Corruption: Brazil's Everlasting Parasite

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CORRUPTION: BRAZIL’S EVERLASTING PARASITE

BY

PATRICIA VILHENA

A thesis submitted in partial fulfillment of the requirements for the Honors in the Majors Program in Political Science in the College of Sciences and in the Burnett Honors College at the University of Central Florida Orlando, Florida

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ABSTRACT

The purpose of this thesis is to explore corruption in Brazil, how it has endured for so such a long period, and the effects it has in the country. Understanding the history of Brazil, how the government was established, and how the branches operate is crucial to comprehend the rooting causes of the Brazilian corruption. The focus is not just about what corruption is and the effects it has on education, economy, and infrastructure, but also on the factors that contributed to its expansion and the circumstances that allowed it to sustain until today. Brazil is a country known for its natural beauty, great food, inviting people, but also for the never-ending problems with corruption. Unfortunately, corruption has been part of Brazil’s history since the beginning of its colony, and it has been hard to remove it from its culture since then. The country has been affected by corruption for centuries, especially on economy and development, and it is one of the main reasons Brazil has been stagnated compared to other developing states. Lack of money or natural resources are not a problem preventing the country from being a major power, but rather the extensive practice of corruption in politics and the socially accepted mentality of being corrupt. The cultural factor is a huge problem in Brazil and it is major problem adding to the expansion of corruption. Brazil not only needs a political reform, but also a culture reform to have positive changes in the government, otherwise everything will continue to be the same or even worse.
DEDICATION

First and foremost, I would like to thank my incredible mother Elizabeth for always dedicating her life in pro of mine. She thought me to be a better person and fight for what is right, not only for me but for everyone. She has always supported and inspired me to chase my dreams, no matter how big they were. I’m forever grateful to have been raised by such an amazing woman. I would also like to dedicate this thesis to anyone who seeks to make a difference in the world. I hope my work can bring some knowledge and inspire people to fight for a just and moral society.
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Chapter 1: Introduction

Brazil’s History

Brazil is a country known for its natural beauty, great food, inviting people, but also for the never-ending problems with corruption. When Brazil was discovered by the Portuguese in 1500, they were on an expedition, commanded by the diplomat Pedro Álvares Cabral, on the way to India but ended up landing on the North-East shores of Brazil. Once the colonizers arrived, they were met by the local Indians. Brazil had attractive riches, so the goal was simple: exploit the profitable trade of *pau-brasil* (a national tree used to extract dye that also gave origins to Brazil’s name), and establish a permanent settlement (Fonseca). Later, the Portuguese discovered the land was incredibly fertile, which increased the demand for labor, but unfortunately lead to the death of thousands of Indians. The Portuguese then used slaves from Africa to expand and enhance their workforce. While most of the settlers stayed in the coastal areas, some decided to explore the inland areas (Fonseca). They found, even more, riches such as gold, diamonds, emeralds, and more fertile lands; Portugal had found their pot of gold.

Portugal’s intentions were purely for profit; they had no plans of nation-building. Thus, the territory started to deal with internal and external problems. The Portuguese Crown was inefficient in establishing a stable central government in the region. During most of the colonial era, it relied on nobles and merchants to be responsible for governing the colony (Fonseca). These people were given a large piece of land in exchange for their services to the Crown, which is when the first signs of corruption can be tracked in Brazil. Around 1549 it was evident this form of governing was inefficient and failing to thrive. Consequently, Portugal’s monarch sent a
governor along with soldiers, priests and skilled people to build and establish Brazil’s first capital in Salvador (Fonseca).

In the 1700s, Rio de Janeiro became the new capital for political and practical purposes. The export success of tobacco, sugar, cotton, gold, and diamonds was a prosperous business, but Portugal was still exploiting all Brazil’s richness rather than growing its local economy or improving people’s living conditions (Fonseca). It was not until the 18th century that Brazil began to see some progress towards building a nation. This late start had a substantial impact in shaping Brazil’s government and culture; it set the grounds for a corrupt mentality. When Brazil finally declared its independence from Portugal in 1822, the new Empire was left empty handed and with a heritage of corruption (Nizza, 3).

**Corruption Roots**

Corruption has been part of Brazil’s history since the beginning of the colony, and it has been hard to remove it from its culture since then. The country has been affected by corruption for centuries, especially on economy and development, and it is one of the main reasons Brazil has been stagnated compared to other developing states (Halter, 2). Lack of money or natural resources are not a problem preventing Brazil from being a major power, but rather years of corruption in politics and the socially accepted mentality of being corrupt.

There is a lot of bureaucracy and unpractical process that add to delays in resolving problems and the flow of the economy. Regulations and laws for running or opening businesses is time-consuming and frustrating in Brazil, which only helps to increase corruption since
business owners end up paying bribes to public officials to speed up the process or even overcome the law (Halter, 3). Corruption is widely present in politics, but politicians are not the only ones to be blamed for it. Several organizations find corrupt acts in its operations, but no laws are created to prevent corruption among business. Many Brazilian stockholders are aware of the risks involving unethical procedures and are trying to implement the Best Practices of Corporate Governance initiative, which are five vital elements of practice for good governance and business practice that helps organizations to be an example of fairness and good ethics. Unfortunately, many Brazilian practitioners show a weak and insufficient response to combat corruption (Halter, 3). Transparency is a valuable tool to be discovered by Brazilian companies to encourage and motivate professionalism performance within organizations.

**Corrupt Culture**

The cultural factor is a huge problem in Brazil. There is a famous saying that Brazilians have a *jeitinho* mentality, which means finding ways to achieve something by bending the rules without worrying about the outcome. It does not necessarily have to be connected to corruption in politics, but this mentality can be very problematic among Brazilians since it leads to misconduct of some form. This attitude exists among several citizens, and sadly many believe to be a normal routine. Among what most people think, corruption is not only linked to someone in politics embezzling public money or paying bribes. It starts with small acts that abuse power in all its forms for personal gain (L. Barbosa, 114). Those who accept and contribute to these actions, regardless of their job position and social class, are stimulating corruption and increasing
the idea that it is not a problem to get away with the *jeitinho* mentality because otherwise nothing would get done anyway. Police officers, fiscal agents, and business owners are frequently bribed, which is another problem adding to corruption in Brazil (L. Barbosa, 115). Power is very appealing to people, and once they have a little taste of it, it is hard to stop the desire of waiting more and more despite the consequences. Corruption already has deep roots in Brazil's culture, where people can easily justify their acts by pointing out that others commit the same, that there is no alternative to resolve dilemmas or to get things done.

Changing a norm or part of a culture is very time consuming, challenging, and difficult. It seems to be a task almost impossible, especially when it relates to corruption. Once corruption stops being “socially accepted” in Brazil, and the citizens and the government work together to create more anti-corruption programs and promote transparency within society, the corrupt nature in Brazil will cease to be an everyday routine and the country will be in the right track to a more prosperous future. Removing the unethical culture is crucial for the next generations to live in a better society and avoid the mistakes made by previous generations.

**Education and Social Class Inequalities**

Education is interrelated with social facts and corruption in Brazil. Income is another aspect that is attached to education. Usually, people with higher income tend to understand and associate the failure of enforcing policies with corruption more than people with lower income (Aklin, 242). Brazilian citizens that have access to better and higher education are usually more exposed and aware of the severe consequences corruption can generate to the country.
Unfortunately, the level of education one might receive is associated with the perception and knowledge of how politicians perform in government, where those with less access to education and basic information will be readily more manipulated or persuaded to vote or act how politicians convince them to (Aklin, 243). Higher education is associated with higher income because citizens that increase their knowledge tend to improve their lifestyle as well as expand their interest in other life matters, such as politics.

Sadly, there is a huge gap and disparity in the education sector and social class in Brazil. There are excellent private schools and universities, but at the same time the public school system is extremely precarious and flawless; the same thing with social class, there is a high number of wealthy people in contrast with a high number of people still living in misery with no access to clean water or energy (Brown, 116). This vast inequality adds to problems in corruption. Think about this example: a family living in poverty with barely any food at home, struggling to get a job, and trying to find decent housing accommodations receives a visit from a politician. During the visit, the candidate promises to give them government aid for food, increase job opportunities and build affordable houses in their area in exchange for their votes. The adults in the family will likely agree because this is what they need to survive and it could increase their lifestyle, even if it is at a small level. This scenario is typical in impoverished regions in Brazil. Politicians promise to increase their lives by providing only a small percentage of their basic needs to get their votes (Brown, 117). These families live in a completely different reality than families in middle-class or upper-class. For most of them is a matter of survival, and if there is someone who can help them to get food for each meal, can you blame them for voting
for that candidate? Unfortunately, this happens with frequency; politicians take advantage of these people's conditions to manipulate and influence them during elections (Brown, 119).

