

## Corruption and Politics: A Sociologist's Viewpoint

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Dear friends,

The subject of my talk today will be the impact of global economic transformations on Latin American representative democracy crisis and its acceleration by corruption, with special attention to the case of Brazil.

Before developing the topic of corruption, which I had never approached either as a scholar or – and much less – as a practitioner, I wish to say how grateful I am to the Latin American Program of the Wilson Center for this opportunity and the tribute that I will receive tonight.

Let me briefly review some of the links that connect me with the Latin American Program and its offshoot, the Brazil Institute.

Back in 1977, I was a fellow at the Institute for Advanced Studies in Princeton and Abe Lowenthal was a teacher at Princeton. Over all of us hovered the unique personality of Albert Hirschman.

This outstanding public intellectual had moved from Harvard to Princeton. He was already recognized for his studies on Colombia, his contributions for the economy of development and for contemporary social and political thought.

Thanks to him I joined the Institute and through him I strengthened my relations with Abe Lowenthal.

The Institute at that time was a dream world for any social scientist. My room neighbor was Thomas Kuhn, the author of *The Structures of Scientific Revolutions*. The anthropologist Clifford Geertz held a permanent position in the human sciences group and John Eliot was in charge of history.

Driven by these great thinkers, Abe and I started to dream aloud. I recall a trip by train between Princeton Junction and New York in which we talked about the possibility of creating a Latin American program of studies at the Wilson Center, then presided by James Billington, the future librarian of the Library of Congress.

This was the seed that led to the Latin American Program, established at the Wilson Center at the Smithsonian, with its red bricks and towers, known as “The Castle”.

Who would have imagined that from this would emerge the Brazil Institute so ably directed by Paulo Sotero?

Now let us deal with the challenging theme that brings us together this morning.

In the seventies, under the influence of the seminal essay by Hirschman - *A bias for hope* I gave a talk here in Washington with the title of *A bias for democracy*.

At that time we endured the so-called “*anos de chumbo*” in Latin America.

Our countries were torn apart by dictatorships and the logic of the Cold War. For good reason, the cause of my generation was economic development and the restoration of democracy.

In the nineties with the return of democracy our passion became the fight against social inequality, a goal impossible to achieve without the stabilization of the economy.

The world was changing. Great technological transformations were paving the way for robotization, the Internet, the revolutions in communication and transports.

The transformations driven by the process of globalization enhanced the resurgence of neoclassical economy in academic life and of economic liberalism in politics.

This new world, structured around private multinational companies, evolving into global companies, was bound to reduce the traditional functions of national States.

A new ideology was on the rise, branded as 'neoliberalism' by its critics.

After the fall of the Berlin Wall, the Pax Americana coexisted with a Europe starting its process of integration and an emerging China, allied with global corporations.

In such a context it is easy to understand why most of the Latin American Left opposed globalization, understood as a threat to national independence and a surrender of the elites to neoliberalism.

In counterpoint to globalization and, to a lesser extent, to representative democracy – deemed formal or bourgeois – groups looked back and in some cases gave a new lease of life to the 'national populism' prevalent in the fifties and sixties.

At the end of the nineties and in the first decade of the 2000s, populism was born again in the peronism of the Kirchners, the bolivarianism or "Socialism of the Twenty First Century" of Chavez and even in Lula's government in Brazil, although with a moderate tone in this case.

In Venezuela Chavez emerged as a superstar with its mix of verbal populism, distributive politics and strong anti-American rhetoric, anchored in the Cuban experience and, more recently, in the economic and political interests of China and Russia

This regressive trend did not become hegemonic in the region. Chile and in Uruguay, countries with some tradition of social revolutionary movements, did not follow this path. The democratically elected governments of the "*Concertación*" and of the "*Frente Amplio*" were concerned with promoting sound economic policies as well as integrative social policies.

The populist wave was also rejected by Colombia where successive governments stood for democracy to deal with the threat posed by narcotraffic and the revolutionary guerrillas. Even in Bolivia and Equator politics of social inclusion were implemented together with more responsible economic policies.

It is within the framework of these uncertain but resilient democracies that a new crisis is now unfolding.

Before I qualify what occurs now in Latin America, let me stress that even in the regions where representative democracy is more deeply rooted – the Americas and Europe – their institutions are facing a bad moment. At the core of those problems we find the widening gap between people's aspirations and the capacity of political institutions to respond to the demands of society. The entire political system is seen as elitist, contaminated by corruption, oblivious to people's daily concerns.

This phenomenon is neither local nor transitory. It is embedded in a broader economic, social and moral transformation that affects society as a whole.

