

# **The Corruption Conundrum in Contemporary Brazil**

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“...scandals themselves display a familiar pattern, and the behaviour of participants offers constant reminders of history. Their attitudes are set by the conflicts of the past, and forecast those of the future.”  
Philip M. Williams (1970:6)

Is it valid, as often argued, that the occurrence of high-level political scandals is proof of the presence of a vibrant liberal democracy?<sup>1</sup> A free press and a competitive party system, the argument maintains, both uncover and prosecute corruption scandals such that political reform is renewed. At the very least, a common saw is that *the media propagate scandals for their own purposes*.<sup>2</sup> However, the conservative interpretation of democracy posed by Joseph Schumpeter in the 1940s suggests that it is little more than a stage upon which elites struggle with each other for power, and masses legitimate the outcomes of those struggles (Schumpeter, 1975). In this context, corruption scandals, and the character assassination that is so much a part of them, seem closer to a Schumpeterian model of democracy. In this sense, a massive and protracted presence of corruption scandals, even if corruption was rampant, in a given political system would indicate a major confrontation between political elites, rather than merely self-serving inventions by a market-hungry media. More profoundly democratic and grassroots models, however, denote a political evolution beyond elite domination. The advent in a society of what is called *deliberative democracy*, for example, stresses grassroots organisation and community-building,<sup>3</sup> patterns that aptly describe sociological trends in Brazil since the 1980s.

The following study seeks to understand the corruption conundrum in Brazil: why have political scandals proliferated in Brazil as democracy has deepened? What democratic purpose, if any is served by high-level corruption scandals? Is the apparent obliviousness of the Brazilian electorate to them, and the scandal's own gradual transformation in character and content, indicative a *deepening* of the democratising process in Brazil, and hence an implicit answer to the corruption conundrum: corruption scandals as remnants of the Schumpeterian phase of Brazilian democracy, or even of a conflict between the 'old elites' and the new system?

Brazil is both the subject of two decades of relentless and intense national political scandals, and, by most standards, a rapidly deepening democracy, although it is difficult to relate these two characteristics. It is true that major Brazilian corruption scandals have frequently emanated from information provided by elite (and even authoritarian) controlled security agencies, perhaps indicative of the residual political agendas of an 'old political elite.' Hence, whether or not rampant corruption is present in Brazil, it is the reasons for these information leaks that are thus of central. Why do they happen? Are they merely accidental discoveries by security agencies, or perhaps the product of newly invigorated police? Why does this information find its way so quickly to the major national news media? These questions are of interest, especially considering the tensions that have grown between major elites (including many of these security agencies (often the remnants of the authoritarian political culture), and emerging and more extensive democratic processes in Brazil. Moreover, the publicised presumption of such scandals, it often seems, is that they will have a defining and salutary impact on broadly democratic electoral politics. The analysis of historical French political scandals suggests a very different dynamic, however, that of conflict between elites in an authoritarian setting, a Schumpeterian interpretation of 'democratic processes' at best.

The following study will briefly explore Brazilian political (or corruption) "scandology," what I have chosen to call the 'corruption conundrum,' in the context of these arguments, and with special reference to the virtual firestorm of scandals between 2000 and 2006. This period culminated in the decisive re-election of President Luis Inácio Lula da Silva despite the extraordinary weight of the scandals affecting his administration, and hence emphasised an unexpected lack of connection between major political scandals, what one observer calls "mediated corruption,"<sup>4</sup> and electoral outcomes in recent Brazilian politics, what I have chosen to call the 'corruption conundrum.' Lula's impressive re-election in 2006 in the shadow of a convergence of high-level political scandals is frequently, though unconvincingly, explained as merely the result of 'good economic times.'

Political scandals, "mediated corruption," while overwhelmingly present in the last two decades, have had surprisingly mixed political results in contemporary Brazil. While a president was

successfully impeached in 2002, and a number of prominent political figures in virtually all parties have had personal political setbacks, major systemic transformations have proceeded.<sup>5</sup> It is simply not clear that a competitive party system and a free press are the causes of most political scandals in Brazil, moreover. Rather, the resistance to democratisation by entrenched elites, and the astonishing imperviousness of newly entrenched political elites to the fundamentals of political ethics, in short the French model, appear to be more explanatory. That there is a surprising lack of connection between major political scandals and electoral outcomes in Brazil has further suggested the common image of a “Belindia,” a Belgium within an India, where elite concerns have waning influence upon a mass electorate, and growing local democratic practices, a burgeoning ‘grassroots democracy,’ are essentially unaffected by high-level political scandals.<sup>6</sup> It appears that the striking *presence of the media* behind most political scandals, and the concomitant lack of electoral influence that such scandals evince, may indicate the growing impotence of a Schumpeterian phase of electoral democracy in Brazil, and the growing vitality of what is increasingly being referred to as “deliberative democracy.”<sup>7</sup>

While it is difficult in most cases to trace a clear causal relation between traditional elites, struggling to hang on to eroding (rapidly democratising) power bases, and the egregious and surprising frequency and intensity of political scandals in Brazil, the early waves of national scandals in the late 1990s and early 2000s appeared in some cases to represent explicit struggles over “military prerogatives.” Subsequent scandals often seemed to have primary civilian elite connections, with clustering and converging of this “mediated corruption” coming just prior to major national elections (particularly the 2006 national elections). A list of the national-level scandals of the 1990s and 2000s, based upon repeated mention in national newspapers and magazines, including the *Estado de São Paulo*, the *Folha de São Paulo*, and *Veja*, is strikingly extensive, even for a country as large as Brazil:

**TABLE 1. SELECTED MAJOR NATIONAL SCANDALS IN BRAZIL, 1990s-2000s**

INSS	Pasta Rosa	CPI da Pirataria
BCCI	CONAN	Bingos (Caso Waldomiro Diniz)
Ceme	Gafanhotos	Caso Kroll
LBA	Administração de Paulo Maluf	Vampiros
Ação Social	BNDES	Correiros
BC	Telebrás	IRB
Merenda	PC Farias	Novadata
Estatais	Venda de CVRD	Operação Castores
Comunicações	Previdência	Mensalão
Vasp	Precatórios	Secom
Aeronáutica	Banestado	Brasil Telecom
BB	Mesbla	CPEM
Centro Federal de Inteligência	Banespa	Mensalão Tucano
DNOCS	Medicamentos	Daniel Dantas
INAMPS	Mappin	Banco BMG
Telemig	Banco Marka (Salvatore Cacciola)	Fundos de Pensão
Ney Maranhão	Dossiê Cayman	Grampos na Abin
Paubrasil	CPI do Narcotráfico	Mensalinho
Cruz Vermelha Brasileira	Grampos contra FHC	Nossa Caixa
Administração de ACM	Transbrasil	Cartilhas do PT
Administração de Jaime Campos	Administração da Roseana Sarney	Sanguessugas
Administração de Roberto Requião	SUDAM	Operação Saúva
Administração de Ottomar Pinto	SUDENE	Dossiê
SUDENE Pernambuco	Banpará	Operação Furação
Prefeitura de Natal	CPI do Banestado	Operação Octopus
CPI do Detran	Proer	Operação Navalha
CPI do Pó	Caso Luís Estevão	Operação Xeque-Mate
Estacom	Caso Toninho do PT	Operação Moeda Verde
CPI do Orçamento da União	Caso Celso Daniel	Concessões
TV Jovem Pan	Operação Anaconda	Operação Furação II
Banco Econômico	Propinoduto	CPI da Pedofilia
SIVAM	Valerioduto	Bancoop

These waves of scandals, moreover, even those that are clustered just prior to major national elections, have seemed to have had relatively little influence on electoral outcomes, even as democracy, as a preferred system of government, seems to be experiencing declining support of the majority in Brazil.<sup>8</sup> Moreover, while contributing to the impeachment of a president in the early 1990s,<sup>9</sup> scandals in the last five years patently failed to stop Lula's re-election in 2006, and have apparently had little effect on his popularity ratings.<sup>10</sup> How, then, does the plethora of political scandals in Brazil "fit" within the emerging democratic transition, particularly as regards the perennial competition between elites and masses, where elites have been represented traditionally by highly organised and tactical institutions such as military establishments? Why do such scandals continue to emerge, and with such frequency?

It is a curious fact that many of the scandals of post-authoritarian Brazil, at least prior to the election of 2002, seemed to have had some relation to intelligence agencies, military, civilian, and private, and that these shadowy organisations sometimes seem to provide interesting, if speculative, functional possibilities in understanding the character and depth of democratization.<sup>11</sup> As Theodore Lowi has noted, writing about political scandals in liberal democracies,

Since the primary political element of scandal is concealment and its exposure, surely we can state as a theorem that society will have few if any scandals unless there are institutionalized means of exposure. Thus, even if culturally the conditions for scandal are present—i.e., the actions in question are truly and genuinely breaches of the values of society—the scandal will not occur spontaneously but will require attention and incentive to reveal and sustain it long enough and intensely enough to obtain public attention. A free press is essential, but a free press needs inside information, and that requires institutional capacity and incentive—most likely to be provided by opposition parties. Thus there is great plausibility in the governing proposition...that political scandals occur only in liberal democracies, with free presses and competitive parties.<sup>12</sup>

Brazilian political scandals prior to Lula's election in 2002 may represent lingering elite presumptions and behaviour in a rapidly democratising system, and hence appear to have been true Schumpeterian, or even authoritarian, scandals, as it were (Schumpeter, 1975). In this interpretation, the electoral imperviousness of the system to such scandals, particularly after 2002, suggests not merely the presence of "good" economic times, but rather, perhaps, a gradual triumph of grass roots democracy over lingering elements of an elite-dominated quasi-democracy.

