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**BRAZILIAN POLITICAL CORRUPTION: AN ANALYSIS
OF THE CARDOSO-LULA-ROUSSEFF ERA**

by

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March 2018

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**BRAZILIAN POLITICAL CORRUPTION: AN ANALYSIS OF THE CARDOSO-
LULA-ROUSSEFF ERA**

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ABSTRACT

What explains political corruption in Brazil today? With the impeachment of the most recently elected president and the conviction for corruption and money laundering of a previous president, these national-level cases have been rigorously addressed. The Brazilian politician's sense of impunity coupled with a system of patronage, dating back to Colonial Brazil, continues to plague the nation. Accountability in government spending and campaign financing seem to perpetuate the problem of political corruption. Such levels of corruption and its prosecution can be traced back to the early 1990s when Brazil's historically first popularly elected president, Fernando Collor de Mello, was impeached. Politically, Brazil is a melting pot of parties, all grasping for a piece of the control of the nation. Corrupt heads of state are only the tip of the iceberg to an even larger scandal-engulfed nation involving a spattering of politicians, members of Congress, and the presidential cabinets throughout the last two and a half decades.

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Table 1. Worldwide Governance Indicators, Brazil 1996–2016 Control of
Corruption8

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LIST OF ACRONYMS AND ABBREVIATIONS

BBC	British Broadcasting Corporation
CEI	Executive Branch Special Investigation Commission (Comissão Especial de Investigação)
CPI	Corruption Perception Index
FIFA	Fédération International de Football Association
GDP	Gross Domestic Product
IG	Inspector General
OECD	Organisation for Economic Co-operation and Development
MDB	Brazilian Democratic Movement (Movimento Democrático Brasileiro)
PDT	Democratic Labor Party (Partido Democrático dos Trabalhadores)
PFL	Liberal Front Party (Partido da Frente Liberal)
PMDB	Brazilian Democratic Movement Party (Partido do Movimento Democrático Brasileiro)
PT	Worker's Party (Partido dos Trabalhadores)
PPB	Brazilian Progressive Party (Partido Progressista Brasileiro)
PPS	Socialist People's Party (Partido Popular Socialista)
PSDB	Brazilian Social Democratic Party (Partido da Social Democracia Brasileira)
PTB	Brazilian Labor Party (Partido Trabalhista Brasileiro)
SUDAM	Amazonian Development Superintendency (Superintendência para o Desenvolvimento da Amazônia)
SUDENE	Northeastern Development Superintendency (Superintendência para o Desenvolvimento da Nordeste)
UNCAC	United Nations Convention Against Corruption
USD	United States Dollar
WGI	Worldwide Governance Indicators

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I. INTRODUCTION

A. MAJOR RESEARCH QUESTION

What explains political corruption in Brazil today? While certain national-level cases of corruption in Brazil have been rigorously addressed, in other cases, developments that involve political and governmental leaders are still unfolding. The Brazilian judicial system continues to make strides in the nation's ability to effectively and efficiently prosecute and hold political actors involved in corruption accountable; however, the problem of political corruption seems to be increasing.

B. SIGNIFICANCE OF THE RESEARCH QUESTION

Throughout Brazil's history, its economic development status has risen and fallen like a roller-coaster ride. Based on national and international news outlets, it is safe to say that corruption has contributed to Brazil's economic ups and downs.¹ Politically, Brazil is a melting pot of parties, all grasping for a bigger piece of the share in control of the nation.² In the last five years, particular attention has been focused on corruption in Brazil, which includes a line of successive presidents.³ Such levels of corruption can be traced back to the early 1990s where Brazil's historically first popularly elected president, of the previous 30 years, Fernando Collor de Mello—commonly referred to as President Collor—was impeached for corruption.⁴ Corrupt heads of state are only the tip of the iceberg to an even

¹ Ian Bremmer, "These 5 Facts Explain Brazil's Crippling Scandals," *Time*, July 24, 2015, <http://time.com/3971252/brazil-corruption-political-economic-downturn-olympics/>.

² Robert M. Levine, *The History of Brazil* (Connecticut: Greenwood Press, 1999), xv-xviii, 144.

³ Timothy J. Power, "Brazilian Democracy as a Late Bloomer: Reevaluating the Regime in the Cardoso-Lula Era," *Latin American Research Review*, 6, no. 4 (2010) 218–220, <https://muse.jhu.edu/article/421360>.

⁴ Carlos Pereira, Timothy Power and Eric Raile, "Presidentialism, Coalitions, and Accountability," in *Corruption and Democracy in Brazil: The Struggle for Accountability*, ed. Timothy J. Power and Matthew M. Taylor, (Notre Dame, IN: University of Notre Dame Press, 2011), 40.

larger political corruption problem involving a spattering of politicians, members of congress, and the presidential cabinets throughout the last two and a half decades.⁵

A sense of impunity on behalf of so many politicians in Brazil is another factor that has been researched by many scholars. As Timothy Power states, “In the years since Collor resigned the presidency in the face of corruption charges in 1992, a steady stream of scandals has reinforced a perception of impunity.”⁶ Listing seven different scandals from 1994 through 2009, and identifying the reach of political corruption, Power states that “these Brasília centered scandals are only the tip of the iceberg: subnational political corruption is pervasive as well.”⁷ Leading up to Power’s study of Brazilian democracy in 2010, the slow Brazilian judicial system was the subject of much research and could be categorized as a primary contributing factor to why political corruption in Brazil was so unabashed. Power explains that “the court system operates at a glacial pace: decisions can take years to be rendered and then spend years more on appeal, such that many actors prefer to avoid the formal judicial system altogether.”⁸ He draws out four sources that deteriorate Brazil’s ability to control political corruption, three of which are “the weakness of monitoring agencies, the inconsistency of interagency cooperation, and the sluggishness of the court system.”⁹ However, Power addresses the sense of impunity on behalf of political leaders directly, he classifies this issue as “the most powerful explanation, however, is the unwillingness of the political class to regulate itself, which in turn is reinforced by the unwillingness of the judicial branch to act against the political class.”¹⁰

The intent of this thesis is to conduct a comparative analysis of three presidential administrations—that of Fernando Henrique Cardoso, Luiz Inácio Lula da Silva, and Dilma

⁵ Joe Leahy, and Andres Schipani, “Culture of Corruption Engulfs Brazilian Elite,” *The Big Read: Brazil*, São Paulo, Brazil (May 25, 2017), 4, <https://www.ft.com/content/3490dbb8-4050-11e7-9d56-25f963e998b2>.

⁶ Power, “Brazilian Democracy as a Late Bloomer,” 235.

⁷ Power, “Brazilian Democracy as a Late Bloomer,” 235.

⁸ Power, “Brazilian Democracy as a Late Bloomer,” 234.

⁹ Power, “Brazilian Democracy as a Late Bloomer,” 235.

¹⁰ Power, “Brazilian Democracy as a Late Bloomer,” 235.

Rousseff—and to conduct a comparative analysis of the evolution of political corruption in Brazil to comprehend what explains political corruption in Brazil today.

C. LITERATURE REVIEW

1. Defining Political Corruption

In order to frame the focus of this study, it is necessary to define political corruption. A common definition of political corruption is the “misuse of public office for private gain.”¹¹ Although this straightforward definition highlights the general understanding of political corruption, it does not provide an explanatory application beyond that of private gain. A deeper application can be obtained from scholarly studies on the subject dating back to the 1960s and forward, which denotes how developing economies used political corruption as an economic advancement tool, in other words, a way to, “grease the wheels” of the economy.¹² In more recent times, Power and Matthew Taylor further define political corruption. They state that “corruption distorts the criteria by which public policies are chosen and thereby undermines the efficiency, efficacy, and public-regardingness [sic] of those policies. As a result, in the economic realm, corruption worsens investment and business conditions and reduces aggregate well-being.”¹³

An additional aspect aiding the definition of political corruption in Brazil is that of accountability, or the lack thereof. Scholars have highlighted accountability as a key component of successful institutions, especially in terms of managing public funds.¹⁴ Alina Mungiu-Pippidi presents the idea of understanding corruption from the perspective of the actor.¹⁵ She cross-references incidents from the Arab Spring with the protests in Brazil leading up to the 2014 FIFA Soccer World Cup competition. In essence, the perceptions

¹¹ Timothy Power and Matthew Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” in *Corruption and Democracy in Brazil: The Struggle for Accountability*, ed. Timothy J. Power and Matthew M. Taylor, (Notre Dame, IN: University of Notre Dame Press, 2011), 6.

¹² Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 6.

¹³ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 6.

¹⁴ Alina Mungiu-Pippidi, *The Quest for Good Governance: How Societies Develop Control of Corruption* (Cambridge: Cambridge University Press, 2015), 2.

¹⁵ Mungiu-Pippidi, *The Quest for Good Governance*, 2.

or misperceptions of corruption have varying interpretations depending on which side of the coin one finds themselves, perpetrator or victim.¹⁶ With that, Mungiu-Pippidi describes how corruption has evolved “to include all unaccountable public spending.”¹⁷

Within the political sphere, Power and Taylor provide a fitting definition of accountability as “the answerability of public officials for the public-regarding nature and probity of their actions.”¹⁸ An emphasis on accountability in Brazil is a growing topic of scholars such as Anna Maria Campos. Power and Taylor acknowledge the Brazilian culture as an important factor, but in their analysis of corruption in the country, they chose to focus on the topic of accountability.¹⁹ This word, accountability, is somewhat allusive in Brazil. Several scholars have pointed to the characteristic of accountability, or the absence of accountability, as a source of corruption in Brazil that further threatens democratic legitimacy.²⁰ More specifically, Anna Maria Campos discusses the fact that the word accountability, is without Portuguese translation.²¹ In her explanation of the political and cultural dimensions of government, Campos lists several factors that she ties to the lack of accountability, such as “immunity from external controls, lack of transparency, [and a] weak level of an organized civil society.”²² Transparency, in this case, is perhaps the key word when discussing control measure for countering corruption. Publications from Timothy Power and others further support a greater need for transparency in the Brazilian government.

¹⁶ Mungiu-Pippidi, *The Quest for Good Governance*, 2.

¹⁷ Mungiu-Pippidi, *The Quest for Good Governance*, 2.

¹⁸ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 6–9.

¹⁹ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 6–9.

²⁰ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 6.

²¹ Anna Maria Campos, “Accountability: Quando Poderemos Traduzi-La Para O Português? [Accountability: When we can Translate it to You Portuguese?],” *Journal of Public Administration* 24, no. 2 (February-April 1990).

<http://serespensantes.com/editorias.php?idprog=1f0e3dad99908345f7439f8ffabdfc4&cod=19>.

²² Campos, “Accountability.”

Application of Campos' "immunity from external controls" can be observed in data from the World Bank Group.²³ Daniel Kaufmann, Aart Kraay, and Massimo Mastruzzi, analysts from the World Bank Group, examined data from 200 countries; they indicate that not a single country in the world is completely free from corruption.²⁴ Such evidence can conjure the thought for national legislation and judiciary sectors to focus on a greater containment and/or punishment of corruption versus complete eradication of the problem. Eliminating corruption may not be attainable by any stretch of the imagination. For Brazil specifically, the World Bank data denotes the downward trend in Brazil's ability to control corruption, specifically in the last seven to eight years.²⁵

In sum, tying together the aspects of Brazil's political corruption presented in this introduction, a more inclusive interpretation of this phenomenon could in the following few sentences. Political corruption is an impediment of how public policies are both chosen and established. The issue is exacerbated by the political class' sense of immunity, which transcends the misuse of public office, via unaccountable public spending and rent collecting for either private gain and/or to grease the wheels of the economy. All of which weakens the state's legitimacy and national well-being. This interpretation will serve as the foundation of the cross-administration analysis of the evolution of political corruption within the presidential administrations of Brazil beginning with the Cardoso administration and ending with the Rousseff administration. Additionally, within this era, this interpretation will aid in our ability to understand the phenomenon at hand.

2. Evolution of Political Corruption in Brazil

In order to build the foundation of the evolution of political corruption in Brazil, some historical and judicial context is necessary. Such context will aid our understanding of the drive behind Brazilian political corruption. The historical context will also provide insights of how this phenomenon has changed, either increasingly or decreasingly over

²³ Daniel Kaufmann, and Aart Kraay, and Massimo Mastruzzi, "The Worldwide Governance Indicators: Methodology and Analytical Issues," World Bank Policy Research Working Paper No. 5430, (2010), 223, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130.

²⁴ Kaufmann, Kraay and Mastruzzi, "The Worldwide Governance Indicators."

²⁵ Kaufmann, Kraay and Mastruzzi, "The Worldwide Governance Indicators."

time. A common theme seen through historical work on Brazil is best described as a roller-coaster ride, where the search for regime identity has alternated in and out of authoritarian dictatorships and democratic governance similar to the rising and falling of the roller coaster and at times the loops encountered by some of the more modern rides. Robert M. Levine outlines the intricacies of the Getúlio Vargas era of the 1930s to 1954, which denotes the alternating regime type, the Vargas era came to an abrupt end when he took his own life on August 24, 1954, after a failed coup attempt.²⁶ Levine also provides a meticulous timeline of historical events in Brazil dating back to the year 1415, but of particular importance is the military coup of 1964 and the subsequent authoritarian regime.²⁷ With what was standard practice, during the authoritarian regime—clientelism or patronage in reform efforts and to gain political support—President Collor simply followed suit during his short term and thus begins the string of recent corrupt presidents in Brazil.²⁸ Of note, Collor’s ouster is credited by Levine as the, “Only successful legal action against a president in the history of Latin America.”²⁹

More recently, scholars such as Power and Thomas C. Bruneau have linked the issue of corruption at the state level to the idea that the Brazilian constitution of 1988 is weak in its approach and that the perception of political impunity prevails.³⁰ The point of departure in Power’s piece is how the constitution of 1988 incentivized politicians—due to the lack of self-regulation—to embark on a path of corrupt activities.³¹ Within the context of this study, this point falls squarely into the interpretation of political corruption, serving as an impediment of how public policies are chosen and implemented.

Since 1988, several incumbent heads of state, after campaigning against corruption and promising to oust corrupt politicians once in office, only found themselves either

²⁶ Levine, *The History of Brazil*, 112.

²⁷ Levine, *The History of Brazil*, xv-xviii, 16–18, 138–9.

²⁸ Levine, *The History of Brazil*, xv-xviii, 138–9.

²⁹ Levine, *The History of Brazil*, 157.

³⁰ Power, “Brazilian Democracy as a Late Bloomer,” 235; Thomas C. Bruneau, “The Impeachment of President Dilma Rousseff: Old Politics Meets New Standards in Brazil.” *Presidential Power*, last modified June 17, 2016, <https://presidential-power.com/?p=5031>.

³¹ Power, “Brazilian Democracy as a Late Bloomer,” 230–235.

facing impeachment, or being strongly advised to abdicate.³² Serving the immunity factor of the established interpretation of political corruption, Power lists several sources, which he ties to the failure of the control of corruption mechanism in Brazil: “Weakness of monitoring agencies, inconsistency of interagency cooperation, sluggish court system, and the unwillingness of the political class to regulate itself.”³³ Corruption at the domestic level, tied with a dilapidated judicial system, has only served to perpetuate the issue in Brazil and could perhaps be the reason why the Collor ouster is of such historical importance. Power and Taylor state that, “each of the five postauthoritarian (sic) presidential administrations has been sullied by accusations of corruption, with important consequences in terms of both the policy-making process and public views of democracy.”³⁴ Organizations such as, Transparency International, and in essence, The World Bank, use public views of democracy as a measurement tool dealing with issues such as corruption, measurements which can help to explain the role of political corruption and the outsider view of a given country. Although, not in the scope of this thesis, the data produced by Transparency International can be a source for decision makers with regard to foreign investment in said country.

The data in Table 1 represents the World Bank’s understanding of the evolution of Brazil’s ability to control corruption since their studies in this field began. While, the data recorded covers the years, 1996–2015, which includes much of the era of the Brazilian presidential administrations in the scope of this thesis, information pertaining to the outlying years will fill the gap, both pre-1996 and post-2015. According to World Bank’s, Worldwide Governance Indicators (WGIs), the data depicted in Figure 1, which reflects a downward trend in the control of corruption spanning the last five years on record, can be directly related to the politician’s sense of impunity to the rule of law, and according to Leahy and Schipani, “exacerbates political corruption.”³⁵

³² Power, “Brazilian Democracy as a Late Bloomer,” 235.

³³ Power, “Brazilian Democracy as a Late Bloomer,” 235.

³⁴ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 1.

³⁵ Leahy and Schipani, “Culture of Corruption Engulfs Brazilian Elite.”

Table 1. Worldwide Governance Indicators, Brazil 1996–2016 Control of Corruption³⁶

Series Name	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Control of Corruption: Estimate	-0.02	0.08	0.04	0.08	0.09	0.02	-0.14	-0.11	-0.08	0.01	-0.07	0.05	0.17	-0.04	-0.08	-0.34	-0.4	-0.44
Control of Corruption: Number of Sources	6	7	7	8	9	11	11	15	14	14	15	16	17	16	16	13	13	15
Control of Corruption: Percentile Rank, Lower Bound of 90% Confidence Interval	44.1	49	47.2	49.5	52	50.2	42.9	42.4	47.1	50.5	45.5	52.9	55.9	49.8	46.4	34.1	31.3	29.8
Control of Corruption: Percentile Rank	57	58.8	58.9	60.6	61.1	56.6	52.7	54.1	55.3	59.2	56.5	60	63	58.3	55.9	46.6	42.8	38.5
Control of Corruption: Percentile Rank, Upper Bound of 90% Confidence Interval	63.4	67.5	66	68.2	69.2	62.9	58	60	60.2	63.1	62.7	64.3	68.2	62.6	62.1	52.9	52.9	49.5
Control of Corruption: Standard Error	0.21	0.18	0.19	0.17	0.17	0.15	0.15	0.14	0.15	0.15	0.15	0.15	0.14	0.13	0.13	0.13	0.13	0.13

³⁶ Source: Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators,” (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1682130). To obtain this information, follow the link provided, then follow the steps below, <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#>. Under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil,” under the “Series” tab select, “Control of Corruption: Percentile Rank, Control of Corruption: Percentile Rank, Lower Bound of 90% Confidence Interval, and Control of Corruption: Percentile Rank, Upper Bound of 90% Confidence Interval,” under the “Time” tab select all available years by placing checkmarks in each year which appears.

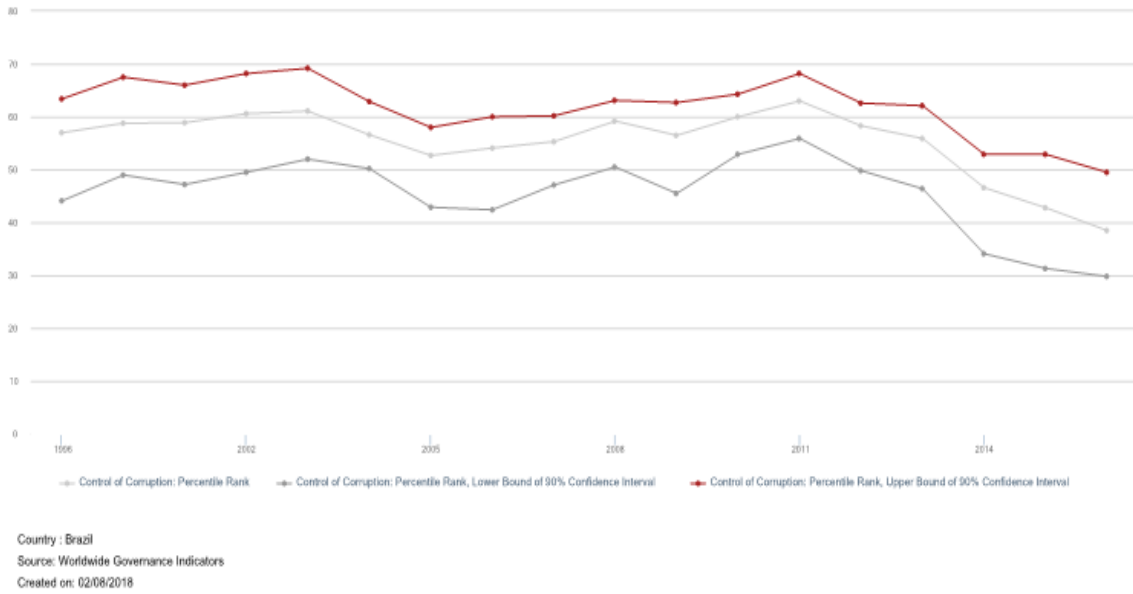


Figure 1. Graphic of Upper, Lower, and Percentile Rank of Data from Table 1.³⁷

It is important to note that these data are based on the perception of corruption and are evaluated on a broad scale around the world. Therefore, the data does not, nor is it able to, accurately provide exact measurements of corruption within a state, but it does provide a basis from which to contrast a state both regionally and globally. Not all of the data from Table 1 is presented in Figure 1 due to the distortion of the image obtained. However, the three variables in Figure 1 indicate the upper and lower bound of 90% confidence and the middle line between the two. Transparency International also produces similar data based on the perception of corruption around the globe. As of their 2016, Corruption Perception Index, Brazil ranks in at 79 of 176 nations and has a score of 40 of a 100, where 100

³⁷ Source: Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators,” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#>. To obtain this information, follow the link provided, then follow these steps, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil,” under the “Series” tab select, “Control of Corruption: Percentile Rank, Control of Corruption: Percentile Rank, Lower Bound of 90% Confidence Interval, and Control of Corruption: Percentile Rank, Upper Bound of 90% Confidence Interval,” under the “Time” tab select all available years by placing checkmarks in each year which appears.

represent a very clean record.³⁸ Power and Taylor reflect on Transparency International's, Global Corruption Barometer data and cite indications of the problem of corruption from an internal perspective, which the public in Brazil, "ranked political parties as the most corrupt institutions in society."³⁹

Another topic directly in line with the political corruption issues in Brazil stems from the nation's electoral system. In a compilation of works by Katherine Bersch, Sérgio Praca, and Matthew M. Taylor, the authors discuss two important dimensions of governance, capacity and autonomy, and their relationship with multiparty systems.⁴⁰ The origins of voter manipulation are also analyzed by Power and Taylor with their very scientific methodology, which adds weight to the effects of political corruption and further supports the statement and question the authors pose, "Corruption was a central theme in the 2006 Brazilian elections...does this represent a breakdown of electoral channels of accountability?"⁴¹ This question, regarding the oddity of the reelection of President Lula in spite of the uncovered scandals of his first term, is an indication for Power and Taylor, of a trend depicting an increase of political corruption in Brazil over time.