Some thinkers go as far as to speak of a 'paradigm shift', a 'civilizational change'. It is one irony of our age that this deficit of trust in political institutions coexists with the rise of citizens' increasing capacity to make the choices that shape their lives and the future of their societies.

Shift, change, transformation, mutation are key contemporary words.

Everything seems to be in a state of flux, a situation fraught with risks but also with opportunities for reinvention.

When I was a university student and, a bit later, when I started to teach Economic History at the University of São Paulo, at the beginning of the fifties it was fashionable to talk about "change": social change, education for change and so forth.

There was passionate debate about the consequences – positive and negative - of what Eric Hobsbawm called "the era of imperialism".

Despite amazing levels of human exploitation, the progress of industrialization and urbanization gave rise to a new culture, based on secularization, separation between State and Religion, and individualization.

On the negative side were the colonial expansion of Europe and the formation of an economically prosperous 'Center', with control over technology and capable of accumulating capital, in contrast with an immense 'Periphery', dependent on the Center when not colonized by it.

Throughout a long period, extending from the American Independence and the French Revolution to the Second World War and its political consequences in the fifties, the institutions of representative democracy gained ground in the West. Nazi fascism was defeated, Communism was contained.

It is this world that is being affected by the mutations that we have described as "crisis". At the core of the civilizational change are technological transformations, to keep it simple, "the communication revolution" and its impact in society, economics and culture.

The classical distinction by Ferdinand Tönnies between "community" (the locus of people's face to face experience to each other) and "society" (the kind of social organization in which people relate more formally through norms and contracts) needs to be revised.

Today the tribes formed in the Internet link people to each other without the intermediation of formal organizations. Like-minded communities of all kinds are created transcending any barrier, including national frontiers.

On another level, the optimistic hope of Karl Mannheim, with his trust on planning and the positive outcomes of a rational world, is being replaced by more pessimistic and particularistic culture.

The emphasis today is on race and culture differences. The politics of identity challenges the politics of class, contrary to previous expectations that social economic differences would prevail over differences based on culture and race.

In this brief review we could also mention other classical thinkers such as Marx, who stressed the connections between the forms of organization of production and the forms of sociability.

Or David Durkheim, concerned with the impact of demographic growth and industrialization over social cohesion.

And even Max Weber, who called attention to the power of rationalizing bureaucracies and the ability of charismatic leaders to challenge the oppressive monotony of bureaucratic routine.

All these categories need to be updated to help us understand the newness of contemporary societies.

Why then do we talk about the crisis of representative democracy when the mutation we are witnessing is much more profound?

The 'world of yesterday', based in the society of classes, with its political institutions – the parties – representing different class interests and values, embedded in ideologies, no longer exists as they existed before. Political parties are institutions born in the Nineteenth Century. As mass organizations, encompassing people 'outside' the world of power, the socialist and communist parties enlarged the legitimacy of the democratic institutions.

But the old forms of sociability and links of cohesion have been overturned by the fragmentation of society, the rise of new occupations and intense social mobility of contemporary societies. These profound transformations in the fabric of contemporary society led to a disconnection between the political system, the parties and society, and the people.

The cleavages, the tensions and the conflicts in today's globalized world are determined by a set of disparities of a different nature.

Twenty years ago many in the so-called South feared that globalization would increase the distance between a rich North and a poor South. Not only this did not happen – it is enough to look at China's world role or poverty reduction in several southern countries -- but something totally unexpected did happen. Within each 'rich' country there are 'winners' and 'losers' of globalization.

The French sociologist Pascal Perrineau speaks of a new division between the 'happy' and the 'unhappy' with globalization. Those who feel at ease in the new global environment and those who feel victimized by forces beyond their control, leading to a profound sense of personal and social loss.

Is this phenomenon not confirmed by the overwhelming vote pro-Trump in the rust belt? Or by the pro-Brexit vote in the depressed rural and industrial regions of England?

Or, conversely, the victory of Macron in France was it not achieved with the massive support of the prosperous cities and regions which see the European Union as an asset not a threat?

Who can deny that the working class and the union-based voters of the British Labor Party supported the Brexit in the same way that the workers who voted for the Communist Party in France migrated in large numbers to Marine Le Pen?

What united these voters? Old class consciousness or the new feeling of loss or gain with the transformations in their society?

New majorities are being formed around messages and leaders who vocalize them. One narrative (Trump, Le Pen) relies on fear, anger and hate; another (Macron) on hope, competence and self-confidence.

