market, what else can we do? Give credibility to the government. Without government credibility, no one will take money out of pockets to invest.”

“So you see, when I say: ‘we need to favor the private initiative’ I do not say it just on my own. It is in the Brazilian constitution - people do not pay attention to this - the Brazilian constitution says we should favor private initiative to create jobs. It is written in the constitution, is it not?” (Annex, 39)

In the excerpt above, the president mentions the Brazilian constitution to legitimize its favoring of the private sector. The phrase 'people do not pay attention to this' implies a degree of ignorance of those who criticize the austerity measures, a way to downplay different opinion and criticism to the austerity measures and to the prioritization of the private initiative amidst economic crisis.

Journalist: “But is there a tax reform project that includes, for example, a tax on profits and dividends?”

Temer: “We are, you see, we are trying to avoid more taxes, because our tax burden is already too intense. You see, if we did not have...”

Journalist: “Our country is one of the few in the OECD that does not tax profits and dividends.”

Temer: “That we will change little by little. We are the only ones who must worry so much with our tax burden. Therefore, we are making cuts in public spending precisely to avoid the exacerbation, the increasing of taxes” (Annex, 39)

In this last passage of the interview, the journalist mentions the revenues side of the fiscal crisis, asking directly about the Brazilian tax system collection. The president discourse categorically states that a tax raise is not intended and refers to the tax burden being too intense. That is a discourse compatible with the Neoliberal approach, which defends fewer taxes and regulations for profits and investments as a way to enhance economic activity. Accordingly, Neoliberalism supports a minute state structure, which justifies the reduction of taxes to fund public goods and services. Thus, the government discourse regarding taxes fits the Neoliberal approach of strengthening the private sector to the detriment of the state.

Social Practice

The social context in which the government discourse is received has to be analyzed in order to determine the power structures that influence discourse practices and to find out if the government discourse related to austerity is challenging or reinforcing them. The struggle between Neoliberalism and Neodevelopmentalism is therefore very important to understand the Brazilian scene in which the government discourse is to be received.

In 2014, Dilma Rousseff won the presidential elections with a Neodevelopmentalist platform of state-centered development and social spending. Nevertheless, the election result was tight, by less than 3.3 percentage points, compared with a victory margin of 12 points four years before (Watts 2014). The country was clearly divided (Watts 2014) with the population polarized along two distinct economic lines that can be identified with the two approaches to development considered in this project: Neoliberalism and Neodevelopmentalism. This polarization remains and it makes the Brazilian scene all the more receptive to a government discourse that discredits the Neodevelopment guidelines in order to reinforce the Neoliberal ones. This duality in discourse resonates more effectively to gather support for austerity measures in a divided society such as it is the case in Brazil.

During the impeachment process and a difficult political crisis marked by corruption scandals, the image of the state, represented by the Brazilian Legislative and Executive powers, was severely harmed (Romero 2016), a reality that prepared the ground for a Neoliberal return and a reinforced image of the private sector as more

efficient. In this context, the current government discourse of the private sector superiority in relation to the state is more easily accepted, as it helps to consolidate the image of the state as inherently irresponsible and corrupt, hence inefficient, it also helps to build support for austerity measures.

Additionally, the Neoliberal approach to development is still hegemonic in the Brazilian context. Conventional orthodoxy, which was practiced in Brazil in the 1990's, is still the practical expression of Neoliberalism and it represents the struggle between the market and the state, being a right-wing approach, which favors the powerful, the rich, and the better educated, meaning the high bourgeoisie and the high techno-bureaucracy (Bresser-Pereira 2006, 24). Therefore, the social power structure in Brazil is still favorable to Neoliberal policies and has remained largely unchanged.

Those power structures in Brazil have not changed significantly even after a decade of Neodevelopmentalism, which is understood to partly challenge them. The reality is that the country is still mired in inequality issues. Even though the period from 2003 to 2011 saw 39.6 million Brazilians join the ranks of the so-called new middle class (Aleem 2016), Brazil remains one of the most unequal countries in the world (Aleem 2016). The perpetual situation of inequality favors the assimilation of a Neoliberal discourse. Additionally, the fact that the Neoliberal approach is regarded as common sense makes it easier for the government discourse, identified with this approach, to be assimilated. In a dialectical relationship between discourse and power structures, the current Brazilian government discourse, invested to build support for austerity, reinforces the status quo power structures in the country instead of challenging them.

