Corruption and politics in Brazil

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DESPITE CONTINUING corruption scandals, there have been some institutional improvements in Brazil over the last two decades or so. Lessons from past scandals have led to more independent oversight agencies and more transparency in public finances. However, these advances are far from permanent and seem to have fallen short of solving the problem, though they have to some extent raised the political cost of corruption. In some sense, it is reasonable—although not very reassuring—to say that to be corrupt in Brazil today you need to be more creative now than before.

Unfortunately, there is no silver bullet that will kill off public corruption. A number of proposals currently in Congress demonstrate that there are many different angles from which to tackle the problem. Regulation of lobbying, legislation on campaign financing and harsher penalties on companies involved in public corruption schemes are just a few examples. However, the elevated costs of campaigns—a problem that is clearly not unique to Brazil—will most likely maintain the incentives for corruption and mitigate the positive impact of any new legislation.

However, if the lack of legislation and an electoral system that promotes competition largely as a function of economic power are a serious part of the problem, they pale in comparison to the sluggishness of Brazil’s judicial system. The mensalão (monthly stipend) trial, set to begin seven years after the scandal broke out, is just one example that justice moves more slowly where there is political and economic power. A vicious cycle, to say the least.

Political fallout of a “historic” trial

Earlier this month Brazil’s Supreme Court began to hear the cases of the 38 former government officials and lawmakers charged with participating in a vote-buying scheme, which became known as the mensalão scandal. Allegedly, the vote-buying scheme began in 2005 during President Lula’s first term. The proceedings
should last several weeks and will most likely draw a significant amount of press coverage. However, while the media attention surrounding the trial will probably to some extent rekindle public interest in the scandal, the impact on the Rousseff administration should be modest.

From the outset, the inner circle of the Rousseff government had few or no ties with those involved in the scheme. Since the scandal broke out, officials involved in the mensalão have been removed from political positions in the administration and in congress. In fact, Rousseff’s rise to political prominence was a direct result of the scandal, because she replaced José Dirceu—regarded as the mastermind behind the scheme—as Lula’s chief of staff. Of the 38 suspects, only two are still in congress, though a former Workers’ Party (PT) chairman, José Genoíno, has a mid-level position in the Ministry of Defense.

Barring the unlikely discovery of any new and significant evidence involving Rousseff or her inner circle, the government’s exposure to the case is minimal. Rousseff’s approval ratings remain very high at 77 percent, and according to the polls the president’s anti-corruption credentials are a major factor sustaining her popularity. After some of her cabinet members were accused of corruption (unrelated to the mensalão case), she not only sacked them but also replaced several second-tier political appointees in ministries and departments. She is also expected to carry on with her house cleaning if new accusations erupt or in the unlikely chance that members of her administration are dragged into the mensalão scandal.

As for the PT, several weeks of excessive exposure will probably translate into some political damage in the run-up to local elections in October. Regardless of the verdict, the trial could also prompt the public to revisit Lula’s presidential legacy. While this does not necessarily mean the tide will turn against the former president, PT candidates in major cities will be somewhat wary of the risks of linking Lula’s image to their campaign.

So what to expect of the trial? Regardless of the verdict and despite its modest immediate political impact, it should be noted that the mensalão trial is part of a broader process of increased oversight and more accountability in Brazil’s public administration. Definitely a small step in the right corruption-fighting direction.