The example above is clear on how corruption takes advantage of the lack of education and opportunities in Brazil. In politics, it is beneficial to have a population that does not have access to decent education; it helps politicians to control and manipulate citizens for their interests (Brown, 119). And this is one of the reasons improvements and incentives in education are left behind; educated citizens is not a good fit for the government. However, citizens also take advantage of this situation as well. Government programs such as *Bolsa Família*, a social welfare program in Brazil that aims to reduce poverty by providing financial aid to those in need have been successful in taking 22 million people from poverty without making the government go bust (Rapoza). According to the U.N., back in 2000, 6.3% of Brazilians were living off one dollar a day, but by 2009 the number of people was reduced to about 3%. The program quickly became attractive, but it created high dependence on government aid. Several Brazilians require this program indeed, but many started to take advantage to receive assistance from the government without having to work (Rapoza). The pattern of corruption keeps getting more evident; politicians use their power to manipulate citizens to gain votes for personal benefits, and citizens abuse on government aid to get easy money without having to work.

Proper education should be given to every citizen, no one should be deprived of receiving it, but unfortunately, this reality is far from happening in Brazil. The public education system is in great need of improvement, there are few resources available, school facilities are old, and many are dangerous, teachers have no incentive from the government and their salaries can barely pay their bills. In 2008, a survey was conducted by IBGE (Brazilian Institute of
Geography and Statistics) to compare wage and workload between different professions on a monthly basis (A. Barbosa, 512). A preschool teacher made around R$1,047 (US$321), a high school teacher R$1,640 (US$503), and a judge around R$13,970 (US$4,288) (A. Barbosa, 521). Both professions are important and require higher education; however, the disparity between salaries is considerably high. Being a teacher is a hard profession to pursue in Brazil, especially in the public system. The government has increased its portion of GDP to spend on education in the last decade, but it has not been effective in improving its quality.

**Education Resource Allocation**

The Brazilian government from 2000 to 2011 has increased its expenditure on the education system from 3.5% of its GDP to 6.1%, which is one of the most notable rises of all Organization for Economic Cooperation and Development (OECD) and G20 members during that period (De Moraes). This should present a considerable improvement in education in Brazil; however, when the number was calculated per student, the annual expenditure on the public education system was US$2,985 all combined. This is significantly lower compared to other OECD members, where the average yearly spending was US$8,952 (De Moraes). In public institutions, there are about seven more students per teacher compared to private schools. According to the OECD, this is the fourth most significant difference between its members. Unfortunately, the government is not doing much to reduce these numbers or to increase resources in public schools. Not only public schools suffer from lack of resources, but also from the corruption scandals caused by the government. In 2015, in the small rural city of Bom
Jardim, Maranhao, the ex-mayor, Lidiane Leite da Silva, was accused of embezzling four million USD in education funds that were supposed to be spent on school meals and infrastructure (‘‘Brazil Talk’’). Silva, who is twenty-seven, used her social media platforms to show off her riches and post inappropriate pictures while governing from another city. Parents were frequently complaining that their children were not receiving school meals, leaving children without their essential sources of daily nutrition (‘‘Brazil Talk’’). This political behavior is prevalent in Brazil, especially in rural and small areas that do not get much media attention, which facilitates political wrongdoings. It is unfortunate that these acts occur with frequency and it can be undetected or not punished on many occasions. In the case of the ex-mayor Silva, she has been back to her mayor position with only small penalties, such as using an ankle monitor.

Corruption definitely benefits from lack of educated citizens. Unfortunately, having a degree or a good social status does not mean people will stop being corrupt, sometimes it can be even worse. Dishonest people are ambitious; they look to gain something for private benefits, either for the pursuit of power, money or personal satisfaction. Once people have a little taste of money and power, it becomes an addiction, and it is something most cannot live without. This becomes dangerous to them, and others and it can have serious consequences; we will discuss this in more details in chapter 4. Like it was mentioned before, politicians are not the only corrupts in Brazil, there is corruption among companies to expedite processes and avoid bureaucracy as well. The most significant problem Brazil is facing with corruption today is that it is everywhere. There’s corruption in government, companies, police, public officials, media, and the list go on. Corruption is often associated with the political system and the elite, but unfortunately, regular people practice it on a daily basis as well. Offering money to a police
officer to avoid a ticket; getting discounts using a fake student ID; cutting lines; parking at handicaps parking spaces; short-changing older people; paying people to watch their cars on the street to avoid them damaging their vehicles; are small but critical actions adding to the corrupt nature of Brazilians. There is an overall acceptance of these small acts because otherwise things would not get done, and Brazilians know they have a responsibility to this contribution. Whether these actions are in small or large scale, corruption is still corruption at the end of the day, and when it spreads in different scopes, it becomes evident the damage it causes in the global sphere.

Voting System

Brazil is a Democratic Federal Republic composed of 26 states, a Federal District, and over 5 thousand municipalities. Although it is a democracy, voting is compulsory for all legal citizens from 18 years old until 70 years old, regardless if they live abroad or not. States like Brazil, Australia, Italy, Belgium, and others have adopted compulsory vote to increase voter turnout and improve democratic institutions (Power, 795). Voting in Brazil is not seen just as a citizen’s legal right; it is also a legal responsibility and obligation. High levels of voter turnout outcomes from compulsory voting can be attractive on a general level; however, in Brazil’s case, it shows that voters showing up to the polls do not assure they will complete a ballot. Those who fail to vote, without presenting justification in an election, have to pay a small fee, could lose their voter’s registration, and get restraints on government services, such as attending public universities and renewing passports (Price). Compulsory voting generates problems for citizens when they are obligated to do something; it creates resentment.
The voting system is complex and detailed in Brazil, with laws and requirements that can be frustrating at times. Most Brazilians vote because it is mandatory, even illiterates can vote with an ID and a voter’s card. Citizens between sixteen and seventeen-year-olds and citizens over seventy years old can also vote on a voluntary basis (Price). For those reasons voter turnout is high, reaching 85 percent at times. Sadly, there is a notable increase in the number of citizens who cast their votes as null or ‘blank,’ to demonstrate a form of protest to reject a political party or the candidate itself (Power, 800). Voting blank or null does not stop corruption, it can help corrupt candidates because they are not losing votes. The issue most Brazilians citizens complain during elections is that there is no decent or ethical candidate. While most contenders are affiliated with political parties that are involved in corruption scandals, there are still the ones who have no political experience or even higher education. The Ex-President Luiz Inácio Lula da Silva has only completed second grade, after quitting school to work and help his family (Bourne, 2). He has also been under investigation for multiple embezzlement scandals that will be discussed later in Chapter 4. Francisco Everardo Oliveira Silva, known as “Tiririca”, is a Brazilian comedian actor and clown who became a deputy of the state of São Paulo with an impressive number exceeding 1 million votes (Avila). He does not have any experience in politics, and up until his election, he was unlettered. One of the main slogans during his campaign was "It can't get any worse, vote Tiririca" (Avila). This is the reality Brazil faces in politics today, it is not taken seriously, and people want to be a part of it because it is easy and there are many benefits, such as high salaries, tax exemption, well-paid retirement, and government salaries for life. Politics is frustrating and exhausting, and instead of improving Brazil’s economy and quality of life; it has done the opposite.
Next chapter will examine the high levels of corruption Brazil has attained over the years and how it dramatically affects the economy. Some of the main scandals will be covered, such as the embezzlement schemes at Petrobras (Brazil’s largest oil company) and political misconduct across the country. This chapter will give a broader view of how corruption in the past couple of years has been more evident and causing more damage to the economy and the country’s growth.
Chapter 2: Economy

Corruption Index

Corruption is extensively known to be one of the primary causes twisting the success of development intervention. It leads to criminal misappropriation of aid, disorganization, and misconduct in local and national bureaucracies, failure on programs to end poverty, and deficiency in improving areas of education, healthcare, housing, security, transportation, and food and water aid (Clammer, 113). At high levels, corruption can alter the function of social justice and fair allocation of resources. It is also a local problem, seen as a criminal procedure that involves ethical and legal tools to prevent or stop it, or even as an individual failure in morality and conventional norms when weak people are employed in a tempting position (Clammer, 114).

No country is free from corruption, while some have lower levels affecting its national economy, it is still harmful to all. In 2017, out of 180 countries, the corruption perceptions index fell below the scale midpoint; it scored 43 (e.V..). The measurement goes from 0 (highly corrupt nations) to 100 (very clean nations). The table below indicates the perception of corruption in 2017. Yellow is the top-scoring countries, serving as the lowest rates of corruption, and red and orange are the lowest-scoring countries, serving as the highest rates of corruption. As seen on the map, the yellow countries are outnumbered by the red and orange, where citizens face the most notorious impacts of corruption on a daily basis (e.V..). New Zealand ranked 1st place with a score of 89 points, and the United States comes in 16th place with a score of 75 points. Brazil scores very low with 37 points and in 96th place, while Somalia is placed last (180th) with a
mediocre score of 9 points. The results are based on the relationship between corruption and inequality with unequal distribution of power and wealth (e.V..).

