



# Thinking Brazil



Woodrow Wilson  
International  
Center  
for Scholars

MARCH 2006

BRAZIL UPDATE NO. 18

AN ELECTRONIC NEWSLETTER OF BRAZIL @ THE WILSON CENTER

## Political Corruption in Brazil

The “*Mensalão*” Corruption Scandal and the Future of the PT



CATHERINE CONAGHAN, PAULO SOTERO, WENDY HUNTER, RIORDAN ROETT

The current corruption scandal in Brazil, known as the “*escândalo do mensalão*,”<sup>1</sup> has dominated Brazilian politics since it first came to light in June, 2005. It has threatened to bring down the administration of President Luiz Inácio Lula da Silva who, until recently, was seen as immune from the cronyism and clientelism

that have plagued Brazil for years. On October 21, 2005, Brazil @ the Wilson Center hosted a conference that brought together experts from the United States, Brazil, and Canada to debate the ramifications of the political scandal in Brazil and address broader issues of corruption, good governance, and the very future of Lula’s Workers’ Party, the *Partido dos Trabalhadores* (PT).

Leading experts who participated included *Paulo Sotero*, Washington Correspondent for *O Estado de São Paulo*, *Wendy Hunter*, associate professor of government at the University of Texas at Austin, and *Riordan Roett*, director of Western Hemisphere Studies at The Johns Hopkins University School of Advanced International Studies (SAIS). *Catherine Conaghan*, professor of political studies at Queen’s University, moderated the discussion.

*Paulo Sotero* began on a somber note, claiming that this was one of the “saddest talks he has had to give.” While he described the current state of affairs as depressing, he said that he remained optimistic, predicting that Brazil would continue to grow and prosper as a democratic nation. He outlined two main arguments the Lula administration has put

**Lula defended the egregious acts of his fellow party members as behavior accepted by and expected of any other political party in Brazil.**





CATHERINE CONAGHAN &amp; PAULO SOTERO

forward to “spin” this recent corruption scandal. First, during a July interview in France, Lula defended the egregious acts of his fellow party members as behavior accepted by and expected of any other political party in Brazil. Sotero called this claim disappointing on many levels, but especially offensive in that the PT was elected in part on the basis of its claims to rise above the usual clientelistic practices of other Brazilian political parties. The second argument made by the Lula administration concerned the role of the media. The PT has tried to paint the scandal as a media conspiracy that has blown the evidence of impropriety out of proportion. To this argument, Sotero stated that the PT is “absolutely wrong,” pointing out that the evidence in this case speaks for itself.

In one of the more humorous moments of the discussion, Sotero referred to a popular Brazilian expression, “everything ends in pizza,” a phrase alluding to the strong Italian immigrant influence in Brazil’s southern regions. That is, when two parties are disputing a matter, they make peace at the end by

sharing a pizza. Sotero emphasized, however, that the public will not let this scandal end “in pizza.” They are demanding that action be taken to penalize the parties involved with the scandal, pleading that the incident not be swept under the rug as in past dark periods of Brazilian history.

Wendy Hunter reflected on the history of the PT and politics in Brazil, asking how it was that a party that claimed to be so clean and ethical could be caught buying votes in the Congress. In essence, she concluded that the PT has become just like other political parties in the country, reflecting a larger, systemic problem for politics in Brazil. She went further to illuminate the severity of this particular crisis within the PT, explaining that, while it makes up 17 percent of the Brazilian Congress, over 60 percent of ministerial seats went to the party. This is a departure from standard practice in Brazil, in which ministerial appointments have been typically granted to other political parties in order to build alliances and reach across the political spectrum. For example, prior to Lula’s election, Fernando Henrique Cardoso’s administration enjoyed 23 percent

**...how was it that a party that claimed to be so clean and ethical could be caught buying votes in the Congress?**

of congressional representation, but possessed only 19 percent of ministerial seats. Hunter also pointed out that Lula’s administration, more often than not, has rewarded so-called “political competencies” rather than “technical competencies,” which, some have argued, has weakened the government as a whole by placing individuals in high-ranking positions based on their ability to play party politics.

Hunter also addressed the effects of the corruption scandal on the PT and on Lula’s political career, noting the shifting support base of the

president and of the PT as a whole. Educated, middle class supporters of the party have begun to see through the foibles of this administration and retract their support. Most middle class voters have viewed the scandal as *political* corruption rather than *personal* corruption. As a result, many disillusioned tax-payers appear less inclined to pay taxes, on the grounds that the funds will go to the wrong people. Traditionally composed of pragmatists and ideologues, the PT could not be more divided between these two factions, Hunter added.

