

## INTRODUCTION

### Brazilian Steel Town and Companhia Siderúrgica Nacional



The first time I saw Companhia Siderúrgica Nacional (CSN) was at the end of a long bus journey from Rio de Janeiro. As the bus exited Rio de Janeiro's north station, it cut through interminable rows of favelas with the burnt-down National Ethnographic Museum in the background. Then, it wound through the beautiful Guanabara Bay – filled with plastic trash, industrial waste and broken fishermen's boats – and continued along Presidente Dutra Road through semi-rural favelas and mega shopping centres – some of which functioned, while others were empty. Leaving behind Duque de Caixas, the bus crossed yet a different landscape, mixing smaller urban sprawls, bits of tropical forest and semi-derelict motels with exotic names such as Dallas, Samurai and Middle Age Castle or just the name of their owners like Tony, Cassio and Carlos. Climbing the winding roads of the Serra da Mantiqueira range, small mud houses, water silos and parabolic TV antennas were barely visible through the tropical vegetation of the valley, and its residents occasionally appeared by the road selling bananas, papayas or coconuts. Finally, as the bus descended the mountain, the monstrous body of the Usina Presidente Vargas (President Vargas Plant – UPV) sat in the Paraíba Valley like a giant animal. With its smoky whirlpools, coloured fumes and coils of vapour, the plant seemed like an organic extension of the surrounding forest. Plants, fruit trees, tropical flowers, iron ore, pipes, rusting machinery and bright pools of chemicals formed a half-organic, half-industrial landscape. Wild capybaras and iguanas ran through the rubbish and chemical waste fermented on the banks of the Paraíba. Loud cricket chirps reverberated across



**Figure 0.1.** Companhia Siderúrgica Nacional (© Massimiliano Mollona).

electricity wires, stopping every time the siren of the furnace went off.

Such interpenetration between industry and nature reminded me of the modernist 'Manifesto da Poesia Pau-Brasil' (Manifesto of Brazilwood poetry) by Oswald de Andrade (1924). Influenced by the European avant-garde, Andrade pictured the early Brazilian working class through an essentialising mixture of indigenous identity and primitive communism. Brazilian modernism reflected the aristocratic fantasies of the cosmopolitan coffee elite (see Schwarz 1992), as it did Getúlio Vargas's dream to industrialise Brazil by building the huge CSN steel complex on the site of a half-dilapidated coffee fazenda (farm). Vargas's modernist fantasy projected onto Volta Redonda transpires from the speech he made when visiting the UPV in 1943:

This industrial town will be the mark of our civilization, a monument to the potential of our people; the evidence that will disperse any doubt or anxiety about our future and will establish a new way of living and a new mentality . . . The country that was semi-colonial agrarian, importer of manufactured goods and exporter of raw materials will be able to assume the responsibility of an autonomous industrial life. (Morel 1989: 48)

Despite Vargas's hope that CSN would modernise the nation by making it industrially self-sufficient, the company remained under regionalists powers, was managed by an industrial bourgeoisie moulded in the authoritarian style of the rural elite and was considered as much a rural fazenda as an industrial business until it was privatised in 1992. Thus, the steel town's working class emerged from the entanglement of the forward-looking dream of industrial modernity and the backwards vision of rural elites, violent coronels and colonial and neocolonial powers. Indeed, to fully appreciate the lopsided history of Brazilian development, travellers ought to continue the bus ride behind Volta Redonda and stop at the majestic fazendas of the Fluminense region – in Vassouras, Barra de Piraí and Valença – which during the 'second slavery' were among the world's biggest coffee plantations, with hundreds of slaves and labourers, and today are run as tourist attractions by the same aristocratic families that once made up the elites of the Brazilian empire.

*Brazilian Steel Town* is solidly rooted in Marx's radical tradition of political economy, especially the critique of capitalist value, combined with an anthropological attunement to the cultural and phenomenological forms through which struggles between capital and labour take place in the everyday. I use steelmaking as a metaphor to explore the 'magmatic' relationships between capital and labour; the polymorph metamorphoses of value on the shop floor; the blurred boundaries between the factory, the township and the surrounding nature; and the ghostly existence of the subcontractors, cleaners and maintenance workers who move at the margins of the UPV. Although this book is situated in the disciplinary world of Western academia, its core concepts and issues originate from Brazilian sociology, anthropology and cultural theory. This book aims to offer a vision of twenty-first-century working-class life in Brazil, by threading together the micro- and the macro-political, the affective and the material and the ethnographic and the historical perspectives. Moreover, *Brazilian Steel Town* combines anthropology and political economy following a double movement – one of economicisation of politics and another of politicisation of the economy – in the tradition of Karl Marx, Peter Kropotkin and Rosa Luxemburg, who considered the economy as a 'total fact' (i.e. entangled in social relations); historically (paying attention to diverse histories and temporalities) and comparatively (i.e. in relation to the livelihood of often marginal 'others').

The political economy approach in anthropology (Roseberry 1988; Smith 1999; Wolf 1982) goes beyond 'mere' social analysis and sketches possible future scenarios of human-centred economies and

even of utopian socialism (Clastres 1974; Graeber 2004). Inspired by Marx's critique of political economy, *Brazilian Steel Town* is conceived as an ethnographic critique of capitalist economic categories. Indeed, there is a mounting movement calling for the discipline of economics 'to get real', leave behind its abstract and disingenuous assumptions about human behaviour and engage in long-term, grounded, critical and human-centred political economy by looking at those value forms that transcend the commodity form – concretely negating the abstractions of capitalism – and contribute to the reproduction of life.

In other terms, there is increasing awareness that the 'realism of capitalism' is a political construct and that economic theory is itself a form of social reproduction. Inspired by Theodor Adorno's negative dialectics, the political theorist Frederick Harry Pitts (2018: 110) argues that a critical approach to capitalism rests 'in the refusal to accept at face value the economic objective forms taken by congealed social relations in capitalist society, whilst at once working within this face value as long as it is the value refused'. Taking a feminist and Althusserian perspective, J. K. Gibson-Graham (1996) argue orthodox economics is an ideological discourse revolving around 'capitalocentric' and normalising – patriarchal, xenophobic, homophobic and racist – assumptions. Using a queering, discursive and ethnographic methodology, they map the 'diverse economies' – including co-operativism, informal labour and self-entrepreneurship – that coexist in the capitalist mode of production.

Similarly, the anthropologist Douglas Holmes (2013) describes economics as a top-down process of discursive 'framing' of reality by powerful global financial institutions (central banks and the IMF), which become a normalising social force that shapes the expectation of the public-at-large and adjusts its behaviours. His *Economy of Words* describes ethnographically the 'performative apparatus' of technical reports, forecasting models, public statements and published policy deliberations, through which bankers and economists construct linguistically and communicatively 'economic truths'. Likewise, Mitchell Abolafia (2004) looks at the micro-politics of the US Federal Reserve by analysing its members' 'framing moves' – that is, the efforts to influence the interpretation of information – within the competing ideologies of Keynesianism and monetarism.

The fact that corporations increasingly rely on anthropologists for their latest market trend forecasts and technological innovation, or that global financial institutions manage expanded anthropological networks to capture cultural content for their economic models,

(Holmes 2016) shows anthropology's potential to create new vocabularies, practices and models of political economy grounded in people's everyday livelihood and accessed through the anthropological practice of fieldwork, itself as a potential form of revolutionary praxis of research intervention. Anthropology can both politicise the economy – by showing its situated, contested and rhetorical performative processes – and economicise politics, highlighting how ideologies and structures of imagination are grounded in the materiality of everyday life. Politics and economics cannot be separated, as they are two combined and uneven movements inherent in human development. Anthropology captures the human roots of capitalism intended as a process of cultural construction of alterity that sustains the imperialist project of occupation and destruction of life and annihilation of 'the other'.

## CSN and Brazilian Extractivism

In this book, I discuss how Vargas's modernist dream – based on the entanglement between industrial modernity and agrarian backwardness and on the alliance between the *presidente* and the Brazilian 'people' – re-emerged under President Luiz Inácio Lula da Silva's neo-extractivist regime, and how this impacted a section of the Brazilian working class. I describe neo-extractivism as a particular form of *capitalism*, combining extensive commodity extraction, finance and large-scale state infrastructures, and associated with particular patterns of social relations of production, in the Marxist sense. I contend there has been a global shift in predominance from *exploitation* through wages of various forms to *extraction* through rents of various forms (Gago and Mezzadra 2017; Standing 2016). In this book, I look at how such a rentierist mode of production has materialised in Volta Redonda, one of Latin America's most important manufacturing and financial hubs.