Table 1: Corruption Perception Index 2017
Corruption is a major issue preventing Brazil’s economic development. The country has been living one of its worse recessions in decades, which is attached to high levels of corruption Brazil deals on a daily basis. Citizens are often deprived of receiving primary resources, such as healthcare, transportation, education, security, and other means. It delays the economic growth of Brazil as well as its path to become a developed state. Corruption is a systematic problem in which social systems are involved; it is created by flaws and dysfunctions in organizations themselves (Clammer, 113). It is worth to note that a functional system also allows a balance between human security and the extent of life, exceeding contentment in areas of psychological safety, cultural creativity, and leisure. Corruption is an essential factor to understand the dysfunctions within Brazil’s government and organizations since corruption itself develops from the disorganization within the system. (Clammer, 114). The only people who benefit from corruption are the politicians and those involved in unethical practices, who become wealthier every day at the costs of citizen’s sufferance.

Brazil has been living its worse recession for over two years now, an upsetting record to the living standards and raising worries to the speed it will recover to continue being one of the most likely emerging economies in the world. According to IBGE, Brazil’s gross domestic product (GDP) dropped 3.6% in 2016, following the 3.8% reduction in 2015. Political chaos aggravated by corruption scandals on the oil company Petroleo Brasileiro SA, a.k.a. Petrobras, and the decrease in commodity prices forced companies in Brazil to reduce investments leading to an increase in unemployment (Jelmayer). Some economists were not optimistic about Brazil’s economic growth rate. The problem is that the economy is not just upsetting business, it is affecting a larger number of citizens with time. Between February and April in 2016, the
unemployment rate was at 11.2% compared to 9.5% rate in late 2015 and beginning of 2016. As a consequence, consumers have been spending less falling to a 1.7% consuming rate in the first quarter of 2016 (Kiernan). Other economists in Brazil anticipate a return to growth in 2017 and 2018, but the two years’ recession may affect and limit a rapid expansion. President Michel Temer, who took office after his successor, Dilma Rousseff, was impeached in 2016, is focusing his term on controlling the government spending and repairing business assurance. Temer’s administration passed a law to restrict budget increase and a disliked and controversial revamp of Brazil’s broke pension system across Congress (Jelmayer).

**Petrobras Scandal**

Petrobras is the largest Brazilian multinational corporation, as well as in South America, in the petroleum and gas industry founded in Rio de Janeiro. Oil was discovered back in 1930 in Brazil, and by 1953 Petrobras was founded with the goal to boost Brazil’s economy by engaging in exploration, production, refining, and transport of national petroleum (Lyons, 1). Over the next decades, Petrobras has become a leading natural resource adding to Brazil’s economy, with a reported net income of US$1.42 billion. Unfortunately, back in 2014 corruption scandals started to surface within Petrobras. Businesspeople, politicians, and oil executives were involved in schemes linked to embezzlement and money laundry. The misconduct in Petrobras was exposed by a federal investigation named Lava Jato (Car Wash), but it only came to light after the reelection of President Dilma Rousseff in October 2014. Once President Rousseff began her second term, on January 1, 2015, her approval rates shrunken to 14 percent with nearly two-
thirds of the population blaming her for the scandals in Petrobras (Lyons, 2). The scandal brought, even more, attention to how politicians used corruption to maintain control of Brazil’s capital.

There are 35 political parties officially registered in Brazil, where 27 are represented in the lower house. The vast number is almost comical because most of these parties do not have an ideology; they exist to seize federal funds to political parties. These parties’ loyalty lies in money, where many politicians exchange congressional votes for power over political appointments and agencies. Over twenty thousand high-ranking jobs are appointed by politicians in Brazil, including job positions at Petrobras, where the federal investigations found officials embezzling money for personal use and to political parties (Lyons). So far more than 80 people were arrested in the Petrobras scandal, which among them was a senator and a chief executive of a high-profile construction firm. It has been reported that at least US$3 billion was stolen from Petrobras (Watts). The other aggravating problem liked to this scandal was the loss of jobs, especially thousands of innocent workers and their families. In contrast to politicians and executives, these workers did not have to testify, present evidence or returned millions of dollars; however, they were the first to get punished as a consequence of the scandals. Subcontractor companies, which hired these sort of workers, were involved in the wrongdoings as well, and as a consequence, workers did not receive their paychecks, meal tickets, retirement funds, and even the loss of their jobs (Watts).

Until 2012 Brazil was among one of the few countries that were not affected by the economic crises in 2008, its economy was truly growing and prospering. Since the Petrobras scandal, other political and economic scandals were brought to attention to the public eyes
reverting the prosperous economy of 2012. Sadly, it all contributed to one of the worse economic recessions Brazil has ever experienced, and the public discontentment kept raising. The battle to fight and recover its expanding debt is being lost as the government struggles to recuperate a declining economy amid scandals, central bank problems, and political gridlock. Latin America leading economy ended 2015 with a deficit equivalent to 10.34% of GDP, which was the highest in the last 13 years (Trevisani). The other problem occurring is the rapid pace Brazil’s debt is growing, leaving the country on a dangerous path. In 2016, several economists were concerned the government would not order to reduce the budget hole because tax revenue was forecasted to continue small while the recession was still enduring. The central bank estimated a 3% decline in Brazil’s GDP in 2016 (Trevisani).

Corruption Damage

Corruption has considerably affected Brazil’s decision-making process in almost every leading government agency and organization qualified to undertake inequality and poverty, one of the two primary challenges in Brazil. By letting small groups of elite business and politicians to focus these choices near their own financial interests, the country ceased to drive investments away from about 22 million Brazilians living in poverty (Sampaio). A crucial move toward economic and social progress in deprived areas is the construction of transportation systems, energy grids, and other public development projects. Brazil desperately needs improvement in infrastructure. Despite the central importance of the sector, it is stuck in inefficiency and several scandals. Odebrecht, Brazil’s largest construction company, built a “bribery department”,

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according to what prosecutors say. Hilberto Mascarenhas, former Odebrecht’s director, testified saying the company paid US$3.3 billion in bribes (Sampaio). Prosecutors claimed one of Odebrecht’s competitors, Andrade Gutierrez, may have paid bribes connected to build Angra 3, a nuclear energy reactor close to Rio de Janeiro. Once again, corruption has deviated taxpayer funds to projects that were not necessary or sustainable. Another example of corruption schemes is related to Sete Brasil, a public company that designs and build drilling rigs, that was founded to be structure to increase the corruption scheme involving Petrobras. Sete Brasil borrowed more than double of the money invested in it and on the following year went bankrupt (Sampaio).

Additional plans have elevated distrust due to their questionable linking to national interests. In July 2016 the Controladoria-Geral da União, CGU, Brazil’s anti-corruption regulator opened an investigation into the Mariel port in Cuba, the island's central project since the 1959 revolution (Sampaio). Odebrecht added massive loans from the state bank BNDES during the end of former President Lula's government and the beginning of President Rousseff's term. However, the CGU affirmed that the goal of BNDES investment overseas was to open new marketplaces for exports, making the $682 million invested in Mariel challenging to comprehend due to Cuba's isolation and small market (Sampaio). These dishonest projects not only misused government resources but also damaged foreign policy goals by shattering Brazil’s reputation in specific regions for diplomacy and security cooperation, such as South America and Africa. Odebrecht has confessed paying bribes to other officials in about 11 countries besides Brazil. Unfortunately, they were not alone, Petrobras’ massive projects have also been under investigation, including in West Africa (Sampaio). In Peru, for example, Odebrecht was accused of bribing officials to win the contract for the Inter-Oceanic Highway, a project with the only
goal of connecting Brazil to the Pacific. Alejandro Toledo, Peru’s former President, was accused of accepting US$20 million in bribery from Odebrech (Sampaio). The presence of corruption in democracy, both internally and externally, has caused long-lasting distractions and deterred resources into dishonest projects by arranged earning processes, resulting in the postpone of national strategic goals.