Further qualitative data on this trend begins with former President Fernando Henrique Cardoso. Lindsey Carson and Mariana Mota Prado's article outlines the vote-buying scandal under the Cardoso administration, which ultimately became the Mensalão scandal under the Lula administration.⁴² Peter R. Kingstone also discusses the multiparty government system in Brazil and how politicians and presidents spend a great deal of time crafting cross-party alliances in order to gain the majority vote, an aspect of which Cardoso

³⁸ "Brazil," Transparency International, accessed July 14, 2017, <https://www.transparency.org/country/BRA>.

³⁹ Power and Taylor, "Introduction: Accountability Institutions and Political Corruption in Brazil," 3–4.

⁴⁰ Katherine Bersch, Sergio Praca and Matthew M. Taylor, "State Capacity, Bureaucratic Politicization, and Corruption in the Brazilian State," *Governance* 30, no. 1 (January 2017), <http://dx.doi.org/10.1111/gove.12196>.

⁴¹ Lucio R. Rennó, "Corruption and Voting," in *Corruption and Democracy in Brazil: The Struggle for Accountability*, ed. Timothy J. Power and Matthew M. Taylor, (Notre Dame, IN: University of Notre Dame Press, 2011), 56.

⁴² Lindsey D. Carson and Mariana Mota Prado, "Mapping Corruption and its Institutional Determinants in Brazil" (working paper, International Research Initiative on Brazil and Africa (IRIBA) August 1, 2014), 08, <https://ssrn.com/abstract=2497935>.

is said to have wrote the book and which Lula definitely read.⁴³ Kingstone underscores how the Cardoso vote-buying scandal involved the *Partido dor Trabalhadores* [Workers Party] (PT's) attempt to buy out the Brazilian Labour Party, or PTB.⁴⁴ Political corruption within the electoral process has continued into former President Lula's administration, and has carried through, to the now impeached President, Dilma Rousseff's administration.⁴⁵

Dr. Bruneau describes the basic issue behind, and which ultimately led to, Rousseff's impeachment as, "she is being held to answer for at least one of the 37 charges levied against her, which is a 'crime of fiscal responsibility': fiddling with government accounts to facilitate her reelection in 2014."⁴⁶ With these evidences, we can begin to see that election scandals are consistent throughout the Cardoso-Lula-Rousseff era.

In sum, the tradition of political corruption in Brazil, which became obvious from the mid-1990s election scandals, is a consistent issue spanning the Cardoso-Lula-Rousseff era. For some, this issue is perpetuated by the slow judiciary system, and weak monitoring agencies, which can be attributed to the weakness of the 1988 Brazilian Constitution. Additionally, as a contributor to the increase of political corruption; the unwillingness of the political class to self-regulate, can be observed in a decline of the public's perception of democracy, which can also be used as a measurement of the evolution of political corruption in Brazil.

3. Understanding Brazilian Political Corruption

Brazil is now in its third decade of democratic governance, which makes it, as Power states, "No longer a new democracy."⁴⁷ Power also captures the essence of Brazilian democracy in his statement, "Brazilian democracy is strongly legitimate at the elite level but weakly legitimate at the mass level."⁴⁸ Power's statement provides a sort of interplay

⁴³ Peter R. Kingstone, *Crafting Coalitions for Reform: Business Preferences, Political Institutions, and Neoliberal Reform in Brazil* (University Park, PA: Pennsylvania State University Press, 1999), xxi-xxii.

⁴⁴ Kingstone, *Crafting Coalitions for Reform*, 197–98.

⁴⁵ Bruneau, "The Impeachment of President Dilma Rousseff," 6.

⁴⁶ Bruneau, "The Impeachment of President Dilma Rousseff," 6.

⁴⁷ Power, "Brazilian Democracy as a Late Bloomer," 219.

⁴⁸ Power, "Brazilian Democracy as a Late Bloomer," 218–220.

between the individual and domestic levels of analysis. He indicates the differences between how the elites view democracy as a successfully functioning apparatus versus how the general public tends to have a negative view of Brazilian democracy.⁴⁹

The perception of corruption is a key contributor in the process of understanding political corruption in Brazil. Mungiu-Pippidi lists several aspects that she states are perceived as forms of corruption. They are “low public expenditure on health and education, but high on various infrastructure projects, reduced absorption of assistance funds, low tax collection, and low participation of women in both the labor market and politics.”⁵⁰ If perceptions drive national legitimacy while corruption on the national scale, hinders work ethics and integrity, then Mungiu-Pippidi’s list of the detriments of corruption and her analysis on the perceptions of corruption—stemming from an individual’s bad experience with those detriments—warrants that the regular Brazilian citizen’s opinion of democracy in their country should be considered in high policy and places emphasis on the inclusion of the negative social effects which political corruption produces.⁵¹

From the discussion on accountability, Power and Taylor have not gone without criticism. Ararat L. Osipian offers such criticism of Power and Taylor’s book for being too focused on accountability and missing greater opportunities for understanding political corruption that stem from culture and society.⁵² Osipian states, “The authors miss this opportunity, and as a result their analysis of political corruption and accountability is incomplete.”⁵³ The intent with which Osipian offers his criticism places a great deal of weight on the cultural aspect of the nation and how, Power and Taylor’s focus on changing the institution of accountability, does not address the underlying need to radically change the societal and cultural structures.⁵⁴ However, Power and Taylor indeed discuss the social

⁴⁹ Power, “Brazilian Democracy as a Late Bloomer,” 218–220.

⁵⁰ Mungiu-Pippidi, *The Quest for Good Governance*, 2.

⁵¹ Mungiu-Pippidi, *The Quest for Good Governance*, 3.

⁵² Ararat L. Osipian, “Corruption and Democracy in Brazil: The Struggle for Accountability,” *Journal of Comparative Policy Analysis: Research and Practice* 15, no. 2 (April 2013): 199–202, <https://doi.org/10.1080/13876988.2013.787191>

⁵³ Osipian, “Corruption and Democracy in Brazil.”

⁵⁴ Osipian, “Corruption and Democracy in Brazil.” 201.

effects of political corruption, they state, “by eroding trust, corruption leads citizens to withdraw from the public sphere and instead attend to their own narrowest self-interest. In so doing, it ‘diminishes the scope of collective actions’ and ‘shrinks the domain of democracy.’”⁵⁵

Additionally, Power and Taylor provide a concise summary of the literature, which discusses political corruption in Brazil. The authors identify the three main issues, which the majority of the literature generally produces, “the process of coalition formation, the electoral system, and the courts.”⁵⁶ The three issues are discussed throughout this study and contribute to the analytical framework of the Cardoso-Lula-Rousseff era.

Furthermore, in the cultural realm, Bruneau identifies how corruption permeates all levels of society in Brazil, in particular, what has become part of the culture in Brazil, he states, “Most Brazilian and foreign authors refer to the Brazilian propensity to use ‘angles’ or ‘gimmicks,’ (*jeitinhos*), to get around laws.”⁵⁷

On the economic front, Power and Taylor estimate that, “Corruption in Brazil may eat up somewhere between 1.35% and 5% of GDP.”⁵⁸ Although Power and Taylor seem to deflate the effects which political corruption has on economics, they do highlight the 2007 Organisation for Economic Co-operation and Development (OECD) initiatives for greater measure in fighting corruption.⁵⁹ Mungiu-Pippidi also reflects on the 2005 enactment of the United Nations Convention Against Corruption (UNCAC) signed by some 150 countries.⁶⁰

In sum, by expanding the analysis of political corruption, over the Cardoso-Lula-Rousseff era, to include its effects on the economy, culture, and society, it is possible to

⁵⁵ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 6.

⁵⁶ Timothy Power and Matthew Taylor, “Conclusion: The Web of Accountability Institutions in Brazil,” in *Corruption and Democracy in Brazil: The Struggle for Accountability*, ed. Timothy J. Power and Matthew M. Taylor, (Notre Dame, IN: University of Notre Dame Press, 2011), 263.

⁵⁷ Bruneau, “The Impeachment of President Dilma Rousseff,” 2.

⁵⁸ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 1.

⁵⁹ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 1.

⁶⁰ Mungiu-Pippidi, *The Quest for Good Governance*, 4.

more fully understand political corruption in Brazil. With a better understanding of the phenomenon at hand, non-corrupt leaders in Brazil can begin to address this decades-long issue, which permeates across the spectrum of the economic, cultural, social, and political arenas.

D. POTENTIAL EXPLANATIONS AND HYPOTHESES

By directly addressing the issue of political corruption in Brazil, the nation could not only guide legislation and judicial policies for ending this decades-long problem, but also by reigning in corruption, it can improve the nation's economic stance and national well-being. In doing so, Brazil may be able to realize its full potential on a much broader scale. The process required for Brazil to get to that point will not be easy. It will include radical but necessary changes to alter political and democratic aspects that permeate culture, society, economic, and political life, both jointly and individually.

In his recent article, Bruneau discusses the 2016 impeachment of Brazilian President Dilma Rousseff. He draws attention to the deficiencies in the Brazilian Constitution of 1988 and the lackadaisical approach for revising and improving the document.⁶¹ A key factor within his article is the idea of Brazil joining the ranks of the developed world. Bruneau discusses recent events in light of the need for controlling corruption as a stepping-stone for entry to the OECD, which is a benchmark step for the transition from developing to developed.⁶² Levine notes the drive of Brazilian leader's desire to shed its developing nation status as far back as the early 1990s, when President Collor promised to "kill the inflation tiger with a single shot...and bring Brazil into the ranks of first-world nations."⁶³ Therefore, addressing the key weaknesses of the 1988 Constitution in a more effective and efficient manner, may indicate a trajectory down that difficult path of change.

As a counterfactual, one explanation for why political corruption in Brazil has surfaced on a more frequent scale can stem from Brazil's deep seeded desire of joining the

⁶¹ Bruneau, "The Impeachment of President Dilma Rousseff," 6.

⁶² Bruneau, "The Impeachment of President Dilma Rousseff," 6.

⁶³ Levine, *This History of Brazil*, 139.

OECD. Brazil was part of a five-nation OECD membership request in 2007.⁶⁴ In order to become a member nation, the prospective member must demonstrate their ability to reduce the perception of corruption.⁶⁵ Seeing how Transparency International—which the OECD uses in the determination of accessions—reports their indices based on the perceptions of the population writ large, coupled with the last two decades of political corruption, Brazil has a difficult road ahead to reduce this perception.⁶⁶ It goes without saying that the politicians involved would not necessarily subjugate themselves to judicial punishment for corruption voluntarily for the sake of joining the OECD, but that as the national judicial systems advances in their legislation to the tone following the requirements of international organizations such as the OECD, incidences of political corruption may be surfaced more frequently.

E. RESEARCH DESIGN

The research design of this thesis is a single country case study that analyzes the body of evidence, presented in the next section, of the evolution of political corruption in Brazil over a time period which includes the presidential administrations of Cardoso, Lula, and Rousseff.

The latest events in Brazil entangle the past three presidents of the nation in a web of political corruption. Corruption involving the President of Brazil dates back to the 1992 case involving President Collor. According to an article reviewed by Kenneth Maxwell, editors Keith S. Rosen and Richard Downes state that “Fernando Collor de Mello made history in 1992 by becoming the first popularly elected Latin American president to be

⁶⁴ “Report of the Chair of the Working Group on the Future Size and Membership of the Organisation to Council: Framework for the Consideration of Prospective Members,” OECD, (Paris: June 2017), 3. www.oecd.org/eco/surveys/economic-survey-brazil.htm.

⁶⁵ “Report of the Chair of the Working Group on the Future Size and Membership of the Organisation to Council,” 14.

⁶⁶ “Report of the Chair of the Working Group on the Future Size and Membership of the Organisation to Council,” 8; “Corruption Perception Index 2016,” *Transparency International, 2018*, accessed March 1, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2016.

impeached for corruption.”⁶⁷ Although he resigned from office in an attempt to halt his impeachment trial, he was still found guilty and was banned from holding a public office for eight years.⁶⁸

Departing from Collor’s administration and dealing directly with voter manipulation, the story thus begins with former President Fernando Henrique Cardoso. The *Mensalão* scandal and the cross-party alliances that include the party buyout attempts serve as key contributors to this study.⁶⁹ These issues are evident throughout the Cardoso-Lula-Rousseff era.⁷⁰

During former President Lula’s administration, labels such as, *Mensalão* (big monthly payment), *Lava Jota* (car wash), and the dossier scandal are just a few of the corruption issues that can be attributed to Lula’s administration.⁷¹ Power and Taylor describe the *Mensalão* scandal as “alleged that his [Lula’s] government had provided members of Congress payments in exchange for their legislative support...revealed kickbacks from public-sector purchases being used for both electoral and personal ends...led to the resignation of much of Lula’s inner circle and the indictment of thirteen members of Congress.”⁷² Much of the same flavor of corruption follows the other named and unnamed scandals behind the Lula administration.⁷³

Following Lula’s administration is that of the former, and now impeached, President Dilma Rousseff. Further details will be discussed in the Rousseff chapter, but the main point is—as previously discussed—the misuse of funds for campaign financing. This example shows the continuation of the status-quo of political corruption, more specifically

⁶⁷ Kenneth Maxwell, “Corruption and Political Reform in Brazil: The Impact of Collor’s Impeachment,” *Foreign Affairs* 78, no. 4 (July-August 1999): 141, <http://liproxynps.edu/login?https://search.proquest.com/docview/214298496?accountid=12702>.

⁶⁸ Maxwell, “Corruption and Political Reform in Brazil.”

⁶⁹ Maxwell, “Corruption and Political Reform in Brazil.”

⁷⁰ Bruneau, “The Impeachment of President Dilma Rousseff,” 6.

⁷¹ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 2–3.

⁷² Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 3.

⁷³ Power and Taylor, “Introduction: Accountability Institutions and Political Corruption in Brazil,” 3.

vote-buying scandals, in Brazil from the Cardoso two-term administration to Lula's two-term administration, and into Rousseff's near two-term administration.

F. THESIS OVERVIEW AND CHAPTER OUTLINE

Following with the endeavor of building a better understanding of what explains political corruption in Brazil today, this thesis will consist of a three-part introduction which works to define political corruption, depict the evolution of political corruption in Brazil, and help to better understand political corruption in terms of the effects on the economy, society, and the culture in Brazil. The first chapter will work to establish historical context for what drove political corruption leading up to the focus of this thesis as a whole, that of the Cardoso-Lula-Rousseff era. Chapters three through five will deal specifically with each of the presidential administration of Cardoso, Lula, and Rousseff respectfully, and will serve as the main body of this thesis. The emphasis of the three presidential administration chapters will be to conduct a parallel analysis of the three administrations in order to extract the most important factors that have contributed to the increase of Brazilian political corruption over time. A final chapter will be dedicated to the key findings of the three main chapters and will be used for further discussion of the possible implications of those findings.

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II. HISTORICAL CONTEXT

A. INTRODUCTION: HISTORICAL ACCOUNTS OF POLITICAL CORRUPTION IN BRAZIL

Before getting into the details of the three Brazilian presidential administrations within the scope of this thesis, it is important to set the stage with some background data in order to build a framework from which to analyze those administrations. There are four main periods in Brazilian history from which the framework of political corruption in Brazil begins to appear; the period surrounding Fernando Collor de Mello's (Collor's) election and impeachment, the military dictatorship from 1964 to 1985, the Vargas era, and the Colonial period. By focusing on a few specific aspects, closely related to this study, from these four periods, one can begin to see from whence the roots of the phenomenon at hand derive. Additionally, along with the foci at hand, an understanding of the loopholes in the 1988 Brazilian Constitution will aid our understanding of what drove political corruption during the Cardoso-Lula-Rousseff era. The design of this chapter will be to trace political corruption backwards from the starting point of the Cardoso-Lula-Rousseff era beginning with the Collor administration and the Brazilian Constitution of 1988.

B. THE FERNANDO COLLOR DE MELLO ADMINISTRATION AND THE 1988 BRAZILIAN CONSTITUTION

Events just prior to the Fernando Henrique Cardoso administration—the Collor administration, briefly discussed in the introduction, and the 1988 Brazilian Constitution—set the precedent for political corruption to occur within the civilian-held administrations from this era forward. In 1992, Brazil's first popularly elected president was impeached for corrupt activities and the vice president of the time (Itamar Franco) struggled to make sense of how to lead the country. Kurt Weyland discusses the difficulties that Franco encountered upon taking office. Weyland states,

Fraco...lacks a base of political support... In order to assemble a government, Franco has had to draw on contracts across a broad political spectrum and accommodate a wide variety of interests in a highly heterogeneous coalition...forced to establish ties with long-time practitioners of clientelism in Brazilian politics. His government has used

the distribution of patronage to obtain backing in Congress and thus preserved the politics of favoritism.⁷⁴

Robert Levine also describes how the system of patronage has seemingly woven its way into the basic understanding of most Brazilians concerning politics, which stems from the Vargas era.⁷⁵ Levine states, “Brazilians consider politics to be about job creation and patronage, not public policy issues of regional or national concern.”⁷⁶ He continues to describe the manner by which patronage has infiltrated the very culture of the citizens with the statement, “many [Brazilians] consider patronage to be normal, if not desirable.”⁷⁷ Additionally, referring to previous political leader’s successes mid-century and the perception of the public as, “he [São Paulo’s, Adhemar de Barros] steals, but he gets things done.”⁷⁸

A major contributing factor in the political sphere in Brazil is the plethora of parties operating within the country. In 1994, Ron Harris, of the Los Angeles Times, reported on the, “Unmanageable assembly of 19 parties.”⁷⁹ Additionally, through his description of the deficiencies of the 1988 Brazilian Constitution, Thomas Bruneau expands the number of political parties in Brazil to 35. Bruneau states that

they did not establish a minimum number of votes for a party to be recognized, resulting in the current situation with 35 political parties at the national level with 19 having deputies in the lower house, the *Câmara*. They did not change the open-list system of proportional representation in which each state is a single, and at-large multi-member district.⁸⁰

Given the vast representational difficulties, among others, of having so many political parties, the idea of a presidential candidate gaining support from the majority was

⁷⁴ Kurt Weyland, “The Rise and Fall of President Collor and its Impact on Brazilian Democracy,” *Journal of International Studies and World Affairs* 35, no. 1, (1993): 28–29. <http://jstor.org/stable/166101>.

⁷⁵ Levine, *The History of Brazil*, 161.

⁷⁶ Levine, *The History of Brazil*, 161.

⁷⁷ Levine, *The History of Brazil*, 161.

⁷⁸ Levine, *The History of Brazil*, 161.

⁷⁹ Ron Harris, “Stable Economy all but Cinches Brazil’s Election: Fernando Henrique Cardoso Favored for President because His Economic Plan has brought Stability to Country,” *Los Angeles Times*, 113, October 2, 1994, <http://articles.latimes.com/keyword/brazil-elections>.

⁸⁰ Bruneau, “The Impeachment of President Dilma Rouseff,” 3.

not, nor remains to be, an easy feat. Such was the case in the Collor administration, according to Timothy Power and Matthew Taylor, “the cost of ‘buying’ support had caught up with Collor. Partly as a consequence of this political choice [‘not sharing power with parties that could support him in times of need’], he was impeached and removed from office.”⁸¹ Weyland provides a more elaborate explanation of the political environment of Collor’s time in office. He states that

Collor’s very insulation from the conventional channels of political power meant that those in the business sector, accustomed to seek favors from the state in Brazil’s highly interventionist economy, now found many of their customary links to that state either severed or far less functional than in the past.⁸²

Weyland further discusses the two factors, which have been widely debated, concerning the effects of Collor’s isolation. Those effects, as Weyland states, created, “(1) The opportunity to be corrupt and (2) the incentives for business people to pay bribes.”⁸³ Based on Weyland’s two factors, effective coalition-building in the Brazilian political arena appears to have a profound influence on the success of a president and his/her administration. Collor’s successor however, would waste no time in applying the lessons learned from the collapsing constituency of Collor’s administration.

One of the major contributing factors for political corruption in Brazil today stems from the ineffective and deficient aspects—which so many scholars have identified—within the 1988 Brazilian Constitution. Keith S. Rosen’s overview of this Constitution is telling: “the process by which Brazil’s 1988 Constitution was adopted practically assured that the end product would be a hodgepodge of inconsistent and convoluted provisions.”⁸⁴ Rosen’s position on the constitution invokes the idea that the focus therein was to reduce both the authority and influence of the military in the political environment of Brazil. Bruneau’s summary adds to Rosen’s position of the 1988 Constitution with, “the politicians

⁸¹ Pereira, Power and Raile, “Presidentialism, Coalitions, and Accountability,” 40.

⁸² Weyland, “The Rise and Fall of President Collor and Its Impact on Brazilian Democracy,” 4.

⁸³ Weyland, “The Rise and Fall of President Collor and Its Impact on Brazilian Democracy,” 3.