Although my ethnography focuses on steelmaking, CSN's main source of income comes from iron ore extraction and logistics, so the firm is an engine of Brazil's neo-extractivist regime. Unlike other Latin American models of neo-extractivism, which are ultimately controlled by foreign capital (Veltmeyer and Petra 2014), the Brazilian model revolves around the alliance between the 'state investor', corporatist trade unions and the corporate sector. Using intensive commodity extraction to feed mass programmes of poverty reduction, the ruling Partido dos Trabalhadores (Workers' Party – PT) emancipated urban

and rural masses while keeping alive the power of the landed and financial elites. I test this hypothesis by looking at the articulation of social relations of production on the ground – in the UPV and the city of Volta Redonda. I argue neo-extractivism in Volta Redonda takes a conglomerate form, encompassing global logistics, mining, steelmaking and urban land speculation. I also argue the ‘internalisation of imperialism’ (Oliveira 2005) that followed the transformation of the state from developer to financial investor (Musacchio and Lazzarini 2014) generated a new exploitative labour regime in CSN based on extreme deskilling, precarisation and the flexibilisation of the *re-internalised* workforce.

Funded in 1946 by Vargas, Companhia Siderúrgica Nacional (National Steel Company) was the first independent national industrial complex in Brazil and the first modern experiment of a mixed economic enterprise. In the first half of the twentieth century, the state radically expanded its role as ‘entrepreneur’ in the electricity, hydroelectric, logistics, banking, insurance and social welfare and pension sectors through mixed economic corporations called state-owned enterprises (SOEs) also known as *autarquias* (autarchies). These were under private law but relied on an administrative public infrastructure that allowed them to retain a public interest agenda. *Autarquias* were de facto decentralised public services providers – of credit, social welfare and logistical management – aimed at de-bureaucratising the state. They were autonomous juridical subjects with administrative and financial autonomy but under state control (Venancio Filho 1968: 36).

Akin to the modern-day public-private partnership, they constituted a radical departure from the existing Brazilian civic code, which had only three forms of public juridical person: the union, the state and the municipality. Like other SOEs that mixed public infrastructures and private management and finance, CSN embodied Vargas’s ‘organicist’ view of the relationship between the state and the market, which defeated both classical liberal and Marxist conceptions. For Alfred Stepan (1988: 30), this mixture of planned economy, akin to communism, and capitalism is typical of Latin America:

Policy makers in Latin American commonly commit themselves to an intermediate statist model that is neither communist nor capitalist by replacing private initiative with overall public regulation in economic life, and at the same time, retaining the marketplace as a basic mechanism for distributing goods and service. They retain a system that is heavily dependent on entrepreneurial initiative and market flows, whilst at the same time, undermining both.

Moreover, CSN embodied Vargas's regime of *trabalhismo* (work-erism) based on a special relationship between the state and the working class achieved by linking citizenship rights to labour rights. In 1943, Vargas's Ministry of Labour and Employment created the *Consolidação das Leis do Trabalho* (Consolidation of Labour Laws – CLT), which continues to be one of the most comprehensive labour legislations in the world.<sup>1</sup> Among other things, the CLT establishes the workers' right to minimum wage, vacation, leave, professional training, housing, pensions and child benefits and regulates trade union affiliation, training and education. The sociologist Angela de Castro Gomes (1987) describes Vargas's workerist regime as 'occupational welfare', in which the working class achieved labour and civic rights within a framework of moral and legal dependency on the state. Moreover, she draws a stark contrast between the quiescence of the early Brazilian working class and how the early English working class emerged as a self-conscious political agent at the end of a long struggle led by different social strata in opposition to the state. The idea that the CLT produced a 'passive social revolution' is by shared by several Brazilian sociologists.<sup>2</sup>



**Figure 0.2.** Getúlio Vargas in CSN. Published with permission from the Instituto de Pesquisa e Planejamento Urbano (Institute for Urban Research and Planning).

Elsewhere, I argue this contrast between the early British and Brazilian working classes is based on an idealised version of working-class struggles in England<sup>3</sup> and a restricted reading of Brazilian working-class history (Mollona 2014). The quiescence of the working class had more to do with the fact that Brazil under Vargas was not an industrial democracy: it was still under the authoritarian rule of rural leaders, generals and the old coffee elite (French 2004). Moreover, the formal working class was, and continues to be, a small section of the working population mainly employed in the informal economy (Braga 2016; Singer 2018a). Unlike nineteenth-century capitalist England, the Brazilian labour regime mixed slavery and wage labour – a vast sub-proletariat and a small aristocracy of labour – so struggles for civic emancipation and struggles for economic redistribution went hand in hand.

In a country where 80 per cent of the population was below the poverty line, the ‘regulated citizenship’ promised by the CLT was ‘utopian’ (Cardoso 2010: 775). But such utopia could only be realised with the inclusion of rural citizens – 70 per cent of Brazil’s population – two-thirds of whom worked informally or under a regime of semi-slavery. However, because of resistance from rural elites, the new labour legislation excluded foreign, agricultural, informal and unregistered workers. Thus, by making the urban industrial worker the exclusive recipient of citizens’ rights based on the *carteira de trabalho* (work permit, on which occupational status was formally registered), the CLT de facto reproduced the previous regime of slavery for black, rural and informal workers. Indeed, without birth registration on their civic registers, rural workers were automatically excluded not only from formal employment but also from education, health benefits and the rights to vote and to property (Holston 2007).

For the sociologist Francisco de Oliveira (2005), Vargas’s work-erist legislation was meant to split the workforce between a small core of formal worker and a vast urban and rural lumpen, to disempower rather empower the working class and to decrease industrial wages. Indeed, since its establishment of the CLT, the minimum salary was constantly kept below subsistence levels. In other words, the pro-labour legislation of the *Estado Novo* (New State) forcedly implemented a capitalist labour market in Brazil not to develop a modern industry but rather to reproduce the previous system of slavery within the new industrial system (Singer 2018a: 21). Indeed, the immense scale of informal labour in contemporary Brazil continues to testify its peripheral condition vis-à-vis economies of the Global North and the marginality of its population, which, fluctuating in

and out of employment, continues to lack of political, labour and welfare rights (Braga 2016: 60).

CSN was the crown jewel in Vargas's policy of state-led industrialisation in the steel, oil, mining and infrastructure industries together with other SOEs such as Companhia Vale do Rio Doce (now Vale) funded in 1942, and Petrobras funded in 1952. These SOEs were run by highly educated engineers and military elite<sup>4</sup> – trained in US-style military academies – and supported by the landowning class. This technocratic bureaucracy had penetrated deeply in the Brazilian economy and formed a separate, centrifugal force within the state (see Martins 1974), which Guillermo O'Donnell (1973) describes as 'bureaucratic authoritarianism'. One of these semi-independent 'empires' (Treat 1983) was what is now the Banco Nacional de Desenvolvimento Econômico e Social (National Bank for Economic and Social Development – BNDES), set up in 1952 after the joint US-Brazil Commission called for the creation of a credit institution to finance the expansion of national infrastructure. In its early years, the BNDES focused on railroad modernisation and power generation and transmission. In the late 1950s, the bank began supporting the expansion of the steel and electricity sectors. From 1958 to 1969, half its funds went to the steel sector, so it became known as the National Steel Bank. In the 1960s and 1970s, the bank operated as a giant holding company for the steel industry.

Moreover, through its own investment bank, BNDESPAR, the BNDES had a double role of lender and controller of many national industries. Typically, the bank would start by financing minority portions of a company and later, through equity injections or convertible debt, become a majority shareholder. Through the BNDESPAR, the state became a minority – and, in several instances, majority – shareholder in several strategic industries, thus morphing from 'entrepreneur' to 'investor' (Musacchio and Lazzarini 2014). Since its reorganisation in the 1980s, the BNDES had moved from giving developmental support to public firms to implementing infrastructural projects, especially in the financial sector (Montero 1998: 34). Starting from this period, the bank functioned as the 'operational agent of the state' – but with autonomous budget and organisational structure – and as the main force behind the 'statitization of the Brazilian economy' (Musacchio and Lazzarini 2014: 89).