In any case, the government has not yet stated any actions intended to stimulate recovery or to attenuate the economic drop in growth since early 2015. Even the elite and politicians would find it hard trying to sell a program that does not offer any sight of support for the augmentation of output and employment other than expecting for a spontaneous surge of confidence by businesspeople. In fact, even if one is motivated by supposed examples of prosperous expansionary fiscal stabilization, President Michel Temer’s central, and almost only action so far can only lead, even in the most promising of circumstances, to stable budgets in a remote future (De Carvalho, 6). This lack of optimism results should not come as a surprise. First, it is relevant to acknowledge that uncertainty continues very high, partially due to the instability and weakness of Temer’s administration. Additionally, there is still a notable risk of a decision by the electoral courts to revoke the Rousseff/Temer ticket’s victory in 2014 on the grounds of fraud. However, this is not the single threat he has to go through. Temer’s closest advisers and members of his committee are regularly in the news for their supposed embroilment in the corruption scandals that are shaking the government. Finally, there is general disbelief that Temer himself could be oblivious to the wrongdoings of his colleagues (De Carvalho, 6). The administration remains in constant fear that future investigations may reveal evidence against Temer. For all these reasons, even if the outcome of the impeachment process and the
replacement of a very ineffective administration provide some relief, there is no certainty that Temer will be able to lead the political process until the presidential election in 2018 (De Carvalho, 7).

For the most part, Temer’s policy package displayed so far is solely composed of limiting policies that do not indicate to private businesspeople any route to recovery, let alone growth. It is not feasible to demand that private production and investment would increase the power of Temer’s political leadership traits, which are, honestly, very restricted (De Carvalho, 7). Hence, it is not a surprise that following a short period in mid-2016 when the recession appeared to have been restrained, the new data point to a resumption of the recession. It seems that time is finally on Brazil’s side, where the new generations of federal police agents, prosecutors, and judges, who are playing a vital role in the Car Wash investigations, have demonstrated independence and flexibility in the surface of powerful entrusted interests (De Carvalho, 8). Since all the scandals in 2014, the Car Wash operations and the judiciary finally seem to be working to punish those involved in the schemes and briberies and bring more awareness to the citizens (Sampaio). If these operations continue along with public pressure and punishment, Brazil has a chance to bond between anti-corruption movements in efforts to minimize and maybe one day reduce corruption considerably.

Next chapter will emphasize the importance of the role, or lack of it, of the Judicial branch in the Brazilian government. This section of this thesis will approach themes on the Brazilian Constitution, the formation of the judiciary, the flaws within the system, and the new significant changes it is undergoing. The objective is to indicate how the Judicial system has
contributed to anti-corruption movements or if it has allowed corruption to endure over the decades.
Chapter 3: Judiciary

Brazil as an Empire

Brazil is the largest country in Latin America with an area of 8.5 million square km, and also the most inhabited with an estimated population of 208 million. After Brazil’s independence, a monarchy was implemented that lasted until 1889 when the republic was established. Since then, Brazil had several government systems including, authoritarianism, state autonomy, centralization, and for last a democracy (De Souza, 485). Dom Pedro I, Portugal’s Prince, was the one who proclaimed Brazil’s independence in 1822 with the notorious phrase: "Independence or Death!"; he later became the first Emperor of Brazil (Mosher, 33). Once Brazil finally achieved its independence, the first constitution was drafted, and it was introduced in 1824. The problem with the constitution was that it gave Dom Pedro I total control over the country, such as the legislature and local governments (Mosher, 33). When Dom Pedro I abdicated the throne and departed to Portugal, he left people in charge to take care of his children and train his son, Dom Pedro II, who became the second and last Emperor of Brazil ruling for over 58 years (Mosher, 34). Although Dom Pedro II was very popular among Brazilians, he was overthrown due to his age and because he was acting less like an Emperor and more like a leading citizen. It was only in 1889 that the Republic of Brazil was established.
Constitutional History

Brazil had a late start as a fully independent country as compared to other countries. The first constitution under a Republic was established in 1891, and it was similar to the principles of the United States Constitution. It set a presidential system with direct election, included the division between Church and State, voting for males over the age of 21, the abolition of death penalty, and the standard three-way separation of powers inspired on the American model (De Souza, 487). A Federal Chamber was also created, where former provinces were acknowledged as States, giving these entities a robust presidential character. In 1934, President Getulio Vargas created a new Constitution aimed at the Revolution of 1930 that was called by the oligarchy against him. The new Constitution included: voting for citizens over 18 (now adding women); the four fundamental freedoms were implemented (speech, religion, assembly, and movement) as well as the basic rights (freedom, life, and property). It also created a labor and electoral court and many other structures (De Souza, 488). This was the shortest Constitution in Brazil; it only lasted three years. In 1937, Vargas called for a new Constitution inspired by a fascist movement with an authoritarian trait. It concentrated the Executive and Legislative powers in the hands of the President, who had the supreme authority of the country with indirect elections and a term of six years (Kingstone and Power, 79). When President Vargas was forced to resign in 1945, a new Constitution was written by a directly elected Constitutional Congress. It reestablished the fundamental rights and separation of powers of the 1934 Constitution; voters could choose their candidates and the party they wanted; established fairness and equality before the law. It also
preserved the vital role of the state on the economy; and it reproduced the influence of the United States’ Constitution regarding federalism (Kingstone and Power, 80).

In 1964 the military took control over Brazil and used Institutional Acts to amend the Constitution, which eliminated the democratic nature that in 1967 the military called for a new Constitution. The document was once again changed to a constitutional reform back in 1969 (De Souza, 489). The new Constitution focused on a centralized Executive power with aims to have an institutional military regime. The presidential term was five years instead of four, and the president had more authority to create laws in taxation, employment, and salary (Kingstone and Power, 81). Institutional Acts were also designed to remove opposition Congress members. The last and current Constitution in Brazil was established in 1988, where each state was required to revise its constitution and each municipality to increment its Organic Law (Kingstone and Power, 82). Before the last Constitution was established in 1988, the history of Brazilian politics and policies have been mostly implemented by the Executive branch, giving little to no power to the Legislative and Judicial branches. Once the country was recognized as a democracy again, becoming The Federative Republic of Brazil, the Congress was given more importance in the policy-making process, while the Judiciary served as the ultimate protector of the Brazilian Constitution.

Judicial Branch

The Judicial system in Brazil is a multi-layered system that functions on the state and federal levels, similar to the United States judicial system. It is centered on civil law traditions,
where it divides cases into jurisdictions, including electoral, militarily, labor, constitutional and non-constitutional. Cases can be appealed from first-level courts until the Supreme Federal Court, which is the highest court in Brazil serving mainly as the Constitutional Court of the country (Rosenn, 853). The idea of three separate and independent branches has been present since the first Constitution. However, put into practice the branches have never been entirely independent of each other or genuinely executed checks and balance (a measurement of influence the three branches have over each other and with the power to block actions of the other branch) until today. Brazil has never had a strict policy of separation of powers; it was only when the new Constitution was enacted that the Judiciary started to exercise a vital role to shape Brazil’s federal system (Rosenn, 861). This has been a problem adding to corruption, as mentioned in previous chapters, Brazil has been dealing with corruption since it was discovered back in 1500. Until recent decades, the Judiciary was not strong enough or too independent to interfere and prevent corruption acts by politicians. Strangely, discussions about federalism and Judiciary rarely are mentioned, or even just about the Judiciary itself (Rodrigues, 103). This could be attributed due to Brazilian federalism been highly centralized, and the contemporary Judiciary has maintained this centralization. The Supreme Federal Court has not enacted an extended or comprehensive statute, which instead, the federal courts have given more importance to human rights and rule-of-law issues (Rodrigues, 104). The other problem adding to the Judiciary is that it suffers from having legitimacy shortages regarding the concerns about the absence of liability in the system.

Going back to Brazil’s history and its path to create a Constitution it is crucial to attempt to understand the effects the laws had in shaping the country where the informal and formal legal
practices are so complicated, extended and unrealistic at times. The past Constitutions have been more efficient in covering the social and economic facts of inequality than opposed to resolving them. While the Judiciary had some importance before 1988, it was still not robust as it should have been. Had Brazil established a strong and independent three branch systems since its first Constitution (in 1824), the country could have been facing a different reality regarding corruption and more though laws applied to all. Today, Brazil could have less political scandals affecting the economy and infrastructure and maybe a more ethical culture that would seek to create a developing and prosperous state. Unfortunately, the past cannot be undone but mistakes can be learned from it, and hopefully, there will be a light at the end of the tunnel at some point. Since all the Petrobras scandals started to surface in 2014, the Judiciary has been stepping up to create investigation on money laundry schemes and any other political scandals. The earlier attempts to contest corruption had small impacts on transforming the political environment of impunity for those who commit such crimes (Finley, 1). However, the last decade had a significant effect on the Brazilian Judiciary, it seems to be more empowered and opening more doors to investigations where politicians and the Brazilian elite have been held accountable for corrupt acts.