⁸⁴ Keith S. Rosen, “Conflict Resolution and Constitutionalism: The Making of the Brazilian Constitution of 1988,” In *Framing the State in Times of Transition: Case Studies in Constitution Making*, ed. Laurel E. Miller, and Louis Aucoin, (Washington, DC: United States Institute of Peace, 2010), 458.

had incentives to diminish the influence and roles of the armed forces, thereby increasing their own.”⁸⁵ Additionally, David Fleischer highlights the enactment of the 1988 Constitution and describes the manner from which the members of Congress formulated the Constitution in an attempt to reestablish their prerogatives from the pre-military dictatorship period.⁸⁶ Fleischer’s succinct description of the 1988 Constitution also gets to the heart of the ineffectiveness and deficiencies therein.⁸⁷ Fleischer states,

One of the reasons that political corruption is practiced with relative impunity in Brazil is a near total lack of effective internal and external control mechanisms. One of the first acts of the new Collor administration in 1990 was to trash the already ineffective internal control agencies. The lack of control was one of the reasons that government estimates of ‘waste, misuse, fraud, etc.’ of federal resources ranged near U.S. \$40 billion in early 1994.⁸⁸

This lack of internal and external control agencies correlates directly to the system of patronage, which will be discussed later, in Brazil.⁸⁹ In this vein, the root (patronage), also directly correlates to the established interpretation of political corruption used for this study. Fleischer confirms this as he goes on to say,

If by chance an internal control IG in a ministry or federal agency discovers a case of corruption, fraud or misuse of funds, and tries to bring the case to the attention of the respective minister or agency head, usually the superior requests the IG to ‘cease and desist’ for reasons of political convenience. If the IG does not head this advice, he/she will be sacked, because the IGs have no political independence/autonomy.⁹⁰

This form of patronage only serves to perpetuate the sense of impunity of the political leaders in Brazil and is perhaps the very reason why so many scholars have focused their attention on this issue. Fleischer’s 1997 article in, *Crime, Law & Social Change*, further depicts the reach of this issue, Fleischer states, “when politicians are called

⁸⁵ Bruneau, “The Impeachment of President Dilma Rousseff,” 3.

⁸⁶ David Fleischer, “Political Corruption in Brazil: The Delicate Connection with Campaign Finance,” *Crime, Law & Social Change*, 25 no. 4 (December, 1996): 299.

⁸⁷ Fleischer, “Political Corruption in Brazil,” 311.

⁸⁸ Fleischer, “Political Corruption in Brazil,” 311.

⁸⁹ Fleischer, “Political Corruption in Brazil,” 311.

⁹⁰ Fleischer, “Political Corruption in Brazil,” 311.

to pass judgement on their peers, rarely are the investigations taken to an exhaustive full conclusion.”⁹¹ He continues to discuss how certain measures are invoked which serve to remove the hype and pin fault on smaller fall guys, and how prosecution of any charges would take years to finalize.⁹² The basis of this root to political corruption in Brazil is backward-reaching preceding the Collor administration. In the next section, important analytical aspects will further aid our understanding of the phenomenon at hand.

C. MILITARY DICTATORSHIP, 1964–1985

During the tail end of the 21-year military dictatorship, signs of political corruption had already begun to make headlines, as well as to have serious consequences.⁹³ David Fleischer describes how the last general gearing up to take the helm of running the country—General Octávio Medeiros—was exposed in a massive corruption case involving the military retirement fund, which buffered the invoicing of a hydro-electric project containing kickbacks which were funneled directly to the general’s campaign finance fund.⁹⁴ Implication of his involvement in the scandal destroyed his campaign.⁹⁵ This corruption case, along with a slew of previous political corruption cases, are what ultimately led to the military relinquishing control of the country back to civilian hands.⁹⁶ In a land whose government was struggling to establish its place in the financially driven world, the idiom, money talks, is not too far from an explanation for a method by which to get people to agree on something and get things done. The significance of this information is critical in building a timeline of the status-quo of corrupt activities of Brazilian political leaders as evidence points to the laborious task of building coalitions among the 35 different political parties.⁹⁷ Step back to the beginning of the last military dictatorship, the year 1964, the military intervened as it had done in the past and during times of crises and

⁹¹ Fleischer, “Political Corruption in Brazil,” 317.

⁹² Fleischer, “Political Corruption in Brazil,” 317.

⁹³ Fleischer, “Political Corruption in Brazil,” 297.

⁹⁴ Fleischer, “Political Corruption in Brazil,” 298.

⁹⁵ Fleischer, “Political Corruption in Brazil,” 298.

⁹⁶ Fleischer, “Political Corruption in Brazil,” 298.

⁹⁷ Bruneau, “The Impeachment of President Dilma Rousseff.” 3

perceived inability of civilians to run the country correctly; the difference with this intervention is that the military did not turn power back over to civilians until 21 years later. Improper use of funds for campaign financing is seen here as a relevant point of analysis to carry forward.

The 1964–1985 military dictatorship is only the tip of the iceberg in the discovery of political corruption in Brazil. Ron Harris reported that, “years of political corruption—including a presidential impeachment two years ago [reference the Collor administration] and a congressional budget scandal last year [under the Itamar Franco administration], involving scores of legislators and hundreds of millions of dollars in kickbacks and outright thievery—had turned a vast number of frustrated voters toward Lula.”⁹⁸ During the 21-year dictatorship, the military leaders began to lose control of the economy and that lack of control along with rising prices and the inflation problems were pivotal in their decision to relinquish their dominion of the country to civilian hands.

Why would the military—as in previous times—seize the government and then return it to civilian control only 21-years later, and furthermore, what was the difference between previous power grabs and the last recorded military coup in Brazil that it lasted so long? One quick answer to this question is revealed in Timothy Power’s statement discussing events prior to the last military coup, Power states, “nine different men took the presidential oath of office between January 1946 and September 1961, [and] the system of government changed from presidential to parliamentary in 1961 and then back again in 1963.”⁹⁹ Given Brazil’s one-term limits of four years as president, pure calculations of the period that Power discusses would produce only four presidents, short of half of the nine inaugurations that occurred. Political stability would appear to be weak during the 1946 to 1961 period. Another analysis could be that certain military leaders were fed up with the track record of the civilian political body leading up to the coup. The fact of the matter is that the ever-looming threat of military intervention was not new in Brazil. This takes us back now to the Getúlio Vargas era, where Vargas took Brazil from an imposed-coup, to a

⁹⁸ Harris, “Stable Economy all but Cinches Brazil’s Election.”

⁹⁹ Power, “Brazilian Democracy as a Late Bloomer,” 221.

self-coup, and ultimately to a full-fledged dictatorship. Following their independence from the monarchy, dictatorial rule plagued Brazilian national governance for decades.

D. THE VARGAS ERA

The years after World War One and the Great Depression found Brazil struggling to both recover economically, and to establishing a national identification on the global spectrum. Flooded with discontent for liberalism, the dawn of modernism, and the spread of fascism, electoral corruption in Brazil was compounded by the immense size of the country, which led to the 1930s revolution.¹⁰⁰ The 1929 presidential campaign consisted of Júlio Prestes, who had been exiled just two years earlier to Bolivia and Uruguay.¹⁰¹ Prestes represented the elites from São Paulo who ran against Getúlio Vargas who represented the minor states. As suspected, voter manipulation and electoral corruption prevailed and Prestes was announced the winner. Due to the outcome of the election and the perceived corruption therein, the current president, Washington Luiz, was soon convinced to resign as the un-contented Vargas organized forces and marched into Rio de Janeiro to seize the seat as the provisional president.¹⁰²

From 1930 and until his suicide in 1954, Vargas would be credited with many societal, governmental, and cultural changes in Brazil, such as the centralization of the government, improved urban worker protections, and better national educational visions, but Vargas' administration would also follow suit with deep seeded patronage.¹⁰³ Concerning such patronage, during Vargas's Estado Novo (New State), Boris Fausto discusses how Vargas relieved many, previously elected to serve in Congress and as State legislatures, and put in their place his own federal governors or interventores.¹⁰⁴

¹⁰⁰ "Policy Fight Stirs Brazil," *Los Angeles Times*, Jun 16, 1935
<http://libproxy.nps.edu/login?url=https://search.proquest.com/docview/163362467?accountid=12702>.

¹⁰¹ Thomas E. Skidmore, *Brazil: Five Centuries of Change*, (New York, NY: Oxford, 1999), 101; Levine, *History of Brazil*, 103.

¹⁰² E. Bradford Burns, *A History of Brazil*, (New York, NY: Columbia University Press, 1980), 295–98.

¹⁰³ Boris Fausto, *A Concise History of Brazil*, Translated by Arthur Brakel, (Cambridge: Cambridge University Press, 1999), 196–216.

¹⁰⁴ Fausto, *A Concise History of Brazil*, 199.

Additionally, Fausto states, “Vargas’s relatives in the military were sometimes appointed [as] interventors [sic].”¹⁰⁵ During the 1930s, Brazil saw many changes, but it also maintained some of the preceding issues of oligarchies and patronage. Fausto describes how, although aspect of oligarchic powers began to dwindle, the systems remained intact. Fausto states that “oligarchies did not disappear, nor did the pattern of patronage. Power now emanated from the center to the periphery rather from the periphery to the center.”¹⁰⁶ Political corruption in Brazil is further traceable back a couple hundred more years.

E. COLONIAL BRAZIL

Scholars have traced Brazilian political corruption even further back to the colonial period. David Fleischer explains that

the practice of political corruption in Brazil has a long history since the colonial period, along two dimensions: 1) the manipulation of political decisions to favor private economic gains; and 2) the illegal appropriation and ‘detour’ of public funds by politicians and/or their designates (persons or institutions), for their own use or for campaign finance.¹⁰⁷

Fleischer’s two dimensions directly correlate with the interpretation of political corruption in this thesis. Specifically, political corruption is an impediment of how public policies are both chosen and established, it transcends the misuse of public office, via unaccountable public spending and rent collecting for either private gain and/or to grease the wheels of the economy.

From the colonial period and until the nineteenth century, Brazil was under imperial leadership, specifically Portugal. The main point is the manner with which many European countries as well as Brazil operated prior to their transition from a monarchy. As alluded to earlier, patronage was common practice in many countries during the colonization of Latin America by the Spanish and Portuguese. As the example of Diego Colón and many others’ actions illustrate, all conquests and expansions were done in the name of their

¹⁰⁵ Fausto, *A Concise History of Brazil*, 216.

¹⁰⁶ Fausto, *A Concise History of Brazil*, 196.

¹⁰⁷ Fleischer, “Political Corruption in Brazil,” 297.

respective rulers and for some form of personal gain.¹⁰⁸ To most Brazilians, during the colonization era and unlike the rest of Latin America of the time, the crown was a symbol of unity. Such unity can be seen within the system of patronage in Brazil, as Boris Fausto states, “the family or the allied families of the ruling class appear as networks formed not just by blood relatives, but by godfathers and godchildren, as well as supporters and friends.”¹⁰⁹ Fausto adds that “as far as the crown was concerned, the state [Brazil] was a royal patrimony, and the governors should be chosen from men loyal to the king.”¹¹⁰

Fast-forward through the Colonial times, through the various (and frequent) independence movements throughout Latin America, through the Vargas era, and finally landing on the period just before the Brazilian military coup of 1964, one can begin to visualize the motivational aspects of political corruption surrounding the leaders in Brazil. Aiding such visualization, Andrew Downie’s 2001 Special to *The Christian Science Monitor* correlates the words of the early 20th-century statesman Rui Barbosa.¹¹¹ Downie states that, “his [Barbosa’s] country’s loss of faith in political virtue after, ‘seeing the triumph of so many nothings, seeing dishonor prosper, seeing injustice grow, seeing so much power concentrated in the hands of the wrong people,’ Barbosa famously said that one day Brazilians will feel ashamed to be honest.”¹¹² Others then question, in 2001 and the tail-end of the Cardoso administration, if that day had arrived.¹¹³ Additionally, patronage, and the improper use of public funds for campaign financing give depth to such visualization as they have deep roots in Brazil. Rounding out this era and getting back to the impeachment of president Collor, Kurt Weyland provides an interesting definition of the issue of political corruption in Brazil, stating that “corruption has its origins not only in the iniquities of its perpetrators, but also in a permissive political environment which

¹⁰⁸ Hugh Thomas, *Rivers of Gold: The Rise of the Spanish Empire, from Columbus to Magellan*, 1st ed. (New York, NY: Random House, 2003), 425.

¹⁰⁹ Fausto, *A Concise History of Brazil*, 33–34.

¹¹⁰ Fausto, *A Concise History of Brazil*, 34.

¹¹¹ Andrew Downie, “Brazil’s Scandals Hamstring Reform: Top Leaders are Accused of Stealing Billions, as Political Fallout Spreads Widening Shadow,” *Christian Science Monitor*, May 3, 2001, <https://www.csmonitor.com/2001/0503/p6s1.html>.

¹¹² Downie, “Brazil’s Scandals Hamstring Reform,” 6.

¹¹³ Downie, “Brazil’s Scandals Hamstring Reform,” 6.

provides its necessary preconditions, such as a lack of transparency and accountability in decision-making.”¹¹⁴

F. SUMMARY

The historical context presented has focused on four key factors that will be used during an in-depth analysis of the three administrations in this study. Along with the deficiencies identified in the 1988 Brazilian Constitution, these four factors stand out: campaign finance, vote buying, the evolution of the administration’s coalition, and the ever-looming possibility of military intervention, factors which will serve as points of departure during the analysis of the Cardoso-Lula-Rousseff era. These four factors will be pivotal in the process of delineating between the consistencies and inconsistencies between each of three presidential administrations, both individually, and holistically. They will also lend to the working hypothesis for what might explain political corruption in Brazil today.

¹¹⁴ Weyland, “The Rise and Fall of President Collor and Its Impact on Brazilian Democracy,” 3.

III. FERNANDO HENRIQUE CARDOSO'S ADMINISTRATION

A. KEY DATES

Fernando Henrique Cardoso was able to achieve a successful professional career as well as a successful political career. James Brooke, of the *New York Times*, reported on Cardoso's 1994 presidential election campaign with, "the election of Mr. Cardoso as Brazil's first President in decades with a strong political power base bolstered the strength of civilian democracy in a country that has had its share of political instability."¹¹⁵ Cardoso's political career culminated in his two-time, record breaking and still standing—winning in the first round of voting—elections as the Brazilian President for both of his terms, the 1994 elections, the 1998 elections.¹¹⁶

Aside from his tangible and visible accomplishments, Cardoso was a beacon for many because of what he brought to the table and how he was able to meld his professional and political careers. Ted G. Goertzel wrote about this tact in his book on Cardoso, after an extraordinarily long interview with Cardoso. Referring to the manner with which Cardoso's professional career met his political career, Goertzel wrote, "he [Cardoso] is the first professional sociologist to be president of his country."¹¹⁷

Prior to his presidency, Cardoso was an author, scholar, former São Paulo senator, and a political exile during part of the 21-year military dictatorship.¹¹⁸ James Brooke noted in October of 1994, "Indeed from 1964 to 1985, the years of Brazil's military dictatorship, he [Cardoso] suffered exile, imprisonment, blacklisting and the bombing of his social research group."¹¹⁹ From 1983 to 1992, Cardoso was back into the political sphere in Brazil where he served as senator for Sao Paulo, and by 1993, he served for a year as the finance

¹¹⁵ James Brooke, "Man in the News: Fernando Henrique Cardoso: Brazil's Big Winner," *New York Times*, October 5, 1994, <https://www.nytimes.com/1994/10/05/world/man-in-the-news-fernando-henrique-cardoso-brazil-s-big-winner.html>.

¹¹⁶ Pereira, Power and Raile, "Presidentialism, Coalitions, and Accountability," 41.

¹¹⁷ Ted G. Goertzel, *Fernando Henrique Cardoso: Reinventing Democracy in Brazil*, (Boulder, Colorado: Lynne Rienner Publishers, 1999), 177.

¹¹⁸ Goertzel, *Fernando Henrique Cardoso*, xi.

¹¹⁹ Brooke, "Man in the News."

minister under the Itamar Franco administration.¹²⁰ Riding the coattails of the impeached Collor and the coalition-deficient Franco administration, military intervention—already a decade ago—was still an issue for both Franco and Cardoso. Brooke stated, “Although Mr. Cardoso’s inauguration on Jan. 1 will mark the 10th anniversary of civilian rule, the threat of military intervention is never distant.”¹²¹ Referencing his book titled, *A Historia Real*, (The Real History), Brooke further discusses how Cardoso aided Franco’s administration by squelching an emergent military revolt against the Franco presidency.¹²²

Owing to his successes in attaining presidential office, contrasted to the Collor administration, Cardoso is said to have quickly learned and understood the power of producing a coalition government.¹²³ According to Power and Taylor, “he [Cardoso] initially only included four parties in his government coalition.”¹²⁴ The parties involved were, his own party, the PSDB – Brazilian Social Democratic Party (Partido da Social Democracia Brasileira), the PFL – Liberal Front Party (Partido da Frente Liberal), the PTB – Brazilian Labor Party (Partido Trabalhista Brasileiro), and the PMDB – Brazilian Democratic Movement Party (Partido do Movimento Democrático Brasileiro).¹²⁵ Power and Taylor go on to note that by adding two additional parties, the PPB – Brazilian Progressive Party (Partido Progressista Brasileiro), and the PPS – Socialist People’s Party (Partido Popular Socialista), to his coalition a bit later in his campaign, along with the four previously mentioned, Cardoso’s administration was able to act on and pass initial legislation due to his coalition holding nearly 75% of the seats in both of the houses of Congress.¹²⁶ The aspect of building and maintaining a strong coalition within the political arena in Brazil has the potential to effect the success or failure of a given administration.

¹²⁰ Brooke, “Man in the News.”

¹²¹ Brooke, “Man in the News.”

¹²² Brooke, “Man in the News.”

¹²³ Pereira, Power and Raile, “Presidentialism, Coalitions, and Accountability,” 40.

¹²⁴ Pereira, Power and Raile, “Presidentialism, Coalitions, and Accountability,” 40.

¹²⁵ Pereira, Power and Raile, “Presidentialism, Coalitions, and Accountability,” 40.

¹²⁶ Pereira, Power and Raile, “Presidentialism, Coalitions, and Accountability,” 41.

Correlation to this premise can be seen in the failure of the Collor administration, not discounting the actual findings of the investigation, Kurt Weyland states,

His [Collor's] emergence into the national spotlight as an outsider, his distance from national, more established political parties, his pursuit of autonomy in office, and his systematic attack on other centers of political power all combined to create both the opportunity and incentive for corruption.¹²⁷

Weyland further discusses how many of the politicians of the time jumped at the opportunity to use the corruption scandal against Collor for their own personal and political gain, including those deemed as Collor's allies.¹²⁸ For this reason, it is important to note the condition of a given coalition as it pertains to each of the three administrations in this analysis.

Building political parties in Brazil was not new for Cardoso, as James Brooke reported, "in 1988, he [Cardoso] helped to found the Brazilian Social Democratic Party, a center-left group that opposed corruption."¹²⁹ The experience which Cardoso gained in forming the PSDB, along with other experiences he gained in lower-level political offices, such as Finance Minister, which encompassed his initiatives to fix the Brazilian economy, gave Cardoso a huge support base going into his first presidential election campaign.¹³⁰ This factor of Cardoso's success in politics stems from his work as the finance minister, as Ron Harris correlates Cardoso's boost in poll ratings to the *Plano Real*, (Real Plan), Brazil's national currency to date.¹³¹ Harris states, "As inflation and prices dropped, Cardoso, who resigned his post [as Finance Minister] to run for president, shot up in the polls, leaping from 15 points behind to 20 points ahead of socialist candidate Luis Inácio (Lula) da Silva in two months."¹³² Cardoso's economic plan to fix the nation's huge inflation problem and to control government spending was, as Harris reported that "the key

¹²⁷ Weyland, "The Rise and Fall of President Collor and Its Impact on Brazilian Democracy," 24.

¹²⁸ Weyland, "The Rise and Fall of President Collor and Its Impact on Brazilian Democracy," 24.

¹²⁹ Brooke, "Man in the News."

¹³⁰ Brooke, "Man in the News."

¹³¹ Harris, "Stable Economy all but Cinches Brazil's Election."

¹³² Harris, "Stable Economy all but Cinches Brazil's Election."

to Cardoso's success."¹³³ Harris further described how Cardoso's plan, effectively reduced inflation from 50% the month prior to the enactment of the plan, to less than 1% by the month which followed.¹³⁴ Aside from his currency plan and a well-established coalition as a support base to his administration, Cardoso faced many difficulties during his presidential campaign and tenure.

B. CARDOSO AND POLITICAL CORRUPTION

Many sources have reported that president Cardoso was never implicated in corrupt activities, but there was a sense that he would turn a blind eye to corrupt actions committed by those in and around his administration.¹³⁵ Much of the available literature pertaining to accounts of political corruption during Cardoso's tenure typically contain the names of individuals in high-level positions who were either sacked or otherwise abdicated their position in the face of legal proceedings.¹³⁶ Such abdications were done, not only to escape prosecution, but also in order to protect the individual's ability to run for office again in the next elections by protecting their political rights. Lindsey Carson and Mariana Mota Prado refer to such loopholes in the political and judicial systems with their depiction of the issues surrounding the SUDAM and SUDENE \$2 billion embezzlement scandal (discussed later) near the end of Cardoso's administration. Carson and Prado state that

after being implicated in the embezzlement scheme, the leader of the Senate, Jader Barbalho, resigned first his leadership position, then his office, and was briefly arrested and imprisoned before being released. Because he resigned his post before being expelled, he retained full political rights; in 2002, he was elected to the Chamber of Deputies and was reelected to the Brazilian Senate in 2011.¹³⁷

Building on the aspect of turning a blind eye, during his first election campaign, Cardoso had to drop his initial running mate due to the discovery of, "financial

¹³³ Harris, "Stable Economy all but Cinches Brazil's Election."