Through the BNDES, the state expanded control over powerful national conglomerates, such as the construction company Odebrecht,<sup>5</sup> and renationalised Petrobras and Oi (previously Brasil Telecom). During the PT administration, Petrobras became the

fourth largest oil company in the world. Aldo Musacchio and Sergio Lazzarini (2014: 99) describe the Brazilian state as a 'leviathan'. In 2009, there were forty-seven public companies in which the federal government had majority shares, with assets worth \$625 billion, and five of these were state-owned holding enterprises that controlled sixty-eight subsidiaries. As a result, 'the federal government in Brazil had almost three times the assets under management (AUM) of the Government Pension Fund of Norway, the world's largest sovereign wealth fund, with an AUM close to \$500 million in 2009'. But, pace Musacchio and Lazzarini, such a model of state capitalism has nothing to do with socialism or with public control over private business. Instead, it reflects the interests of a narrow industrial and banking elite and of foreign capital that have occupied the state since the *República Velha* (Old Republic).

The role of industrial entrepreneur of the Brazilian state started with João VI (the Portuguese prince and future king of Brazil) who was keen to break Brazil's dependent development on coffee, sugar and rubber monocultures and commodity exports controlled by European capital. João supported the steel, iron and silk sectors through exemption duties on imports of raw material, high taxes on commodity exports (40 per cent) and direct subsidies. In the *Código Brasileiro* (Brazilian code) of 1811, João described these measures as 'free gifts to the capitalists from the state'. His vision of autarkic and independent national industry was vindicated by the crisis of the coffee economy in the 1870s, and the financial collapse of the landowning class sparked by the end of slavery.

By the mid-nineteenth century, there were more than sixty-four national industries in Brazil and a powerful industrial association founded as early as 1880. In the 1900s, the state withdrew support to coffee growers and increased support to the steel and mining industries – half of which were controlled by fazendeiros (Luz 1978: 48; Villela and Suzigan 1973: 124). It was under Getúlio Vargas's *Estado Novo* that the national industry boomed, associated with import substitution policies, so that Brazil could follow in the development path of 'the developed nations' and become economically self-sufficient. Vargas's industrialisation plan could not have succeeded without support from the United States and the landed elites, who made sure industrialisation would not turn into a fully-fledged bourgeois revolution (Fernandes 1975). Thus, the model of state-led industrialisation under the control of agrarian elites established in the early empire and reproduced under Vargas's *Estado Novo* turned out to be the blueprint of Brazilian development.

The turning point for the current model of state capitalism was the radical programme of privatisation of the early 1990s, including of CSN, which I describe extensively in chapter 5. In the privatisation process, the BNDES acted once again as the operational agent of the state and through the BNDESPAR purchased minority stakes in the privatised firms thus, putting the state in control, often through a system of expanded and invisible web of pyramidal and cross-participations, of several strategic steel firms (Musacchio and Lazzarini 2014). The privatisation of CSN in 1992 turned it from being a traditional steelmaker into a conglomerate operating in the finance, logistics and mining sectors. Paradoxically, it was with privatisation that the state gained control indirectly – that is, by controlling the Grupo Vicunha (Vicunha Group) of CSN – and turned into one of its extractivist arms.

The privatisation of CSN transformed it into a typical ‘national champion’ with a conglomerate and internationalised structure, vertically integrated and diversified into logistics, extraction, finance and steelmaking. Characteristic also of China, India and South Korea, conglomerates are considered the ‘developmentalist’ alternative to the flexible, flat, dispersed and highly financialised capitalism in the north (Goldstein and Ross Schneider 2004; Amman and Nixon 1999). Conglomerates are said to perform particularly well during economic crises because they provide internal credit and mechanisms of internal transfer of the workforce instead of lay-offs. On the other hand, Latin American conglomerates are said to be hierarchic and ‘despotic’ (Schneider and Soskice 2009). Indeed, the hyper-centralised and verticalised post-privatisation structure of CSN reflected the despotic regime of the new owner, a magnate whose main business is the textile industry.

Moreover, privatisation led to what Oliveira (2005) calls ‘the internalisation of imperialism’ (via the BNDES) leading to the metamorphosis of national debt dependency on foreign companies into working-class debt dependency on the state. As for other contexts (from post-communist Poland to Chile in the 1980s), privatisation in Brazil was branded as a form of ‘people’s capitalism’. The minister of finance of the time, the famous world dependency theorist Fernando Henrique Cardoso, considered privatisation a tool of ‘emancipation of the periphery’. I show in chapter 5 that privatisation in fact used mostly working-class savings – in the form of pension funds and the Fundo de Amparo ao Trabalhador (Worker Support Fund – FAT) – to reproduce existing monopolistic powers while fending off foreign investors. Thus, the privatisation of CSN not only broke the workers’

movement in Volta Redonda and nationally (Graciolli 2007). It also used working-class money to subsidise the banking and industrial bourgeoisie.

The FAT was created with the 1988 Constitution of the Federative Republic of Brazil, which earmarked 60 per cent of it for unemployment insurance and the remaining 40 per cent for the BNDES to finance development programmes. By 2006, the FAT was responsible for 67 per cent of the disbursements of the BNDES, amounting to more than \$100 billion in 2010 (Zibechi 2014: 47). Pension funds were created in 1977 by the military regime. In 2001, President F. H. Cardoso passed Law 108, allowing union members to manage the funds. Cardoso believed workers' participation in the management of pension funds would boost the economy and open it up to popular forces. But it was under the Lula administration that the privatised system of pension funds and the FAT came to dominate the Brazilian economy.

The popularisation of financial capitalism via pension funds was already part of Lula's first electoral manifesto. From 2003 onwards, unionists, especially those associated with the confederation Central Única dos Trabalhadores (Unified Workers' Central – CUT), created their own pension funds, began to frequent business milieus and even joined the board of the Bolsa de Valores de São Paulo (São Paulo Stock Exchange). Raúl Zibechi (2014: 41) estimates the 2010 pension fund assets in Brazil reached \$300 billion, 16 per cent of Brazil's GDP, becoming the largest institutional investor of the country. In 2010, the PT controlled fifteen pension funds, including Previ, Petros and Funcef, which are among the world's biggest. For instance, Previ is ranked twenty-fifth in the world, controls seventy Brazilian companies and owns shares, some of which are majority, in Vale, Embraer, Petrobras, Usiminas, and Gerdau.

In Lula's second administration (2006–2010), the link between the government, the banking elite and the industrial elite and the BNDES strengthened further so that 'financial accumulation now occurred mainly in the state realm'. The state-led financialisation of the economy turned ex-workers – 'the hard core of the PT' (Oliveira 2006: 23, 25) – into pension fund operators and powerful public managers in control of private conglomerates such as Vale. These ex-labour-activists-turned-public-fund-managers constituted a new financial class (Zibechi 2014: 147; Boito 2007: 117). The ruling PT also strengthened further the influence of the BNDES, which today is the biggest development bank in the world with investments representing 7 per cent of Brazil's GDP. The BNDES and pension funds will account for 40 per cent of Brazil's GDP by 2024.

Moreover, Lula consolidated his model of 'developmentalist extractivism' based on, according to Maristella Svampa, 'large-scale enterprises, a focus on exportation and a tendency for mono-production or monoculture. Its emblematic figures are strip mining, the expansion of the petroleum and energy frontiers and the generalization of the agribusiness model (soy and biofuel)'. According to Svampa, neo-extractivism is in need of continuous expansion and hence is tied to citizen consumption, overdevelopment of state infrastructures and 'an imperialist mode of living' (2017: 66, 67). In 2008, Lula launched the Programa de Aceleração do Crescimento (Growth Acceleration Programme – PAC) a four-year investment programme with a budget of R\$291 billion (23 per cent of the GDP) concentrated in the infrastructure and energy sectors. The second phase (PAC 2) included the construction of fifty-four hydroelectric plants, with dams to be built mostly in the Amazon basin.