Riorden Roett, a long-standing expert on the political economy of Brazil, began by recalling one of his first trips to Brazil decades ago. Accompanied by a Brazilian congressman, he rode the so-called “Happiness Train” in the northeast of Brazil while the politician threw

money off the back of the train to impoverished settlers along the tracks. Needless to say, Roett emphasized that the current scandal was “business as usual” for Brazilian government officials.

Roett added, however, that the financial world, which he knows from the inside, “could care less.” He cited recent reports from such

rating agencies as Fitch and Moody’s Investor Service that are optimistic about Brazil’s economic situation. Roett noted that Fitch Ratings, for example, was reporting that the turmoil has not compromised the sound macroeconomic policies of the Lula administration. Moody’s, he continued, says the scandal “confirms the resilience of Brazil to shocks of a different nature.” Roett called for the building of a “firewall” between politics and economic policy in Brazil.

Addressing the future of the PT and the Lula presidency, panelists generally agreed



WENDY HUNTER

that the PT would continue to receive support from the less educated, working class segments of society. Social programs that target this bloc of voters will continue to attract support, regardless of whether or not the policies are sound. If Lula runs for reelection in 2006, panelists predicted that he would reach out in a more populist fashion to stimulate support from the working class base of the party. His approach will be more about image and less about concrete programs. The panelists agreed on one certainty: that the next time around, Lula will not be claiming that the PT is more ethical than other political parties in Brazil. ■

## NOTES

1. “*Escândalo do mensalão*” refers to the monthly kick-backs politicians received from the Workers’ Party for voting a particular way. “*Mensalão*” is an augmentation of the word for “monthly salary” in Portuguese.

...the political  
turmoil has not  
compromised  
the sound  
macroeconomic  
policies of  
the Lula  
administration.





Woodrow Wilson  
International  
Center  
for Scholars

One Woodrow Wilson Plaza  
1300 Pennsylvania Avenue, NW  
Washington, DC 20004-3027  
[www.wilsoncenter.org](http://www.wilsoncenter.org)

# Brazil @ the Wilson Center

Thinking Brazil Update is an electronic publication of Brazil @ the Wilson Center. This project is founded on the conviction that Brazil and the U.S.-Brazilian relationship deserve greater attention among the Washington policy-making community. Brazil's population, size, and economy, as well as its unique position as a regional leader and global player, fully justify this interest. In keeping with the Center's mission to bridge the worlds of scholarship and policymaking, Brazil @ the Wilson Center sponsors activities on a broad range of key policy issues designed to create a "presence" for Brazil in Washington.

For more information please refer to [www.wilsoncenter.org/brazil](http://www.wilsoncenter.org/brazil) or email [daniel.budny@wilsoncenter.org](mailto:daniel.budny@wilsoncenter.org).

## WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Lee H. Hamilton, President and Director

### BOARD OF TRUSTEES

Joseph B. Gildenhorn, Chair  
David A. Metzner, Vice Chair

Public Members: James H. Billington, Librarian of Congress; John W. Carlin, Archivist of the United States; Bruce Cole, Chair, National Endowment for the Humanities; Michael O. Leavitt, Secretary, U.S. Department of Health and Human Services; Tamala L. Longaberger, designated appointee within the Federal Government; Condoleezza Rice, Secretary, U.S. Department of State; Lawrence M. Small, Secretary, Smithsonian Institution; Margaret Spellings, Secretary, U.S. Department of Education  
Private Citizen Members: Carol Cartwright, Robert B. Cook, Donald E. Garcia, Bruce S. Gelb, Charles L. Glazer, Sander Gerber, Ignacio E. Sanchez

### ABOUT THE WOODROW WILSON CENTER

The Center is the living memorial of the United States of America to the nation's twenty-eighth president, Woodrow Wilson. Congress established the Woodrow Wilson Center in 1968 as an international institute for advanced study, "symbolizing and strengthening the fruitful relationship between the world of learning and the world of public affairs." The Center opened in 1970 under its own board of trustees.

In all its activities the Woodrow Wilson Center is a nonprofit, nonpartisan organization, supported financially by annual appropriations from the Congress, and by the contributions of foundations, corporations, and individuals. Conclusions or opinions expressed in Center publications and programs are those of the authors and speakers and do not necessarily reflect the views of the Center staff, fellows, trustees, advisory groups, or any individuals or organizations that provide financial support to the Center.