This neo populism based on fear of the future has a meaning which is quite the opposite of the Latin American populism, which was nationalistic, but wanted economic development and social inclusion.

Today's populism in Europe and the US is also nationalist, but in the sense of a "regressive utopia", the longing for the return to an idealized past. It also supports the social exclusion of minorities, immigrants, and all other kinds of people that do not conform to their moral prescriptions.

In an unexpected twist of history, Arabs, "Mexicans", Africans – all coming from regions torn apart at the era of colonial-imperialist expansion – now appear as the contemporary barbarians at the gate of civilization. Walls and prohibitions are invoked to keep America for the Americans or France for the French.

In another paradox, the same web that connects corporations, flows of capital and technology across the globe also connects terrorist cells, launders dirty money and empower cyber pirates.

In a nutshell: the crisis we are now living is the emergence of what could be called the "contemporary society", or the "network society" that is driving away the "modern society created by the Industrial Revolution. Of the world of yesterday we only see the ruins. Of the emerging world only the shadows.

This overall process of change evidently affects Latin American societies. But there are some specifics.

Many of our countries, after getting rid of the military regimes of the Cold War times, tried to rebuild pre-existing democratic forms whose structure reflected oligarchical societies.

In some cases, there was a kind of fusion between previous democratic forms and populism, supported by the many who wanted a place in the sun in the urban-industrial society.

In other countries, depending in part on the "volume and density" of societies, to quote from Durkheim, the relatively small number of those demanding access to modernity, mainly to

universal social services provided by governments, facilitated the establishment of democratic rules in the European and American tradition.

Countries with large populations and those more affected by populism had much greater difficulty to make this adjustment.

All, however, suffer the effects of what I call “the rise of the contemporary societies” and of globalization.

At this point and in order not to speak beyond a reasonable time, I will turn to the case of Brazil.

In our country – as in some others – the overall crisis of politics is enhanced by a moral crisis arising out of the disclosure of a widespread system of corruption.

First, a statement: today’s collapse is the result of the persistence of a political culture based on patronage and corporatism at the moment in which Brazil makes the transition from modernity to contemporaneity.

Patterns of electoral behavior and power mechanisms that were traditionally accepted now appear as dissonant and intolerable. An informed public opinion is now aware of the evidence of corruption at a systemic level.

The institutional framework of the Brazilian democracy was established by the Constitution of 1988.

A landmark in the transition to the rule of Law, the Constitution was approved one year before the fall of the Berlin Wall. It incorporated several inconsistencies in the economic sphere while affirming political and civic rights, including in the social sphere.

It granted full freedom for the organization of political parties and ensured their partial public financing. The president of the Republic is elected by an absolute majority of at least 50% plus one vote. With 28 political parties represented in Parliament, the parties of elected presidents never got more than 20 percent of the seats in Parliament.

This situation made it imperative the formation of parliamentary alliances in order to govern. Even adding the seats of the three main parties, PT, PMDB and PSDB – and they hardly join forces – they account today for less than 200 out of 513 seats in the Chamber of Deputies. Governments to get success in approving legislation depend on alliances between parties.

A political scientist, Sergio Abranches, calls this hybrid presidentialist formula “presidential system by coalition”.

Given the persistence of the patterns of patronage and corporatism, complacent - to say the least - with favor and privilege, the Executive builds political alliances by sharing power through the nomination of politicians to public functions in the State and in the public companies.

While it was possible to form congressional majorities based on three or four large parties this system seemed less corrupt. The parties composing the alliance were united, at least formally, in their support to the presidential candidate's program before the election.

Lula's election coincided with two independent and positive developments.

First, the presentation prior to the election of a Letter to the Brazilian People in which Lula assumed the engagement to follow the basic principles of the previous government in economic and financial matters: floating exchange rates, a system of targets to control inflation and compliance with law of fiscal responsibility, which imposed limits to the expansion of public spending.

Second, the terms of exchange in international commerce evolved in favor of the commodities producing countries insofar as China increased drastically its imports of foods and raw materials. The end result for Brazil was economic growth, high levels of investment and the acceleration of social inclusion, which was already improving.

Missing this favorable opportunity to move ahead with an agenda of constitutional reforms was a mistake of Lula's government, then enjoying an internal and external positive scenario.

It chose to focus on strengthening its base of support inside and outside Congress. In so doing it opened the doors of the State to a large and heterogeneous conglomerate of political parties, big and small, "rightist" or "leftist". And it also ensured the access to State funds to private companies arbitrarily designated as 'national champions'.