CSN has a central role in the neo-extractivist developmentalism of the Brazilian state. The firm controls important mines, forests and logistical nodes, such as the Port of Sepetiba, which provides access to the global maritime trade. Besides, CSN owns the operator of the Transnordestina railway – a 1,700-kilometer line connecting the state of Rio de Janeiro with the northern states of Ceará, Maranhão and Piauí. Once completed, the line will connect all the major ports and oil refineries in the states of Rio de Janeiro and Espírito Santo and carry commodities such as soy, corn, iron ore and gypsum from the Piauí north to the Port of Pecém and east to the Port of Suape, and from there be shipped to China, Brazil's main export market.

The Transnordestina railway displaced millions of small farmers in Brazil's notoriously poor Região Nordeste (Northeast Region). But at its launch in 2006, Lula described the R\$11.2 billion (\$3.53 billion) Transnordestina project as a miraculous tool of development for the rural masses. Although CSN agreed to inject R\$3.6 billion in the project in 2016, the railway is largely funded with BNDES and federal money. In turn, CSN greatly benefits from the infrastructural expansion of the state. For instance, PACs boost the internal market for steel, which in 2010 constituted 80 per cent of the steel revenues of the company. Moreover, the government's funding of the mining industry through the BNDES and the softening of environmental restrictions<sup>6</sup> boosted CSN mining revenue, which in 2010 was R\$1.2 billion, the highest income generated in the group.

Linked to this extractivist model is the internationalisation of Brazilian companies, which Virginia Fontes and Ana Garcia (2014) describe as 'imperial capitalism'. As for other emerging economies,

the internationalisation of Brazilian capital and the dominance of Brazilian firms were boosted by the economic crisis of 2007–2008. According to the Boston Consulting Group (Bhattacharya et al. 2013), Brazil has thirteen companies in the ‘global challengers’ list, behind only China and India, in addition to its already established global conglomerates such as Vale and Petrobras (Fontes and Garcia 2014: 209). The main regional focus of the ‘sub-imperialist expansion’ (Zibechi 2014) of Brazilian conglomerates in the oil, gas, mining, hydroelectric, ethanol, cellulose and construction sectors are the northern and Amazonian regions and Latin America, where corporate expansion has taken the form of brutal ‘expulsion’, land grabbing and paramilitary violence (Sassen 2014: 99). Indeed, Lula’s renationalisation of Petrobras was largely driven by his intention to turn the energy complex into a global ethanol producer and protect this strategic sector from competition from the United States.

In this book, I discuss how the workers of Volta Redonda negotiate the social and economic regimes associated with the extractivist state. I argue there is a structural coupling between Brazil’s dependency in the global economy, in the car, steel and IT sectors, and the strategies of accumulation by dispossession by CSN based on rent seeking, commodity export (mainly iron ore) and a precarised working regime. In 2008, the metalworkers of Volta Redonda thought of themselves as capitalists. But during my fieldwork, they struggled with unemployment, debts and declining purchasing power.<sup>7</sup> With a powerless Sindicato dos Metalúrgicos do Sul Fluminense (Metalworkers’ Union of Sul Fluminense – SMSF), conservative evangelical organisations and loose business-citizens’ platforms increasingly took up the struggles of the *metalúrgicos* (metalworkers). Seeing their bourgeois lifestyle waning, the metalworkers were resentful towards the PT and the upwardly mobile poor with precarious jobs in retail, IT and service sectors or in the tertiarised manufacturing industry. They would often blame these ‘new rich’ for ‘milking the system’ either by having jobs on the side while also receiving benefits from Bolsa Família (Family Allowance) or by applying to the Minha Casa, Minha Vida (My House, My Life – MCMV) subsidised housing programme without qualifying for it. Given the racially segmented occupational structure of Volta Redonda – the black community is employed in precarious sectors or as subcontractors in the manufacturing industry – these off-the-cuff remarks about the new rich were intrinsically racist.

Paradoxically, right-wing President Jair Bolsonaro had a big following among the evangelical community in Volta Redonda, rooted

predominantly in poor and black bairros (neighbourhoods). But his racists and homophobic remarks during the 2018 electoral campaign appealed mainly to the lower middle class of Volta Redonda – entrepreneurs, commercial families and the working class disillusioned with the PT – which voted for him (Mollona 2018b). Another section of the working class – informal and tertiarised workers in the service and building industries – faced a similarly harsh employer: the municipality of Volta Redonda and illegal contractors, who exploited their labour in the desperate attempt to survive in the shadow of the UPV. A third section of the working class – tertiarised industrial workers, IT workers and autoworkers – experienced first-hand the harsh tertiarisation regime by big national and foreign corporations. Their struggles against labour deregulation took the form of regional alliances (characterised by a mixture of business pragmatism) and social justice activism, strengthened by the legal principle of subsidiary responsibility.

Moreover, I show the trade union's factory-based struggles, the land activism of civic coalitions and the legal and the business activism of the new working class were different strategies of labour struggle happening at different state levels and reflecting historically and geographically diverse trajectories of capitalist development. These different working-class constituencies – the *metalúrgicos*, autoworkers, pensioners, cleaners, builders and other disenfranchised workers – were part of the same undifferentiated and magmatic centre ('Class C') that brought together conservative and progressive forces thus, complicating the traditional opposition between labour and capital, and creating a fragile political equilibrium that collapsed with the economic crisis.

### *Lulismo*

At the beginning of my fieldwork in October 2008, I was reading *The Economist* at Heathrow Airport waiting to embark on the flight to Rio de Janeiro. The magazine's front cover showed the *Cristo Redentor* statue shooting into the sky like a rocket and the title 'Brazil is taking off'. A few months later, the news of the momentous financial crisis in the United States reached Brazil as some exotic epidemic the country seemed immunised from. Amidst global recession, the country was growing at a rate of 8 per cent, and the real currency was getting stronger, thus allowing millions of Brazilians to buy foreign white goods, travel worldwide and embrace the middle-class way of life.

In the G20 meeting in Washington, DC, that year, President Lula da Silva (2008) addressed the finance ministers and central governors from the Global North with a damning assessment:

The crisis started in advanced economies. It is a result of the blind belief in the market's self-regulation capacity and, by and large, of the lack of control of the activities of financial agents. For many years, speculators have made excessive profits, investing money they did not have in miraculous business. We are all paying for this adventure. This system, just like a card castle, collapsed and killed the dogmatic faith in the principle of no government intervention in economies.

Indeed, because of state regulation, Brazilian pension funds had been relatively untouched by the financial crisis. In addition, the Lula government had instituted a 2 per cent tax on capital inflows and passed a law that earmarked 20 per cent of pension funds towards productive investments, especially infrastructure. Brazil had just won the bid to host the World Cup in 2014, and photos of Lula holding the trophy went viral on social media and in national newspapers. No doubt about it – I had arrived in Brazil at the apex of *lulismo* (Lulism).

Indeed, the working-class experience in Volta Redonda cannot be reduced to the political economy of neo-extractivism. The charismatic personality of ex-president Lula had a huge impact on working-class politics, and not a single day passed during my fieldwork without Lula being mentioned by friends and acquaintances. André Singer (2012: 14) describes *lulismo* as the encounter between a style of government (i.e. redistributive populism) and a class formation, the sub-proletariat. Lula's redistributive populism empowered the sub-proletariat and the rural masses – the historical social formation that emerged from slavery – while maintaining the power of the industrial and financial elites. Economically, it combined high interest rates, overvalued currency, programmes of poverty reduction and wage increases for the lowest section of the working class.

The PT's ascent to power and its consolidation up until 2013 was largely the result of two political shifts: (1) the overwhelming support by the poor communities in the rural Northeast and (2) the transformation of the top echelons of the trade union into a new financial class. The lumpen's overwhelming support reversed Brazil's historical trend. In the 1990s, the poorest section of society supported the neo-liberal policies of Cardoso and voted against Lula – being suspicious of the Left, particularly its disruptive strikes and liberal values, for instance, on abortion or women's and blacks' rights. Then, it was students, public functionaries and the educated middle class

in the South that supported Lula. In the 2006 elections, the situation had reversed – 55 per cent of the super-poor and those up to two minimum wages had voted for Lula, whereas 65 per cent of the richest section of the population voted for the centre-right candidate of the Partido da Social-Democracia Brasileira (Brazilian Social Democracy Party – PSDB). Relying on the ‘extremes’ – the extremely poor and the financial elite – *lulismo* was intrinsically precarious (Braga and Purdy 2018; Singer 2012) and even ‘schizophrenic’ (Braga 2016).