The mechanism here is precisely counter to the "scandals = liberal democracy" claim, and even counter to the argument that a media that is self-rewarded for uncovering and exploding scandals is the primary (sole?) 'cause' of high-level political scandals. Waisbord has argued that the three primary foci of all political scandals, *official corruption*, *violation of human rights*, and the *indiscretions of celebrities* (principally sex scandals)<sup>13</sup> are primarily represented in the contemporary Argentinean case by the first of these, political scandals to which he refers as "mediated corruption" (Waisbord, 2004). While emphasising the important point that "all scandals are media scandals" (1077), he also cites the title of Ginsberg and Shefter's (1990) work to observe that scandals are essentially "politics by other means" (1087).

In this case, it is perhaps more explanatory to suggest that the contemporary scandals and their political impact represent three things: 1) the lingering power of a narrow political elite, some of whom were losing their elite prerogatives, and the emergence of opportunistic nouveau elites, few of whom have ever been punished for corruption, and hence are not very cautious; 2) the eagerness, particularly prior to 2002, of authoritarian and foreign intelligence sources to undermine the new and emerging political elites; and 3) a striking lack of popular concern regarding such scandals, one that is simply inexplicable in the context of a liberal democracy. Three elements are important in this interpretation: strident and manipulative presentation of scandals by elite-owned media; elite intelligence direction of initial scandal information; and the concurrence of scandals with government

rejection of the agendas of particular elite, or, put simply, **scandals qua political bludgeons**.

The narrow insistence that the presence of a free press and competitive parties are sufficient conditions for a liberal democracy disregards both the reality of Brazilian political dynamics and strange failure of recent waves of scandal to impact significantly Brazilian electoral outcomes, what I have labelled the *corruption conundrum*. It also disregards the key progenitors of Brazilian political scandals in the past: institutional elites. In his insightful interpretation of political transition in Brazil, Alfred Stepan argued that the Brazilian intelligence system had become “more autonomous than in any other modern authoritarian regime in Latin America...” (Stepan, 1988:13), and that its survival remained a key “military prerogative” (Stepan, 1988: 106). The retention of military cabinet positions by active duty military officers was seen another prerogative that collapsed under the weight of democratisation at the end of the Twentieth Century. If Stepan was correct, the years 1998-2002 in Brazil should provide a useful background into the key struggles of elites to preserve elements of the authoritarian period through the use of political scandal, and the years 2002-2007 hence may indicate the vitality of the democratisation process,<sup>14</sup> as well as its limitations. After 2002, the Workers’ Party (PT) presidency of Luiz Inácio (Lula) da Silva soon became embroiled in its own succession of scandals, culminating in the far-reaching “Mensalão,” “Sanguessugas” and “Dossiê” scandals. The first of these, interestingly, came hard on the heels of military disappointment with Lula’s cancellation of a key weapons procurement, involved initial disclosure by Abin, the civilian intelligence agency,<sup>15</sup> was broadcast by a conservative (elite-oriented) weekly news magazine (*Veja*), and seemed to represent the instrumental use of scandal for political purposes, albeit based on real cases of political corruption.

The few public accounts of the impact upon the delicate process of democratization of the secretive military intelligence agencies, which have been in the past provided with the tools and the mandate to conduct covert investigations of virtually anyone, and which seem to have continued to be possessed of a politicised agency-specific agenda, have been a striking characteristic of the post-1985 Brazilian political milieu. The events in Brazil between 2000 and 2006, in particular, suggest both a strange disregard by PT members of Congress of fundamental political ethics, even an eagerness to engage in political corruption, as well as a very rich, informative, and partially successful case of elite resistance to broader democratisation, one with potentially far-reaching implications and lessons.

### **DEEPENING DEMOCRACY WITH ELITE-DRIVEN SCANDALS?**

Democratic “waves” have had uneven and incomplete impacts on authoritarian systems over the past century. We must assume that most government agencies in democratising systems, even newly reconstructed ones, will tend to manifest significant elements and characteristics of previous regimes, and that fundamental aspects of established democracies, such as political scandals, will fill different roles, at least initially. In Latin America, this is particularly the case. As late as 1998, Patrice McSherry referred to the “new democracies” in Latin America as “guardian democracies”.<sup>16</sup> The clusters of political scandals in Brazil in the 1990s and 2000s have typically represented many individual cases of corruption that are, in some way, related to each other, parts of a veritable ‘*cloud of corruption*,’ which has intensified and complicated their individual political significance. If, indeed, any one of these scandals has represented a conscious attempt at political manipulation, it remains difficult to see such designs in the larger scandal matrix. As Machiavelli (1972) observed, such conscious political manipulation is a dangerous game at best: scandals have a life of their own, rapidly broadening their reach and ultimately turning even on those who try to use them to their own political advantage.

*Anonymity* of the discloser or provocateur would seem to be central to any political purpose of a generated (or disclosed) scandal. Nonetheless, major national scandals often seemed to involve in some way, or to flow directly from, intelligence agencies, and particularly the Brazilian military establishment, in the 1998-2000 period, including both government and private agencies: Abin (the Brazilian civilian Intelligence Agency), the CIM (Navy Intelligence), the SECINT (Air Force Intelligence) the CIE (Army Intelligence Center), the Polícia Federal and, in the private sector, the

large American intelligence company Kroll International.<sup>17</sup> Major scandals during this period sometimes directly linked to the immediate self interests of military agencies in Brazil: the scandal that accompanied the founding of the new civilian intelligence agency, Abin, and the scandal that engulfed the first civilian Minister of Defence, leading ultimately, to his removal, and even the “mensalão” scandal that has dominated Lula’s presidency, have followed on the heels of strident military objections to key civilian policy decisions, even if they have proven to be ineffective in reversing such policy.

A far deeper question, however, involves the astounding proclivity for scandal-prone behaviour of the emerging civilian political elites. The democratization of Brazil after 1985 has included the development of a veritable *political culture of scandals*. Why has this pattern persisted?<sup>18</sup> While political scandals are nothing new to comparative democratic government, the sheer volume and scope of national scandals in Brazil is staggering. The impeachment and removal of President Fernando Collor de Mello in 1992, described by Timothy J. Power in his important book as “some of the most egregious (and audacious) examples of kleptocracy” (Power, 2000:220), while perhaps the best known,<sup>19</sup> is only one of a great many, as Table 1 indicates. Electronic espionage (bugging and wiretapping) remains central most of them, with incriminating tapes frequently leaked to the news media. A journalist commented that the Cardoso government manifested an unusual tendency toward intrigue, concluding that “...spy films from the Cold War and stories of James Bond...are minimal compared to [the Cardoso Administration’s] vocation for mystery, betrayal and power.” The observer concluded significantly that

this is garbage inherited from the military dictatorship, the practice of espionage of the SNI [the National Intelligence Service, established during the Dictatorship] that remains untouchable in the democracy. The government and its police know that the old agents of the SNI have left the government and have gone on to sell their services in the markets of blackmail and fear. Besides this, freelancers continue operating freely, utilizing government equipment to spy on ministers and even the President of the Republic (Caldas, 1999).

The elite character of scandals stands out, however. Noted national editorialist Luis Fernando Veríssimo suggested in 2000, for example, that “almost all of the [scandals] in the Brazilian government are reflections of some fight between big dogs [major economic interests]” (Verissimo, 2000).<sup>20</sup> The adoption of principles and processes of neo-liberalism has generally been at the forefront of these struggles. Several perplexing questions dominate interpretation of this scandal-ridden post-dictatorial setting in Brazil: why has scandal-prone behaviour (corruption), particularly within the PT hierarchy, persisted? What is the apparently *continuing role* of elites and elite-directed intelligence agencies in divulging and directing the reporting of scandals? Is the ubiquitous persistence of scandal-prone behaviour in Brazilian politics proof positive of its liberal democratic character, or its continuing struggle with authoritarianism and elitism?

After five years of relentless and overlapping scandals involving President Lula da Silva’s Workers’ Party (PT), popular evaluation of the Lula presidency seems unaffected (with the term “regular” in Portuguese [same spelling as in English] meaning acceptable):

**Table 1-A Evaluation of the Lula Government**

<b><u>Evaluation</u></b>	<b><u>1-2 Feb./06</u></b>	<b><u>23-24 Oct./06</u></b>	<b><u>13 Dec./06</u></b>	<b><u>19-20 Mar./07</u></b>	<b><u>1-2 Aug./07</u></b>
<b>Good/Excellent</b>	36%	53%	52%	48%	48%
<b>“Regular”</b>	39%	31%	34%	37%	36%
<b>Bad/Terrible</b>	23%	15%	14%	14%	15%
<b>Don’t Know</b>	1%	1%	1%	1%	1%
<b>“Good/Bad” Spread</b>	<b>13%</b>	<b>38%</b>	<b>38%</b>	<b>34%</b>	<b>33%</b>

Source: Datafolha Poll, *Folha de São Paulo*, 5 August, 2007

The following pages will attempt to trace the evolution of these strange phenomena, the apparently quasi-democratic scandals of Brazil.