¹³⁴ Harris, "Stable Economy all but Cinches Brazil's Election."

¹³⁵ Stephen Buckley, "Brazil's Leader Evades Scandals: Good Economic News Enhances Cardoso's Popularity," *Washington Post*, March 30, 2001, <https://www.highbeam.com/publications/the-washington-post-p5554/mar-30-2001>; Downie, "Brazil's Scandals Hamstring Reform," 6.

¹³⁶ Harris, "Stable Economy all but Cinches Brazil's Election."

¹³⁷ Carson and Prado, "Mapping Corruption and Its Institutional Determinants in Brazil," 23.

improprieties.”¹³⁸ Additionally, Cardoso would have to deal with further incidents of political corruption stemming from his closest allies and appointed ministers, as Harris reported, “Cardoso was tainted when the finance minister was forced to resign after he inadvertently admitted that he had used his office to aid Cardoso’s campaign.”¹³⁹ Clóvis Carvalho was another minister in Cardoso’s administration who would present accounts of questionable activities therein.¹⁴⁰ David Fleischer states, “Carvalho induced Pres. Cardoso to abolish the Executive Branch CEI [Comissão Especial de Investigação, (Executive Branch Special Investigations Commission)], which still had important cases to investigate in 1995.”¹⁴¹ In the end, Cardoso’s actions concerning this issue effectively derailed the investigation of the large banks and construction companies—heavily involved in Cardoso’s campaign financing—as it turned the proceedings over to the Ministry of Finance and the newly established Secretariat of Internal Control.¹⁴² On this matter, Fleischer states, “The Federal Prosecutors and the Courts...do not have the special investigation powers that were given the CEI in early 1994.”¹⁴³ In effect, the actors involved could rely on any inquisitions into the matter to be held up in the sluggish court systems for year to come. Particular attention to the involvement of construction companies will be discussed in the next two chapters, but emphasis at this point reflects the initial evidence of this type of political corruption.

In terms of political corruption, Cardoso’s administration was accused on two separate issues of using vote-buying scandals to gain support. Robert Kingstone—as discussed in the introduction—described the first with the attempt to buy out the Brazilian Worker’s Party during Cardoso’s first election campaign.¹⁴⁴ Carson and Prado discuss the second scandal, which afforded Cardoso’s second term in office.¹⁴⁵ These authors discuss

¹³⁸ Harris, “Stable Economy all but Cinches Brazil’s Election.”

¹³⁹ Harris, “Stable Economy all but Cinches Brazil’s Election.”

¹⁴⁰ Fleischer, “Political Corruption in Brazil,” 316–7.

¹⁴¹ Fleischer, “Political Corruption in Brazil,” 317.

¹⁴² Fleischer, “Political Corruption in Brazil,” 317.

¹⁴³ Fleischer, “Political Corruption in Brazil,” 317.

¹⁴⁴ Kingstone, *Crafting Coalitions for Reform*, 395–98.

¹⁴⁵ Carson and Prado, “Mapping Corruption and Its Institutional Determinants in Brazil,” 22.

how, although he denied any involvement, Cardoso's Minister of Communications, Sérgio Motta, is said to have paid five legislators a sum of R\$200,000 each, which in 1997 equated to US\$187,000, to help pass an amendment to the 1988 constitution allowing elected officials to be able to run for two consecutive terms to include the president.¹⁴⁶ Carson and Prado explain that "a week after the scandal broke in the press, the amendment overwhelmingly passed the Senate (63-to-6) on the same day the two implicated legislators resigned from Congress."¹⁴⁷ This is yet another example of Cardoso turning a blind eye. The unanswered question of whether or not Cardoso knew about this scandal and did nothing remains, but speculation exists in the matter as Motta—who died in office a year later—was also said to be a close friend of Cardoso.¹⁴⁸

During the few years prior to Cardoso's reelection in 1998, Brazil began to transition to the use of an electronic form of voting. Tested during the 1996 municipal elections, the system was deemed fully functional and made ready for the next presidential elections.¹⁴⁹ However, Cardoso's administration was further tainted when the news broke concerning the electronic vote, in his 2010 article contrasting the Cardoso-Lula era, Power stated, "three senators were forced from office after violating the secrecy of the Senate's electronic voting system in 2001."¹⁵⁰ Andrew Downie calls the electronic voting issue an "ethics scandal," he provides more insight on the issue with, "former Senate President Antonio Carlos Magalhaes and Jose Roberto Arruda, until last week the government's majority leader in Congress, face possible expulsion from Congress for tampering with the Senate's electronic voting system."¹⁵¹

As alluded to earlier, the SUDAM/SUDENE scandal was another major issue during Cardoso's era, one that prompted Congress to implement reforms geared toward the removal of the requirement to secure Congressional consent for the Supreme Court to try

¹⁴⁶ Carson and Prado, "Mapping Corruption and Its Institutional Determinants in Brazil," 22.

¹⁴⁷ Carson and Prado, "Mapping Corruption and Its Institutional Determinants in Brazil," 22.

¹⁴⁸ Carson and Prado, "Mapping Corruption and Its Institutional Determinants in Brazil," 22.

¹⁴⁹ Levine, *The History of Brazil*, 165.

¹⁵⁰ Power, "Brazilian Democracy as a Late Bloomer," 235.

¹⁵¹ Downie, "Brazil's Scandals Hamstring Reform," 6.

elected officials.¹⁵² Carson and Prado discuss the outcome of the investigation of the Superintendência para o Desenvolvimento da Amazônia [Amazonian Development Superintendency (SUDAM)], and the Superintendência para o Desenvolvimento da Nordeste (Northeastern Development Superintendency, SUDENE), “the press revealed R\$2 billion had been embezzled from each of the two federal regional development programs... [in response], President Cardoso abolished both agencies, transferring their powers to newly created bodies.”¹⁵³ Furthermore, Andrew Downie’s article provides additional information on the issues within this case, he states, “dozens of people...were arrested...and more are expected to be detained.”¹⁵⁴ Downie further dissects parts of the embezzlement scandal, stating that

current Senate President Jader Barbalho...is suspected of transferring \$10 million dollars of government money into his own account while governor of Para state...[and Babalho’s], wife is accused of embezzling \$2 million in Sudam loans to fund a project to raise frogs, and two of her business partners are accused of embezzling tens of millions of dollars.¹⁵⁵

Although Cardoso’s reaction to the SUDAM and SUDENE scandal imply his desire to clean up the dirt, which was one of his initial campaign promises, this scandal, as well as the others highlighted in this chapter, have done more harm to his administration’s image than the gains and approval ratings brought on by the Real plan and stabilizing the economy.¹⁵⁶

C. ANALYSIS

Given the information provided in this chapter, we now look to the established definition of political corruption used for this study in order to analyze Cardoso’s administration. Within Cardoso’s administration, the evidence presented in this chapter correlates to all of the aspects of political corruption as outlined in this study. Although

¹⁵² Carson and Prado, “Mapping Corruption and Its Institutional Determinants in Brazil,” 23.

¹⁵³ Carson and Prado, “Mapping Corruption and Its Institutional Determinants in Brazil,” 23.

¹⁵⁴ Downie, “Brazil’s Scandals Hamstring Reform.”

¹⁵⁵ Downie, “Brazil’s Scandals Hamstring Reform.”

¹⁵⁶ Downie, “Brazil’s Scandals Hamstring Reform.”

Cardoso ensured that action was taken against individuals for their involvement in the various scandals previously mentioned, two aspects of political corruption—within the confines of this study—could be attributed to Cardoso’s administration. Both will be discussed in the next section, but briefly, that of pushing legislature for elected officials to run for two consecutive terms, and that of greasing the wheels of the economy.

Dealing with the push for being reelected for a second consecutive term, one must consider outside factors. Although heavily debated in the United States, the 22nd Amendment to the Constitution, ratified in 1951, set the standard for the president to be allowed to hold office for two terms only.¹⁵⁷ In contrast, previously on a single-term limit, the change in Brazil for a two-term limit by Cardoso and his coalition was not necessarily a bad move, but the manner with which bribes were used to secure the reform through legislation ties Cardoso’s administration to the definition of political corruption in this study. Additionally, although the reform for two consecutive terms provides more stability if the sitting official is able to secure a second term, this reform is not explicit in limits of how many times an individual can be elected to a specific position. In other words, a president can be elected for two consecutive terms, exit the position for the next term and then potentially be elected again for two more consecutive terms. This factor will be further discussed in the next chapter on Lula, but is brought to light here, as it was Cardoso’s reform.

Cardoso’s Real Plan can be easily misinterpreted as a means to grease the wheels of the economy, but not necessarily from a political corruption perspective. There are no available accounts of political corruption taking part in Cardoso’s attempts to improve the Brazilian economy. Even if it were the case, such accounts would most likely be widely discredited when the public witnesses the effects on inflation that Cardoso’s Real Plan produced. Therefore, when everyone benefits from certain economic reforms, and no evidence exists to prove misuse, one cannot associate political corruption to Cardoso’s Real Plan.

¹⁵⁷ Michael J. Korzi, *Presidential Term Limits in American History: Power, Principles, and Politics*, (College Station, TX: Texas A&M University Press, 2011), <https://muse.jhu.edu/book/11002>.

The four factors presented in Chapter II: campaign finance, vote buying, the evolution of the administration's coalition, and the ever-looming possibility of military intervention, not only provide depth to the analysis, but also provides strong indications of the consistencies and inconsistencies of the phenomenon at hand leading up to Cardoso's administration. The four factors, as pertains to the Cardoso administration, also establish a baseline of analysis heading into the two administrations that follow.

As discussed, Cardoso's administration was involved in specific incidents of improper campaign financing as well as buying voter support either during election campaigns or to pass reforms through the legislature. A point of departure from such incidents can be through the process of connecting the political corruption events to that of the near-immediate actions by Cardoso or other officials. It would be purely speculative to identify those actions as ploys to cover one's tracks or to remove implicit involvement therein. However, connecting the dots does raise the question of whether the actions taken—to sack the individuals involved, or abolish programs—had not come to light, would the individuals involved have been allowed to continue in their position or would Cardoso have taken the same actions if the evidence had not been revealed? There is no way of truly knowing the answer to such a question, but the resultant actions indeed bolstered Cardoso's public image. Such actions demonstrate Cardoso's campaign stance, which was to rid the Brazilian government of corrupt actors.¹⁵⁸

Cardoso was indeed, an astute individual with regard to coalition building. Although his administration possessed the greatest majority of officials in office to-date, and many of his initial actions in office were passed with little restraint, he did face challenges in areas regarding social and political reforms. Robert Levine states, “he [Cardoso] was buoyed by his success in dealing with the economic problems, but his successes in the political and social spheres were less compelling, likely because the political system was still based on patronage and undue influence of entrenched interests.”¹⁵⁹ Analysis of Cardoso's coalition would bear evidence of a strong and

¹⁵⁸ Downie, “Brazil's Scandals Hamstring Reform.”

¹⁵⁹ Levine, *The History of Brazil*, 17.

successful tenure due to Cardoso's ability to maintain a strong coalition through both of his terms.

The fact that Cardoso was never implicated with the many accounts of political corruption—during his two-term presidency—offers little support for the idea that political corruption was on the rise in Brazil. However, some analyses of his administration have indicated that the positive economic effects of the Real Plan may have outweighed inquiries into less critical corruption activities.¹⁶⁰ Near the end of Cardoso's second term, many analysts began to doubt Cardoso's ability to finish his presidency as strongly as he had begun. Roberio Costa, quoted in Stephen Buckley's 2001 report, states, "It's almost a complete turnaround from where he was a couple of years ago, it seems that as long as the economy remains strong, people are less worried about the corruption scandals."¹⁶¹

Given the information in this chapter and considering the WGIs, produced by World Bank, not all of the political leaders of the time can be afforded the same reprieve as Cardoso. In five of the six aggregate indicators recorded during Cardoso's presidency, the lack of any glaring setbacks could serve as justification for the inability to link Cardoso, to the various instances of political corruption between the years of 1996 through 2002.¹⁶² In a regional comparison including Argentina, Brazil, Colombia, and Mexico, Brazil's ranking in Latin American large country governance patterns—depicted in Figures 2 through 7, derived from World Bank's WGIs—show either a status-quo, or steady improvement for Brazil in the areas of: Voice and Accountability, Government Effectiveness, Regulatory Quality, and Control of Corruption.¹⁶³ Areas with some disturbances—depicting minor percentage drops, or a low percentage starting point—can be seen in both, Political Stability and Absence of Violence/Terrorism, as well as in the Rule of Law.¹⁶⁴ Even though Political Stability and Absence of Violence/Terrorism took a fall into the 30th percentile block leading up to 1998, Cardoso's administration was able to

¹⁶⁰ Buckley, "Brazil's Leader Evades Scandals."

¹⁶¹ Buckley, "Brazil's Leader Evades Scandals."

¹⁶² Kaufmann, Kraay and Mastruzzi, "The Worldwide Governance Indicators."

¹⁶³ Kaufmann, Kraay and Mastruzzi, "The Worldwide Governance Indicators."

¹⁶⁴ Kaufmann, Kraay and Mastruzzi, "The Worldwide Governance Indicators."

soar above the other three countries by the end of his second term.¹⁶⁵ In five of the six focus areas, of the four countries reviewed, Brazil either alternates between the two highest ranked countries or dominates the field with the highest percentile rank.¹⁶⁶

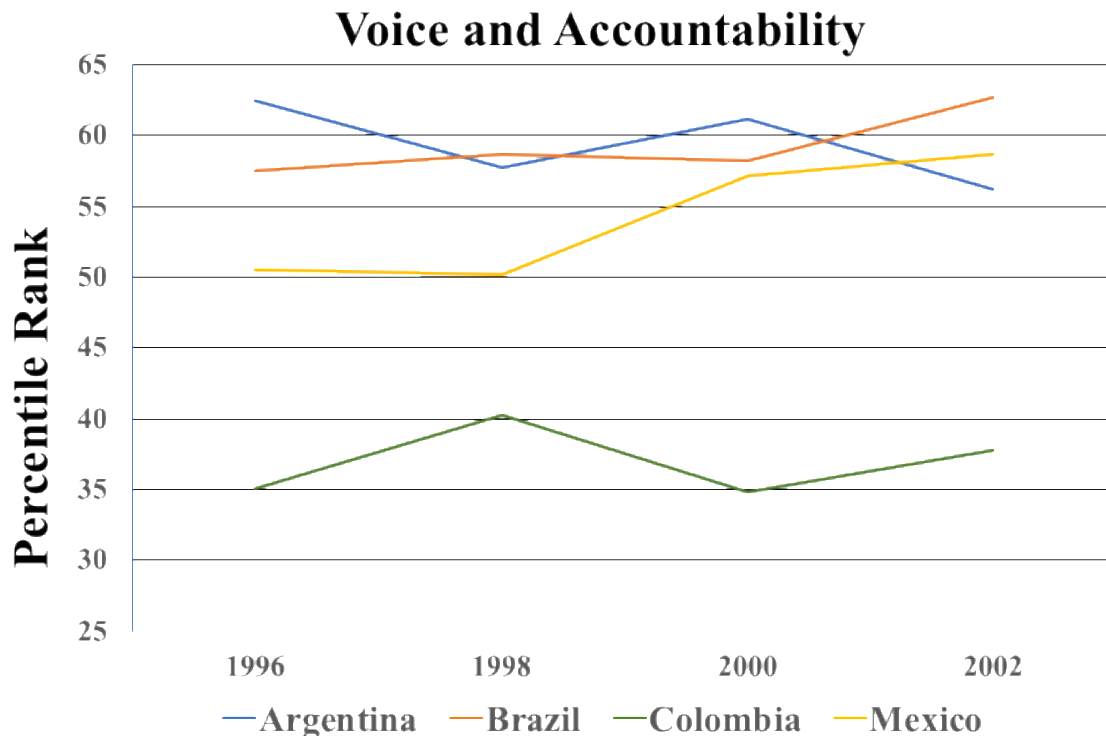


Figure 2. Latin American Large Country Voice and Accountability Ranking¹⁶⁷

¹⁶⁵ Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.”

¹⁶⁶ Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.”

¹⁶⁷ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Voice and Accountability: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

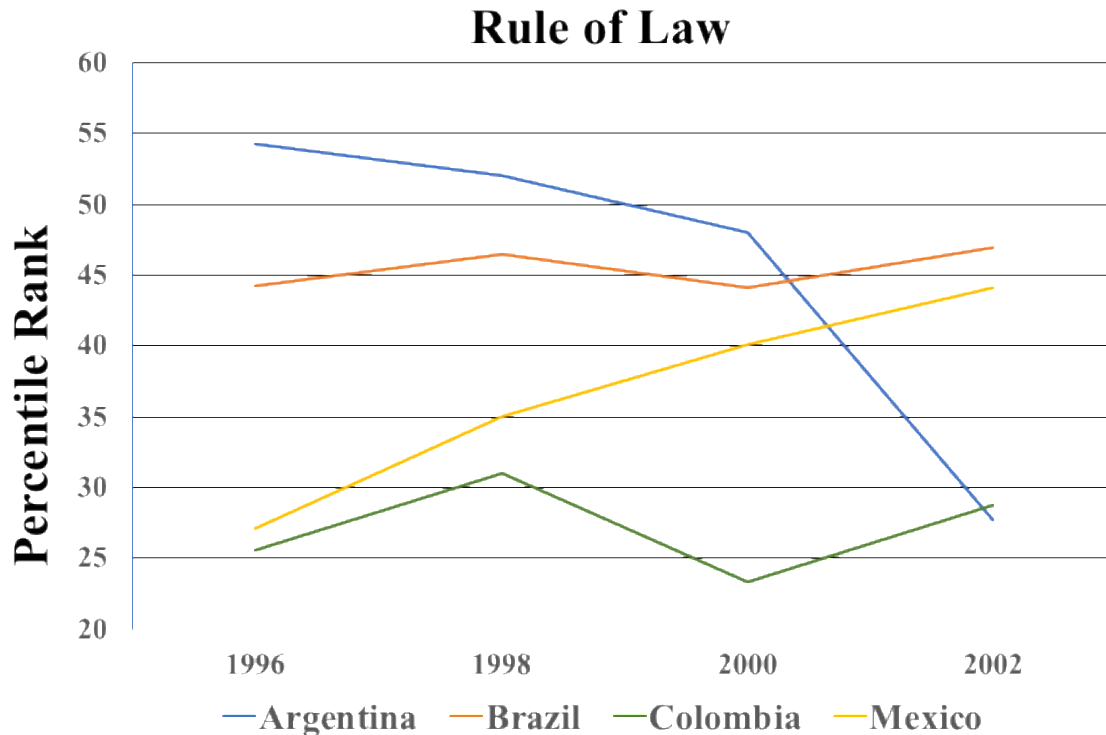


Figure 3. Latin American Large Country Rule of Law Ranking¹⁶⁸

¹⁶⁸ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>, <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>, The website allows the user to select multiple Countries, however will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Rule of Law: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

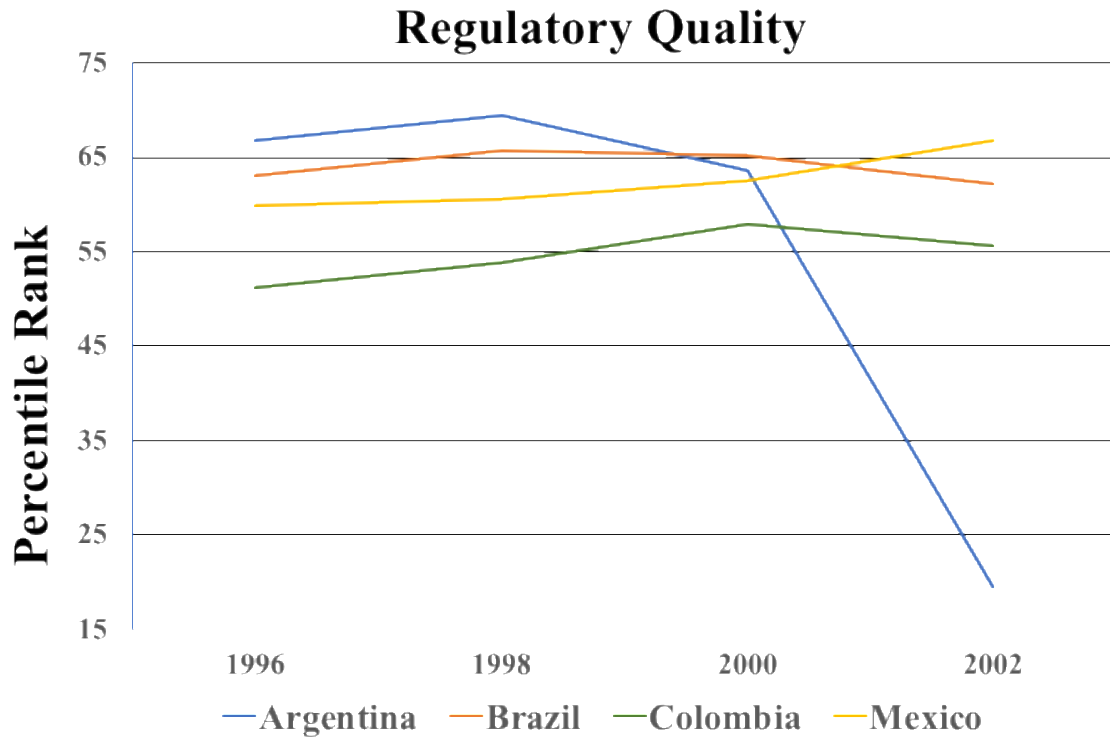


Figure 4. Latin American Large Country Regulatory Quality Ranking¹⁶⁹

¹⁶⁹ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Regulatory Quality: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