Judiciary Inefficacy

The judicial system has a history of being overloaded and full of loopholes that consent to legal procedures to surpass the statute of limitations and allow incriminated politicians and elite to ‘misbehave’ for years (Finley, 1). Corruption is an everlasting parasite that seems to
never go away even with multiple programs created to fight it. Very few people are affected or appropriately punished by the judicial process. In 2010, when the “mensalão” trials occurred, the Supreme Court convicted a politician for the first time since democracy had been reestablished in 1985 (The Economist). The “mensalão” was created to make illegal payments to the Worker’s Party (PT) to congressional supporters in return for support for the legislative agenda. The scandal broke in 2005 and the money used to pay these allies was coming from public funds through fake marketing contracts signed by state-owned corporations with fraudulent advertising companies. This was one of the many scandals that quickly came to public attention with the involvement of claims that the state-run postal system had received bribes for contracts, and that PT extorted money from illicit betting rings in Rio de Janeiro (The Economist). Prior 2010, politicians were only forced to resign or be dismissed from office in the past corruption investigations. It was just after 2014, with the Petrobras and lava jato scandals, that the judicial system has been showing a better capacity to collect evidence, connect and prosecute defendants to corruption crimes, and even recuperate the millions of dollars that were stolen during the money laundering plots (Finley, 1).

Judicial empowerment is crucial in a country like Brazil, yet it has a lot to accomplish it. The Judiciary system is an essential support column of the political system; however, in order to be effective and positive, it needs to have its own power and independence to interpret and apply the rule of law. Political misconduct has to have consequences and punishments so that regulations can be enforced to politicians and prevent their colleagues from doing the same (Finley, 31). Unfortunately, as it was mentioned before, the Judiciary was not able to be effective in the past where it would be considered accountable for it. Instead, politicians, public officials,
and the elite were able to juggle corruption investigations by relying on a ‘merciful’ and weak justice system, on citizens that were used to misconduct, and on a pathetic congressional ethics board. The courts are naturally responsive because of its complicated and cumbersome environment of judicial code and the persisting notion and view that the courts are the executive’s subordinate (Finley, 32). The other problem is that courts have also been susceptible to accepting bribes and being involved in scandals cases, just like the other two branches of government. The outcome of absence in judicial effectiveness leads to an unreliable character against corruption contributing to almost no impact on the politicians. It was common for a politician to only renounce its position in order to go free, even from committed crimes.

Shift in the Judiciary

There is also good alongside immoral. The ‘mensalão’ and lava jato cases have brought more awareness to the public eyes and necessary changes to the Judiciary, which recently has been more empowered against corruption. Taking a look at the Brazilian courts, there are two main courts: The Supremo Tribunal Federal (STF), the highest court of appeal (similar to the U.S. Supreme Court), and Superior Tribunal de Justiça (STJ), which is similar to courts of appeal (Finley, 32). These courts have a central challenge: the extensive workload agenda. A typical judge takes more than five thousand cases, which increases the slow judicial process, where many decisions can take years to be made or even appealed. The cases decided by the STF are not chosen by them, it is only reviewed what is given to them (Finley, 32). Unlike the United States, the judicial system requires a judge to evaluate and make a decision on all cases upon
regular charges. The Public Prosecutor or Public Ministry is a law enforcement agency created to investigate cases freely from other state organizations that may have been involved in corruption instances at state and federal levels (Finley, 33). A public prosecutor is an admired and demanding position that can take years to be achieved. The Federal Police is also a complement to the Public Ministry that expedites and facilitates arrests or even secret activities. Electoral courts are part of another division that has an essential role in the anticorruption projects in Brazil. The electoral courts, the Superior Electoral Court (TSE) and the Regional Electoral Tribunal (RTE) are accountable for handling candidate’s list and supervising campaign spending. These courts are also accountable for resolving electoral misconduct, a vital tool in preventing the impunity progression (Finley, 33).

Change is difficult and complicated, but it appears that Brazil is experiencing some cultural revision in politics. It might seem inexistent or minimal, but changes have been occurring in the political system. The Judiciary, for example, is more empowered when taking corruption cases and setting harsher penalties and sentences. It has also elevated the anti-corruption measurement in the citizen’s perception and how they position against those who commit such crimes. The street protests in 2013 made several Brazilians question, demand, and have justice over cases regarding corruption than ever before (Finley, 34). The people have awakened in the sense of seeing directly through the dirt it was placed by the politicians and how badly they devastated the country. There is still a lot to be done and changed in the political system, and it is not even imminent of having permanent alterations; however, in the past few years, more people have taken action to combat corruption. One of the most relevant pieces of
legislation implemented in anticorruption after 2013 was the validation of the plea bargaining. The law not only described organized crime but also applied the process to prosecute its perpetrators. Those connected to corruption are being detained, arrested, and sent to jail. Some are even willing to accept a plea deal to avoid harsh punishments, such as prison for life (Finley, 34). One problematic issue is maintaining those who have been sentenced to jail arrested because many find loopholes that can work in their favor. The elite can hire the best and most expensive lawyers to raise countless excuses for their actions to return the defendant’s case to appeal courts and delay the verdict for years to buy more time. By 2016, the STF finally had a hearing to end the constant appeals processes; the decision was made by six out of eleven votes (Finley, 35). The verdict explained that the defendant could have the right to appeal; however, upon second validation of the original resolution, the appellate court can close the case and order an arrest warrant. This pronouncement has several effects in the Brazilian judiciary, one of them being the speeding of the criminal processes and the mitigation of the workload in the courts.

**Political Investigations and Sentences**

It is no news that corruption and scandals have affected the political sphere in Brazil. Since 2001, the Parliamentary Investigative Committees (CPIs) investigates official malpractice and convokes the Public Ministry if necessary. Unfortunately, these activities had little effect in anti-corruption cases in the past. However, in 2010 the Brazilian Congress passed Lei Ficha Limpa, a clean record law baring politicians to run for office if they are involved in any corruption or criminal case (Finley, 35). This has fortified the STF with the ability to monitor and control the list of corrupt politicians and stop them from running for office. The level to
which this effort has endured throughout the country can be seen by the latest cases of arrest since 2016. The former governor of Rio de Janeiro, Anthony Garotinho, was arrested because he was accountable for freely signing up thousands of residents for cash transfer in order to buy votes for his wife during the mayor’s election in October 2016. When Garotinho was arrested, he tried to bribe a prosecutor with R$5 million (Finley, 36). Rodrigo Tacla Duran, the former corporate lawyer for Petrobras, was another example of arrest. Duran was detained in Spain with the help of Interpol. Duran is believed to be one of the masterminds behind the Petrobras embezzlement schemes. To finalize, the Senate approved new legislation to restrict the wave of political parties, meaning it set a constraint on deputies and city councils (Finley, 36). These are just a few examples that demonstrate how costly and persistent is the corrupt nature of the Brazilian political institutions. Actions and punishments are being implemented, but they need to endure. Once Brazil, or more importantly the Judiciary, Legislative and Executive work together as a whole to combat corruption, only then the country will be able to start a new and positive cycle.

Even though most Brazilians have lost their faith and hope in a just and moral government, the recent empowerment of the Judiciary can bring confidence to the anti-corruption movement if it maintains itself clean and ethical. It will take years and probably new generations to establish a transparent government and political system, but as long as people are willing to make it happen, it will be possible eventually. After evaluating the early stages of the Constitution and its foundation, the late start as a country and democracy, the Judiciary as a weak branch, and the new role of the Judiciary, a lot more can be understood about corruption and how deep-rooted it is in Brazil. Next chapter will focus on abuse of power and how it has endured for
centuries. It mentions the political morality and how far politicians are willing to go for money and power. The chapter will also include cases of politicians giving valuable information about corruption in exchange for protection or less time in jail.
Chapter 4: Abuse of Power

Brasilia’s Development

The first two capitals of Brazil were right at the coast, Salvador and Rio de Janeiro. When President Juscelino Kubitschek took office in 1956, he vowed to move the capital to a more secluded area in the center of Brazil to be safer and avoid intruder’s access via maritime routes. Kubitschek was a renowned president and famous for his slogan ‘‘50 years of progress in 5’’ during the campaign. He invited the best Brazilian architects and urbanists to create the project for the new capital. Oscar Niemeyer was the leading architect during the construction of Brasilia, which he is famous until today for his innovative and modern designs. Lucio Costa was another important figure during Brasilia’s development; he is best known for his urban city plan projects and by working side-by-side with Niemeyer. The goal of designing a new capital was not only for safety but also to create progress in the interior of Brazil. Unfortunately, the construction of the city created a debt of over $2 billion and the inflation during the 1960’s gave the military the right motivation to take over the government, that ruled from 1964 to 1985. The following years were even darker in Brasilia; the magnificent and innovated city designs were obfuscated by corruption scandals and by politicians creating a path for their “Empire.”