## SCANDOLOGY

Theodore Lowi has noted that the observation of high-level political scandals by social scientists can appropriately be called “*scandology*” because such scandal is, in effect, a “useful exaggeration of reality” and an “opportunity to compare and judge political systems.”<sup>21</sup> He adds, significantly, that

Scandal is corruption revealed. Scandal is breach of virtue exposed. Apparently of religious origin, scandal literally referred to the conduct of a religious functionary that tended to discredit the religion itself.<sup>22</sup>

The frequency and severity of high-level political scandals in the post-authoritarian era in Brazil initially raises questions regarding the *judgment*, and perhaps even the *sanity*, of the waves of civilian politicians who have acted, apparently outrageously, in office, almost as if they are certain—against all evidence to the contrary—that they will never be scrutinised. It is true, of course, that high level political scandals in Brazil seldom, if ever, resulted in criminal prosecutions prior to the Lula Presidency. It is also true, however, that the scandals are also the product of media that seem to have an almost insatiable appetite for such revelations, what Garment has called “scandal machines” (Garment, 1991).

Nevertheless, because of the frequency, severity, and apparent orchestration of major political scandals in Brazil, such questions must be contingent upon three prior conceptual questions: first, as suggested in the literature, are scandals actually employed by some political actors (or groups of political actors) against others *qua political instruments* (as opposed, from the perspective of elite politics, to simply ‘happening’)? Second, are political scandals ultimately democratic, as some observers have insisted, that is, do they serve to strengthen democratic processes, particularly in an emerging democracy like Brazil’s? Third, are major corruption scandals, as Waisbord refers to the case of Argentina, merely “a manifestation of the media colonization of the public sphere and a public life that has fallen victim to manufactured publicity...” (Waisbord, 2004: 1078)? A brief examination of an earlier—and related—scandal-prone system may clarify these questions to some extent.

France is described by Philip M. Williams in his formative work *Wars, Plots and Scandals in Post-War France* as “the classic land of political scandal” (Williams, 1970:3), although he also assesses the unusual tendencies of the United States in this regard. In neither case does he appear to regard these as indications of the vitality of liberal democracy, however. Surveying French political history over the past two centuries, with special attention to the *causes* of scandals, Williams concludes that these political scandals always involve the state (Williams, 1970:6), and that they have tended to have four basic forms: a “surprisingly small number” involving “the private lives of politicians, like the killing of the editor Gaston Calmette by Madame Callaux in 1914;”<sup>23</sup> major financial cases; “plots to overthrow the Republic, mounted by the extreme Right or by elements in the army;” and accusations of betrayal of the nation, most prominent of which was the Dreyfus Affair (Williams, 1970:5), stimulated and sustained by the political machinations of military intelligence.<sup>24</sup> Williams’ conclusion is that French political scandals have had a decidedly instrumental origin:

Perpetually frustrated in legitimate political contests, the French extreme Right is well placed to profit from administrative conflict, judicial favour, military prejudice, and public resentment of national humiliation. From Dreyfus’s day to ours it has, sometimes with Communist help, exploited slander and scandal frequently, mendaciously and mercilessly as weapons to ruin its political opponents (Williams, 1970:16).

Williams’ interpretation of French-model political scandals argues unequivocally that they are

instrumentalist (at least in origin) and decidedly anti-democratic. Given their typical unearthing in Brazil in the elite-controlled media, they frequently suggest that the Brazilian elite can become unified in this process,<sup>25</sup> usually, it would appear, with some degree of military backing. As Thomas Bruneau noted in 1992, “a degree of consensus and unity has existed among the Brazilian elites, but it rests on opposition to the entry of the masses; it is an anti-democratic consensus” (Bruneau, 1992:259).<sup>26</sup>

A fundamental observation regarding scandals, at apparent odds with the ‘liberal democratic’ notion, involves the fundamentally systemic character of corruption, its social character. As John Girling notes, scandals are most likely to reveal *systemic transformation*, specifically the beginning of the corporate funding of the political process and the “penetration of market values into the social and political spheres,” and hence they have less to do with individual responsibility, or the vitality of a free media (Girling, 1997: 3). The bases of liberal democracy include the diffusion of responsibility to individuals and ultimately a homeostatic system. Brazil, like most of the countries in the world, has been caught up in a process of systemic transformation. Scandals, then, are more likely to represent conflict between old and emerging elites, with the declining elites most willing to employ them.

### ELITE NATIONALISM AND INTELLIGENCE AGENCIES

Brazilian national security, in its varying definitions, has long had coequal domestic and international components. The emergence of the “New World Order” contributed to this, as have challenges to absolute property rights as evinced in the Landless Movement (MST), organized crime, the environmental movement(s) and, at least until Lula’s government came to power, the Workers’ Party (PT).<sup>27</sup> Antagonistic military factions,<sup>28</sup> and even branches, organized around contrasting understandings of national security, and Brazil’s place in the political and economic world communities (Martins Filho and Zirker, 2000), as well as elite groups, have been paramount. A crucial political catalyst appears to have had a significant impact upon these concerns. *International economic and political pressures* in security matters, including apparent pressures by the United States re-establish its control over hemispheric armies (McSherry, 1998:17),<sup>29</sup> and intense efforts by the US to counter the traffic in illegal narcotics, which has sometimes been linked on Brazil’s border with Colombia with the Colombian leftist revolutionary group, FARC, have intensified ill will.<sup>30</sup> US pressures for the participation of Latin American military establishments in drug interdiction, a role generally opposed by senior Brazilian officers, and by the first (fired after a major corruption scandal) civilian Minister of Defence of Brazil, Élcio Álvares (*Estado*, 1999f) seem to have reinforced the instrumental use of scandal.<sup>31</sup>

The Amazon region, an area of great sensitivity as regards Brazilian sovereignty (for background, see, for example: Martins Filho and Zirker, 2000; Zaverucha, 2000:71), is seen in Brazil as threatened by US anti-drug policies. Perhaps the best evidence of this is that they resulted in apparent efforts by then-Brazilian President Cardoso to diffuse this potential powder keg (Dreifuss, 1999). His announcement in 1996 of the National Defence Policy (PDN), a key planning initiative that included the proposal of a civilian-led Ministry of Defence, included the Amazon region as a central concern of his government, and referred to “armed bands who operate in neighbouring countries, on the border of Brazilian Amazônia,” and to “international organized crime” as “some of the concerns that should draw the attention of the strategies that come out of this defence policy” (*Estado*, 1996).<sup>32</sup>

Crosscutting currents of nationalism, and *inter-service rivalry*, were apparently responsible for a long-term struggle for funding between two intelligence and security projects: Calha Norte (Northern Trench) and Sivam (Amazon Surveillance). Calha Norte, first articulated in the 1980s, has been an Army-led program to create an extensive security buffer along Brazil’s Amazon borders (Zirker and Henberg, 1994). Sivam, in contrast, has been an Air Force-directed radar and air space surveillance system, also for the Amazon region. The awarding of the huge Sivam contract to a US contractor, Raytheon, followed the temporary deactivation of Calha Norte in the 1990s.<sup>33</sup> The subsequent Sivam scandal of 1995, revolving around charges of influence peddling,<sup>34</sup> was openly regarded by senior Air Force officers as a personal condemnation (Rodrigues, 1995). Others noted that the Calha Norte

project, which began to be resurrected following the Sivam scandal, was apparently an immediate beneficiary,<sup>35</sup> at Sivam's expense.<sup>36</sup>

The military is deeply involved with the history of Brazilian intelligence services over the past four decades. During the dictatorship, the military formally directed all police and intelligence activities; in the first decade after 1985 and the official end of military rule, agencies such as the National Information Service (SNI) and its successor, the Secretariat for Strategic Affairs (SAE), continued to be staffed with many active military personnel and directed by senior officers.

The civilianisation of the Brazilian government has effectively removed military (and even elite) control over two transforming events: the creation of the civilian-directed Ministry of Defence, and the civilian-directed (or, at least, Congressionally overseen) Brazilian Intelligence Agency (Abin), both of which were proposed and debated for over a decade, during which time disclosures led to several high-level political scandals which delayed and even threatened to sink the two projects. Hence, while some sectors of the military had lodged bitter nationalistic criticisms of both of these new programs, early indications were that President Cardoso was completely committed to their smooth implementation, and that the scandals would be unsuccessful in stopping this. It remains highly significant, however, that both of these key proposals were severely jeopardised in 1999 and early 2000 by political scandals, and that these scandals appeared to stem from initial disclosures by military intelligence agencies.

Political scandals, while easily triggered, are notoriously difficult to control, as Brazilian cases have repeatedly demonstrated. Hence, while they are often wielded as (albeit, unwieldy) political instruments, and gloved with the countenance of legality, they all too often turn on their employers. They can also be extraordinarily revealing as regards the political dynamics of contending groups, offering windows into elite struggles for power, and hence may have at least some democratizing influence. Finally, they are invariably imbued with a moral tone.

## **BRAZILIAN DEFENCE MINISTRY AND ABIN SCANDALS**

The creation of the civilian-directed Brazilian Ministry of Defence, seen initially as a significant loss of political prerogatives by the military establishment, is instructive in the effective use of political scandal *à la* the French model. The Ministry was dominated from its inception in 1999 by political scandals, the chief effect of which was the apparent weakening of emerging civilian control over military policy. The specifics of the implementation of the Ministry of Defence and Abin were planned shortly after President Cardoso assumed the office of President of Brazil in 1995; the implementation of both was delayed until 1999. The civilian-directed Ministry of Defence, a particularly odious proposal for senior military officers, suffered repeated political delays, apparently from military pressure.<sup>37</sup> An open affront to the key military prerogatives enjoyed since 1964, it is instructive that the new civilian Ministry was immediately involved in a major national scandal.