Political Stability and Absence of Violence/Terrorism

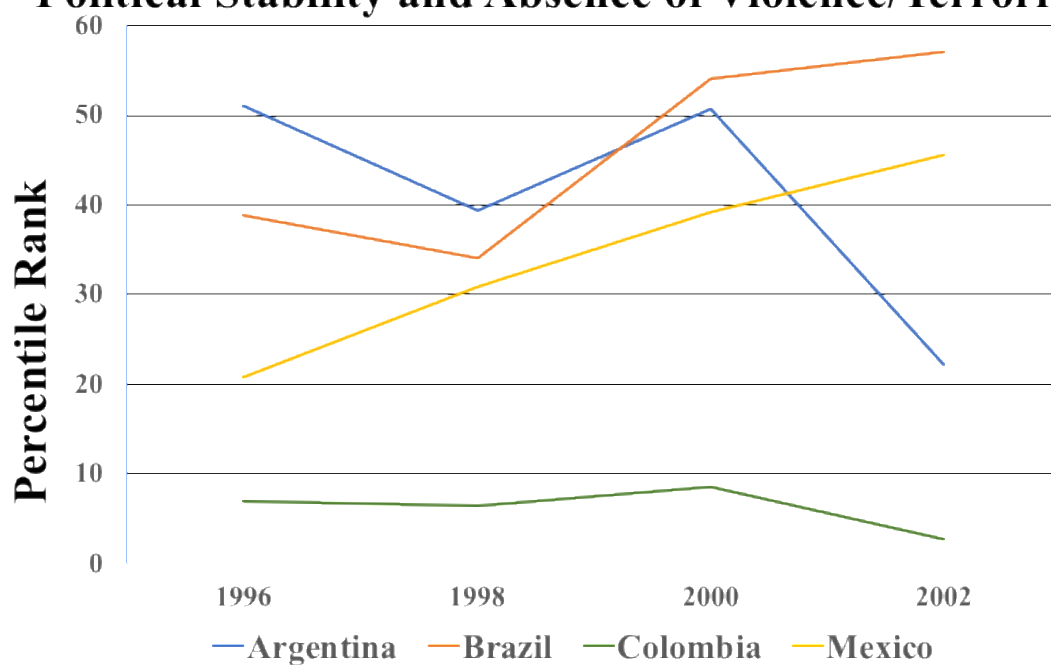


Figure 5. Latin American Large Country Political Stability and Absence of Violence/Terrorism Ranking¹⁷⁰

¹⁷⁰ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Political Stability and Absence of Violence/Terrorism: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

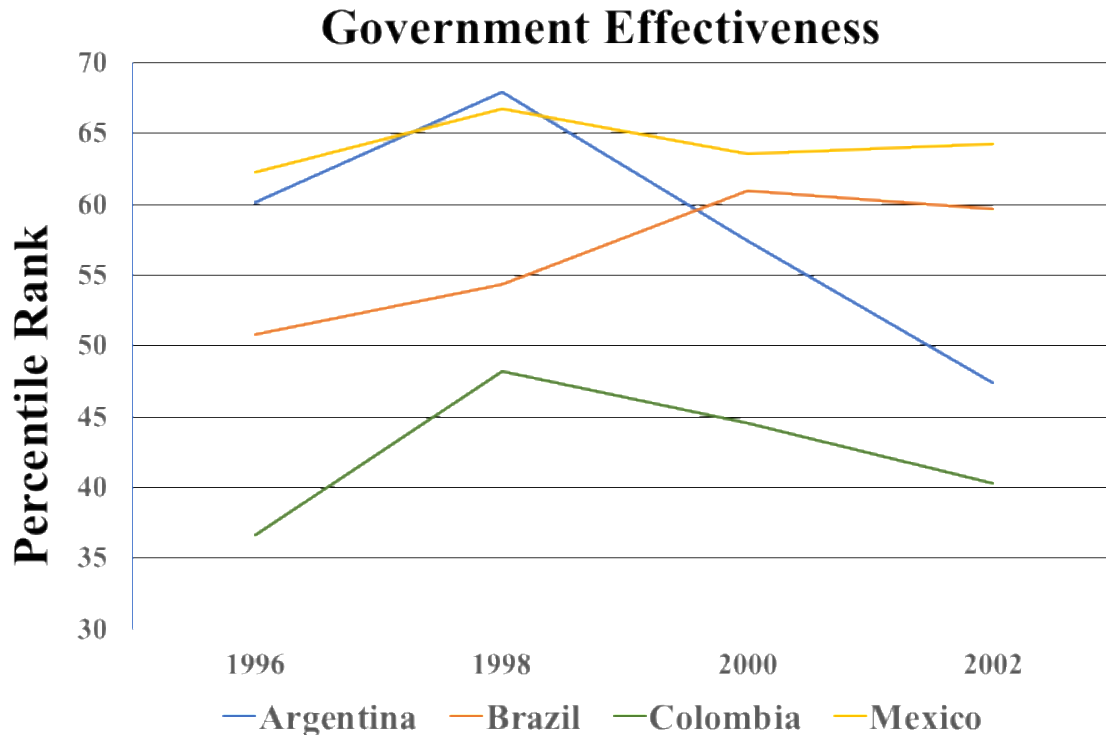


Figure 6. Latin American Large Country Government Effectiveness Ranking¹⁷¹

¹⁷¹ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Government Effectiveness: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

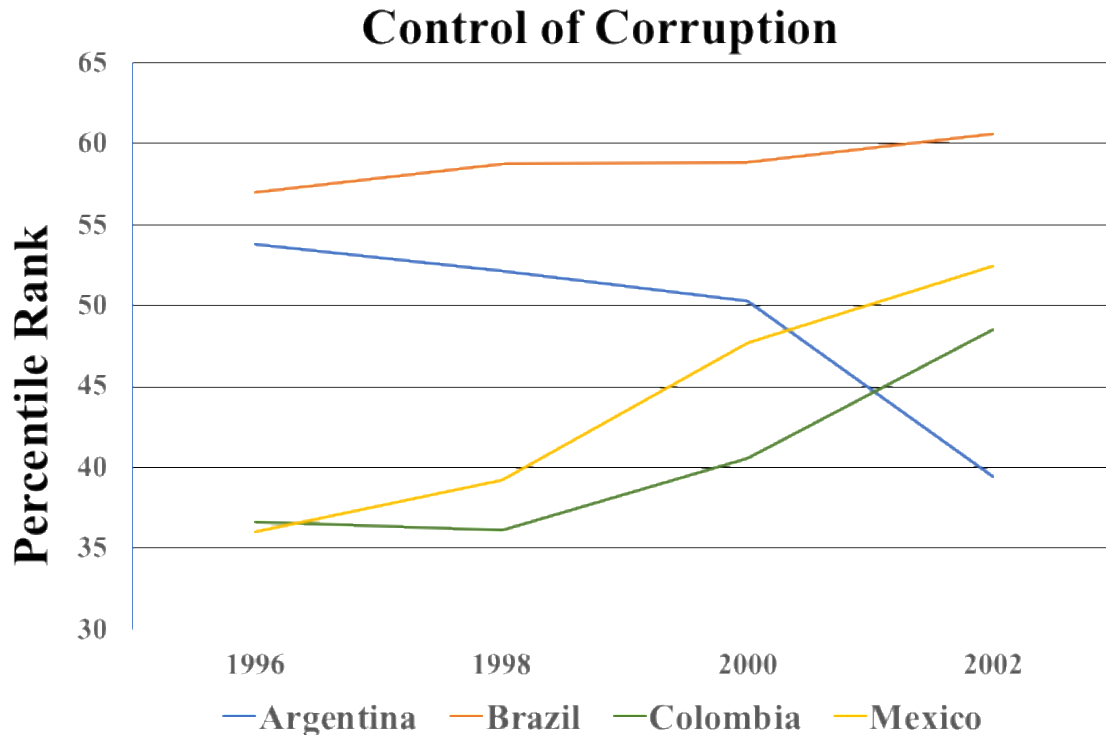


Figure 7. Latin American Large Country Control of Corruption Ranking¹⁷²

The World Bank data will be further used in the next chapter to correlate Brazil’s percentile rank changes in light of the level of political corruption, as well as, the level of involvement in political corruption of the corresponding presidents.

¹⁷² Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Control of Corruption: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

IV. LUIZ INÁCIO (LULA) DA SILVA'S ADMINISTRATION

A. KEY DATES

Following the order of Brazilian presidents, compared to his predecessor—Fernando Henrique Cardoso—Luiz Inácio (Lula) da Silva's path to the presidency was an uphill battle. Lula had to dredge through poverty and despair before the ultimate rise to his role as the president of Brazil. In his book, Richard Bourne discusses many of the details of Lula's life, from childhood through adulthood and ultimately leading to Lula's rise to the presidency. Tracing events through Bourne's book, the following four factors can be recognized as critical turning points associated to Lula's rise: 1) Lula's experiences from growing up in poverty to losing his first wife and baby, 2) his involvement with the metal workers union, 3) Lula's push for the official formation of the Workers' Party, and 4) Lula's key role in the establishment of direct elections leading up to the 1984 presidential election.¹⁷³ Those four factors can be of critical importance for understanding the type of individual which Lula embodied heading into his first term as the president of Brazil. A fifth section that discusses Lula's election failures and successes will lead into Lula's political corruption. Although he failed to win the presidency during three separate election terms—once against Collor, and twice against Cardoso—Lula was finally able to win the presidential election in 2002.¹⁷⁴

1. From Poverty and Inequality

The idea of Lula becoming the president of Brazil, gave hope to individuals, from any status, of their ability to become more than what society in general would deem fitting. Robert Levine describes Lula as, “a metalworker and union organizer who had migrated from the impoverished Northeast with his family.”¹⁷⁵ Levine jumps straight to Lula's first election campaign of 1989, but Levine's brief description supports the contrast of Lula to

¹⁷³ Richard Bourne, *Lula of Brazil: The Story So Far*, (Berkeley, CA: University of California Press, 2008), 1-34.

¹⁷⁴ Pereira, Power and Raile, “Presidentialism, Coalitions, and Accountability,” 43.

¹⁷⁵ Levine, *The History of Brazil*, 141.

that of the roots of a typical high-society politician in Brazil.¹⁷⁶ Having grown up in poverty, Lula was familiar with the effects of inequality in Brazil, especially with regard to health care.¹⁷⁷ Perhaps the most painful for Lula was what happened to his first wife and newborn baby. Due to medical complications during the pregnancy, doctors decided to conduct a cesarean operation, which in the end proved fatal for both the mother and the child.¹⁷⁸

The loss of his first wife and child was a life-changing experience for Lula, one that sparked Lula's drive to push for better health care services in Brazil.¹⁷⁹ Bourne states, "this [the hospital's lack of care for Lula's wife and child] made him [Lula] realize the importance of social assistance work for the union, his first portfolio as a full-time official."¹⁸⁰ Bourne continues with, "he [Lula] felt that health services for the millions of Brazil's poor were utterly inadequate and second-rate."¹⁸¹ Later, Lula had a child with his girlfriend of the time, but there were some complications from that relationship which would come back to haunt him down the line, mainly during his first presidential campaign against Fernando Collor in 1989.¹⁸² Bourne states that "in a dirty political trick...Miriam [Lula's ex-girlfriend and mother of his first living child] was paid to go on television to say that Lula had wanted her to have an abortion."¹⁸³ The ploy involving Lula's ex-lover may have been a deciding factor of the 1989 election, as Joseph Page states, "after a heated campaign that produced some moments of memorable mudslinging...Collor emerged victorious by about five percentage points."¹⁸⁴ The point of departure in this section is that Lula had a completely different experience in life when compared to previous political leaders.

¹⁷⁶ Levine, *The History of Brazil*, 141.

¹⁷⁷ Bourne, *Lula of Brazil*, 34.

¹⁷⁸ Bourne, *Lula of Brazil*, 34.

¹⁷⁹ Bourne, *Lula of Brazil*, 34.

¹⁸⁰ Bourne, *Lula of Brazil*, 34.

¹⁸¹ Bourne, *Lula of Brazil*, 34.

¹⁸² Bourne, *Lula of Brazil*, 35.

¹⁸³ Bourne, *Lula of Brazil*, 35.

¹⁸⁴ Joseph Page, *The Brazilians*, (Reading, MA: Perseus Books, 1995), 24.

2. Metalworkers Union

Lula's experiences from childhood and early adult life helped to prepare him both in his compassion and in his drive for improving quality of life issues for the people—mainly the working class—as well as, what drove his personal motivations as he rose to leadership positions within the union.¹⁸⁵ Initially, Lula had to persuade union leadership to let his name appear on the slate of elected officials. Bourne describes how in 1972, the union leader Paulo Vidal instructed Lula to run for a first secretary position. The results of that election were quite positive, as Bourne points out, “it won with more than 70 percent of the vote, and Lula became a full-time union official.”¹⁸⁶

Boris Fausto describes additional timeline and motivational aspects behind the union's formation and the official movements, which began in the mid- to late 1970s.¹⁸⁷ Due to the union president, Vidal, being ineligible to continue as the union president in the city of São Bernardo, Vidal nominated Lula for the seat for the ensuing 1975 election.¹⁸⁸ Lula would win the election with an astonishing victory over the opposition. Bourne states that “the slate including Lula as president and Vidal as secretary was elected with 92 percent of the vote.”¹⁸⁹ One of the first issues, with Lula as the union president, arose from the military regime's control of official inflation rates and the degraded wages/salaries associated therein.¹⁹⁰ The inflation rate issue led to the great strikes of 1978–1979, according to Fausto, the objectives of the strikes included demands for, “wage increases, guaranteed work, recognition of factory committees organized by workers, and democratic freedoms.”¹⁹¹ Fausto states,

In August 1977, the government admitted that it had manipulated the officially accepted rates of inflation for 1973 and 1974. Since the official inflation rates determined the rates for salary increases, it was

¹⁸⁵ Fausto, *A Concise History of Brazil*, 303.

¹⁸⁶ Bourne, *Lula of Brazil*, 36.

¹⁸⁷ Fausto, *A Concise History of Brazil*, 303.

¹⁸⁸ Bourne, *Lula of Brazil*, 36.

¹⁸⁹ Bourne, *Lula of Brazil*, 37.

¹⁹⁰ Fausto, *A Concise History of Brazil*, 303.

¹⁹¹ Fausto, *A Concise History of Brazil*, 303.

acknowledged that wage-earners' buying power had actually gone down by 31.4 percent...The metalworkers' union in São Bernardo [of which, Lula was the president] undertook a campaign to bring salaries up to date...this opened the way to the great strikes of 1978 and 1979, in which millions of workers took part.¹⁹²

Further highlighting the enormity of the strikes, Fausto continues by stating that, "in 1979, nearly 3.2 million Brazilian workers went out on strike...27 work stoppages by metalworkers – 958,000 people...[and] 20 teachers' strikes...[from which] 766,000 workers left their posts."¹⁹³ The experience of leading the union strikes of the late 1970s helped build Lula's self-confidence in leading the working classes in Brazil. That confidence would serve Lula well in his next endeavors.

3. Political Party Founder and Leader

Lula played a critical role in the establishment of the PT. Lula's participation in the creation of the PT dates back to mid-1978. Bourne states, "Lula had first brought up the PT question publicly at the conference of oil workers in Bahia in the middle of 1978, but there had been informal discussion in unions in the main industrial centers earlier that year."¹⁹⁴ Bourne provides a more concise account of how the PT came together. He states that

the PT was the creation of a group of people who had been radicalized by their experiences fighting for union rights in the late 1970s. It was not a creation of Lula alone, though he was a symbolic, charismatic . It was part of a much wider context of the struggle for democracy and socioeconomic progress in the dying days of the military regime.¹⁹⁵

Part of the push to establish the PT, and other political parties at the time, can be extracted from the fact that the military regime was opening the flood gates for the creation many parties in an effort to weaken the "official opposition" the *Movimento Democrático*

¹⁹² Fausto, *A Concise History of Brazil*, 303.

¹⁹³ Fausto, *A Concise History of Brazil*, 303.

¹⁹⁴ Bourne, *Lula of Brazil*, 57.

¹⁹⁵ Bourne, *Lula of Brazil*, 60.

Brasileiro [Brazilian Democratic Movement] (MDB) party.¹⁹⁶ Bourne continues to explain the real motivations for the creation of the PT, stating, “Lula argued strongly for an independent workers’ party because the union structure, however modernized, could not deliver everything that workers needed.”¹⁹⁷ Gaining official recognition for the PT was just the beginning to Lula’s political career.

4. *Direitas Já* (Direct Elections Now) Movement

As the leader of the newly formed political party, the PT, and as the end of the military regime drew near, Lula played an active role in the eventual reform of the Brazilian political election format.¹⁹⁸ Bourne states that

Lula...found a new cause—the campaign for direct elections for the presidency...Lula, Leonel Brizola, and Franco Montoro agreed to work together for *Diretas Já*, (direct elections now)...Huge demonstrations took place...in 1984—eight hundred thousand in...Rio de Janeiro, and 1.4 million...[in] São Paulo.¹⁹⁹

Opposition from, then military President Figueiredo, aimed to put a new president in place that would continue to govern Brazil with similar methods to that of the military regime’s practices.²⁰⁰ As part of the tactic for smoothing the transition from a dictatorship to a democracy, Figueiredo declared a state of emergency a few days prior to the vote for direct elections now, Bourne discusses the use of the military troops in an attempt to squelch support for the direct elections now movement. He explains that “the troops were led by General Newton Cruz, mounted on a white horse, who tried to stop *motoristas* [motorists] from honking their horns to show their support for *Diretas Já*.”²⁰¹ The effects of using the troops to interrupt the vote for direct elections proved a success for President Figueiredo. Bourne states, “the amendment’s passage was stymied by the absence of 112 parliamentarians...the regime’s attempt to keep the transfer to a civilian president within a

¹⁹⁶ Bourne, *Lula of Brazil*, 58.

¹⁹⁷ Bourne, *Lula of Brazil*, 59.

¹⁹⁸ Bourne, *Lula of Brazil*, 67.

¹⁹⁹ Bourne, *Lula of Brazil*, 67.

²⁰⁰ Bourne, *Lula of Brazil*, 68.

²⁰¹ Bourne, *Lula of Brazil*, 68.

system of indirect election, which it [the military regime] had a better chance to control, had succeeded.”²⁰² Although the direct elections now movement, led by Lula, had initially failed, it was eventually reestablished by mid-1985. Bourne states that, “in May, the Congress finally reestablished direct elections for the presidency, giving twenty million illiterates the right to vote—something they had not enjoyed prior to 1964—and legalizing all political parties.”²⁰³ The eventual success of *direitas já* further propelled Lula’s political career.

5. Election Failures and Successes

Lula began to run in an official capacity for political positions as early as the mid-1980s. Lula’s first trial run was a failed attempt for the governorship of São Paulo.²⁰⁴ Subsequently, Lula experienced three failed attempts for the presidency over the course of a decade. Though he initially wanted to remain at a distance from any political office, Lula did run for governor of São Paulo in 1982. Bourne classifies Lula’s defeat in that election as, “a personal as well as a political setback...he [Lula] personally had misunderstood the psychology of working-class voters.”²⁰⁵ At this stage, though he had seen successes in the union, Lula still had much to learn with regard to politics in Brazil.

Robert Levine discusses the 1989 presidential elections and how Lula gave Collor a run for his money, essentially, Lula’s support in the first round of the election forced a second round runoff and Lula barely lost to Collor, “by four percentage points.”²⁰⁶ Lula’s second attempt at the presidency produced his first of two losses to Cardoso, both of which ended in the first round of the elections. The first loss to Cardoso was the 1994 election, labeled by Levine as a, “spirited, media-based campaign.”²⁰⁷ Running for the presidency in the 1998 elections proved yet again, unsuccessful for Lula. The 1998 presidential

²⁰² Bourne, *Lula of Brazil*, 68.

²⁰³ Bourne, *Lula of Brazil*, 69.

²⁰⁴ Bourne, *Lula of Brazil*, 63.

²⁰⁵ Bourne, *Lula of Brazil*, 63.

²⁰⁶ Levine, *The History of Brazil*, 139.

²⁰⁷ Levine, *The History of Brazil*, 141.

election in Brazil was also a gubernatorial year.²⁰⁸ Levine's account of the 1998 elections reflects that, "106 million Brazilian voters cast their ballots for president and vice president of the republic...twenty-seven governors, twenty-seven senators...and for all 513 federal deputies, as well as 1,045 state deputies throughout the country."²⁰⁹ Levine further discusses how the PT fared quite well across the board, but the stabilization plan and subsequent economic upswing carried more weight for Cardoso than for Lula.²¹⁰

A few factors that can be attributed to the 1998 election loss for Lula include the reform for a two-term president pushed by Cardoso as well as the first use, at this level, of the electronic voting system.²¹¹ Many critics in Brazil remained skeptical of the integrity of the electronic voting system. As Levine states, "partisans of the PT and other leftist parties charged opponents with widespread electoral chicanery to discourage voters...the electronic voting machines—used widely for the first time during the 1998 election—confused voters and caused many votes to be nullified."²¹² Another factor that seemed to work against Lula was the reform of campaign financing established again, by the Cardoso administration. Levine states that, "the government also blocked efforts for public financing of the 1998 elections. This helped Cardoso, since his main opposition, the Worker's Party [Lula's party], drew on far smaller private resources to pay for advertising and campaign costs."²¹³ Inevitably, Lula would have to wait until the next presidential election, set for 2002, for yet another chance to succeed. In that, Lula did succeed in what Power and Taylor call "a watershed event in Brazilian history."²¹⁴ Why was Lula's election as the president in 2002 so pivotal? Power and Taylor summarize it best with, "the 2002 election therefore generated the most significant processes of alternation in power and elite circulation ever seen in Brazil. The election brought to the federal administration groups that had never occupied such positions before and thus was pivotal to strengthening

²⁰⁸ Levine, *The History of Brazil*, 157.