Oliveira (2005) describes the incorporation of the financial elite within the state controlled by a working-class party ‘hegemony in reverse’. He argues such a contradictory power bloc reflects Brazil’s peripheral capitalism – a mixture of technologically advanced and precarised IT sector, outdated manufacturing industry and vast informal economy and precarious labour – which he describes as a ‘duckbilled platypus’ (half-mammal, half-bird). During his two administrations, Lula massively increased the minimum wage;<sup>8</sup> set up Bolsa Família, a radical programme of poverty reduction; democratised credit and popularised and ‘moralised’ stock market capitalism (Jardim 2009) developing financial and housing markets for the poor (Ricci 2010: 35–42).

Because of these anti-poverty and pro-labour economic policies, the population below the poverty line decreased from 28.5 per cent in 2003 to 16 per cent in 2008 (Fishlow 2011: 105), and the Brazilian middle class, or Class C, boomed.<sup>9</sup> In a 2012 interview with the *Financial Times*, Dilma Rousseff claimed: ‘This, I think, is a very important gain for Brazil – that is, to transform itself into a middle-class population. We want this; we want a middle-class Brazil’ (Leahy 2012). Indeed, since Brazil’s PT took power in 2003, more than forty million Brazilians joined the middle class, including, in income terms, the working class.<sup>10</sup> As of 2015, Class C Brazilians accounted for 53 per cent of the country’s population (Pearson 2015).

Yet, for Marcio Pochmann, the notion of ‘Class C is a myth’ (2012: 25). His statistical analysis shows the Brazilian ‘middle class’ barely makes it above the poverty threshold. Its occupations are as precarious as those of informal workers and the poor newly entered in the job market. For Pochmann, the Brazilian Class C is the increasingly marginalised and precarised working class – employed in call centres, fast food restaurants, banks or supermarkets with flexible and precarious contracts – which expanded the most during the second Lula administration. The precarisation of the middle-class is a global phenomenon (Banerjee and Duflo 2008), but according to Marcello Neri (2011), there is a special porosity between the lower middle class

and the working class in Brazil. For instance, a 10 per cent increase in retail prices in 2013 hit the working class hard. Most working-class families struggled to pay for mortgages and for food and basic services. But the middle class was hit even more violently by the rise in the costs of services. The series of demonstrations that shook the Rousseff government in 2013 had a strong anti-inflation component shared by both the middle and working classes.

During the devastating economic crisis of 2015, 3.7 million people were displaced from Class C and entered the ranks of the new poor (Singer 2018a: 30). Today, the wealthier classes A and B – 33 per cent of Brazil's population – account for 60 per cent of spending growth in Brazil, while Class C accounts for only 33 per cent (Pearson 2015). In his first term, while pushing pro-labour policies, Lula continued to appease the financial community by keeping interest rates among the highest in the world (Braga and Purdy 2018)<sup>11</sup> and massively appreciating<sup>12</sup> the real, which increased industrial unemployment and boosted mass consumption among the poorer classes also facilitated by new forms of cheap credit (*crédito consignado*). Because of Lula's early pro-labour policies, the social state spending rose to 23 per cent of the GDP, which led him to cut welfare expenses and deregulate the labour market in his second term. From 2003 to 2005, the minimum salary grew by 6.8 per cent but by only 1.5 per cent from 2015 to 2016 (Carvalho 2018: 20). Moreover, about 94 per cent of the jobs created during the Lula and Rousseff administrations are low income (below 1.5 minimum wages) and concentrated in nonindustrial sectors such as retail, construction work, transport and general service (Pochmann 2012); 60 per cent of these involve young people (18–24 years old), mainly women and ethnic minorities. In 2012, low-income and casualised labour and informal and unremunerated work made up 55 per cent of the labour market.

The sociologist Ruy Braga (2016) describes *lulismo* in terms of a 'schizophrenic' dualism between policies that formalised employment and decreased occupational precariousness for informal workers and the lumpen on the one hand, and policies that increased the flexibilisation and precarisation of formal labour on the other hand. The precarisation of wage labour had a deleterious impact on the traditional working-class occupations, as demonstrated by the exponential rise of turnover rates and industrial accidents in traditional industries.<sup>13</sup> In terms of party structure, Lula put an end to the PT's consensus-based and horizontal structure, centralising it, bureaucratizing it and excluding the grassroots movements that propelled it to power, especially the Movimento dos Trabalhadores Rurais sem Terra

(Landless Workers' Movement – MST) (Wainwright and Branford 2006) and transformed the trade union movement into a 'bourgeois state formation' (Braga 2016: 70) involved in private-public partnerships, pension fund management and corporate banking. Moreover, *lulismo* involved a specific discursive shift. In his first term, Lula addressed his people (*povo*) as 'working class'. In his second term, he took the distance from his image of working-class leader and presented himself as a champion of the poor. Thus, discursively, he turned the class conflict between left and right (the PT's traditional focus) into a conflict between poor and rich mediated through his personal charisma. Lula's transformation into a populist leader alienated the base of the PT, which traditionally opposed populism (Singer 2012).

Yet, in a country where the formal working class constitutes a small minority within a much broader dispossessed population, populism does not imply the veering away from class issues. Instead, it may mark the emergence of a new form of class articulation that extends to the more marginal constituencies (Singer 2018a: 20). In this sense, the historical legacy of Brazilian populism reflects the entanglement between industrial development and backwardness. Indeed, against the common claim that the Brazilian political system is extremely fragmented (Mainwaring 2018), Singer (2018a: 23) argues that at least since Vargas's *Estado Novo*, Brazilian politics has been characterised by a clear-cut bipartisanship between a conservative party representing a small middle-class elite and a liberal party representing Brazil's vast rural and urban underclass with a clientelist party of the rural elites acting as mediator. In the past forty years, such polarisation was between the PSDB and the socialist PT mediated by the clientelist centre-right party Movimento Democrático Brasileiro (Brazilian Democratic Movement – MDB). By incorporating the MDB inside his governmental coalition and luring the financial class, Lula depolarised his administration and stepped into the electoral ground of the 'the party of the rich'.

Starting from his personal trajectory – a poor *nordestino* (northeasterner) and ex-metalworker who became Brazil's president – Lula perfectly incarnated such polarisation between wealth and poverty, as well as the contradictions and limitations of any attempt to go beyond it. At the time of my fieldwork, inequality was decreasing nationally, and labour incomes were converging towards a median just above the poverty line. But such convergence hid a deep political instability. The upwardly mobile poor overwhelmingly supported the government, whereas the downwardly mobile casualised working

class I describe in this book, and the impoverished precarious public workers (lecturers, bankers) and service workers (teleworkers) – the lower Class C – strongly opposed it.

In chapter 2, I show the waged workers of CSN were largely disaffected with *lulismo* because they were badly hit by the labour deregulation and wage decline during the PT's second administration. A big portion of line leaders, operative workers and the affluent *mineiros*<sup>14</sup> of the operative departments, considered themselves Class C, had an individualistic and middle-class mentality that prioritised lifestyle over occupational identity and were strongly critical of the PT's turnaround from being a working-class party to being aligned with the financial elites. Among them, second-generation workers – now close to retirement – had supported Cardoso over Lula in the 1990s and were now affiliated with the conservative MDB and the Força Sindical (Union Force – FS) trade union confederation. These disaffected *metalúrgicos* had developed an anti-*lulista* stance and voted Bolsonaro against Fernando Haddad in the 2018 elections. Surprisingly, the leadership of the Metalworkers' Union supported Bolsonaro, too.