The Ministry of Defence legislation was sent to Congress at the end of Cardoso's first term, in November 1998. By December, a former federal senator, Élcio Álvares, had been selected as its civilian Minister, and began moving aggressively to end the cabinet portfolios of the military branches, much to the publicly expressed dismay of the Military Ministers (Monteiro, 1998a). They, and particularly the Minister of the Navy, complained of the speed of the transition, and wanted more discussion, planning and advanced notice. In fact, subsequent political machinations managed to delay the implementation of the Ministry for another six months, during which time Álvares was rendered impotent to the point that he came to be known as the "Minister of the Island of the Sixth Floor," a reference to his isolation in his office on the sixth floor of the Joint Chiefs building in Brasília (*Estado de SP*, 1999a). This six month hiatus was characterized, moreover, by a number of unusually strident political statements by senior military officers (*e.g.*, Sant'anna, 1999), and by further moves by the government to integrate and subordinate military pensions (Braga, 1999). The new Ministry was approved by the Brazilian Senate in 1999, and the military ministers officially became service branch commandants, losing their cabinet-level status.

Strident political resistance was lodged against Álvares at a time when the government was

experiencing low popular support.<sup>38</sup> The civilianization of the cabinet continued with the creation of a new cabinet position, head of Institutional Security, in place of the Chief of the Military Household. General Cardoso, who moved with President Cardoso's qualified support (Monteiro, 1999b) from the old position to the new one, requested a two-year suspension of his active military status in September, 1999, so that he could qualify for the new "civilian" position (*Estado*, 1999b). He nonetheless announced that he would continue to advise the President directly on all military matters.

Documents were leaked to *ISTOÉ*, the national news magazine, by sources later reportedly linked to a military intelligence agency, alleging that Álvares and his close advisor, Solange Antunes Resende, had close ties with organized crime in his home state of Espírito Santo (Meireles, 1999). Senior military officers of all three military branches immediately spoke with the press, expressing their views that Álvares should immediately resign, but that this should not affect the institutionalization of the new Ministry, nor result in a military crisis (Contreiras, 1999).<sup>39</sup> On December 17, he fired both his close advisor, Solange Antunes, and his most strident military critic, Brigadier General Bräuer, with the apparent support of the commandants of the Army and Navy (Monteiro and Braga, 1999). Supposedly acting on the orders of President Cardoso, who was likely concerned about the health of the new Ministry, Álvares appointed as the new Air Force Commandant Brigadier General Carlos de Almeida Baptista, who immediately moved to quiet the military discord (Silva and Paul, 1999). Scandal management had become a formal and institutionalised response.

The final and patently unsuccessful act of contrition came in early 2000 when Álvares reversed his earlier position and supported the formal reactivation of Calha Norte, adding that he would also support the unification of the three military branches. Within days, he was fired by President Cardoso, and General Cardoso, who had not previously been invited to the weekly luncheon briefings between Álvares and the branch commandants, was now directed by President Cardoso to invite the commandants to the presidential palace—prior to the nomination of the new Defence Minister, Geraldo Quintão, to assess their concerns (Monteiro, 2000b). The rapid turnover of civilian Ministers of Defence continued well into the Lula era, with José Viegas resigning in November of 2004 after a falling out with the military establishment, and his successor, Vice-President José Alencar resigning in January of 2006 after Federal Police began investigating a deposit from the government of R\$1 million to an account of the company Coteminas, owned by Alencar's family. Interestingly, he felt that this emerging scandal made him "incompatible" with the Ministry of Defence, but not with the Vice-Presidency (Cantanhêde, 2006). Significant military control over the "civilian-directed" Ministry of Defence appears to have been established by mid-2006.

The French political model, as described by Williams, assumes major involvement of state structures, and of intelligence agencies (and, particularly, military intelligence) in the promulgation of political scandals. The creation of the Brazilian Intelligence Agency, much like the creation of the Ministry of Defence, was discussed extensively following Fernando Henrique Cardoso's election to the presidency in 1994, and was widely seen as a further move toward the civilianization of the Brazilian political system. It was planned from the beginning as an agency that would be controlled by the Congress (*Estado de SP*, 1999e), which would serve as a check on the kind of abuses practiced routinely by its military-dominated predecessors, notably the National Information Service (SNI), and hence that would *not* practice such activities as wiretapping. In fact, in an interview in 1997, General Cardoso stated categorically (and significantly) that Abin *would never engage in wiretapping* (Evelin and Pedrosa, 1997, *emphasis added*). In 2000, Abin, in a response to charges by the magazine *Veja* that it routinely spied on politicians, categorically denied having any "mechanisms" for spying on civilian politicians (*FolhaOnline*, 2000b), and in 2002, the Supreme Electoral Court (Freitas, 2002), and the Centre for Research in Security of Communications at the University of Campinas, recommended that Abin no longer be in charge of electronic voting compilation (*FolhaOnline*, 2002a).

Although the agency infrastructure was developed beginning in 1997, and a staff and offices gradually assembled thereafter, the legal establishment of the agency was not signed by the president until December, 1999 (Paraguassu, 1999), and upon signing the legislation, President Cardoso declared that "Abin is blessed by democracy." By that time, a national scandal of epic proportions,

involving charges of influence peddling and even blackmail of the president, had deeply scarred the agency. Moreover, as a researcher at the respected Fundação Getúlio Vargas argued, a growing preoccupation with combating internal enemies had already moulded Abin along the lines of its widely hated predecessor, the SNI.<sup>40</sup> By 2005, respected newspapers like the *Folha de São Paulo* referred to Abin as having come out of the SNI.<sup>41</sup>

The Abin was deeply impacted by the scandal. Centred ironically around an illegal wiretap by Abin agents and others, some of whom appear to have had military intelligence backgrounds<sup>42</sup> (the wiretap was ostensibly without agency direction or knowledge), placed on the National Economic and Social Development Bank (BNDES), the matter may have been brought to the attention of the Federal Police (who subsequently put their own wiretap on the Abin agents' phones [Azevedo and Tosta, 1999]) by military intelligence operatives.<sup>43</sup> The central focus of the scandal involved an article of nationalism—the privatization of Telebrás,<sup>44</sup> the national phone company; the scandal pointed to the possibility that high government officials, perhaps even President Cardoso, were involved in influence peddling. It was, quite simply put, a classic political scandal.

One immediate outcome was the subordination of the “civilian” agency—by presidential directive (*Amedida provisória*)—under General Cardoso and the Institutional Security Cabinet that he directed (*Estado*, 2000a). Moreover, charges by the principal agent involved, Temilson de Resende (“Telmo”), that the scandal had been created to undermine the creation of Abin (*Estado*, 1999d), could not have helped the new agency. The fired agents were replaced with retired army officers.<sup>45</sup>

### DOSSIÊ CAYMAN—CLOSING AN ERA?

The “Caribbean Dossier” (DC or *Dossiê Caribe*), or “Cayman Dossier” scandal emerged prior to the re-election of Fernando Henrique Cardoso in 1998, and involved the use of forged documents that “attested to the existence of a company, with an office in the Cayman Islands, belonging to the President, Minister José Serra (Health), the ex-Governor of São Paulo, [the late] Mário Covas,...the [late] ex-Minister of Communications Sérgio Motta...” (*FolhaOnline*, 2001b). Antônio Carlos Magalhães, the prominent and conservative national politician, had made public accusations implicating, among others, the President of the Banco do Brasil (*FolhaOnline*, 2001a). Although the scandal failed to defeat the presidential re-election, it subsequently simmered for more than two years, and then heated up with an investigation by the Brazilian Federal Police (PF) and the US Federal Bureau of Investigation of six Brazilian suspects in Florida, at least two of whom had recently been convicted in the US of laundering illegal drug money (*FolhaOnline*, 2001c). The forged documents had represented an attempt to entice buyers from among the opposition politicians. Their initial success suggests the willingness of Brazilian politicians to employ scandal as a political weapon.

The US FBI, investigating the laundering of illegal drug money, eventually uncovered an assortment of politicians interested in purchasing the forged DC documents from their seedy Brazilian forgers in Florida. Leopoldo Collor, the brother of the ex-President, was said to have been one of the purchasers, and he was said to have, in turn, relayed them to the ex-Mayor of São Paulo and former presidential candidate, Paulo Maluf, among others (*FolhaOnline*, 2001c). The initial goal of the buyers appears to have been blackmail (*FolhaOnline*, 2001d), although the rapid release of the information suggests the system's routine use and acceptance of scandal as a functional political weapon. As Machiavelli observed, however, scandal and rumour are forces that all too frequently turn on their employers. Within several months, investigations into the DC revealed that Maluf, one of the alleged buyers, had opened an illegal Swiss bank account of his own, and then transferred the money to a bank in Jersey (UK), also illegal according to Brazilian law (Cantanhêde, 2001). A subsequent (unsuccessful) attempt to reopen the scandal as the election of 2002 approached attempted to link supposed accounts in Luxembourg with the late Sérgio Motta and the company Hidrobrasileira (Alencar, 2002).

The political and legal implications of the DC scandal are instructive. The enthusiasm with which already scandal tainted politicians welcomed the “opportunity” to purchase the DC documents, for example, is striking. Fernando Collor de Mello, a former (impeached) president, severely jeopardised

his own prospects for a return to politics in his apparent eagerness to foment a scandal; he was subsequently indicted by the Federal Police as a suspect in the case (*FolhaOnline*, 2003a). Paulo Maluf, previously a major presidential candidate, as well as ex-Governor of the State of São Paulo and the recent ex-Mayor of the City of São Paulo, was publicly pilloried for his alleged purchase of the forged documents (*FolhaOnline*, 2003b). The forgers were hunted down by Brazilian, US and Mexican police (Dantas, 2002), and ultimately imprisoned in Brazil (Silva, 2003). While José Serra, the candidate for the presidency from the ruling PSDB (Tucanos) appears to have been the central target of the second DC efforts (*FolhaOnline*, 2002b), Lula was apparently offered (and refused) the documents (*FolhaOnline*, 2003c), an offer which was then used in an attempt to blackmail him, and which was apparently further “scandalised” in the conservative weekly magazine, *Veja* (*FolhaOnline*, 2006b).