When Niemeyer designed Brasilia, he was hoping to be an innovated place with ultramodern government palaces, edgy projects, and symbolizing utopian modernity. The city rose in just 41 months, an impressive rapid project for an area with nothing in its surroundings, with the shape of an airplane to represent the will of the nation to soar (Lyons, 1). The new gleaming capital was a tribute to the Brazilian past. It was another example of the country’s broad and distressed context to the idea of an authoritarian state, accountable for handling the
affairs of its society, from the most significant companies to the most impoverished citizens. Brazil over the last two centuries faced almost all possible sort of rule, from colony to emperors to democracy to dictators and former Marxists. Without judging the form of ruling, most leaders have shared the responsibility to a Leviathan state as the instrument of progress (Lyons, 1). Former President Fernando Henrique Cardoso once said that for a long time politicians have only comprehended one way forward in Brazil, the ‘growth of the state.’ Cardoso was a leftist who desired to reduce the size of the government during his presidency from 1995 to 2002. He was in favor for another method of stimulation for progress that did not exclude the state but one that undertakes markets. Sadly, the Leviathan is impaired with Brasilia embroiled in several embezzlement scandals at many levels of the government.

**Efforts to Be a Powerful Nation**

Brazil is a country at a crossroad; it has potential to be helpful and influential in global issues and be more than just an emerging nation. For almost a century, Brazil has kept its ambitions to achieve equality among powerful nations, which by the number it could positively be a candidate. Brazil scores the eighth largest economy in the world, and it is predicted to have a GDP of US$ 2.1 trillion in 2018 (Focus Economics). Regarding land mass and population, Brazil is the fifth largest country today (Rosenberg). However, the reality is very different than what Brazil hopes to achieve, to be a powerful nation one must have more than just land, population, and prosperous economy. It should have good leadership, distinguish itself in the international system, and be successful in determining the rules that govern the international
sphere. The country has failed to display continuous socio-economic success and international influence to achieve its goals but has distinguished itself as an internal power with the capacity to lead within its territory on major global initiatives. However, with significant political and economic challenges, as well as irregular actions toward issues abroad, Brazil’s efforts to be a superpower have plunged (Finley, 59).

**What Collapsed Brazil**

Blaming the sinking oil prices, the economy, and everything that helped Brazil to stagnate during the crises in recent years it is easy, but also wrong. The wounds are deeper and self-inflicted by anti-growth policies since 2008. A political culture that is subjected to abuse government power and violation of the rules for self-interest will most likely always trigger a recurring lousy behavior (*What really Sank Brazil*, 1). The problem Brazil faces daily is not the lack of money, or resources but rather the corrupt morality of government and a bad administration. The Brazilian government and its politicians are more interested in what they can gain for themselves rather than what they can contribute to the country. The corrupt mentality is well present among several, if not all politicians, where most of them know it will be easy to go unpunished for their wrongdoings. Brazil is a rich country, it has all the resources it needs to be a global power, but until the government continues to drain the money from the state, Brazil will not change its emerging country status (*What really Sank Brazil*, 2). The disparity is high between the population; people are living in extreme poverty, and some are incredibly wealthy. This gap shows a significant social instability Brazil currently has, which damages economic
development. The economic disparity also affects human dignity, and if this is not fixed or improved, a considerable gap between the population will remain, and it could even get worse. What is makes this situation worse in Brazil, is that politicians are not worried about this disparity (What really Sank Brazil, 3). Most of them are interested in their job position, how powerful they can be, and what benefits they can enjoy as being part of the political environment. All the crises in the past couple of years are a consequence of the abuse of power by politicians, business people, and the elite that accumulated to collapse Brazil.

The corruption awareness has received more attention in the last few years in the whole country. With all the revelations about embezzlement and illegal acts lawmakers in Brazil have created a strategy: giving themselves amnesty. Politicians who frequently fight with one another are anxiously trying to prevent lawmakers from jail time. Gil Castello Branco, the director of a company that tracks political corruption, once said a perfect Brazilian saying for this situation: ‘‘When the jungle is in flames, the beasts unite’’. The fire has been lit, so what politicians are doing is getting together to save their own skin (Romero). During the first quarter of 2017, Brazil’s prosecutor general demanded new inquiries into several politicians grounded on plea-bargain statements from executives at Odebrecht, the massive company that was part of donating illicit campaign funds. Brazil is custom in allowing politicians to remain in power after their crimes or corruption involvement, so the drive for amnesty has set off common anger between Brazilians. The extensive investigations around Petrobras are inserting a tense new stage in Brazil. Statements and evidence by executives at Odebrecht point out hundreds of millions of dollars of embezzlement founds and illegal donations to politicians. Some argue that amnesty is a good thing for the nation because several politicians and business magnates are already going
to jail for corruption, while the country is trying to heal from the impeachment of Ms. Rousseff’s, and the economy trying to make a comeback and grow again (Romero). So in this sense, some argue that amnesty would help to reduce the chaos Brazil is currently living and prevent more disorder. However, giving amnesty to all would send a message that their acts are ‘permitted’ and the corruption would continue. The political scenario in Brazil is so complicated, that if all politicians that have been involved in some kind of scandal or crime are convicted to jail, there will probably be no one to govern the country.

Schemes and Misconducts

Corruption reached such high level in Brazil, that even politicians believe its practice is plausible and ‘necessary.’ Aécio Neves, a current senator of the Brazilian Social Democracy Party and former candidate during the presidential elections of 2014, claimed that receiving campaign funds, even if illegal, should be differentiated from the corruption that has impaired Brazil. At the beginning of 2017, Neves said: “A guy who took money at Petrobras isn’t the same as someone who took a hundred bucks to get elected’’ (Romero). What Mr. Neves, and most politicians, do not seem to understand is that stealing is a crime, regardless of its magnitude. So when small amounts of money are embezzled, bribes occur, or when there are small amounts of illegal founding, it should not be considered a major crime because it differentiates from grand corruption schemes. That is why so many politicians and executives get away with their misconducts since this attitude is “socially accepted’’ among them, who most of the time create laws to beneficite them and even to get immune. Interesting enough, Mr. Neves
never addressed the statement from an Odebrecht executive about requesting around US$3 million in illegal campaign contributions for his party. The political fear over such reports are giving more attention to one practice in Brazil known as ‘‘caixa dois’’, a second cash register funding undeclared contributions excluded from taxation (Romero). It can be used for receiving bribes, political campaigns, or used merely for funds involving illegal activities. There are laws in Brazil that allow jail sentences and up to five years for illicit financing campaign; however, the reality is way different since very few politicians go to prison for such crimes. With a few exemptions, such as leaders of small parties, the amnesty pursue is connecting influential people from across the political sphere. However, amnesty is not possible for bribery crimes, embezzlement or money laundering.

Several Brazilians do not agree with amnesty for politicians, which they find it revolting because Congress has tried in the past to make illegal campaign funding permitted. There was an attempt to do so back in November 2016, but due to public’s discontent and protests, the proposal was abandoned. President Michel Temer could be a beneficiary of amnesty if accepted; he took office in August 2016 after his predecessor Dilma Rousseff was impeached (Romero). He has low approval ratings, mainly because he wanted to cut pension benefits back in 2017. He is currently associated with a case that engaged in receiving illegal founds in the 2014 campaign along with Ms. Rousseff. Temer could be displaced if the electoral court rules against him. Naturally, Temer and Rousseff claim to be innocent of any accusations, even after the former executive of Odebrecht testified saying the company donated to their campaign around US$50 million (Romero). Meanwhile, rage has been spreading over reports that electoral courts are arranging a delay to postpone a ruling in favor of President Temer. This would allow Temer to
remain president until the end of his term despite statements showing violations in the finances of the campaign. Rousseff was impeached on different charges, she controlled and directed the budget to hide economic problems in Brazil. Supporters of Temer, including the ones who supported the impeachment of Ms. Rousseff, are allowing him to remain in office to avoid more political uproar and disorder as his administration is trying to recover from the economic crises. Lucas de Aragão, who is a partner at Arko Advice (a consulting firm for political risk in Brasilia), claimed that this case was similar to the Bush v. Al Gore case in 2000. The United States Supreme Court decided to resolve the dispute for the presidential election despite the accusations of the problems in the Florida ballots (Romero). However, the government risked the misuse of the gains from its anticorruption ambition. What Brazil needs now is to put the nation back on track and create more jobs to help boost the economy.