A second group of employees, consisting mostly of unskilled workers, identified with the populist tradition of the Partido Democrático Trabalhista (Democratic Labour Party – PDT), the working-class party funded by Leonel Brizola, to revive the legacy of Vargas's Partido Trabalhista Brasileiro (Brazilian Labour Party) particularly, its workerist, developmental and corporatist vision. Some skilled engineers and operatives identified with this vision, too, which they felt constituted the real core of the PT and which was endorsed more forcibly by Rouseff and Minister of Finance Guido Mantega after 2010. Third, younger workers who entered the company under the current 'authoritarian' regime were more politically militant against the company and the government and affiliated with the radical Partido Socialismo e Liberdade (Socialism and Liberty Party – PSOL), which was gaining support among precarised waged workers, including university and schoolteachers, IT, service and retail workers. In 2005, disaffected with the PT's first term in power, the PSOL and the Partido Comunista Brasileiro (Brazilian Communist Party) broke away from the PT (Wainwright and Branford 2006).

The only working-class constituencies that supported the PT were the cleaners, informal workers and builders I describe in chapter 6 who, coming from extremely poor backgrounds, benefited from Lula's Bolsa Família and the regulation of outsourced labour pushed by the PT in the 2000s. It helped that the PT in Volta Redonda was represented by Cida Diogo, a charismatic general practitioner who

led important environmental struggles against CSN in poor neighbourhoods for more than thirty years. Many top CSN managers supported Lula, too, for his imperialist expansion in Latin America, the militarisation of the national soil against foreign investors and the financialisation of the steel industry through the BNDES.

These diverse attitudes towards Lula – the *metalúrgicos* and middle managers criticising him, and precarious workers and top managers supporting him – reflected the broader economic scenario. CSN was losing money as a steelmaker – its losses were offset by profits in the mining division in Congonhas (Minas Gerais) and by financial returns – and cutting down investments and personnel in Volta Redonda. In parallel to the trajectory of deindustrialisation, new jobs were being created every day in the shopping centres, retail shops, private medical clinics, IT centres and call centres spreading all over steel city. These jobs were extremely precarious and short term, especially after President Michel Temer introduced the new ‘interim’ contract of employment in 2017. Paradoxically, the booming service and leisure industries were being fed with the household debts of the steelworkers. For sometimes it seemed precarious service workers had become affluent Class C, too. Endorsing the middle-class lifestyle of the metalworkers, they bought heavily subsidised cars, televisions and even homes.

Towards the end of my fieldwork, when the first signs of the collapse of the commodity boom emerged and CSN dismissed workers en masse, cleaners, tertiarised workers and residents of poor bairros were hit so hard by spiralling household debts, house repossessions and unemployment that they finally turned against the PT and the Metalworkers’ Union, too. This is when the hegemony of the PT finally collapsed. At the national level, such re-articulation of impoverished lumpen and casualised and precarised wagedworkers led to the extraordinary resurgence of working-class militancy in 2013, which combined ‘the *political struggles* of the urban precariat in defence of their social right, and the *economic struggles* of the formal working class for better working conditions and salaries’ (Braga 2016: 63; Mollona 2018a). In Volta Redonda, it was the most impoverished section of the working class – women cleaners, garbage collectors and tertiarised service workers – that led this struggle.

In chapter 3, I show the spatial dimension of class struggles in the context of the broader dynamics of financialisation and decentralisation of the economy started with democratic constitution in 1988, when municipalities became both indebted economic subjects and autonomous political subjects. The class struggles of the 1980s combined

factory and urban activism around the 'land issue'. In the 1990s, these struggles polarised in the particularistic factory-based actions of the metalworkers on the one hand, and the Right to the City movement of the Volta Redonda municipality and marginal constituencies on the other. When the financialisation of the Brazilian economy hit the ground in Volta Redonda (from the 2000s onwards), the focus of class struggle shifted from the factory and the city into the regionalist economic and environmental platforms involving municipalities, trade unions, regional businesses, wealthy landowners, global carmakers and the *metalúrgicos*. In this context, the Sul Fluminense regional alliance acted both as a powerful anti-systemic force against the São Paulo region controlled by the ruling PT and as a new global capitalist network.

In chapter 4, I show how the Metalworkers' Union embodied the multifaceted dimension and deep contradictions of *lulismo*. Politically, most CSN workers and Metalworkers' Union leaders considered themselves 'more left-wing' than the ruling PT and openly criticised Lula for endorsing neo-liberalism. Yet, the union endorsed financial capitalism, too, operating like a financial and legal service provider while also being involved in social unionism and local activism. Subscribing to Lula's ideology of people's capitalism, the central branch of the Metalworkers' Union functioned as a transmission belt of national policies of democratisation of credit and financialisation of working-class households typically, through MCMV. Moreover, reflecting the depolarisation of class struggle taking place within the governmental coalition, the SMSF incorporated the centrist and populist PDT, MDB and FS inside its leadership and cut links with grassroots urban movements (neighbourhood associations, women's organisations, the MST) and with the precarised automotive, civic construction, service and informal sectors workers. In discursive terms, trade union leaders followed *lulismo* in 'moralising capitalism' using the same workerist Christian language Lula inherited from his early Catholic militancy.

In chapter 5, I show how a large portion of CSN workers, especially those who did not belong to the aristocracy of labour, endorsed Cardoso's and Lula's vision of 'stock market capitalism' as an instrument of democratisation of the economy and bought stocks of the company, private pensions and bonds, thinking of themselves as capitalists rather than workers. On the other hand, those CSN employees who opposed privatisation and worker-led financial capitalism retreated into an increasingly productivist, sectionalist and factory-based stance. Throughout this book, I will

explore these multiple dimensions of the working-class experience and fragmentation – between *lulismo* and anti-*lulismo*; anti-capitalism and imperialism; neighbourhood-based and factory activism; productive and speculative class identities and between nationalism and regionalism.

## Fieldwork

The idea of doing fieldwork in Volta Redonda came while discussing my Sheffield research with a Brazilian colleague. We were both intrigued by the comparison between the two steel towns. Deindustrialisation in Sheffield had been so radical because Prime Minister Margaret Thatcher's programme of privatisation and industrial closures was meant to destroy the British working class, which the English bourgeoisie always held in great contempt, also because of its Darwinian view of the market economy as a healthy process of destruction of weaker forms (i.e. in its view, labour) and survival of stronger ones (i.e. capital). During my fieldwork in Sheffield, mainstream media and MPs described the ongoing closures of the steel plants with a fitting botanical metaphor – as a process of pruning of dead branches and of mutilation for the purpose of social and economic regeneration aimed at developing a healthier post-industrial landscape.

My hypothesis was that Brazil lacked such extreme market and anti-labour ideologies because of the country's strong tradition of developmentalism and *trabalhismo*, as well as its already over-extended labour reserve army, which could not be stretched further without breaking the system. Besides, because of the structural entanglement between finance, industry and landownership, Brazil's transition into post-Fordism was highly unlikely. But my comparison was not intended to highlight the differences between post-Fordism in the core and developmentalism in the periphery. Instead, I wanted to understand their articulations in space and time. As the world's capital of finance, the United Kingdom could afford to close down its less profitable and more polluting industries and buying commodities and semi-manufactured goods on the world market, whereas Brazil is stuck in its historical role of exporter of raw material and primary and semi-finished goods and as provider of cheap labour and land to foreign multinationals localised in the country.

Indeed, Brazil's relationship with dependent development vis-à-vis Britain started in 1808, when the British Navy escorted Prince Regent

João from Lisbon to Bahia, helping the Portuguese royal family to establish its court in the tropics, and continued through British control of the Brazilian cotton trade in early nineteenth century, the coffee and iron industries in the twentieth century, the national electricity infrastructure in the 1940s and through various forms of direct and indirect investments today. Besides, British Protestantism and the Victorian bourgeois values of self-interest and individualism were central in the 're-Europeanisation' of Brazil during the Old Republic (J. Souza 2017: 62). On the other hand, Sheffield and Volta Redonda can also be considered two similar 'world peripheries' where industry always remained subordinated to the interests of landed and financial elites. Indeed, after the global economic crisis of 2008, Sheffield was more of a world periphery than Volta Redonda – a forgotten land, abandoned by both finance and industry.

In 2008, when I arrived in Brazil, it seemed Lula's 'social-developmental' formula (Bresser Pereira 2017; Singer 2015, 2018a) – re-nationalisation of industries, controlled financialisation and social redistribution – constituted a tangible alternative to the deregulated capitalism in the Global North, which appeared to be on the verge of collapsing. Barack Obama's election to the US presidency, which I witnessed together with jubilant Brazilian colleagues at the Universidade Federal do Rio de Janeiro (Federal University of Rio de Janeiro), reinforced the impression that a new, post-neo-liberal order was emerging. The consolidation of the so-called pink tide in Latin America seemed to suggest this new global order had its epicentre in the Global South.