Political and financial opportunism, and ultimately the saleability of political scandals in the Brazilian national environment, were the ultimate causes of the DC scandal. Such scandals, in fact, were seen as *opportunities*. João Roberto Barusco, one of the key DC forgers, who had written a book about the affair, described the Dossiê Caribe as a Hobson’s Choice in his revealing interview with the *Folha de São Paulo*: “In the interior, it is said that when a harnessed horse goes by, you only have one chance: either you mount or you don’t know when it will pass again. The harnessed horse passed and I mounted” (*FolhaOnline*, 2003a).

### **A CURIOUS COINCIDENCE—THE PT, ABIN AND, ULTIMATELY, “MENSALÃO”**

It is almost an axiom of democratic politics that national political scandals involving incumbents have little impact when the economy is booming.<sup>46</sup> The first of the major scandals of the Lula Presidency would involve allegations of PT collaboration with the Colombian guerrilla group, FARC, and followed curiously close on the heels of Lula’s rejection of a major military weapons programme. The Brazilian economy has been notably healthy over the past several years, however, and it is safe to say that Lula and the PT seem to have been largely inoculated against the electoral impacts of scandals for the time being, including, apparently, the subsequent “Mensalão” scandal, arguably the furthest reaching scandal in Brazilian history. In thinking about the Workers’ Party, however, questions recur: first, why did so many radical political activists, on the “outside” of the political system for many years and vocally critical of elite scandalous behaviour, apparently behave themselves in such scandal-prone ways? Second, why (or, from similar perspective, *how*) were they so swiftly revealed? Third, do these scandals continue to fit the French model as characterised by Williams, that is, are they largely instruments of conservative elites to manipulate the political processes?

This last question (or nexus of questions) is clearly more amenable to evidence. The first major scandal of the Lula Presidency, the FARC scandal, followed a very familiar (French?) pattern, coming “curiously” right after the PT cancellation of a prized military procurement, and hinging on revelations of a former Abin employee published in the conservative weekly news magazine, *Veja*. Moreover, this and subsequent scandals have rested upon evidence uncovered by *phone taps*. In the military’s view, Lula had all but promised them completion of the prized F-X fighter-bomber system, having spoken to the Air Force Club in September of 2002 and been heavily “applauded because he said exactly what the military officers wanted to hear” (Bonalume Neto, 2004). By 2004, reacting to rumours that Russia would now provide fighter-bombers, in place of the Brazilian-Mirage (French) consortium originally planned, the military began to express its disenchantment with Lula and the PT openly (*FolhaOnline*, 2004a).

An apparent response was not long in coming. Less than one year after the Air Force had publicly warned the President that approval of the F-X programme was a “priority for national security” (*FolhaOnline*, 2004b), the conservative weekly magazine *Veja* published a report in 2005 supposedly leaked by Abin that alleged 2002 meetings between FARC and the PT in Brazil, and an offer from FARC of US\$5 million for the PT’s 2002 election campaign (*Latin American Regional Report, Brazil and the Southern Cone*, March, 2005). The Chief Minister of the Institutional Security

Cabinet, General Armando Félix, and the Director General of Abin, Mauro Marcelo de Lima e Silva, conferred with Abin functionary Colonel Eduardo Adolfo Ferreira, who confirmed the existence of additional documents, while denying rather wily that the ones in their possession clearly incriminated the PT (Recondo, 2005a). As public scrutiny intensified, and a meeting with the Abin “spy” responsible for the story was demanded by opposition senators (Recondo, 2005a), Abin began to back away from the story, claiming it had been “used” to damage the government’s image (*FolhaOnline*, 2005a). By the end of the year, the Argentinean newspaper *La Nación* published wild claims that it was Cuba who had bankrolled the PT presidential campaign (*FolhaOnline*, 2005b), just as the PT took Veja to court for its defamatory stories (*FolhaOnline*, 2005c). The claims subsequently added Angolan businessmen to the list of supposed contributors to the PT campaign (Recondo, 2005c), although all of these claims have thus far been effectively denied, and appear to have been specious.

A subsequent *network* of scandals overtook the PT government, this time with considerably more impact and apparent widespread official culpability. Called by the *New York Times* (as reported in Brazil) a “crisis much worse and more serious” than anything to date (Albuquerque, 2005), the “Mensalão” *scandal network*, which was interwoven with the “Correiros” (“Postal Service”) and “Bingos” scandals (the use of Bingo halls to launder money), led to a series of resignations at the highest levels of the PT, seemed at first to have undermined the credibility of the Lula government, and came close to Lula himself. It was initially triggered by illegal wiretaps carried out by a former agent of the National Intelligence Service (the SNI, the military dictatorship’s top intelligence agency), José Fortuna Neves, who was said to have been contacted by a former SNI colleague in 2004, then working for Abin, requesting that he carry out the wiretapping of the postal service. His interrogation in 2005 was said to have contributed to the highest level resignation in the scandal, that of presidential chief of staff José Dirceu (Silveira, 2005).

At the centre of the “Mensalão” scandal nexus was an alleged 2002 recording of then PT presidential advisor, Waldomiro Diniz, asking a major industrialist (who later claimed to regret making the secret recording) for a bribe and for campaign contributions for the 2002 presidential campaign (Corrêa, 2005). The heart of the scandal was an alleged conspiracy to extort millions of reais to support PT election campaigns. Subsequent investigations widened the net to include many senior PT officials, and included numerous charges of wiretapping, for which Abin and the PF were said to be responsible (Navarro, Krakovics and Scolese, 2005). Senior PT officials, including Dirceu and party leader José Genoino were forced to resign, and alleged attempts by PT cabinet officials to use Abin to their advantage were reported in the national newspapers (Recondo, 2006). Abin has consistently denied that it spies in order to uncover scandals (see, for example: *FolhaOnline*, 2006a; Leite, 2006). Nonetheless, a number of prominent opposition politicians, among them Federal Deputy Ricardo Izar, President of the Ethics Council, and Antônio Carlos Magalhães Neto, another prominent Federal Deputy in opposition, accused Abin, supposedly working at the behest of the PT government, of bugging offices, breaking banking privacy laws, and tapping phones in an attempt to uncover countervailing scandals (see: Neto, 2005). Some members of the opposition enigmatically declared prior to the 2006 elections that they did not think the PT government was behind the wiretapping, but that they did think that Abin *was* (Recondo, 2005b).<sup>47</sup> Who, then, has expanded the uncovering of scandals in Brazil? Concerns were expressed at the time regarding wider cooperation between military, police, a private US consulting agency, Kroll International, and even the US Central Intelligence Agency, in the promulgation of political scandals in Brazil.<sup>48</sup>

### **THE KROLL CASE(S) AND BEYOND: A CLUSTER OF PT SCANDALS PLAYED TO ELECTORAL INDIFFERENCE**

The complex political influence of a major international espionage corporation based in the United States, Kroll,<sup>49</sup> underscored Brazilian proneness to scandal, and the continuing unconsolidated nature of its elite, a condition described by Thomas Bruneau in 1992 (Bruneau, 1992), as well as the potential for intelligence agency intervention (police, Abin) on behalf of traditional elite interests. In

early 2004, the interventor in the bankruptcy of Parmalat, a huge, Italian-based multinational dairy products company, contracted Kroll to track down about US \$18 billion that had gone missing from its accounts, including US \$50 million that had apparently been taken by top Italian executives. Kroll was described in the Brazilian press as the obvious choice for this job, specialising in restructuring failed companies and having already located the hidden assets of “Baby Doc” Duvalier of Haiti, and Alberto Fujimori of Peru (Finazzi, 2004).<sup>50</sup> Mention of Kroll in the press, and particularly in the *Folha de São Paulo*,<sup>51</sup> however, coincided with the opening of two PT scandals, allegations of a rubbish-collection kickback scheme directed by the husband of the Mayor of São Paulo (Marta Suplicy), Luis Favre (*FolhaOnline*, 2004c), and allegations of corruption against the Presidential Secretary of Communications, Luiz Gushiken, in conjunction with their Telecom investigation, and based upon e-mails obtained (perhaps “illegally”) by Kroll because they were “coincidental” to the theft of a laptop computer (Seabra, 2004a). It was unclear who had employed Kroll to uncover this scandal. By mid-2006, Kroll had been linked in some way to virtually all of the many scandals that had come to plague the Lula government.

The Telecom spy/scandal case, which Kroll apparently labelled “Project Tokyo” (Portes, 2004), had a considerably higher profile, and although it involved corporate intelligence activity, it clarified in the public mind’s eye the clandestine and “alegal” (if not “illegal”) nature of Kroll’s activities. Kroll was apparently contracted by Brasil Telecom to spy on Telecom Itália, with which it was engaged in competition. Although Kroll “reaffirmed that it works strictly within the laws of each of the countries in which it acts” (*FolhaOnline*, 2004d), evidence of its increasing activities in Brazil, and the “banalisation of espionage,” mostly in the interests of uncovering scandals, came to the forefront (Seabra and Prado, 2004).