The repulsion with the political class that comes from past generations has spread even more in the recent decades. James Madison, a Founding Father in the United States once warned that governments without restrictions are compelled to be abusive. Madison wrote: ‘‘All men having power ought to be mistrusted… if angels were to govern men, neither external nor internal controls on government would be necessary’’ (Is Brazil Nuts or just the System? 2). Unfortunately, corruption exists in every country not only in the government but in many forms and degrees. Brazil, however, seems to take corruption to another level. Politicians embrace corruption as a way of governance, either you practice it, or the system will swallow you. It feels like there is no escape once one becomes part of the government, corruption has to be exercised and many who want to become politicians already look forward to all the benefits they will be able to withdraw from the nation.
Police Corruption and Abusive Power

As it was mentioned in previous chapters, corruption has hit many areas in Brazil, such as the economy, education, and health. But there is another crucial area affected as well: Security. Violence is a dominant problem affecting people’s daily life; people live with the fear of being robbed, kidnapped or even killed by merely walking on the streets. Of course, it cannot be generalized to every city, but there are some regions in Brazil known for being extremely violent. When you think of police and what it represents, you associate as an organization whose obligation is to protect civilians and maintain its area safe. Once again, this is not always the case in Brazil. There is an external influence in Brazil’s police sector, which is rooted in corruption, violence, and impunity. Influential landlords across the country have significant power over the police, where many bribes the police to get away with their crimes. Companies hardly find the police reliable and trustworthy and attribute essential costs to alleviate crime and violence. Even the police are not safe from the government corruption schemes. Newton Ishii, a federal police officer, was a leading investigator in the arrest of people during the Car Wash operation. He had an image of a ‘hero’ for many Brazilians who believed justice was finally coming after so many corruption scandals. Ishii itself was later arrested on corruption charges in June 2016 due to participating in a smuggling ring (Gan). Ishii was not the only to be detained in the police. In 2017 the Brazilian authorities issued an arrest of 100 military police officers and around 70 traffickers or other criminals alleged to be involved in a corruption arrangement in a poor district in Rio de Janeiro. These officers are accused of receiving bribes from drugs in exchange for
services, such as protecting drug traffickers and giving them weapons. It is estimated the amount
given in bribes were over US$300,000 per month (Forte). Since the scheme was discovered,
about 50 people have been arrested, and it became the most extensive corruption case comprising
military police and drug traffickers in Brazil.

Corruption is not the only problem among the Brazilian police. Illegal killing and torture
by the police add to a series of violence and discontentment in the country. The illegal practices
by police make it more difficult for criminals to surrender peacefully or give valuable
information when arrested, which stimulates criminals to kill police officers. Community
members also tend not to report criminal activities or testify as a witness for these reasons. The
cooperation by communities is essential to reduce high levels of crime and maintain order in the
region. In 2015 at least 3,345 people were killed by police officers in Brazil, where some were
from legitimate use of force and others by illegal killings (Cout). The acts of violence,
corruption, and abuse of power by the police only contributes to the socio-economic problems in
Brazil. Not only the country is embroiled in economic crises, lack of infrastructure, an absence of
good public education and health, but also security issues. All these problems are triggered
mostly by the corrupt culture and the inefficient government Brazil has. It is hard to combat
corruption when the whole system is corrupted. The Executive, Legislative, and Judicial are all
corrupt; several businesses are corrupted, the police is corrupted. It is almost impossible to fight
corruption when most of the country is involved in it. Finding means and people, who are not
engaged in any criminal activities, to embark on this anti-corruption journey is getting harder and
harder with time.
New Shift in Politics

By now, Brazilians already realized that until there are changes to reduce party fragmentation, have a fair representation of different regions on the country, and increase party discipline, there will be no significant changes in the government. Institutions and incentives that are created for politicians have consequences, without changes, it is hard to envision how desirable economic reforms and enduring financial problems can be solved. The improvements that have been considered in Brazil seek to make these changes happen (Geddes, 659). A notable shift in the future of Brazil’s politics may be occurring very soon. Ex-president Luiz Inácio Lula da Silva was sentenced on January 24 to 12 years in prison by a federal appeals court for his involvement in the Petrobras scandal. If Lula is convicted, not only he will go to jail, but also lose his political rights and be prevented from running for president in the October elections. This would be a tremendous result in the history of the Brazilian government since very few politicians go to jail or lose their privileges. His arrest would also be very alarming for current politicians who could face the same fade. Lula is a powerful and influential person; if the laws are applied to him, it would be a lot easier to fight corruption and set a new ruling system for the government. This would be beneficial because several politicians would think twice before getting involved in bribes, money laundering, and embezzlement. However, the reality is very different, and Lula can still go free or even spend a few months or even days in jail. If the Supreme Court allows him to an injunction, he could be able to run for office in October. On previous chapters, it was analyzed how week the political system is regarding enforcing laws and punishments for politicians and the elite. If the changes are not implemented now, the hopes for a
new era in Brazil will be lost. Next chapter, and last, will give an overview of all the variables that have been evaluated in previous sections and attempt to provide answers and solutions to the corruption situation Brazil has been experiencing since its discovery.
Chapter 5: Conclusion

Corruption in Brazil has indicated signs of an endemic phenomenon, based on a masqueraded correlation between politicians and private interests, the problematic bureaucracy, and the lack of transparency. The purpose of this thesis was not to focus excessively on the scandals itself or particular politicians and business people, but rather to approach corruption on a different scope. Understanding the history of Brazil, how the government was established, and how the branches operate is crucial to comprehend the rooting causes of the Brazilian corruption. The focus is not just about what corruption is and the effects it has on education, economy, and infrastructure, but also on the factors that contributed to its expansion and the circumstances that allowed it to endure until today.

Brazil urgently demands decent education, equal opportunity, and public infrastructure that match its development needs. Corruption disables the government’s potential to provide public goods. Corruption scandals have sunk the business and political system. As it was mentioned in chapter two, the problem is structural, systemic, and systematic. Brazil’s economy is densely intertwined with state organizations and banks. At first, this is not a problem, however, in a nation with unethical politics and weak judicial system, the temptations are extremely difficult to turn down. Furthermore, most Brazilians complain about the amount of bureaucracy that companies must go through to get things done. Facilitating tasks and skipping processes typically has an outcome resulting in bribes.

Additionally, the complexity of the Brazilian laws and the lack of organization between institutions and their responsibility allows corruption to be inserted in the system. By using an extensive range of examples, this thesis has presented that corruption explicitly limits the
government’s capacity to deliver vital infrastructure to the development of Brazil. The embezzlement of public funds, the shift in government’s main concern and deceptive results in commanding contracts distress the quality of the country’s infrastructures. However, the recent changes in Brazil seem to be positive and promising. Recently several laws were passed, with emphasis on the Clean Companies Act, which objectives are to recover the legal framework by expanding the demand for business integrity. Proposals such as the electronic programs “Portal da Transparência” (Transparency Portal) and “Portal de Combate à Corrupção” (Fighting Corruption Portal) boost the level of transparency.

Nevertheless, embroiling society in condemning corruption may characterize future challenges, needing a long-term methodology. Brazilians need to grow their commitment to fight corruption and terminate any tolerance of it. This involves a coherent effort concerning education since it is one of the areas that are the most affected by political corruption. Education is the base of everything, not only at home but also at school, children should learn from the beginning that their opinions and voices matter and that they can make a positive change in the future. There are countless things to be prepared and completed to overcome political corruption and expand the quality of infrastructure offered, but Brazil seems to be stirring in a positive direction.

Complaining and being negative about the current situation will not change anything. Citizens should continue to put pressure on the government; vote consciously; the judiciary should implement strict laws with zero tolerance for any variety of crimes and politicians should be aware that things will only be harder from now on.

The several consequential factors of corruption in each of the areas affecting Brazil’s structure can be summarized up in the following table.
It is evident how corruption affects each area demonstrated in the above table. On chapter two the central focus was on the Brazilian economy and how corruption is directly harming it. Leadership is one of the main factors adding to the problems disturbing Brazil’s economy. The main problem in Brazil is corruption, but this is due to the how politicians govern the country and how the cultural factor aggravates the issue. It is no news that politicians and business people are involved in corruption scandals and political crimes. Unfortunately, it is part of the Brazilian culture to deal with it. Most of the people who want to run for office in Brazil already

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have the mentality to be elected in order to get abundant benefits, a generous salary, government assistance for life, and the possibility to make easy money. Rare are those who run to make a positive change and bring a better quality of life for citizens.

Corruption is already damaging in politics, let alone when other sectors and people are involved as well. Since every process in Brazil is extensive and bureaucratic, most businesses tend to pay bribes to officers and politicians to expedite their projects. Sadly, the government takes advantage of this, and most companies have no way out. It also worsens when politicians and the elite work together in corruption schemes. It is all a cycle that takes the money away from the citizens and those in need solely because of private interest. With all the scandals and schemes getting more attention in Brazil, there is also another practice helping to increase corruption known as “caixa dois.” Caixa dois is a second cash register of funding that does not declare taxes to the government or authorities. This practice is usually used for receiving bribes, political campaigns, or any illicit activities used to cover the entrance and exit of money. All these recent scandals, especially the Petrobras embezzlement, have contributed to one of the worst recessions Brazil has every experienced. Once again Brazil has been prevented from achieving its potential as a powerful nation and taken away the ability to implement better infrastructure.