In Volta Redonda, I lived in bairro 60, a historical working-class bairro funded by CSN in 1946. My house was in road 60/2, bordering the vast Cicuta Forest and surrounded by lush hills where local residents hiding from CSN private police cultivated subsistence food (tomato, maize, courgettes, farofa) that made up a substantial part of their daily diet. This particular stretch of the road was poorer than the rest of the bairro and was inhabited for most of the day by children and women, while men nomadically travelled to and from their jobs. I hoped I could do in-depth ethnographic research inside the plant and even work there as I did in Sheffield. I hoped that in the tradition of the Italian operaist working-class enquiries, I could look at the relations between capital and labour at the point of production (Burawoy 1985). But, upon insistence of the management, my research inside the plant was initially limited to qualitative interviews with employees and managers twice a week, eight hours per day, mainly in the firm's productive departments. Towards the end of



**Figure 0.3.** The City Centre (© Massimiliano Mollona).

the fieldwork, I spent more time in informal conversations with the workers in the canteens, offices and break rooms.

During the rest of the week, I interviewed social activists, representatives from metalworkers' unions, cleaners and civic construction workers, community leaders, priests activists, labour lawyers, labour

judges, council workers, teachers and leaders of bairros and residents associations. Subsequently, as my informants became friends, I was actively involved in legal campaigns, pamphleting and direct activism. Besides, I occasionally lectured in primary and secondary schools in poor bairros and favelas and organised weekly meetings with workers during which we discussed books, poetry and newspapers articles. I also met workers at the swimming pool of the workers' club, at Samba nights and at feijoadas (a traditional stew of beans and pork) at my friends' homes on Sundays.

Ten months into my fieldwork, I inexplicably started receiving death threats. In the following months, my mobility was severely restricted. In December 2009, a year into my fieldwork, following the advice of Brazilian friends and colleagues, I left Volta Redonda. When I left Brazil, the economy was booming. President Lula had just finished his mandate with an 83 per cent approval rating – the highest in Brazilian political history (Marinho 2010). Yet, the political crisis of *lulismo* had been tangible throughout my fieldwork. During my subsequent visits to Volta Redonda in 2011 and 2012, I experienced the slow onset of the economic crisis, as CSN started to restructure and lay-off people and unemployment grew across all sectors. But I could not imagine the scale of the crash in 2015 when the economy shrunk by 3.8 per cent; unemployment rose to 9.5 per cent (38 per cent up from the previous year), wiping out three million jobs from the labour market; and informal labour peaked from 40 per cent to 51 per cent. Neither could I fathom the coup against Rousseff in 2016, the jailing of Lula just before the start of the 2018 presidential elections and the election of Bolsonaro to the presidency.

My last visit to Volta Redonda took place in November 2018 on the day Bolsonaro won. During the visit, I was deeply troubled by the extent of the political and economic crisis in Volta Redonda. For instance, back in 2008, my fifty-five-year-old friend Gerardo; his wife, Lara; and their son, Cassio, led a comfortable lifestyle – which included two cars, Cassio's expensive motocross hobby, Gerardo's regular fishing trips to Mato Grosso and Lara's weekly physiotherapies – out of the pension he received from CSN, while Cassio apprenticed for a subcontractor of CSN and his fiancée, Jane, worked at a homeopathy clinic. In 2018, they had moved out of Volta Redonda (which had become too expensive) to the 'dormitory town'<sup>15</sup> of Pinheiral. Cassio had been unemployed for three years and had married Jane, who quit her job because of the high costs of commuting. The family now lived off the extra income generated by renting out the flat in Volta Redonda and off Gerardo's pension. Unsurprisingly, the whole

family had shifted its political support from the PT to Bolsonaro in the 2018 presidential election.

Now under a conservative leadership, the Metalworkers' Union had supported Bolsonaro, too. Some of the historical leadership of social movements kept on struggling. For instance, Zezinho, the leader of the Movimento Ética na Política – Volta Redonda (Movement for Ethics in Politics – Volta Redonda) and of the Pastoral Operária (Workers' Pastoral) continued to organise weekly meetings in poor communities and to campaign against CSN on issues of employment, working conditions, industrial accidents and environmental pollution both in his parish and through his community radio. Beth, the leader of the women's movement, continued to raise consciousness among young women of poor bairros and to campaign against domestic violence; Renata, a nurse in the city council, kept on working on empowering young black women; Lincoln, the militant president of the planning department and a PT councillor in the 1990s, continued to be actively involved in legal proceedings against CSN's ownership of 25 per cent of urban land.

University lecturers continued to lead militant research on human rights, working conditions and labour activism against CSN and schoolteachers in poor bairros continued to use Paulo Freire's pedagogy despite its criminalisation under the new proposed Escola sem Partido (Nonpartisan School) legal framework.<sup>16</sup> A week after Bolsonaro became president, I took part in the event 'Thirty Years after the 1988 Strike' organised by the Department of Anthropology and Sociology of the Universidade Federal Fluminense (Federal Fluminense University). In the introductory speech in the packed lecture theatre, one of the lecturers said: 'We must remember the strike of 1988 not as we remember objects that end up in museums. We must take the memory of the strike with us every day and use it to understand what is happening in the present. In the light of the recent political election, this active sense of history is all the more important.' Given the heavy censorship that was falling upon Brazilian universities around the time of the elections, the lecturer's combative speech and lucid sense of history touched me.

Ten years earlier, in 2008, I had taken part in the twentieth commemoration of the strike, in a theatre in the Volta Redonda city centre. Back then, Brazil's economy and *lulismo* were riding high. But the mood of the commemoration was subdued and melancholic, as if the object of commemoration indeed pertained to a forever lost past. Why was the mood so combative and positive today? It has been argued that the military coup of 1964 was a reaction of the Brazilian

bourgeoisie to the rise of labour strikes and activism that followed the formation of the *ligas camponesas* (peasant leagues) in 1961 and the Comando Geral dos Trabalhadores (General Command of Workers) in 1962, and that the 'new trade unionism' of the 1980s was a form of labour re-articulation against the military-industrial complex solidified during dictatorship. Likewise, *bolsonarismo* arguably marked the resurgence of such military-industrial complex in response to the labour conquests achieved (for better or for worse) under the PT administration.

Can it be that the new combative spirit I witnessed in Volta Redonda reflected the beginning of yet another working-class articulation? Can it be that labour is already organising itself, already coalescing around a new form after its violent crushing by capital? These broader questions opened up at the end of my fieldwork. Indeed, how does one relate the experience of fieldwork to the structural articulation of capitalism in space and time? With what temporal delay do global and national political and economic events (crises, coups, inflation hikes, electoral successes and radical privatisations) impact everyday life, and in turn, what is the cumulative effect of local actions on the broader context? What can one's fieldwork say or do about capitalism, the relationships between core and peripheries and the future of labour struggles?

Was the political and economic crisis I observed in Volta Redonda in 2009 the consequence of the global financial crisis of 2008? Or was it a local process of deindustrialisation triggered by regional extractivist forces? Or was I observing yet a different process – namely, the political crisis of *lulismo*? And was this a national trend? Or was it part of the regional crisis of the pink tide? Or of the global collapse of 'progressive neoliberalism'? (Brenner and Fraser 2017). Doing fieldwork involves juggling several different dimensions – seeing behind the visual evidence, thinking across different temporal and geographical scales and continuously testing and reifying one's theory, in my case Marxism, vis-à-vis the complex social and political entanglements of everyday life. For instance, it was easy to dismiss the anti-Lula talks of the Metalworkers' Union directors as mere rhetorical exercises of a bourgeoisified section of the working class that was itself a state agent. But missing from that judgement were the invisible tensions between national and local union branches, between the Metalworkers' Union and the CUT confederation, between social movements and the PT and between Metalworkers' Union's active role in factory negotiations and its corporatist dependence upon the state.