The bizarre mixture of Kroll’s recent clients, and Kroll’s manifest ties to the police and to foreign and domestic intelligence agencies, moreover, raised the question of conflict of interest. As one newspaper article described, Kroll had worked for the Brazilian Justice Department in 2001, had worked for the Brazilian Senate in their investigation of the Football Scandal, had worked for the Senate earlier in the impeachment of Fernando Collor de Mello, and had only recently worked for the Lula government, having charged R\$ 550,000 to the Ministry of Science and Technology for unspecified services (Seabra, 2004b). Meanwhile, Kroll had also apparently worked for opposition parties in search of material for scandals *at the same time*. The worldwide chief of investigation for Kroll, Frank Holder, described as a former US CIA agent, noted in an interview with *Folha de São Paulo* that industrial espionage was widespread in Brazil, and that Telecom Itália was trying to manipulate the government (*FolhaOnline*, 2004e). Hence, he argued obliquely, Kroll was merely helping to protect the integrity of the system.

The Association of Brazilian Magistrates thought otherwise, however, asking publicly for an investigation of Kroll’s allegedly illegal use of e-mail and wiretapping, and calling for a close monitoring of Kroll (*FolhaOnline*, 2004f).<sup>52</sup> Within days, foreign agents working in Brazil for Kroll were arrested,<sup>53</sup> with Abin and the Federal Police launching a concerted investigation<sup>54</sup> of Kroll’s activities in the Telecom scandal (*FolhaOnline*, 2004j). By October, 2004, the Federal Police investigation had become “Operation Chacal,” and five Kroll agents, two of them described as “Kroll managers,” were arrested for illegal industrial espionage and forming a criminal gang (Buosi and Lage, 2004), and the Telecom scandal had reached higher, apparently touching José Dirceu, Lula’s Chief of Staff (Portes, 2004). The police responded by arresting Kroll “informants,” a private spy ring subcontracting with Kroll (Christofoletti, 2004).

As the Telecom scandal unfolded, the Federal Police indicted the President of Brasil Telecom, Carla Cico, who was said to have originally contracted Kroll, for illegal spying and corruption of government officials, *e.g.*, Dushiken and Banco do Brasil President Cássio Casseb (Zimmermann, 2004a), as well as Daniel Dantas, a banker (Zimmermann, 2004b).<sup>55</sup> *Folha* reported in August 2005 that Dantas had worked with José Dirceu and the Congressional Investigating Committee (CPI) for the Postal Service scandal (“Correiros”) in order to regain influence as regarded the state pension funds. This was *after* he had contracted Kroll to spy on Gushiken and Dirceu (Alencar, 2005). Privatised espionage in the form of Kroll had now handled both sides of the PT’s biggest and most

enduring scandal. In an attempt to find a responsible party, Brasil Telecom brought an unlikely suit against one of its own “trustees”<sup>56</sup> (and distinguished Harvard University Professor of Law), Roberto Mangabeira Unger, appointed by Lula in 2007 Ministro-Chefe da Secretaria de Planejamento de Longo Prazo da Presidência da República (Minister of Long-term Planning). They claimed that he had employed Kroll, and had been responsible for competition with Telecom Itália while, in another role, he had supported an investment group, “Opportunity,” which seemed to back Telecom Itália and was struggling to take over Brasil Telecom (Barros, 2006). In May, 2006, *Veja* magazine reported claims by Daniel Dantas that the former Treasurer of the PT, Delúbio Soares, had demanded between US\$ 40 million and US\$ 50 million from “Opportunity”—to be paid to an illegal foreign bank account—to protect it in its dispute with Citibank for funds to control Brasil Telecom. At this juncture, Lula publicly charged *Veja* with corruption (*podridão*), and of practicing a crime (Rossi, 2006).<sup>57</sup> This new “Dossiê Cayman,” as it was now called, included evidence that Dantas had contacted the New York police in 2002 and 2003 with the information that the PT was trying to extort money from “Opportunity” (*FolhaOnline*, 2006b). Kroll’s active presence in Brazil seemed to confirm Williams’ theses about the potential instrumentality of political scandals while tying together the PT’s greatest political scandal to date.

The run-up to the October presidential elections of 2006 featured a cluster of scandals, again without apparent lasting political impact on Lula, despite his loss of several successive PT leaders. The last of these, the “Sanguessuga” (blood sucker) scandal, involved over 50 members of the Chamber of Deputies, none of whom were in the President’s Workers’ Party. Was this a PT response? In October 2006, Lula failed to gain a first-round presidential victory, although he won the second round with a very healthy margin. His 60%+ victory in the second round meant that he had been given “an opportunity to win with wider popular support” which included regional victories that would have been denied had he won in the first round (*Latin American Regional Report, Brazil and Southern Cone*, 2006a). And despite general conclusions in late 2006 that he was now severely limited in his political options (*Latin American Regional Report, Brazil and Southern Cone*, 2006b), and a cluster of new high-level political scandals affecting the PT, by August 2007, as noted in Table 1-A, Lula’s popular support had grown significantly by 2008 and 2009, was formidable, and apparently unconnected to the panoply of political scandals, the “mediated corruption” of contemporary Brazil.

## CONCLUSIONS

Brazil remains engulfed in a corruption conundrum. Why has a culture of high-level political scandals continued and even proliferated in Brazil? While there has been relatively minimal impact of national scandals on major electoral outcomes, there has been significant turnover in high-level positions within parties and among positions of political leadership in various legislative bodies. Is the occurrence of high-level political scandals, then, proof of the presence of a vibrant, albeit Schumpeterian, variant of democracy in Brazil?<sup>58</sup> It is not clear who, if anybody, actually benefits from the growing culture of scandals in Brazil. In attempting to clarify this corruption conundrum, we need to pay special attention to this key point. Who benefits from major national scandals? It is apparent that the path toward answering these questions must begin with the continuing reality of an unconsolidated elite in Brazil, as Bruneau described it in 1992, and as the cases in this study suggest. The military elite alternately cooperate and contend with various civilian elite groupings, if only to remove civilian oversight.<sup>59</sup> Moreover, emerging civilian elite groups (including, after 2002, the PT) compete very aggressively according to the prevailing mores of the system. Hence, a party elite that owed its existence to its consistent opposition to corruption, once in power may have become, for all intents and purposes, itself corrupt. Although in some senses, the PT’s survival has depended upon its ability to raise funds in scandal-prone ways, the PT’s practice of scandal-prone behaviour nonetheless remains mystifying. Perhaps the answer to the corruption conundrum rests with the apparent continuing electoral popularity of the Lula presidency, the direct object of a confluence of high-level political scandals, and hence suggests that there is a fundamental lack of connection, a profound

disconnect, between such scandals and the democratic electoral processes.

The conclusion that factional disputes in Brazil over the impending loss of elite (including military elite) political prerogatives have resulted repeatedly in political scandals was probably merited, at least prior to 2002 and 2006. Elite prerogatives were threatened, particularly those of the traditional elite, the military elite, and intelligence agents. All too often military intelligence agents had been crucial in the uncovering of political scandals. State and private intelligence agencies, because of their unique propensities (*e.g.*, wiretapping) and manifest ties to government secrets (*e.g.*, banking privacy), and to the military, are the natural progenitors of scandals, although as Williams noted in describing the French model, conservative (elite) publications<sup>60</sup> are also important actors. As Waidbord noted in the case of Argentina, “publicity is what counts in scandals. Media attention is tantamount to symbolic annihilation” (1079). The profound legacy of Brazilian intelligence agencies in domestic spying and “internal security” points to all of them—military as well as “new civilian” and even private multinational corporations such as Kroll—as suspects in these quasi-democratic dramas, the national political scandals of post-dictatorial Brazil.

The persistence of scandals in Brazil just prior to the elections of 2006 suggested their non-democratic instrumentality, the “fragility of democracy,”<sup>61</sup> the strength of the Right, the political strength of the military establishment, and the continuing power of intelligence agencies, both public and private—if not always the emergence of a vibrant grassroots democracy. Based upon their history, their apparent resistance to civilian authority, and their *modus operandi*, this would seem to suggest, in turn, the continuing struggle for retention of elite (if not always *military*) prerogatives, if not of a modified form of *authoritarianism*.<sup>62</sup> However, the relative lack of electoral impact of the pre-2006 scandal confluence indicates the significant presence of a much wider, buoyant and vital democratic culture in Brazil. A study in 2006 determined that although the Brazilian electorate is relatively tolerant of political corruption, this alone did not fully explain the apparent disconnect between voting patterns and scandals (Cervellini, 2006). “Good economic times” apparently has had little effect on electoral outcomes in 2006 and after. It reminds us of the Brazilian elite’s consistent reliance over the past 75 years on the military,<sup>63</sup> and the degree to which this has now changed.

The corruption conundrum appears in reality to be a state of transition. High-level corruption scandals, particularly in the numbers and severity experienced in Brazil over the past two decades, apparently do have profound political implications,<sup>64</sup> but perhaps can no longer accomplish their intended goals. The apparent failure of repeated high-level scandals to influence significantly the national electoral processes of Brazil suggests a parting of worlds, from an earlier phase of elite-dominated electoral democracy, *à la* Schumpeter, to a vibrant new grassroots democracy, one that could care less about political elites, and their internecine struggles for self-aggrandisement.

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## NOTES

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<sup>1</sup>See, in this regard: Theodore J. Lowi, "Forward," *The Politics of Scandal; Power and Process in Liberal Democracies*, ed. by Andrei S. Markovitz and Mark Silverstein (NY: Holmes and Meier, 1988), p. x.

<sup>2</sup>Writing in the context of modern France, Jean Chalaby argues that scandals are merely part of the growth of investigative reporting (2004). Silvio Waisbord attributes scandals in Argentina, at least in part, to "...a journalistic culture that prizes knocking down cabinet ministers and presidents as measures of professional achievement..." (2004: 1087).

<sup>3</sup>Robert Putnam refers to this as building *social capital* (Putnam, 2000; Putnam and Feldstein, 2003), and worries that it is declining precipitously in the United States.