For instance, regarding the tax system in Brazil, an essential economic aspect to be considered in the context of the economic crisis, the government discourse reaffirms the current structure, by reaffirming the Neoliberal understanding over the issue. Brazil's tax code is extraordinarily generous to corporations and the wealthy, and helps buttress its bad performance in inequality ranks. Brazil's highest income tax rate is 27.5 percent, in the US tax rates go up to about 40 percent, and in Scandinavia they can exceed 60 percent. Moreover Brazil's tax code is especially regressive because of loopholes that allow people to be shielded from income taxes. The result is that the rich in Brazil are not subject to significant personal income tax. It is estimated that if

you closed tax breaks for corporations and the personal tax exemption that the rich exploit, the fiscal deficit projected for next year would have to be cut by half (Aleem 2016). This situation is not considered by government discourse, which reinforces the framing of the fiscal crisis through an expenditure perspective.

Regarding the fiscal adjustment, which began during Dilma Rousseff second term, it has also led to deterioration of other indicators. The gross debt of the federal government as a proportion of GDP, which stood at 57% in November 2014, is growing steadily after the start of the adjustment program, reaching 69,7% of GDP in January 2017 (Rocha 2017). Nevertheless, the government discourse argues that a fiscal austerity would ultimately result in economic expansion, since it would trigger positive expectations in the private sector, thus allowing a return to the much-desired scenario of low inflation and high growth. However, such discourse lacks robust theoretical foundation and empirical proof (Rocha 2017) and its consequences are harmful to the poorest part of the population since they directly impact social spending in health care and education. Even though 60% of the population declared to be against austerity measures (Aleem 2016), the government discourse association of fiscal adjustment to virtues such as responsibility and discipline achieved to gather enough political support to pass the austerity amendment in Congress by the end of 2016 (Sims 2016).

Therefore, the government discourse was successful in building political support by exploiting the struggle between the main guidelines of the Neoliberal and Neodevelopment approaches, associating them respectively with the discipline and responsibility of the current government and with the wastefulness and irresponsibility of the previous administration. By blaming exclusively the excessive government spending of the previous administration for the economic crisis, the official discourse seeks to build support for austerity, reaffirming a Neoliberal discourse that favors the private sector and reduces the size of the state. This discourse is constructed by creating a duality between Neoliberal and Neodevelopmentalist guidelines, a struggle that extends beyond the Brazilian context to be present also in the Latin American one, ultimately benefiting the Neoliberal approach. In this context, the government discourse is not only influenced by Neoliberalism's hegemonic position, meaning that its policies already enjoy a sense

of consensus around them that helps in the support building process, but also reinforces the existing power structures which support the Neoliberal approach in the Brazilian context.

6. Conclusion

The regional development of Latin America has been theoretically influenced by two main approaches: Neoliberalism and Neodevelopmentalism. In this context, Brazil is a country that has experienced the application of both approaches. After a Neoliberal decade, from the 1990's to the 2000's, the new millennium ushered a political and economic shift represented by the adoption of the Neodevelopmentalist approach by a center-left government that lasted for more than 10 years.

Nevertheless, this country has been experiencing a political and economic crisis that has introduced a new development understanding. The current government proposed austerity measures that would curb public spending for two decades as the main solution for the economic crisis, harming the poorest part of the population disproportionately. Therefore, this project intended to understand the support building process for austerity measures in Brazil, considering the theoretical struggle between the two development approaches of Neoliberalism and Neodevelopmentalism.

The Neoliberal approach essentially defended fiscal austerity, a reduced state participation in economic affairs, fewer taxes for the wealthiest stratum of the population and a development model centered in the private initiative. Conversely, Neodevelopmentalism, a Latin American created development strategy, suggested that increased state participation in the economy and a development model that emphasizes inclusive growth were essential for the region to catch up with developed nations.

Through a critical discourse analyses, the current government political discourse was analyzed in its textual and social context aspects in order to understand how it was invested to gather support for austerity measures as well as how this discourse was positioned considering the struggle between the Neoliberal and Neodevelopment development approaches and the Brazilian socioeconomic context and its power

structures.

Thus, it is possible to conclude that the textual features of wording and metaphors are invested in discursive dimension of the process of support building for austerity measures. Several types of discourses associated with the Neoliberal rhetoric, such as the private initiative discourse, the taxation discourse, the responsibility discourse and the government credibility discourse are combined and invested to gather support for austerity. The household and nation as family metaphors are used to identify government and individual situations. Those features are influenced by the struggle between Neoliberalism and Neodevelopmentalism in the Brazilian scene, as the government discourse exploits the duality between their main guidelines to make a parallel between the current government and the previous administration, associated respectively with the Neoliberal and Neodevelopmentalist approaches, to achieve its political goal.

Regarding the social context in which this discourse is invested, the power structures in Brazil are still heavily marked by social inequality, corruption scandals and unemployment. Those characteristics are a fertile terrain for a government discourse influenced by Neoliberal ideas, which are understood as common sense, holding a position of hegemony that facilitates its assimilation in society, which enhances the efficacy of the government discourse. At the same time, the government discourse reinforces this Neoliberal hegemony by reinforcing the legitimacy of a status quo, socially unequal power structure in Brazil.

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