Likewise, from a cursory glance at CSN and considering its dramatic visual impact on the surrounding city, it was easy enough to describe the firm as an obsolete and polluting steelmaker and Volta Redonda as a typical 'rust-belt city'. But such observation missed the vast and invisible economic ramifications of CSN in the city – its army of subcontractors, tertiarised workers and suppliers – and its national and international linkages, interdependencies and cross-participations across mining, logistics, finance, infrastructure and construction that make Volta Redonda both a traditional industrial steel town and a global financial and logistical hub. Moreover, beyond the 'evident' environmental and cultural differences – the lush nature surrounding the plant, the mellow vibe of political demonstrations or the dilapidated architecture of poor bairros – is the working class of Volta Redonda not the same as the working class in Sheffield, with its everyday struggles, precarious existence and enduring solidarities?

Doing fieldwork through a political economy framework entails a constant suspension of belief and of sensory experience, in the light of what happened 'before' and 'elsewhere' and for reorienting our actions and social relations in the present. In such combination of physical and analytical displacement, relational openness and self-discovery fieldwork, more than a methodology, is a political praxis. Unlike in Sheffield, where my fieldwork was immersive and I managed to 'blend in', I was always perceived, for better or worse, as a foreign researcher in Volta Redonda, perhaps also because of the defensive posture of the Brazilian working class at the time. I also struggled to get used to the claustrophobic atmosphere of the city and to the tentacular extensions of the plant – the fumes, the noises, the CCTV cameras and the private police – which seemed to follow me everywhere.

Yet, I was slowly captured by and immersed in the magical and surreal experience of living in the Brazilian steel town, walking and cycling in the shadow of the gigantic silhouette of the UPV, playing football by the carcinogenic mountains of coal dust, breathing benzene while jogging across misty yellow smokes, fishing diseased fish, shopping for groceries amidst loud furnace explosions and watchful CCTV cameras and drinking coffee in homes with no roofs, electricity or sanitation. It is this resilience of the families of Volta Redonda that my ethnography seeks to interrogate and to celebrate as a way to explore the condition of the working class in the twenty-first century. In Volta Redonda, I became absorbed in the reading of *Brazil: Land of the Future*, written by the Jewish Viennese poet and writer Stefan Zweig (1941) and published in Brazil the year of CSN's founding.

In the book, Zweig describes Brazil and Europe as being at the opposite ends of time and history. With its concern with history, tradition and authenticity, Europe is stuck in the past. In Brazil there is no history, origin or tradition – only an ‘ongoing transformation of everything’. Transformation is so ubiquitous that there is no standard time, and ‘hours have more minutes than in Europe’ (1941: 57). The future constantly leaks into the present. Moreover, unlike European and American capitalism, which create ‘dark, homogeneous and unnumbered masses’ and where the cultural and political homogenisation of the working class generates class conflict, the Brazilian working class is fluid, colourful and heterogeneous – ‘it expands outside the factories to include the *caboclos* of the Amazon, the *seringueiros* in the forest, the *raqueiros* in the plains and the *indios* in the impenetrable jungle’ (133).

Zweig and Vargas met several times during Zweig’s stay in Brazil. From their diaries, we know they liked each other, for they both considered the *Estado Novo* the future of decaying Europe. Vargas was particularly obsessed by the spectre of European communism and Zweig by that of Nazism. Their shared vision reveals the entanglement between industrial modernity in the Global South and the crisis and revival of the European project, played out in the phantasmatic space where exilic intellectuals, authoritarian dictators and the spectres/fetishes of the communist proletariat meet. With the growth of National Socialism, Zweig left Austria in the 1930s and, after a long stay in England in 1940, settled down in Petrópolis (not far from Volta Redonda), where Pedro II had established the royal court in the nineteenth century. In Petrópolis, Zweig (1943) wrote *The World of Yesterday*, an emotional memoir of the collapse of the Hapsburg Empire and of *Mitteleuropa*, with its cosmopolitan intellectuals, open cafe culture and international solidarities, because of the ascent of Nazism and the prospect of the Second World War. In Petrópolis, haunted by depression, Zweig committed suicide with his second wife, Lotte Altmann, in 1942.

As my fieldwork proceeded, I was struck by how Zweig’s exilic life resonated with my own experience. I too had abandoned old Europe at a moment of deep economic and political crisis, which in Italy had triggered violent right-wing movements, the ascent to power of Berlusconi and the multiplication of Mafia terrorist attacks on civilians. I too had moved first to the United Kingdom, lured by the hopes generated by the New Labour party of Tony Blair, and then to Brazil, following the trail of the ‘new’ Latin American socialism, embodied in the charismatic figure of Lula da Silva – whom several

of my interlocutors called 'the new Vargas'. Like Zweig, I too was hunted down and exhausted from chasing a future that never materialised and from the disappointment and depression generated by these crushed hopes. But as my fieldwork unfolded, I appreciated that the melancholic exilic space I was experiencing was not neutral. Instead, in it, my feelings and expectations for Brazil were partially implicated with a neocolonial gaze projecting Western ways of thinking and feeling onto the South. Aware of the affective drives and contradictory positionality in which it was produced, *Brazilian Steel Town* is also a silent reflection on my own past and on my hopes for the future.

## Notes

1. Despite the changes introduced under the Temer administration in 2017.
2. Viana (1955: 58) argues Vargas's workerist legislation led to a peaceful social revolution by offering three types of inclusions: within the firm, through the promise of stable employment; within the state, through compulsory union participation and corporatist decision-making structures; and within the social welfare.
3. The sociologist Ching Kwan Lee (2007: 12) makes a similar case in her analysis of labour protest in contemporary China.
4. For a discussion of the performance of military-trained managers in Brazil, see Musacchio and Lazzarini (2014: 133–140).
5. In 2017, the construction firm was at the centre of a major corruption scandal which led to the impeachment of both Brazilian President Dilma Rousseff and of Peruvian President Pedro Pablo Kuczynski and reverberated throughout Latin America
6. 'A committee of the federal senate in Brazil approved a Constitutional Amendment Proposal (PEC 65/2012) stating that no project should be suspended or cancelled once an [Environmental Impact Assessment] has been submitted. The proposal has been returned to the committee, but it could be released for a vote of the full senate at any time' (Ritter et al. 2017: 165). If approved, major infrastructure projects will be able to proceed regardless of their impacts on biodiversity, indigenous areas, traditional communities and conservation areas (Rocha 2016).
7. While the minimum wages at the low-end of the occupational scale (up to five minimum wages) had doubled during the Lula administration, theirs barely kept above inflation levels.
8. The minimum wage rose by 23 per cent during the first Lula administration. Rising wages accounted for 60 per cent of the fall in the Gini coefficient from 2001 to 2011. According to the Institute of Applied Economic Research (IPEA 2012), the Gini coefficient fell to 0.527 in 2011 from 0.595 in 2001. From 2001 to 2011, the income of the poorest 10 per cent of the population grew by 91 per cent, while that of the richest 10 per cent by just 16.6 per cent.
9. In Brazil, social classes are marked by letters and based on the household's gross monthly income. For instance, the Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics) defines Class A as above R\$15,760;

Class B, R\$7,880; Class C, R\$3,152; Class D, R\$1,576; and Class E as below R\$1,576 (Fujikawa Nes 2016). The relationship between income and classes is also represented in terms of the national minimum salary, which is currently R\$998 per month (as of April 2019).

10. Occupationally, Class A is composed of bankers, investors, business owners, major landowners, etc.; Class C, people who provide services directly to the wealthier groups (teachers, managers, mechanics, electricians, nurses); Class D, people who provide services to Class C (housemaids, bartenders, bricklayers, civil construction workers, small store owners, low-paid drivers); Class E, people who earn minimum salaries (cleaners, street sweepers, unemployed people).
11. Almost half the revenue was used to pay off national debt, and Brazil's four-largest banks earned profits in 2013 that surpassed the GDP of eighty-three countries.
12. R\$3.95 to \$1 in December 2005; R\$1.65 in December 2010 (Bresser-Pereira 2017: 312).
13. Braga (2016: 75) estimates the rate of tertiarisation of labour increased by 13 per cent per year from 1996 to 2010. In 2013, 12.7 million workers were tertiarised.
14. This appellation specifically refers to workers with provenience from the state of Minas Gerais.
15. The residents consist mainly of retired CSN employees who were laid off in the 1990s.
16. If passed, the law will illegalise discussing 'political subjects' in primary schools and universities.