Sooner rather than later politicians realized the advantages of creating new parties, no matter how small in size or vague in ideas.

The first big corruption scandal – the so-called '*mensalão*' – erupted in the midst of Lula's first mandate: a congressman denounced that dozens of members of Parliament were receiving on a monthly basis illegal financial contributions to support the government.

This was the turning point, the beginning of a new phase, that of a 'presidential system by cooptation'.

Certainly, corruption in Brazil is an ancient practice. Nominations for governments posts in exchange of political support also.

However, the misdeeds in the past were either individual acts or a mix of patronage with leniency, not a fundamental mechanism for a government to gain and retain power.

After the "*mensalao*", Corruption continued as if nothing had happened, reaching an all-encompassing level ten years later with the so-called "*petrolão*", the scandal initially centered on Petrobrás.

Over the last two years the operation Lava-Jato ('Car Wash') led by the Federal Police and the Judiciary gradually disclosed the systemic nature of corruption in Brazil. The consequences for the political, institutional and moral fabric of the country are overwhelming.

In a distortion of Gramsci's idea of hegemony, the blind ambition to hold power for as long as possible paved the way for the ideological justification of the illegal financing of the Workers' Party and their so-called allied parties.

This endeavor was facilitated by the expansion of the economy and the fraudulent manipulation of State funds. The government ensured a steady supply of cheap public credit to national companies investing in Latin America, Africa and even globally.

This created a web of complicity between important sectors of the Brazilian economy and the parties in power. This interconnection, not to say connivance, between public and private interests was accepted by society at large. Lula's programs of social inclusion somehow granted a kind of *urbe et orbi* absolution to any transgression. At least for a while.

The proliferation of political parties, the transformation of electoral campaigns in a costly "show business", the personal corruption of political agents, the complicity of public and private companies ultimately led to the endless series of scandals denounced by the Judiciary and the media.

Some argue that the use of a "slush fund", an undercover second cash account to finance electoral campaigns, allowing candidates and parties to receive funds non declared to the Electoral Justice was a commonplace practice. Commonplace perhaps, but certainly not generalized.

What is new is not only the amount of funds received, both as campaign donations and as money illegally diverted from contracts with the public sector.

What is new is the dissemination of this "system" throughout the public sector and the involvement of top members of the federal government in its organization and spread.

To give one example: in the last electoral campaign one single private company officially donated around one hundred million dollars. And this same company (a meat processor and exporter ) made official donations to several parties, including to parties in opposition to government.

As we speak, several top leaders of the Workers Party are in jail, and several more are either free on bail or awaiting trial.

And note that the accused do not belong only to the PT. Leaders of almost all parties, including some from the opposition to the previous government, as is the case of my own party, are experiencing the same predicament.

From the standpoint of society, the impact of these malpractices is perceived as a moral disaster. People perceive parties and politicians as being all involved with corruption and responsible for the inefficiency of public services.

This gives rise to an overall reaction of indignation and, more often than not, an attitude of cynicism regarding public life.

The "moral question", which seemed to be a concern of the educated middle classes, has now become a concern of the people at large.

It is time to conclude. The interconnection between the access to information and the demands for transparency and accountability will probably lead to substantive improvements in our democratic experience.

Starting with the disclosure of the corrupt foundation upon which political power was based (and perhaps still is...).

Brazilian institutions have proved their resilience. The Federal Police, the Attorney General and the Judiciary are acting with the autonomy and independence granted by the Constitution.

Younger Judges and prosecutors are well equipped to use new legal dispositions such as the plea bargain to foster their investigations.

Brazil is a signatory of the international conventions to fight organized crime, especially tax evasion and money laundering.

The exchange of information with other countries has also helped to disclose crimes of corruption and bribery that in the past would have remain undetected.

Let me give one more example of how things have changed for the best despite the complexity of the present crisis.

In the past, confronted with a crisis like the current one we, Brazilians would be speculating about the attitude of the four star generals. Today most of us do not even know their names while the names of the eleven Justices of the Supreme Court are household names.

The Supreme Court, as guardian of the Constitution, has the final decision. It decides and that's it.

The means of communication – mainstream and social media – are fulfilling their role: they anticipate what is going to happen, they criticize any and all acts of corruption or threats to the democratic process. Brazilian enjoys full freedom of the press.

Governments and parties dislike and criticize the media (as I did when in the Presidency...), but the media exercise its critical independence which is essential to the preservation of democratic values and of a climate of freedom.

The algorithm of politics has changed. It is time to reweave the threads between society and politics, citizen action and representative democracy, **demos** and **res publica**.