<sup>4</sup>Waisbord stresses, in this regard, that "making corruption public is the defining element of scandals" (Waisbord, 2004: 1077).

<sup>5</sup>The 'civilianisation' of key "military prerogatives" (Stepan, 1988) in the creation of a Ministry of Defence and a civilian intelligence service (Abin), the electoral victories of a PT president, etc., these represent significant and irreversible moves away from the *ancien régime*.

<sup>6</sup>Authors of texts regarding African politics sometimes refer to this disconnect as the distinction between "high politics" and "deep politics."

<sup>7</sup>Or "Directly-Deliberative Polyarchy" (see, for example: Cohen and Sabel, 1997). Deliberative democracy is said to include more direct forms of democracy, including grassroots democracy, or, in Putnam's terms, 'social capital.'

<sup>8</sup>The UNDP report, "Ideas and Contributions; Democracy in Latin America," 2004, demonstrates from a survey of 17,194 people in 18 countries in Latin America, including Brazil, that 54.7 % of respondents "Would support an authoritarian government if it solved economic problems." UNDP, 2004: 51):

[http://www.undp.org/democracy\\_report\\_latam\\_ideas\\_and\\_contributions.pdf](http://www.undp.org/democracy_report_latam_ideas_and_contributions.pdf)

<sup>9</sup>For a related interpretation of this, see: Zirker, 1996.

<sup>10</sup>The political truism that good economic times in liberal democracies attenuate the impact of political scandals appears overly facile in the case of Brazil, although it remains the most common reply to this question. The focus of this study, however, while accepting that an electorate may well vote with their stomachs, seeks a deeper analysis: why does the plethora of national scandals in Brazil continue?

<sup>11</sup>This should, perhaps, not be surprising, as the military intelligence agencies of the day (and, indeed, the successive national intelligence services, including the inchoate Abin, which initially retained many of the military intelligence operatives who had been part of the SNI, the SAE and related bureaus) were well-equipped to uncover scandals.

<sup>12</sup>Lowi, "Forward," p. x.

<sup>13</sup>Waisbord mentions, in this regard, that "Latin American politics are virtually exempt from sexual scandals" (1077).

<sup>14</sup>Stepan was building on his 1971 work. It should be noted that this framework of analysis has subsequently been questioned. See, for example, Morais, 1985. Patrice McSherry, however, reminds us that political or politicized "intelligence agencies, both civilian and military, pose a threat to civil liberties" in Latin America (1998: 23).

<sup>15</sup>Although contacts with former and then-current military intelligence operatives were suggested.

<sup>16</sup>McSherry concludes that "in guardian democracy, military power endures as a check against and counterweight to popular majorities, and the political space for political opposition is circumscribed. The security apparatus, ever alert to 'threats from below,' remains a political actor that monitors and contains civil society" (1998: 16).

<sup>17</sup>Martins Filho, 2000: 10-11. There is little doubt about the active role that the military intelligence agencies have played in domestic and international espionage and security operations in the past. See, for example: Chimanovitch, 1996; 1997.

<sup>18</sup>A brief examination of French political culture over the past century may be helpful in this regard. France, a country that until recently has represented Brazilian elites' cultural icon and model, has a long and involved history of instrumental employment of national political scandals for authoritarian purposes, particularly during authoritarian historical periods.

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Moreover, the French military, an unusually active agent of intervention in French politics prior to 1968, and frequently associated with the instrumental use of scandal as a political tool, was also involved in training the Brazilian military officer corps from 1919 to WWII.

<sup>19</sup> This one is still very much in the news, with a recent article in the journal *Consultor Jurídico* by journalist Lucas Figueiredo noting that no one has been prosecuted in the multi-million dollar scandal (perhaps as much as \$1 billion), and no one has been apprehended for the subsequent murder of campaign manager P.C. Farias and his companion, although links to organised crime and to accounts in Argentina, Europe and North America have been identified (Figueiredo, 2006).

<sup>20</sup> Waisbord notes in the case of Argentina that “individuals and individual institutions...do make a difference by spilling information and investigating allegations. In the [recent Argentinean] arms scandal, broken loyalties (military officers who had been snubbed at the time of promotion decisions and civilian personnel of Fabricaciones Militares) seeded the grounds for information leaks” (Waisbord, 2004: 1083).

<sup>21</sup> Lowi, p. vii.

<sup>22</sup> Lowi, p. vii. As Waisbord notes in the case of Argentina, “making corruption public is the defining element of a scandal” (1077), and “all scandals are media scandals” (1077).

<sup>23</sup> One is reminded here of the strange death of the “Morcego Preto,” P.C. Farias, the campaign manager and special advisor to Fernando Collor de Mello, and himself the object of a huge influence peddling scandal.

<sup>24</sup> Williams notes that “at the end of the [1890s], in the greatest Affair of them all, Military Intelligence resorted to forgery and perjury to discredit an innocent junior officer and so protect a traitor; in reaction to the army’s excesses the Republicans then attempted a military purge, using the Masonic lodges to spy on officers who went to Mass...” (Williams, 1970:5).

<sup>25</sup> Although Bruneau does argue that “the initial years of the Sarney presidency did not foster elite unity” (Bruneau, 1992:267).

<sup>26</sup> This has particular relevance for the post-dictatorial period in Brazil, for as Bruneau adds, “Unlike Portugal and Spain, no formal pact existed between the regime and the opposition. The ‘understandings’ or pacts made personally by Tancredo Neves in effect died with him” (Bruneau, 1992:270).

<sup>27</sup> This is apparent throughout the 1990s. In 1991, former Minister of the Army General Leônidas Pires Gonçalves declared publicly that statements by then-Minister of the Environment, José Lutzenberger, provoked in him the same hatred that he had felt for the former leader of the Brazilian Communist Party, Luiz Carlos Prestes (*O Estado de S. Paulo*, 11 October 1991). In 1999, the Head of the Military Household in the President’s Cabinet, General Alberto Cardoso, announced that the new civilian intelligence agency, Abin, would focus upon collecting information about, and concluding agreements with, major workers’ unions and the Landless Movement (Faria and Luiz, 1999).

<sup>28</sup> Continuing evidence of the existence of stridently nationalist factions within the Brazilian officer corps is abundant (Martins Filho and Zirker, 1999), with the Brazilian Government’s refusal to participate in US-led military exercises, “Humanitarian Armed Forces 2000,” in Santo Domingo, a likely result (Trevisan, 2000). Other significant cross-cutting currents, including inter-branch rivalries, have complicated interpretation of nationalist positions within the military. A candid interview with an Air Force brigadier general, Sergio Ferolla, exemplified the complexity. A member of the Supreme Military Tribunal (STM), and therefore allowed to speak openly about political matters, Ferolla identified Brazil’s “enemy” as the United States, continually emphasizing the need for Brazil to counter US threats to its air space, its manufacture of combat planes, indeed, its national sovereignty (1998). His repeated concern for protecting information,<sup>28</sup> his rejection of the then-proposed Ministry of Defence, and his outspoken disdain for Brazilian democracy,<sup>28</sup> paint a threatening picture of the future—even when we recall that internal security has long been the central concern of the Brazilian military establishment (Hunter, 1996: 20). The ongoing insistence that secrecy be applied to a broad range of military activities, even at times to major military contracts (Monteiro, 1997), suggests that a strident form of nationalism drives military policy in Brazil. Ferolla’s comments reinforce this impression. His continuing insistence on the need for Brazilian-made fighters for Amazon duty, and Brazilian-made missiles, is buttressed by his frustration with the United States: “...since 1980 we have tried to purchase [the appropriate] missile and the Americans won’t tell us anything, always inventing an excuse” (1998: 27).

<sup>29</sup> General Charles Wilhelm, then head of the US Southern Command, mentioned a “growing frustration” on the part of Latin American generals and admirals whom he had come to know. According to Wilhelm, the lack of economic democracy is at the root of these frustrations (Sotero, 1999).

<sup>30</sup> A visit to Brazilian military leaders by Colombian politician and former Defence Minister, retired General Harold Bedoya, in October, 1999, appeared to constitute an open attempt to build support for a Brazilian military action against FARC. It was not successful (*ISTOÉ* [on-line edition], 20 October 1999).

<sup>31</sup> Álvares was reportedly opposed to the use of troops to police the borders, remarking that the military “does not have any constitutional mandate to serve as police.”

<sup>32</sup> Nationalistic officers subsequently responded as if *any* foreign presence in the region immediately threatened Brazilian sovereignty. For example, the Commander of the Brazilian First Forest Infantry Brigade, General Luiz Edmundo Carvalho, told the international press stridently in March, 1998, that Brazil would not accept the offered foreign (read: US) assistance in combating the huge forest fires then burning in Roraima, leaving the distinct impression that such assistance would constitute undue foreign interference (*Estado*, 26 March 1998). President Cardoso later publicly “admitted” that the government had handled the fires poorly and, in a masterful use of argument, expressed his sympathy for the US state of

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Florida, which was then experiencing huge fires, concluding that even the diverse sectors of a government in “a powerful and organized country” like the United States, could have such problems in combating fire (*Estado de S. Paulo*, 9 July 1998). He added that “efforts to combat [the fires in Roraima] were exemplary.” His conclusion was curiously defensive: “Evidently, there [in the US] no one thinks that President Bill Clinton is responsible for the fire in Florida.” Shortly thereafter, and perhaps in response to General Carvalho, US General Patrick Hughes, then Director of the US Defense Intelligence Agency, was said to have argued in a speech delivered at MIT that “in the case that Brazil decides to make use of the Amazon [in a way] that puts the environment of the United States at risk, we have to be ready to interrupt this process immediately.” Again, an immediate, if vaguely worded, rebuttal from President Cardoso, *at a military promotion ceremony*, soon followed (Monteiro, 1998b).