²⁰⁹ Levine, *The History of Brazil*, 157.

²¹⁰ Levine, *The History of Brazil*, 157.

²¹¹ Levine, *The History of Brazil*, 159.

²¹² Levine, *The History of Brazil*, 159.

²¹³ Levine, *The History of Brazil*, 165.

²¹⁴ Rennó, "Corruption and Voting," 62.

Brazilian democracy.”²¹⁵ As Lula would soon discover, being president would not prove to run as smoothly as being elected for the job.

B. LULA AND POLITICAL CORRUPTION

During his first term in office, Lula was also faced with similar issues that Cardoso faced, e.g., dealing with corrupt personnel within the administration and beyond.²¹⁶ Power and Taylor highlight three main aspects that they use to define Lula’s first term in office. The first two aspects discuss Lula’s policies favoring the economy, and his initiative for putting cash in the hands of the poor called *Bolsa Família* (Family Allowance).²¹⁷ More details on *Bolsa-Família*, as it pertains to this study, will accompany the discussion of the *Mensalão* [big monthly payment] scandal later. The third aspect, which Power and Taylor discuss, deals squarely with corruption: “several key government personnel were involved in recurring corruption scandals.”²¹⁸ For the sake of time, this study focuses on two main corruption scandals of Lula’s era, the *Mensalão* scandal, which will be discussed at length, and an introduction to *Lava Jato* (Car Wash). A key concept, which must accompany the discussion of corruption in Brazil, is the manner in which Brazil operates politically, and to an extent, culturally.

In their description of the political structure surrounding the executive, and the plethora of political parties in Brazil, Power and Taylor discuss the difficulties of coalition building. The authors further identify both; the potential for corruption and the lack of accountability as the main themes in Lula’s first term.²¹⁹ Additionally, Bourne describes potential cultural and political aspect in Brazil that lend to corruption. Bourne states that,

Family and local obligations have often been valued more highly than obedience to the law or scrupulous probity. Brazil is a federation in which spending powers are distributed among central government, states, and municipalities, and alliances are essential in politics. A pork barrel approach

²¹⁵ Rennó, “Corruption and Voting,” 62.

²¹⁶ Rennó, “Corruption and Voting,” 63.

²¹⁷ Rennó, “Corruption and Voting,” 63.

²¹⁸ Rennó, “Corruption and Voting,” 63.

²¹⁹ Pereira, Power and Raile, “Presidentialism, Coalitions, and Accountability,” 51.

among politicians can degenerate rather easily into the frank abuse of public money.²²⁰

Such abuses of public money directly relates to the definition of political corruption established in the introduction of this study and is further supported by Mungiu-Pippidi's reference to public spending.²²¹

One of the scandals during Lula's first term as president was the 2005 *Mensalão* scandal, which is otherwise noted as a vote-buying scandal.²²² Power and Taylor indicate that many of Lula's opposition leaders believed that the *Mensalão* scandal threatened to destroy the Lula administration and any chances of Lula being reelected in the 2006 elections.²²³ Some even voiced concerns of impeachment over the *Mensalão* scandal.²²⁴ However, Power and Taylor state that at the time, "no official government process has implicated the president himself [Lula] directly in the scandal. President Lula has been accused of sins of omission rather than sins of commission."²²⁵

Given the discovery, and the mounting accusations of the *Mensalão* scandal, how was Lula able to get reelected for a second term? Part of the answer to this question lies in Bourne's description of the *Bolsa-Família* initiative. Bourne's research takes the initiative a step back, when it was in its early stages, then called, *Fome Zero* (Zero Hunger), the program was essentially a social welfare program similar to that of food stamps in the United States.²²⁶ Although it does not compare equally as in the United States where income and family size determines benefit rates, which in the United States in 2005, ranged from the minimum monthly benefit of \$10 to the maximum of \$898, *Bolsa-Família* was

²²⁰ Bourne, *Lula of Brazil*, 174.

²²¹ Mungiu-Pippidi, *The Quest for Good Governance*, 2.

²²² Rennó, "Corruption and Voting," 64.

²²³ Rennó, "Corruption and Voting," 64.

²²⁴ Rennó, "Corruption and Voting," 64.

²²⁵ Pereira, Power and Raile, "Presidentialism, Coalitions, and Accountability," 35.

²²⁶ Bourne, *Lula of Brazil*, 129.

considered by millions of Brazilians as means to end extreme poverty.²²⁷ Adding to the context of the *Bolsa-Família* initiative, Bourne states that

initially the *Fome Zero* idea was that poor families would be given coupons worth up to R250 [between \$90 and \$120 US, monthly], which could be exchanged for food at certain named shops. But this did not work. In January 2004, *Fome Zero* was effectively overtaken as a strategy for income transfer to the poorest by the *Bolsa-Família*.²²⁸

As an illustration of the purchasing power of the *Bolsa-Família* reform, Figure 8 reflects the fluctuation of the Brazilian *real* to the U.S. dollar from April 2005 through October 2006, theoretically from approximately one year into the enactment of the *Bolsa-Família*, through the tail end of the *Mensalão* scandal.



Figure 8. USD to Brazilian Real 2005–2006 Exchange Rate²²⁹

²²⁷ Kari Wolkwitz, “Trends in Food Stamp Program Participation Rates: 1999 to 2005,” *United States Department of Agriculture: Food and Nutrition Service*, (Washington, DC: Mathematica Policy Research, 2005), 60, <https://fns-prod.azureedge.net/sites/default/files/Trends1999-2005.pdf>.

²²⁸ Bourne, *Lula of Brazil*, 129.

²²⁹ Source: “Brazilian Real,” *Trading Economics*, accessed March 1, 2018, <https://tradingeconomics.com/brazil/currency>. Once on this site, select the “Historic” tab then adjust the date range for April 2005 through November 2006.

The *Bolsa-Família* initiative, along with a few other social programs, proved pivotal to Lula's win in the 2006 election.²³⁰ Bourne states that,

The PT suggested in its manifesto that as many as thirty million have benefited from the *Bolsa-Família*, which was now going to 12 million families; but there were many other social programs, ranging from health to rural electrification (*Luz para Todos*) and agrarian reform, that had an extensive reach. Millions we're seeing him [Lula] as a father of the poor (*pai dos pobres*).²³¹

Based on the discussion in this section, specifically the manner in which Brazil operates politically and culturally, it would be difficult not to associate Lula's *Bolsa-Família* to that of increasing one's popularity in politics. For instance, Bourne states that, "for many Brazilian voters who had a low opinion of politicians anyway, cash in hand and a steady currency counted for more than corruption in Brasilia."²³² Pure speculation from an outsider's perspective could view this initiative as either, intentionally pure, or as a political ploy to gain support, in other words, buying more votes.

The second major political corruption event during Lula's presidency is the *Lava Jato* [Car Wash] scandal. Although official judicial proceedings for this scandal did not begin until well after Lula's tenure, the roots of the scandal have been connected to his presidency and the Petrobras company.²³³ Petrobras is a multinational corporation in the petroleum industry with headquarters in Rio de Janeiro, Brazil. Jonathan Watts depicts Petrobras' role in Brazil as a high value company which is responsible for much of Brazil's economic development. Watts states,

Petrobras was no ordinary company. As well as having the highest market valuation (and the largest debts) of any corporation in Latin America, it was a flagship for an emerging economy that was trying to tap the biggest oil discovery of the 21st century – huge new oil fields in deep waters off the coast of Rio de Janeiro. Petrobras accounted for more than an eighth of all investments in Brazil, providing hundreds of thousands of jobs in

²³⁰ Bourne, *Lula of Brazil*, 127.

²³¹ Bourne, *Lula of Brazil*, 126.

²³² Bourne, *Lula of Brazil*, 120.

²³³ Jonathan Watts, "Operation Car Wash: Is this the Biggest Corruption Scandal in History?" *Guardian*, (June 1, 2017), <https://www.theguardian.com/world/2017/jun/01/brazil-operation-car-wash-is-this-the-biggest-corruption-scandal-in-history>.

construction firms, shipyards and refineries, and forming business ties with international suppliers including Rolls-Royce and Samsung Heavy Industries.²³⁴

Furthermore, Watts states that, “Petrobras was also at the centre of Brazil’s politics. During the 2003–2010 presidency of...[Lula], executive posts in Petrobras were offered to Lula’s political allies, to help build support in Congress.”²³⁵ Furthermore, Watts states that, “Petrobras directors had been deliberately overpaying on contracts with various companies for office construction, drilling rigs, refineries and exploration vessels.”²³⁶ Watts’ report then links the companies actions to the politicians in Lula’s administration by stating that, “after diverting millions of dollars into those funds, Petrobras directors then used them to funnel money to the politicians who had appointed them in the first place, and to the political parties they represented.”²³⁷ As alluded to earlier, this scandal runs into the Dilma Rousseff presidency and will be discussed further in the next chapter, but emphasis on the involvement of Lula’s administration with Petrobras and the scandal in general cannot be overlooked.

Timothy Power provides a concise summary of the events of political corruption during Lula’s presidency with the following:

The president of the Chamber of Deputies was forced to resign after extorting the restaurant franchises in Congress in 2005, aides to Lula were accused in 2005 for operating a scheme of illegal bribes to federal legislators...in 2005, no fewer than sixty-nine members of the Chamber of Deputies...were accused in 2006 of receiving kickbacks from the sale of overpriced ambulances (the so-called *sanguessugas*, or ‘bloodsuckers,’ affair), and an investigation in mid-2009 showed that the Senate presidency had been issuing secret acts to cover up controversial expenditures and personnel decisions.²³⁸

²³⁴ Watts, “Operation Car Wash.”

²³⁵ Watts, “Operation Car Wash.”

²³⁶ Watts, “Operation Car Wash.”

²³⁷ Watts, “Operation Car Wash.”

²³⁸ Power, “Brazilian Democracy as a Late Bloomer,” 235.

Given Power's data presented here, the evidence that political corruption engulfed Lula's administration is overwhelming, more so than Lula's predecessor, Fernando Henrique Cardoso.

C. ANALYSIS

Referring once again to the definition of political corruption used for this study, its relevance to Lula's administration is widespread. For instance, the effects of political corruption within Lula's administration not only perpetuate the issue of the politician's sense of impunity, but Lula's presidency was also engulfed with accounts of unaccountable public spending as evidenced by both of the major scandals which began during Lula's presidency, reference the *Mensalão* and *Lava Jato* scandals. The *Bolsa-Família* reform epitomizes the act of greasing the wheels of the economy, which some have argued is the main reason Lula was elected for a second term.²³⁹ When viewed on the whole, Lula's administration appeared to help millions of Brazil's poor through social reforms, but politically, many of the actions of Lula and his administration indeed weakened the state's legitimacy and national well-being.

Near the end of Lula's presidency, circa 2010–2011, the Odebrecht scandal began to cloud the scene not only in Brazil, but also in nine other Latin American countries. Although this case would not be settled until late 2016, it implicates several construction companies in Brazil, of which Odebrecht was said to, “gouge Petrobras, the state-controlled oil company.”²⁴⁰ The scandal, as *The Economist* describes it,

Was unveiled in 2011 by Alan Garcia, then Peru's president. Now Peruvians see it [Peru's rendition of the statue of Christ] as a monument to corruption. It was built with a donation of \$800,000 from Odebrecht, Brazil's biggest construction company, which has admitted that it paid \$29m in bribes to secure contracts in Peru under the three governments that preceded the current one.²⁴¹

²³⁹ Bourne, *Lula of Brazil*, 114.

²⁴⁰ “Rage Against the Bribes Department; Bello,” *The Economist* 422, no. 9026, (February 4, 2017), ProQuest, <http://search.proquest.com/docview/1864930784/>.

²⁴¹ “Rage Against the Bribes Department.”

The Odebrecht scandal, as the investigations and judicial proceedings would later reveal, penetrated beyond the bounds of Latin America. The article in *The Economist* states that, “in the largest anti-corruption settlement in history, reached in December [2016], Odebrecht revealed to authorities in the United States, Brazil and Switzerland that over 15 years it had paid nearly \$800m in bribes related to contracts for more than 100 construction and engineering projects in a dozen countries.”²⁴² The report continues with the previous Odebrecht boss, “Marcelo Odebrecht, is [now] serving a 19-year jail sentence. The settlement showed that in nine other Latin American countries the company paid a total of \$388m in bribes to government officials and their associates.”²⁴³

The point of departure in this scandal is the fact that high-level individuals from several companies, to include Petrobras, were involved. The report states,

To do so it [Odebrecht] set up a Division of Structured Operations—a ‘bribes department’—which directed the payments through a series of offshore shell companies. Reading between the lines of the settlement it is easy to identify at least two former presidents, a vice-president, several ministers and the bosses of two state oil companies as recipients.²⁴⁴

This information becomes interesting when analyzed in the context of the ensuing preparations—construction of stadiums and arenas—for the 2014 FIFA World Cup, and the 2016 Summer Olympics set to be hosted in Brazil.

Is the majority—the vast number of poor and even the working class—of the population in Brazil simply receptive and open to large scale political corruption? Or, did Lula play the political game well enough to effectively diminish the negative effects—in the eyes of the public—of political corruption during his tenure? Given the body of evidence in this chapter, political corruption during Lula’s presidency appears to be on the rise. Although Lula’s reforms brought economic gains to millions of Brazil’s poor, the two major scandals uncovered during Lula’s tenure, plus a handful of smaller scandals, degrade the overall positive effects of his presidency. A different perspective could be that the

²⁴² “Rage Against the Bribes Department.”

²⁴³ “Rage Against the Bribes Department.”

²⁴⁴ “Rage Against the Bribes Department.”

judicial system, during the first decade of the 21st century, is beginning to make positive strides in the fight against corruption, to include the investigation and conviction of politicians.

Using the World Bank data-sets, as used in chapter three, but adapting the dates to cover Lula's presidency and through 2016—the WGI data is not yet available for 2017—correlation to the political corruption scandals that plagued Lula's presidency can be observed in four of the six indicators which the World Bank uses in the determination of public opinion regarding governance. The data depicted in Figures 9 through 14, are adapted from the World Bank Group, the intent of the data, and the developers at the World Bank, is to provide an aggregate score for specific countries across the globe. The data incorporates the views and perceptions of respondents from multiple sources. The World Bank Group states, “these aggregate indicators [WGIs] combine the views of a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. They are based on over 30 individual data sources produced by a variety of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms.”²⁴⁵

Comparison is made with regard to how Brazil measures-up with three other large Latin American countries—Argentina, Colombia, and Mexico—spanning the years 2002 through 2016. Brazil did not fare as well when compared to the previous Cardoso era. Although both, Voice and Accountability, and Rule of Law seems to remain steady, the other four categories: Regulatory Quality, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, and Control of Corruption, all experienced backslides which generally surround the *Mensalão* scandal. Of those categories which demonstrate backslides—during Lula's presidency alone—Political Stability and Absence of Violence/Terrorism, as well as, Government Effectiveness, took the brunt of the impact as they struggled to recover from the setbacks. The Rule of Law displays signs of a strong recovery and even surpassing its own scores over the previous decade. The Control of Corruption measurement also recovered to near previous

²⁴⁵ Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.”

measurements, however, during the transition between the Lula and Rousseff administrations, control of corruption perceptions take a huge turn for the worst, as depicted in Figure 14.

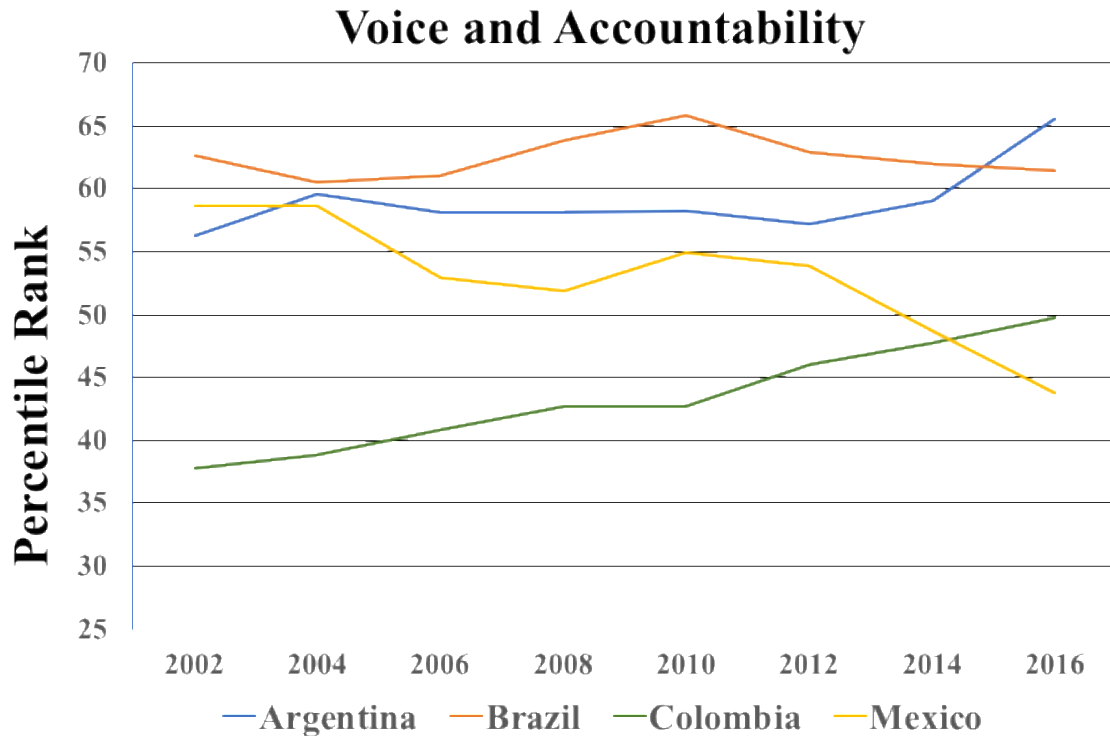


Figure 9. Lula-Rousseff Era: Voice and Accountability WGI Percentage Rank²⁴⁶

²⁴⁶ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however it will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Voice and Accountability: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

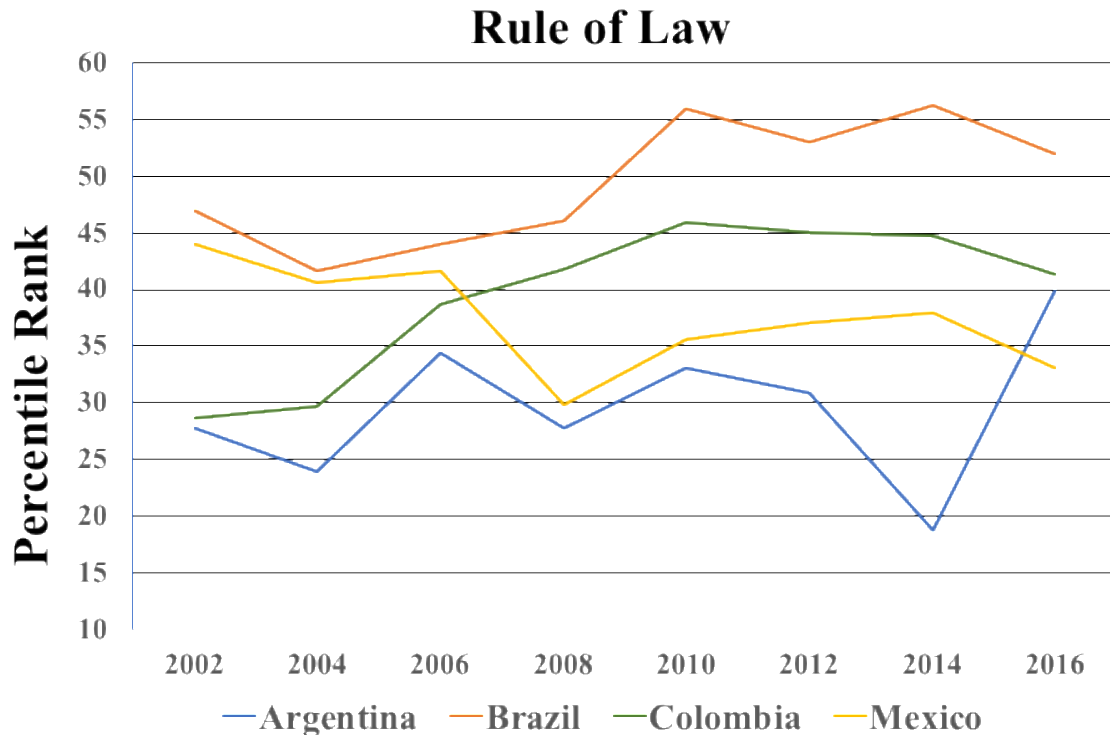


Figure 10. Lula-Rousseff: Rule of Law WGI Percentage Rank²⁴⁷

²⁴⁷ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however it will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Rule of Law: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