Chapter three analyzed corruption on a different scope: The Judicial system. The focus of this chapter was to show how this branch of government plays a vital role in the corruption sphere in Brazil. Before analyzing how the Brazilian judiciary interferes with corruption, it was important to understand the development of the country and the struggles Brazil experienced to become a democracy. Brazil latest constitution was enacted in 1988 followed by the period of
military dictatorship. Before 1988, seven other constitutions were established since the independence in 1822. Looking back in time is essential to examine corruption since most of the tardiness in growth is combined with the inefficiency to run and develop the country. Had Brazil been an independent country in early stages and established a robust and efficient constitution from the beginning, the nation could be facing a different reality. The late start in development allowed corruption to spread in every area of Brazil. The judiciary until a couple of years ago had limited actions to overrule the Executive and Legislative's actions. The Brazilian federal government is similar to the United States government, at least in "paper," but its efficiency and structure are far from being as successful. The three branches should work independently and have the ability to checks and balances if necessary. The idea of checks and balances is to ensure that no branch of the government has significantly more power than any other. However, in practice, the judiciary has been way less influential and powerful compared to the other two branches.

The Federal Public Ministry, which is sort of another branch of government, has gained power and distinction over the past three decades, particularly in corruption investigation cases involving elected officials and business executives. It has been over 500 years since the Portuguese discovered Brazil, and it took centuries to become a democracy and establish its latest constitution. There is no denying that its lateness in development considerably affected the government system and how laws are applied. Yes, the cultural factor is a major player in Brazilian corruption but had the government worked appropriately, created strong laws to prevent political misconduct, and protect citizen's right, Brazil would have been operating differently and possibly in a positive situation. Since the Petrobras scandal and the Car Wash
operation, the knowledge of corruption has spread across the country putting more pressure on politicians and executives to come clean with their actions. Judge Sérgio Moro, the investigation’s leader and currently the most famous person in law enforcement in Brazil, confronted politicians about their crimes and is now in the process of sentencing ex-president Lula. Moro has given hope to people and a new face to the judicial system as it seems the system is serious about eliminating corruption, no matter who is involved or which level of practice is encountered. If Brazil can commit to anti-corruption principles and reforms, the country could be an example to the world and not just for developing countries, but for superpowers as well.

Chapter four was dedicated to exploring the abuse of power by politicians and businesspeople and how it shapes the atmosphere in the country. Brazil is a large country with a lot of natural resources and richness. It could become a superpower by the numbers; however, it needs more than natural resources, a healthy economy, and a large population, it requires strong leadership. The Brazilian government has been unsuccessful in demonstrating continuous socio-economic accomplishment and international influence to achieve its goals. The problem lies with significant political and economic challenges, such as corruption and how the recent scandals have contributed to an economic recession. However, blaming the economic recession and all the factors leading to stagnation is not the solution, the wounds are deeper and more aggravating than that. The political culture in Brazil is prone to government abuse of power and the violation of the laws of self-interest, which produces a standard harmful behavior. For most politicians, participating in unlawful practices has become a daily custom because the corrupt attitude in Brazil is “socially accepted” between them. Politicians create laws to protect their actions and
most of the time is hard to convict them because of these protections, very few go to jail or receive any sentence. Unfortunately, politicians consider corruption as a lifestyle.

Corruption does not only exist in the government or among businesspeople, but many sectors of Brazil also deal with it, and that includes the police. Sadly, the policy sector is also involved in many cases of corruption, wherein many circumstances they accept bribes from other officials or even the general public to get away from a ticket or a crime for example. There is also another major problem with police corruption, the killing, and torture that adds to a chain of violence and dissatisfaction among Brazilians. Violence is a big problem in Brazil, especially in largest cities, such as Fortaleza and Rio de Janeiro, which contains high levels of crime and violence in the country. The illegal actions by the police make it harder to arrest criminals without causing more destruction or even to extract information from local communities. The police are already dealing with its own problems, therefore fighting corruption is not a priority in most cases. It becomes almost impossible to resist corruption when nearly all country is embroiled in some kind of embezzlement and bribe schemes or even when it becomes a norm followed by everyone. For centuries politicians and the elite have been able to get away with their wrongdoings because they take advantage of the broken system Brazil has and it becomes convenient having so many laws protecting and benefiting them.

Overlooking corruption by its roots and how it has reached an enormous range is crucial to grasp the mistakes that were made when fighting and trying to prevent corruption to spread. The 'unknown' nature of corruption has allowed it to remain undetected for many decades. This, in turn, emphasizes the importance of the pursue to intervene before the misconduct has been acknowledged. Unfortunately, corruption does not come with an eradication formula. The
consequences of immorality are spread all over Brazil and now what it remains is to find other ways to the prevent its practice. By analyzing the history of Brazil, how the country was shaped and developed, and all the factors that contributed to the spread of corruption, some crucial elements can be useful when combating and fighting it. Proactive approaches for preventing forthcoming corruption, meaning to expand corruption endurance, are vital in increasing the investigation corruption reports once acknowledged.

**Approaches to Lower Corruption**

While there is no accurate and full effective method to eradicate corruption, there are some approaches that could be very efficient and helpful. Here are some procedures that Brazilian citizens and the government can use to fight corruption:

**Eliminate Impunity**

One of the main problems in Brazil is the political impunity due to the protection laws. It is essential to have efficient and powerful law enforcement to ensure those involved in any misconduct acts are punished and receive no type of freedom and privilege. The only feasible solution to get this implemented is to apply strict laws, remove all kinds of political benefits, have more appropriate sentences, and enforce strong clean record for all who wish to run for office. Successful law enforcement is sustained by a robust legal framework, the Judicial branch, and a competent and independent court system. Judges should expedite and have low-cost cases
so that they do not remain in courts for years and justice can be brought to speed. Citizens can also put pressure by protesting peacefully and joining anti-corruption initiatives.

Rectification of Finance Administration

It is crucial to have a reform in the financial administration to improve transparency of budget information to prevent waste and any kind of misappropriation of public funds. The strengthening of auditing agencies is also vital to put pressure on business and the government to come clean and show signs of right appropriation of resources. These agencies should also report any attempts of bribes or indications of fraudulent transactions.

Promotion of Transparency and Information

Openness and transparency are essential for a country to continue to grow and strive. The media has to be effective in providing accurate and unbiased news to the public, but also have freedom of the press without government intervention. The government should also share what resources are being used and where it is being allocated to avoid embezzlement and any corrupt acts. When citizens have access to information, it increases the awareness of government agencies, while promoting a positive outcome on the levels of participation. This is especially important because voting is compulsory in Brazil, where many citizens choose a candidate because they have to or because there is no reliable option, instead of voting as a civic duty. The citizens can make a huge difference if they have the right information and tools to put pressure on the government.
Citizen’s Empowerment

When citizens have a voice in fighting corruption they can hold the government accountable, which helps to put more pressure on politicians and shape a mutual trust that is beneficial to the country. When the community gets together to contribute to uncovering corruption, it helps to reduce bribes, embezzlement, money laundering, and it also increases the quality and quantity of public assets. Organizations, communities, and the government itself should create programs to monitor and report any irregularities within elections, funds, projects, and any task that could potentially lead to corruption. Those would be beneficial resources to add more pressure on government officials and reduce any wrongdoing activities.

Cease International Loopholes

Corruption in Brazil does not occur internally only; it also uses international resources to go “undetected” with the assistance of other countries to facilitate activities, such as using Swiss bank accounts to misappropriate funds. Once the access to the global financial system is deprived, corrupt officials in Brazil and around the world, will have difficulty in laundering money and hide any illicit movements. Financial organizations, especially major banks agencies, should be urged to combat corruption by not allowing unlawful activities and cooperate with authorities to report and give information when those actions are detected.
Corruption is an overwhelming problem. It is similar to a parasite, can be controlled, but not entirely eradicated. It may not be possible to eliminate corruption at all stages; however, it has the potential to be contained within satisfactory boundaries. Honest and committed people in public life are crucial remedies to counter corruption. The examples above, if implemented correctly, can bring positive changes to Brazil and any other country struggling with corruption. This could be a significant game-changer in shaping a new political scenario in Brazil. Brazil has a long way to form its new course in politics, but the hope is not all lost. If everyone does its part and continue to put pressure and demand proper actions from the government, there might be a brighter future on the horizon.
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