<sup>33</sup>This apparently caused severe discomfort in Air Force nationalists such as Ferolla, who wanted the Sivam project to go ahead, but who feared that a US contractor would have continuing access to the intelligence generated by the US-made radar systems. Ferolla takes great pains in his interview to emphasize that such intelligence will remain exclusively Brazilian because the software that will drive the system is produced by a São Paulo consortium, Esca (1998: 23).

<sup>34</sup>Air Force Minister Brigadier General Mauro Gandra was removed from office because of his friendship with José Afonso Assumpção, the Raytheon representative in Brazil, based upon information obtained in a wiretap (Rodrigues, 1995).

<sup>35</sup>One of these was the on-line newsletter No. 189 of the Conselho Indigenista Missionário-Brasil (CIMI): <http://abayala.nativeweb.org/cultures/brazil/cimi/189.html>.

<sup>36</sup>The President of the Pará Wood Exporting Industries Association, Roberta Pupa, complained in 1999 of low government support of his Amazonian industry, adding that Calha Norte was now receiving R\$12 billion, and Sivam R\$6 billion (Mendes, 1999). General Alberto Cardoso was insisting that Sivam still had a higher priority than Calha Norte as late as 1997.

<sup>37</sup>The Head of the Military Joint Chiefs of Staff, General Benedito Leonel, said in August, 1998, for example, that the creation of the Ministry of Defence would only be able to happen after October of that year, because a legislative vehicle for its creation had not yet been approved in the Congress. He warned, moreover, that if President Cardoso were to attempt to use an executive “Provisional Measure” (*medida provisória*) to bring the Ministry into being, the military cabinet positions that it was slated to replace (Ministers of the Army, Air Force and Navy) would continue on because they would remain constitutionally exempt from such an executive measure (*Estado de S. Paulo*, 6 August 1998).

<sup>38</sup>A national poll, Vox Populi, announced on May 4 that the Congress and the Cardoso Administration were in last place in credibility among major national institutions. The armed forces ranked first (Belmont, 1999). Air Force Minister Walter Bräuer, for example, openly opposed Álvares’ authority. Bräuer was said to have been irritated by Álvares’ close advisor, Solange Antunes Resende, who directed the meetings of the senior officers (Meireles, 1999).

<sup>39</sup>Over the next two months, Álvares, perhaps not surprisingly, became a strong supporter of a range of military concerns while fighting the growing scandal. For example, he offered resistance to the use of the military as border police, arguing that there was no constitutional provision for this role (*Estado de S. Paulo*, 8 December 1999). When he was fired, he was in the process of proposing to Congress to raise significantly military salaries (*Estado*, 23 January 2000).

<sup>40</sup>The researcher, Priscila Antunes, argued that many of the Abin agents had worked previously for the SNI and were used to violating basic legal rights. She added that Congress had shown little enthusiasm for its oversight function (Azevedo, 1999a).

<sup>41</sup>“O SNI mais tarde seria transformado na Abin...” (*Folha Online*, September 6, 2005: <http://www1.folha.uol.com.br/folha/brasil/ult96u72087.shtml>).

<sup>42</sup>Some of the people suspected of having been associated with the original wiretap were retired army officers: Major Divany Carvalho Barros, Colonel Antonio Ferreira, Colonel Marcelo Romeiro da Rosa, and Colonel Otelo José Costa Ortiga, all partners in a private security firm, Network Assessoria e Planejamento (*Estado de S. Paulo*, 30 September 1999).

<sup>43</sup>The matter is said to have come to the attention of the Federal Police in September, 1998, when the Abin coordinator received an anonymous telephone call that led him to a box containing two tapes left on a viaduct in Brasília (Azevedo, 1999c). There is evidence, however, that General Cardoso had already been informed of the Abin agents’ wiretap (Azevedo, 1999b).

<sup>44</sup>The recent privatization of major parastatals such as the Companhia do vale do Rio Doce (CVRD) and Telebrás had provoked strident responses from nationalists within the military.

<sup>45</sup>For example, the chief of Abin’s Rio office, João Guilherme Maia, was fired by Cardoso and replaced by Army reserves Colonel Ivan Telles Morgado (Monteiro, 1999a).

<sup>46</sup>Williams notes in this regard that “when people are contented, even a major and proven scandal may have no visible political effects—witness the total indifference of the electorate of the United States to Teapot Dome and the many other misdeeds of Harding’s administration—and minor ones are easily smothered and rapidly forgotten (Williams, 1970:4).

<sup>47</sup>According to the Recondo article, Antônio Carlos Magalhães Neto is one of these (Recondo, 2005b).

<sup>48</sup>Fleischer, 2006c. Frank Holder, reported to be a former CIA agent, is a director of Kroll. Kroll Ontrack describes itself on its web page in the following terms: “Kroll Ontrack Inc. ([www.krollontrack.com](http://www.krollontrack.com)) provides large-scale electronic and paper-based discovery, computer forensics, and data recovery solutions to companies, law firms, and government agencies worldwide. Ontrack Data Recovery ([www.ontrack.com](http://www.ontrack.com)), a division of Kroll Ontrack, is the largest, most experienced and technologically advanced provider of data recovery products and services worldwide. Kroll Ontrack, based in Eden Prairie, Minnesota, is a wholly owned subsidiary of Kroll Inc., the world’s leading risk consulting company.”

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<sup>49</sup> Kroll bills itself on its web site as “the world’s leading risk consulting company,” and says that it “helps clients reduce their exposure to global threats, seize opportunities, and protect employees and assets.” <http://www.krollworldwide.com>. A very profitable US-based company in the past, it was purchased by Marsh & McLennan in 2004 for US\$ 1.9 billion (Cotta, 2004).

<sup>50</sup> Kroll’s state-related activities, in particular, have been continually mentioned in the Brazilian press, and have included activities in Argentina and in Asia.

<sup>51</sup> *The Folha de São Paulo* (and *FolhaOnline*, its on-line service) had devoted a good deal of attention to the Kroll cases, and Kroll has responded directly to *Folha*. Moreover, *Folha* was the first newspaper to report Kroll’s illegal espionage for Brasil Telecom, in July, 2004 (Vasconcelos, 2005).

<sup>52</sup> Cláudio Maciel, the President of AMB, noted the fragility of government security structures in Brazil, and the vulnerability of state institutions to privatised spying, not to mention “the lack of scruples that characterises economic pragmatism in the name of profit at any cost” (*FolhaOnline*, 2004f).

<sup>53</sup> A retired English secret service agent, William Goodall, was arrested for false documents, illegal presence in Brazil, and “practicing illegal operations in investigating” Telecom Itália, all in the employ of Kroll (*FolhaOnline*, 2004g; 2004h). Tiago Verdial, a Portuguese national also allegedly in the employ of Kroll, had already been imprisoned for a month (*FolhaOnline*, 2004i).

<sup>54</sup> As the investigation unfolded, the Federal Police discovered that Kroll had “strong ties with local police” (*FolhaOnline*, 2004k).

<sup>55</sup> A judge refused to keep Dantas in jail, however (Janaína Leite, 2005). Dantas later became the central focus of a major police operation, “Operação Satiagraha,” which disclosed his central role as a money launderer in many of the major national scandals of the day.

<sup>56</sup> Reports noted that the position of “trustee,” while common in US corporations, was virtually unknown in Brazil, and that Unger had worked to defend the interests of the group “Opportunity,” which was in competition with Brasil Telecom (Barros, 2006). Unger commented that Kroll did not do very much, was not guilty of anything illegal.

<sup>57</sup> Williams’ description of the “French model”—with its dependence upon conservative media to break scandals—seems once again to be related.

<sup>58</sup> This is meant in that conservative sense that Schumpeter defined democracy as merely a platform for competitive leadership (Schumpeter, 1975).

<sup>59</sup> Usually through scandal, as they most recently saw the removal of the civilian Minister of Defence, Vice President José Alencar, after news that the Federal Police were investigating a R\$ 1 million deposit in the account of his family business (Cantanhêde, 2006).

<sup>60</sup> It would appear that in recent years the national news magazine, *Veja*, has often filled this role, although other major media (*Globo*, *O Estado de SP*, *Folha de SP*, etc., have likewise been active participants.

<sup>61</sup> To use Jorge Zaverucha’s expression (2000).

<sup>62</sup> Of special interest in this regard was the incorporation of the Federal Police, the primary investigating agency in most of the scandals, into the Cabinet of Institutional Security through the National Program for Public Security at the end of the Cardoso presidency. The Cabinet [Gabinete] of Institutional Security has been directed by generals, beginning with General Alberto Cardoso (Monteiro, 2000a) and proceeding to General Armando Félix.

<sup>63</sup> And of Maria do Carmo Campbello de Souza’s 1989 observation, voiced well before the rise of a vibrant culture of grassroots organisations in Brazil, that “the most probable outcome is that, rather than dying by sudden decapitation, the Brazilian democratization effort will be slowly debilitated by the suffocating weight of the military’s presence” (Campbello de Souza, 1989:382). A former Minister of the Brazilian Army may have put this description of the *ancien régime* (but apparently no longer the case) more succinctly: “No one governs in Latin America without the armed forces” (cited in Zaverucha, 2000:126).

<sup>64</sup> As Waisbord emphasised in the case of Argentina, “scandals represent the convergence of different interests and actions rather than the isolated actions of one institution or individual” (1083).