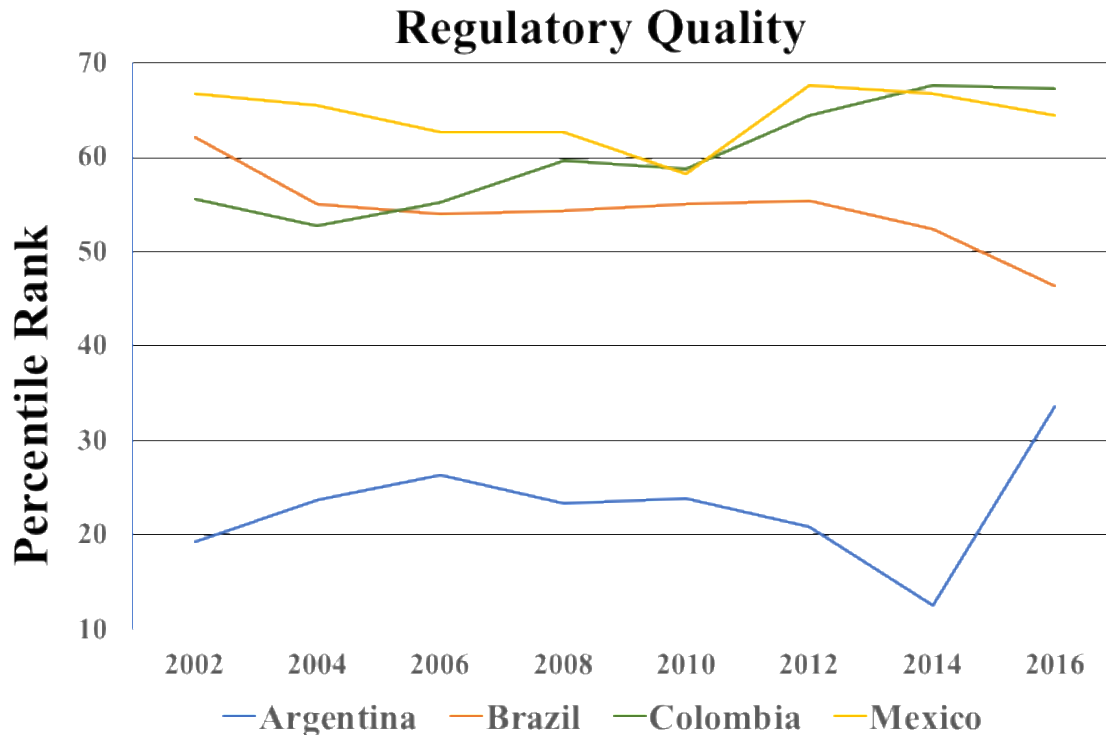


Figure 11. Lula-Rousseff: Regulatory Quality WGI Percentage Rank²⁴⁸

²⁴⁸ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however it will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Regulatory Quality: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

Political Stability and Absence of Violence/Terrorism

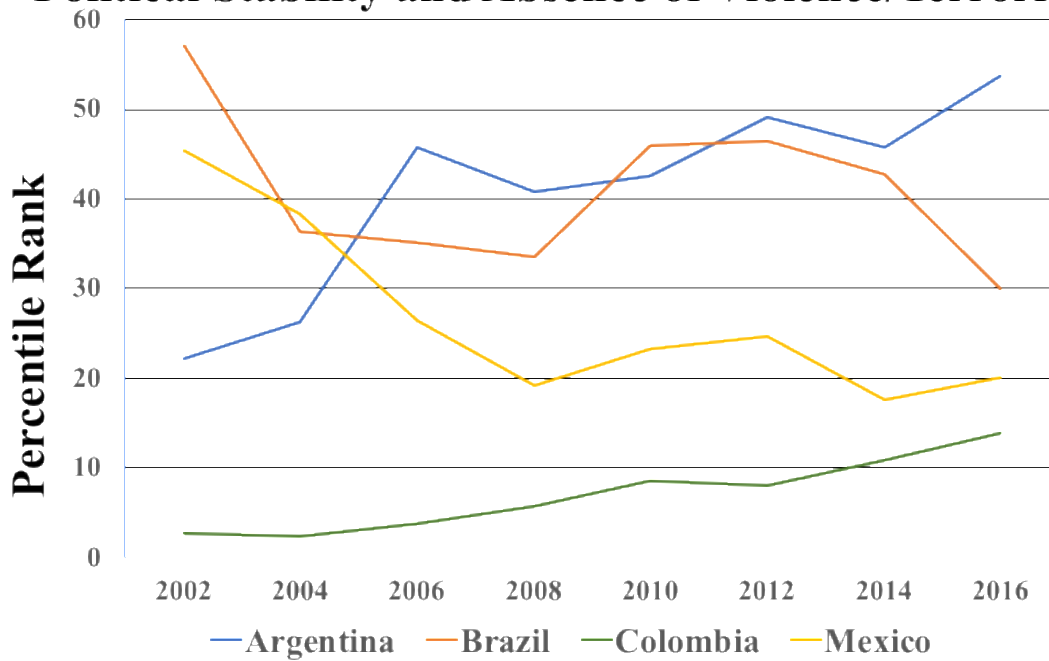


Figure 12. Lula-Rousseff: Political Stability and Absence of Violence/Terrorism WGI Percentage Rank²⁴⁹

²⁴⁹ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however it will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Political Stability and Absence of Violence/Terrorism: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

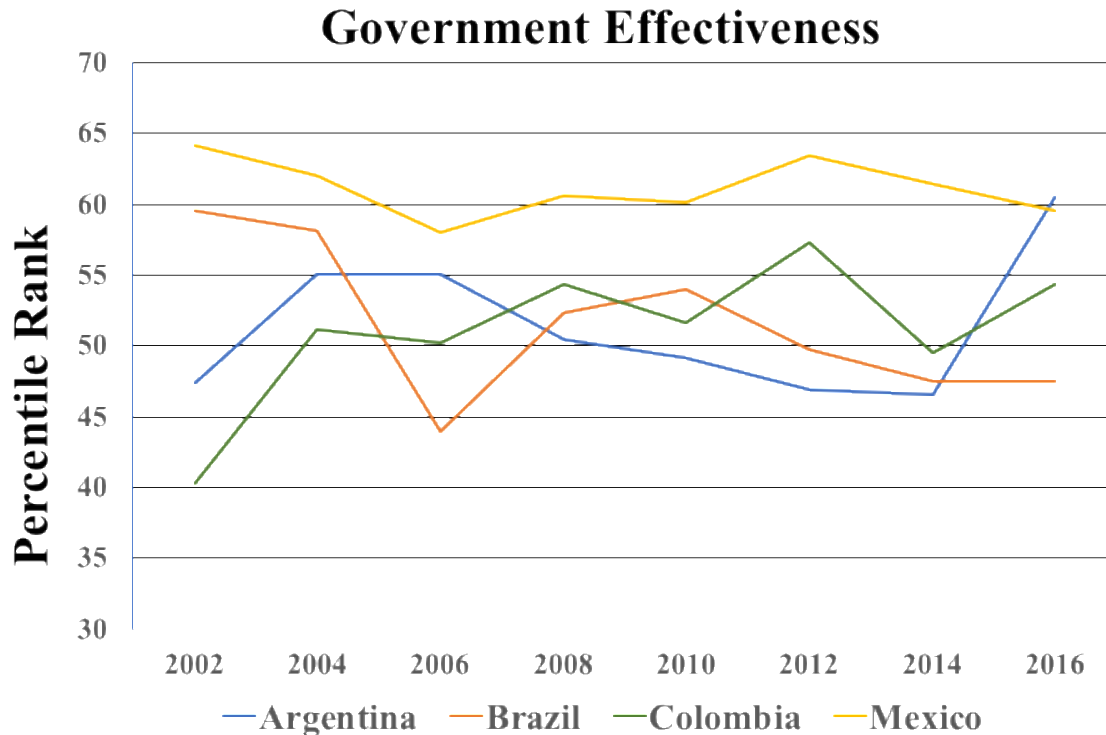


Figure 13. Lula-Rousseff: Government Effectiveness WGI Percentage Rank²⁵⁰

²⁵⁰ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however it will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Government Effectiveness: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

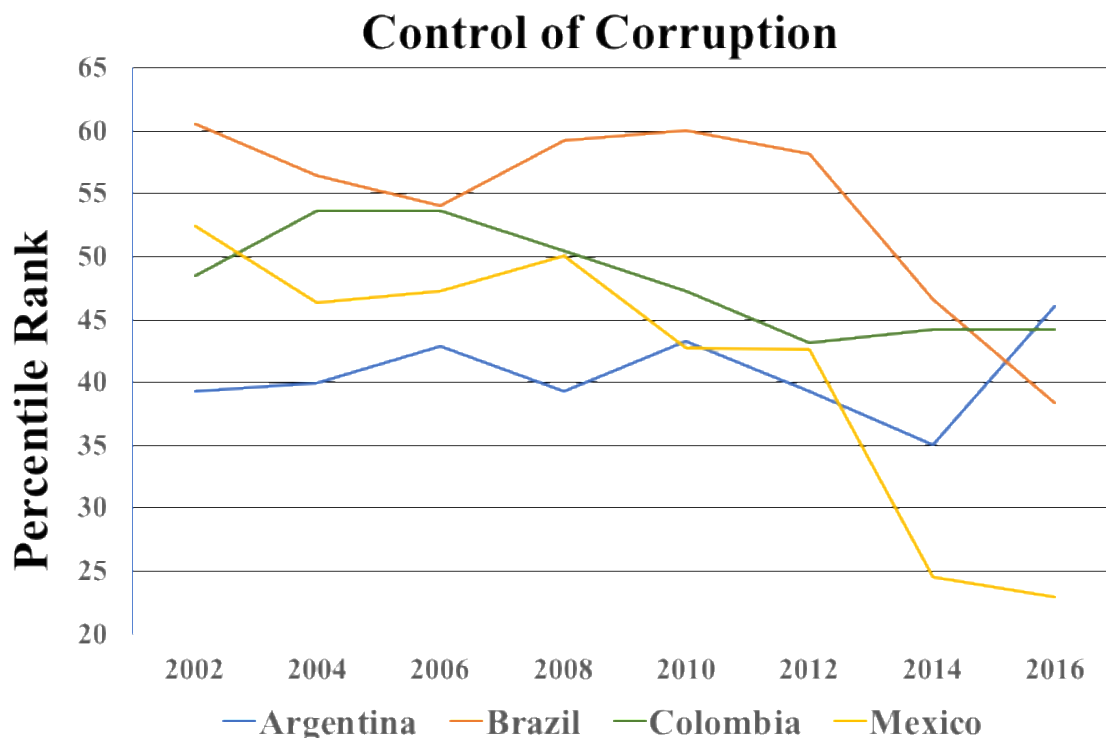


Figure 14. Lula-Rousseff: Control of Corruption WGI Percentage Rank²⁵¹

In a similar result, the data from the World Bank Group shown in Figures 9 through 14 compares similarly to that of Transparency International’s scores, which is compiled from multiple sources.²⁵² Adapted from Transparency International, Figure 15 illustrates Transparency International’s Corruption Perception Indices (CPIs) by year from 2002 through 2017. The chart is overlaid with the large named scandals and the respective president of the time. Although the WGI’s percentile rank varies in measurement from

²⁵¹ Source: Data extracted from Kaufmann, Kraay and Mastruzzi, “The Worldwide Governance Indicators.” <http://databank.worldbank.org/data/reports.aspx?source=worldwide-governance-indicators#advancedDownloadOptions>. The website allows the user to select multiple Countries, however it will only display the data for one country at a time. The information in the six figures used in this chapter can be acquired by following these steps: access the website above, under the “Database” tab select, “Worldwide Governance Indicators,” under the “Country” tab, select, “Brazil, Argentina, Colombia, and Mexico,” under the “Series” tab select, “Control of Corruption: Percentile Rank,” under the “Time” tab select all available years by placing checkmarks in each year (1996-2016). The data will be displayed per country, on the right of the website—depicting the graph—a drop-down tab will appear which allows the viewer to alternate between the selected countries. The exact data from the tables was input into an excel spreadsheet for all four countries to obtain the chart seen above.

²⁵² “Corruption Perceptions Index: 2017,” *Transparency International*, accessed March 1, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table.

Transparency International's CPI score, both charts reflect backslides in near identical year groups.

It is imperative to note that the information provided by the World Bank and Transparency International used in this study, does not reflect factual, event based, evidences of actual corruption by a specific individual, i.e., former Presidents Lula or Rousseff. Although the data is derived from official surveys and other non-biased sources, the data is based on the perception of corruption and of the perception of government effectiveness within a country. Including the WGI and CPI information in this study provides a starting point in the endeavor to determine if political corruption is or is not on the rise in Brazil.

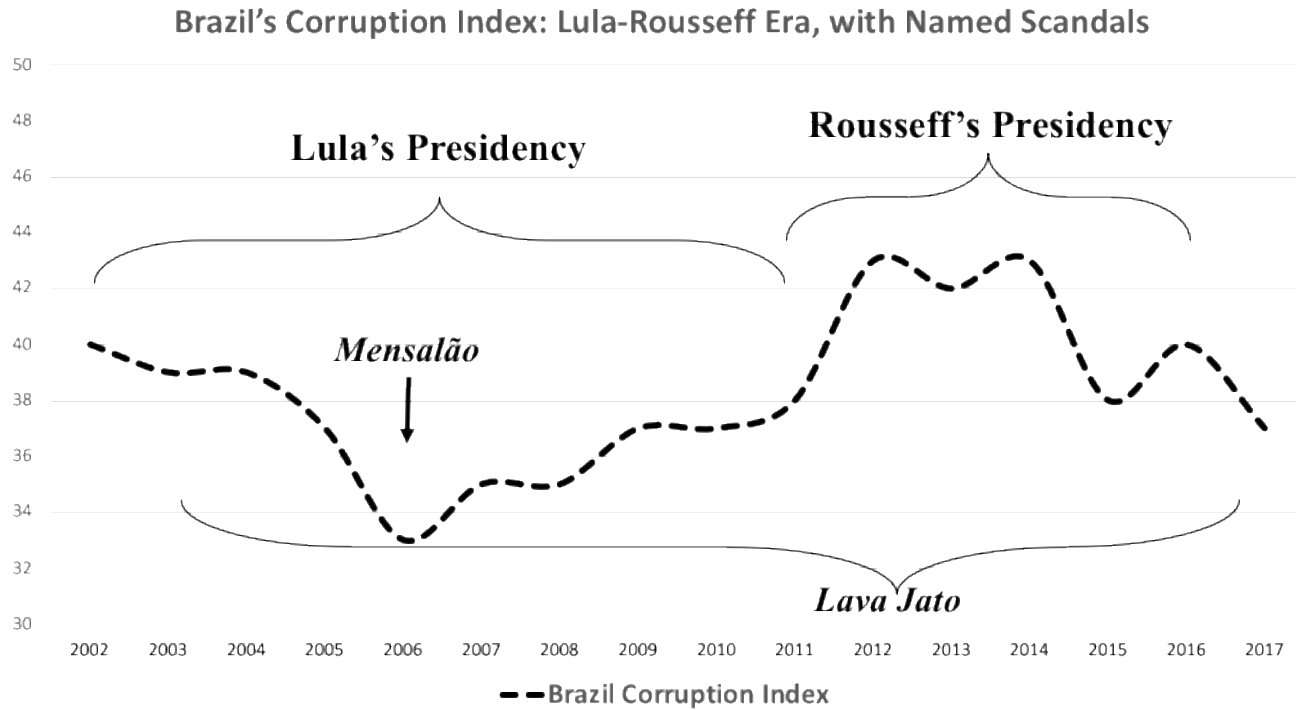


Figure 15. Transparency International's Corruption Perceptions Index 2017 and Brazil's Corruption Scandals²⁵³

²⁵³ Data extracted from "Corruption Perception Index: 2017," Transparency International, March 1, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table; "Brazil Corruption Index: 1995–2018," Trading Economics, March 12, 2018, <https://tradingeconomics.com/brazil/corruption-index>. The data from the Trading Economics website for historical CPI numbers and from Transparency International's website for the most current year reported—2018. The figure is then overlaid with major named corruption scandals and presidential terms. Lava Jato was launched in March of 2014, ongoing investigation indicates the scandal's origins begin in 2003, Watts, "Operation Car Wash."

At this point, we can begin to see that the perception of political corruption is indeed on the rise in Brazil. Considering that both the Cardoso administration and the Lula administration had to deal with widespread corruption throughout their respective administration, the difference—brought to light in this chapter—indicates that the executive is either a contributor to the issue or strives to take the high road. In more specific terms, from the Cardoso era, no implications were ever pointed directly at President Cardoso, nor have any issues of political corruption continued to haunt Mr. Cardoso subsequently. The story is quite different in Lula’s case as the investigation into *Lava Jato* persisted into 2016 and part of 2017. In May of 2016, The British Broadcasting Corporation (BBC) reported on the ensuing investigation of the Petrobras scandal (*Lava Jato*), the report states,

Investigators say that starting in 2003 [Lula’s first year in office], construction companies formed a cartel to overcharge Petrobras for building contracts. They would then pay part of their windfall to Petrobras executives and politicians who were in on the deal. Prosecutors allege that the Workers’ Party, of which both Lula and current President Dilma Rousseff are members, partly financed its campaigns and expenses through these kickbacks.²⁵⁴

The BBC report continues by highlighting that the, “investigators said they also had evidence that in 2014 the ex-president received at least \$270,000...worth of furniture and improvements for the beachfront apartment in Guarujá.”²⁵⁵ Such evidence correlates to the aspect of personal gain on the part of former president Lula.

Despite the massive scandals under Lula’s administration, he was able to finish his second term with remarkably high approval ratings. Françoise Montambeault and Graciela Ducatenzeiler state that, “Lula has succeeded in becoming one of the most popular presidents in Brazilian history and, by the end of his second term, about 90 percent of the population approved of his presidency.”²⁵⁶ Fast-forward to 2018, Lula was, until recently,

²⁵⁴ “Why Brazil’s Lula Faces Fresh Corruption Investigation,” British Broadcasting Corporation, May 4, 2016, <http://www.bbc.com/news/world-latin-america-35728124>.

²⁵⁵ “Why Brazil’s Lula Faces Fresh Corruption Investigation,”

²⁵⁶ Françoise Montambeault, and Graciela Ducatenzeiler, “O Brasil de Lula, e Além: uma Introdução [Lula’s Brazil and Beyond: An Introduction],” *Journal of Politics in Latin America*, 6, no. 3 (2014): 1, <http://nbn-resolving.org/urn/resolver.pl?urn:nbn:de:gbv:18-4-7914>.

the favorite for the October presidential elections. If former president Cardoso wanted to extend an individual's ability to be elected for two consecutive terms, it would be speculative to say that his intent was to limit an official's life-time term-limits, but with Lula running for a third term as Brazil's president in the 2018 elections, such speculation becomes null. In the latest news however, further investigations into the *Lava Jato* and Odebrecht scandals and the convictions associated with those scandals, have recently dealt Lula a political blow. Dom Phillips' article in *The Guardian*, states that in January, "a Brazilian court has upheld the conviction of the former president...[Lula] for corruption and money laundering, in a ruling that complicates his plans to run for a third term."²⁵⁷

An analysis of the intricacies of campaign financing in Brazil, reflects certain forms of the potential for political corruption to occur. Perhaps many politicians view this process as a pseudo justification for the manner with which they conduct business as usual. Jonathan Watts also supports this perspective in his lengthy, but highly important description of the process of campaign financing.²⁵⁸ According to Watts:

Brazil's political scene is highly vulnerable to corruption. With dozens of parties and elections at three levels (federal, state and city) across one of the world's largest countries, campaigns are extremely expensive and it is almost impossible for any single political group to secure a majority. Gaining power involves winning elections and paying other parties to form coalitions, both of which require huge sums of money. As a result, one of the greatest prizes in Brazilian politics has long been the power to appoint senior executives at state-run companies, because each executive could expect to receive millions in kickbacks from contractors, much of which could be siphoned off into campaign coffers...After winning the presidency on his fourth attempt, in 2002, Lula had been stuck with a minority in Congress. His chief of staff bought the support of minor parties by arranging monthly payments...mostly paid by construction firms in exchange for building contracts. Although illegal, this allowed the Workers' Party to get things done....Unfortunately, because Lula's reforms had only got through

²⁵⁷ Dom Phillips, "Brazilian Court Upholds Corruption Conviction for Ex-President Lula," *Guardian*, (January 24, 2018), <https://www.theguardian.com/world/2018/jan/24/brazilian-court-upholds-corruption-conviction-for-ex-president-lula>.

²⁵⁸ Watts, "Operations Car Wash."

parliament with the aid of bribery, those achievements were built on ethical quicksand.²⁵⁹

²⁵⁹ Watts, "Operations Car Wash."

V. DILMA ROUSSEFF'S ADMINISTRATION

A. KEY DATES

With the second anniversary of her impeachment occurring later this year—August 2018—the majority of the literature which discusses Brazil's former President Dilma Rousseff, is centered around that event in 2016, two years into her second term in office.²⁶⁰ Due to the limited amount of scholarly accounts on Rousseff's life prior to her presidency, and the mountain of material—found in news articles and various journals—describing the legal proceedings she faced in 2016, the focus of this chapter will be on Rousseff's impeachment itself. There are however, a few important facts of Rousseff's career to highlight.

First, Rousseff studied economics at the Federal University of Minas Gerais. A couple of years after the death of her father (1962), Rousseff's life as a political activist in a Marxist organization began in 1964.²⁶¹ Tom Phillips states that Rousseff was a, “former Marxist rebel...[and was] imprisoned during Brazil's dictatorship.”²⁶² After her imprisonment, Rousseff returned to her economic studies where she finished her college education, worked for, and eventually led, Rio Grande do Sul's Foundation for Economics and Statistics in the 1990s.²⁶³

Second, Rousseff and her common-law husband, Carlos Franklin Paixão de Araújo, founded the Democratic Labor Party (PDT).²⁶⁴ Later, the PDT formed an alliance with the PT, but in 2001 Rousseff left the PDT and became a member of the PT.²⁶⁵ Rousseff rose

²⁶⁰ Bruneau, “The Impeachment of President Dilma Rousseff,” 5.

²⁶¹ Rodrigo Nobile, Vallance Nobile and John J. Crocitti, “Rousseff, Dilma Vana (1947–),” *Brazil Today: An Encyclopedia of Life in the Republic*, edited by John J. Crocitti, and Monique M. Vallance, Accessed March 14, 2018, http://libproxy.nps.edu/login?qurl=https%3A%2F%2Fsearch.credoreference.com%2Fcontent%2Fentry%2Fabcbrasil%2Frousseff_dilma_vana_1947%2F0%3FinstitutionId%3D901.

²⁶² Tom Phillips, “Lula Era Comes to an End in Brazil,” *Guardian*, (December 31, 2010), <https://www.theguardian.com/world/2010/dec/31/brazil-lula-era-ends>.

²⁶³ Rodrigo Nobile, Vallance Nobile and John J. Crocitti, “Rousseff, Dilma Vana (1947–).”

²⁶⁴ Rodrigo Nobile, Vallance Nobile and John J. Crocitti, “Rousseff, Dilma Vana (1947–).”

²⁶⁵ Rodrigo Nobile, Vallance Nobile and John J. Crocitti, “Rousseff, Dilma Vana (1947–).”

to leadership positions in the PT and also served in several official capacities during Lula's presidency, to include minister of mines and energy, and chief of staff.²⁶⁶ An important facet to highlight at this juncture is that, as the minister of mines and energy, Rousseff was administratively responsible for the oversight of the state-owned oil company, Petrobras.²⁶⁷ Rounding out the years before her election, Jonathan Watts noted that Rousseff had replaced Lula as the Workers' Party president, but prior to her 2010 presidential campaign, Rousseff terminated her leadership role with the PT.²⁶⁸

Finally, Rousseff as Brazil's president, represents several historical firsts; the first female elected as president, and subsequently the first female to be elected for a second term.²⁶⁹ She was also the first sitting president to be impeached, that is, prior to abdicating the position as Collor did in the 1980s in an attempt to escape his impeachment. Being the first in historical events does not always provide positive outcomes, as Rousseff would soon discover. Hailing from the same political party as her predecessor, Rousseff would focus her first term on establishing her own agenda as she took the reins of the presidency. Coalition management in Rousseff's administration would prove quite challenging in the aftermath of previous scandals and the on-going investigations of Odebrecht and *Lava Jato*, as well as a few others. Françoise Montambeault and Graciela Ducatenzeiler report that Rousseff would face many challenges during her presidency not only to establish her own agenda but also in the pursuit of that agenda after the eight-year Lula reign.²⁷⁰ The authors state that, "among the most important challenges Dilma faced during her first term in office was to live up to the expectations raised by Lula while advancing her own agenda in a completely different socioeconomic context."²⁷¹ Changes in the socioeconomic context refers to the growth of the middle class, along with the ever-increasing voice of the people. Such changes have been attributed to Lula's reforms, the Family Allowance, and the

²⁶⁶ Rodrigo Nobile, Vallance Nobile and John J. Crocitti, "Rousseff, Dilma Vana (1947-)."

²⁶⁷ Rodrigo Nobile, Vallance Nobile and John J. Crocitti, "Rousseff, Dilma Vana (1947-)."

²⁶⁸ Watts, "Operation Car Wash"

²⁶⁹ Montambeault and Ducatenzeiler, "Lula's Brazil and Beyond," 1.

²⁷⁰ Montambeault and Ducatenzeiler, "Lula's Brazil and Beyond," 1.

²⁷¹ Montambeault, and Ducatenzeiler, "Lula's Brazil and Beyond," 1.

Education Allowance, are just a few that the impoverished, majority of the population, benefited from.²⁷²

B. ROUSSEFF AND POLITICAL CORRUPTION

In a similar fashion to her two predecessors—Cardoso and Lula—Rousseff also lost several ministers to allegations of corruption during the first year of her presidency.²⁷³ Although the literature indicates a relation to the events, it does not explicitly make a correlation between—losing ministers in her first term, and the corruption scandals from Lula’s era—however, a link between the two could explain the initial problems of political corruption in that first year of Rousseff’s administration. Analysts from Oxford’s Analytica Daily Brief Service state that, “Rousseff is also conditioned by the fact that many corruption claims relate to events or appointments dating back to her predecessor and mentor, President Luiz Inacio Lula da Silva.”²⁷⁴

Drawing from the data presented in the previous chapter, several massive political corruption scandals went public during Rousseff’s presidency. Although, the *Lava Jato* and Odebrecht scandals began during Lula’s era, journalists and the media writ large, question Rousseff’s claims of innocence due to the official positions she held during Lula’s presidency and her party affiliation.²⁷⁵ As the investigations into the scandals from Lula’s era discovered, the fact that bribes and illicit finance contributions to election campaigns ran rampant is evidence that does not bode well for Rousseff from the start. Although there is no clear evidence supporting wrong doings in her first term of office, Rousseff was in fact, impeached in 2016 for the misuse of public funds to support her campaign for the 2014 elections.²⁷⁶

²⁷² Montambeault, and Ducatzenzeiler, “Lula’s Brazil and Beyond,” 6.

²⁷³ “Brazil: Rousseff May Ease Corruption Clean-up,” *Oxford Analytica Daily Brief Service*, (September 19, 2011): 1, <https://search.proquest.com/docview/891738716?accountid=12702>.

²⁷⁴ “Brazil: Rousseff May Ease Corruption Clean-up.”

²⁷⁵ Watts, “Operation Car Wash”

²⁷⁶ Bruneau, “The Impeachment of President Dilma Rousseff,” 2.

What did Rousseff do for Brazil while in office? One of the reforms not initially on Rousseff's political agenda, but certainly one that changed the landscape of politics and judicial procedures in Brazil, was the introduction of plea-bargaining. As the *Lava Jato* scandal was unfolding in Brazil, citizens took to the streets in great numbers, Watts states that:

In the wake of nationwide anti-corruption demonstrations in 2013, Rousseff had tried to placate an angry public by fast-tracking laws aimed at rooting out systemic fraud. New measures included, for the first time in Brazil, plea bargaining: prosecutors could now make deals with suspects, reducing their sentences in return for information that could lead to the arrest of more important s.²⁷⁷

Watts' article discusses the measures that the Brazilian judge, Sérgio Moro took, which include, denying bail in order to halt the attempts of those arrested from using their influences to escape charges. Those detained had to either, "make a deal or stay in jail."²⁷⁸ *Lava Jato* was the code name given to what would soon be labeled the biggest corruption scandal in the history of the world.²⁷⁹ Nestor Cerveró, a former executive of Petrobras, would divulge that illegal payments, totaling more than \$5 billion, had gone to company executives and political parties.²⁸⁰ Being a state-ran company, Petrobras executives were appointed by politicians, in return the funds collected from the illegal actions of the executives would be funneled back to the politicians and the political parties responsible for appointing Petrobras' executives.²⁸¹ The main purpose, which the article highlights, was to fund the election campaigns of certain candidates in order to ensure the continuation of the governing coalition in power.²⁸²

Further investigations into the Petrobras (*Lava Jato*) scandal, particularly to Lula's involvement, would prove fatal to Rousseff's position. Jeff Wallenfeldt and Michael Ray

²⁷⁷ Jonathan Watts, "Operation Car Wash."

²⁷⁸ Jonathan Watts, "Operation Car Wash."

²⁷⁹ Jonathan Watts, "Operation Car Wash."

²⁸⁰ Jonathan Watts, "Operation Car Wash."

²⁸¹ Jonathan Watts, "Operation Car Wash."

²⁸² Jonathan Watts, "Operation Car Wash."

highlight Rousseff's attempt to protect Lula at a specific juncture in the investigation, the authors state,

Rousseff made an even bigger demonstration of her support for him [Lula] when she appointed him her chief of staff only days after he had been charged. As a member of the cabinet, Lula, no longer legally subject to prosecution by a federal court, could be tried only by the Supreme Court. Among those who saw the appointment as Rousseff's attempt to protect Lula from prosecution was a federal judge who both blocked Lula's appointment and released the transcript of a wiretapped phone conversation between Rousseff and Lula, which, it was argued, indicated that Rousseff was indeed appointing Lula as a precautionary measure for him.²⁸³

Wallenfeldt and Ray's article discusses the bad start to Rousseff's second term. Amidst an economic cool down and a slipping gross domestic product, Rousseff's popularity was buoyed by an aggressive interest-rate reduction and a reduction of the Brazilian bank's reserve requirement.²⁸⁴ Sparked by the growing middle class's discontent with government corruption, initial protests began in São Paulo in early 2013, and soon spread throughout the country.²⁸⁵ On-track preparations for the two major events, the 2014 FIFA World Cup, and the 2016 Summer Olympics, both set to be hosted in Brazil, returned some of Rousseff's lost popularity from fall out of the *Mensalão* scandal.²⁸⁶ The regained popularity enabled her second round win of the 2014 presidential election.²⁸⁷ However, by 2015, investigations into the Petrobras scandal would reveal the involvement of dozens of executives and politicians in a multi-million dollar kickback deal involving Petrobras, the PT, and the PMDB.²⁸⁸ Rousseff's approval ratings dropped to 13 percent by March 2015.²⁸⁹ Indictments from the Petrobras scandal included former president Lula, and as the protests continued, the PMDB—one of the PT's strongest allies—withdraw from the

²⁸³ *Encyclopedia Britannica Online*, Academic ed., s.v. "Dilma Rousseff," accessed March 1, 2018, "Dilma Rousseff," <https://www.britannica.com/biography/Dilma-Rousseff>.

²⁸⁴ *Encyclopedia Britannica Online*, "Dilma Rousseff."

²⁸⁵ *Encyclopedia Britannica Online*, "Dilma Rousseff."

²⁸⁶ *Encyclopedia Britannica Online*, "Dilma Rousseff."

²⁸⁷ *Encyclopedia Britannica Online*, "Dilma Rousseff."

²⁸⁸ *Encyclopedia Britannica Online*, "Dilma Rousseff."

²⁸⁹ *Encyclopedia Britannica Online*, "Dilma Rousseff."

government.²⁹⁰ The vote to proceed with the impeachment was overwhelming when 367, of the 342 required, voted to move forward with the impeachment.²⁹¹

Rousseff was eventually impeached in August of 2016, after several heated debates in Congress. Was her impeachment merely bad timing for Rousseff? After all, Wallenfeldt and Ray state that, “hundreds of the members of Brazil’s Congress faced accusations of malfeasance, including the speaker of the Chamber of Deputies, the PMDB’s Eduardo Cunha, who had been formally charged with corruption and money laundering.”²⁹² In other words, a great number of her accusers were also being investigated for actions similar to or worse than that which they were attempting to impeach Rousseff. This is not to say that Rousseff should, or should not have been impeached, but it does raise a more interesting set of questions, which is outside the scope of this thesis, but could be worth further research. Is there an incorruptible politician in Brazil? If so, how long would such a politician last in the political system that Brazil employs?

Given the fact that Rousseff and Lula walked a similar political path to the presidency, i.e., both began in the PT, both eventually led the PT, and they served consecutively as the president, and unlike the transition from Cardoso to Lula at the turn of the century, the status quo is simply maintained in the transition from Lula to Rousseff.

C. ANALYSIS

Any analysis beyond the result of Rousseff’s impeachment would be pure speculation, let alone offer any real alternative ends. Several political leaders and academics in Brazil and abroad have argued what they believe to be the true intent of Rousseff’s impeachment, a plot or coup against not only Rousseff, but also Lula’s chances of running for president again in 2018, and against the PT in general.²⁹³ Dom Phillips’ article in *The Guardian* states that, “Rousseff was eventually impeached in 2016,

²⁹⁰ *Encyclopedia Britannica Online*, “Dilma Rousseff.”

²⁹¹ *Encyclopedia Britannica Online*, “Dilma Rousseff.”

²⁹² *Encyclopedia Britannica Online*, “Dilma Rousseff.”

²⁹³ Dom Phillips, “Brazil Braces for Corruption Appeal that Could Make or Break Ex-President Lula,” *Guardian*, (January 24, 2018), <https://www.theguardian.com/world/2018/jan/23/brazil-luiz-inacio-lula-da-silva-corruption-appeal-verdict-election>.

ostensibly for breaking budget rules, and was replaced by her former vice-president, Michel Temer, from the Brazilian Democratic Movement party (PMDB, since renamed MDB). Wiretaps later revealed PMDB politicians plotting to force Rousseff out in order to head off corruption investigations they themselves were implicated in.”²⁹⁴

Beyond the recorded conversations, one must also consider the trajectory of the presidential office since 2002. Recalling from the previous chapter; Lula’s election in 2002 signified positive gains for a functioning democracy, reference Power and Taylor’s statement on the, “alternation in power and elite circulation ever seen in Brazil.”²⁹⁵ However, in 2010 as Rousseff—another PT member—took office, political party members from PMDB, and others, must have wondered if such alternation was viable. Without alternation in sight for several more years, one could imagine the thoughts of the opposition, e.g., questions pertaining to a pseudo-dictatorship ran by the PT. Surely, after Rousseff won again in 2014, a PT government for what should have been 18 years, rivals the period in power of the last military dictatorship by a mere margin.

Not intending to prove guilt or innocence, further analysis would not be complete, exclusive of Rousseff’s statement concerning the object of her impeachment. Phillips’ article provides that statement; “she admitted her party had been involved in diverting some money, but said it was much less than others, like the PMDB. ‘Every party in this process had its deviations,’ she said.”²⁹⁶ At this point, one must ask what Rousseff meant by the words, “some money.” In the Odebrecht scandal alone, large sums of money had been used for bribes, surely not all of the bribes are attributable to the president, but the investigations have linked portions of the scandal to both Lula and Rousseff’s administrations.²⁹⁷ A glimpse of the amount of money involved in the Odebrecht scandal is discussed in an article by *The Economist*, which states, “the settlement [of the Odebrecht scandal] showed that in nine other Latin American countries the [Odebrecht] company paid a total of \$388m in

²⁹⁴ Phillips, “Brazil Braces for Corruption Appeal that Could Make or Break Ex-President Lula.”

²⁹⁵ Rennó, “Corruption and Voting,” 62.

²⁹⁶ Phillips, “Brazil Braces for Corruption Appeal that Could Make or Break Ex-President Lula.”

²⁹⁷ “Rage Against the Bribes Department.”

bribes to government officials and their associates.²⁹⁸ Does the amount of money involved in a corruption scandal dictate the legality of actions?

Based on the information in this chapter, Rousseff's administration falls in-line with the status-quo of the two previous administrations, that of misusing public funds for personal gains. Although not viewed as egregiously as her predecessor's involvement, Rousseff's actions either boosted coalition support or aided the financing of election campaigns, all of which benefited her in some shape or form.

²⁹⁸ "Rage Against the Bribes Department."

VI. FINDINGS, APPLICATION OF HYPOTHESES, AND CONCLUSION

A. FINDINGS

The objective of this thesis is to identify what explains political corruption in Brazil today. The result of the research presented here has identified several factors that contribute to an understanding of the phenomenon at hand. By looking back through Brazil's history, one can see how the system of patronage has influenced Brazil's political trajectory. Patronage is perhaps the root of all things related to political corruption in Brazil. I highlight findings from this study, to illustrate and support this statement.

Along with the Brazilian politician's sense of impunity, the weaknesses of the 1988 Constitution, perpetuated the perception of unabashed political corruption in Brazil. We see a prime example of this sense of impunity in chapter five with President Rousseff's failed attempt to shield ex-president Lula from legal prosecution, outside of the supreme court, by appointing him as her chief of staff. Rousseff's action therein is directly related to Fausto's discussion of patronage in Brazil.²⁹⁹

The system of patronage permeates Brazilian governance at nearly all levels of politics, nationally, at the state, and the municipal levels. Chapter three revealed how Cardoso's reform for a consecutive two-term president and all publically elected officials was not necessarily corrupt, but the manner in which his administration ensured the reform would pass through the legislature was highly questionable.

Unaccountable spending, along with coalition forming and subsequent coalition maintenance have proved to be both arduous and expensive. Examples of these factors are seen in the various scandals throughout the three-presidents reviewed in this study. From the SUDAM and SUDENE, and the electronic voting scandals in Cardoso's era, to the *Mensalão*, *Lava Jato*, and the Odebrecht scandals in Lula's era, and finally, the misuse of public funds leading to Rousseff's impeachment.³⁰⁰ Referencing Watts' explanation on the

²⁹⁹ Fausto, *A Concise History of Brazil*, 33–34.

³⁰⁰ Bruneau, "The Impeachment of President Dilma Rousseff," 5.

difficulties of campaign financing in chapter four, correlation to coalition forming and coalition maintenance, in essence, is what drove the actions within each scandal, not to mention the monetary incentives.³⁰¹

Voter manipulation and vote buying also correspond in the same fashion with coalition forming and maintenance. Examples of vote buying are prevalent in Cardoso's campaign for his second term, and the *Mensalão* scandal in Lula's first term. Although highly speculative, some argue that voter manipulation for Lula's *Bolsa-Família* reform was an attempt to gain popularity in the largest sector of voters in Brazil.

Campaign financing is yet another factor seen throughout the Cardoso-Lula-Rousseff era. The trading of contracts for bribes with the construction companies and the state-ran oil company Petrobras, began in Cardoso's era and continued through to the Rousseff era. Along with Cardoso ending the CEI, although coerced to do so, discussed in chapter two, such accounts of political corruption continue even into the aftermath of the Rousseff impeachment that now involve the incumbent president, Michel Temer. Campaign financing is a major contributor to political corruption in Brazil. Jonathan Watts states it best in his article, "Operation Car Wash: is this the Biggest Corruption Scandal in History?" in *The Guardian*:³⁰²

Rounding out the factors which contribute to understanding political corruption in Brazil are examples of both Cardoso and Lula turning a blind eye as evidenced by the corrupt activities of officials within the respective administrations and specifically, in Lula's era, the *Mensalão* scandal. Although intended as a response to the massive protests in 2013, Rousseff played an instrumental role in the establishment of plea bargaining, a reform that has certainly propelled Brazil's judicial system in the fight against corruption. Evidence of Brazil's judicial system gaining ground in this fight, stems from the vast number of prosecutions and investigations of high-level executives and politicians, Rousseff's impeachment in 2016, and the more recent supreme court's decision to uphold

³⁰¹ Watts, "Operations Car Wash."

³⁰² Watts, "Operations Car Wash."

Lula's conviction of corruption and money laundering.³⁰³ Such prosecutions have rendered Levine's statement about Collor's impeachment, in need of updating, as the, "only successful legal action against a president in the history of Latin America."³⁰⁴

B. APPLICATION OF HYPOTHESES

The main hypothesis in this thesis is that if Brazil would directly address the issue of political corruption, the nation could not only guide legislation and judicial policies for ending this historic problem, but also by reigning in corruption, it can improve the nation's economic stance and national well-being. In doing so, Brazil may be able to realize its full potential on a much broader scale.

Given the body of evidence in this thesis, the fact that political corruption has tainted every presidential administration since Brazil's transition from authoritarian control, Collor Mello, Franco, Cardoso, Lula, Rousseff, and current President Michel Temer, Brazil is still far from being able to reign in corruption, let alone eradicate corruption completely. The idea that the public overlooks corruption in Brasilia when the economy is doing well does not support this hypothesis' prescribed realization. Brazil has witnessed a fair share of economic growth and stability on several accounts since 1984. However, with globally historical corruption scandals, such as *Lava Jato*, which implicates national and international companies as well as other governments, backslides in gained economic growth seem to constantly haunt the nation's ability to break the mold of being a developing country, further reducing Brazil's ability to realize its full potential.

The alternate hypothesis of addressing the weaknesses of the 1988 Constitution, which it can be argued that all three presidents, Cardoso, Lula, and Rousseff, made significant contributions to address such weaknesses, is at least a start. Initiatives by the Cardoso-Lula-Rousseff era, and now by the Temer administration, that further attempt to

³⁰³ Phillips, "Brazilian Court Upholds Corruption Conviction for Ex-President Lula."

³⁰⁴ Levine, *The History of Brazil*, 157.

align Brazil's reform processes to OECD standards, is a positive step in correcting the initial weaknesses of the 1988 Constitution.³⁰⁵

C. CONCLUSION

In Brazil's centuries-old system of patronage and outright abuse of power by politicians and elites, a nation that has corruption under control, let alone a nation free of corruption, is not yet visible in Brazil's near future. Along with the public's recent anti-government demonstrations, Brazil's judicial system and the associated bold judges of recent times, are all critical components of the long-term fight against political corruption. However, unless Brazil's political leaders change the process of using bribes and buying support for their political agendas, such corruption may very well persist into the distant future. Consideration for removing certain legal protections for politicians is a controversial topic, but may be worth the benefits in the long run.

The idea of further privatizing certain sectors of Brazil's industry, such as the Petrobras company, may be a much needed step to reign in corruption writ large. However, doing so may also produce an even deeper web of corruption as privatizing would surely make tracking of corporate spending outside of government oversight more difficult. Even still, the reforms made by Cardoso in the 1990s, which limit the amount of campaign financing from the private sector, could create the needed amount of distance between candidates for office and the industry to reduce political corruption in Brazil.

This research has highlighted how in spite of the grandiose aspirations of a nation, such as Brazil, the actions of political leaders are critical for national well-being. In any democracy, and perhaps other forms of government, national leaders set the stage, both locally and globally, in molding the perception of a nation's stability and the overall economic, social, cultural, and political development.

³⁰⁵ "OECD Economic Survey: Brazil," Secretary-General of the OECD, November 13, 2017, <http://www.oecd.org/economy/surveys/Brazil-2018-OECD-economic-survey-overview.pdf>.

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