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Brazil: Update On Corruption Scandal, Government Crisis

by Erika Harding

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Aug. 10: In a Brasilia press conference, Msgr. Luciano Mendes de Almeida, president of the Brazilian National Bishops Conference (CNBB), said that the congressional investigatory commission (CPI) currently investigating charges of corruption involving President Fernando Collor de Mello should expand its investigations to include other sectors of government. Mendes added that a thorough investigation into government corruption was necessary in order to confront Brazil's "moral and ethical crisis." Mendes said the Catholic Church "wants the truth to be known, those responsible punished, and wants the investigations broadened." Aug. 11: Deputy Paulo Ramos, member of the Democratic Labor Party (PDT), requested that the CPI call for an arrest warrant to be issued for Paulo Cesar Farias, Collor's former presidential campaign treasurer. Farias is under investigation regarding allegations of fraud and influence peddling. Ramos also called on authorities to place a freeze on Farias' assets. Members of the Democratic Movement Against Impunity (MDCI) which brings together the country's major opposition parties and about 70 civic and labor organizations petitioned congress for the political trial and subsequent impeachment of Collor on charges of "responsibility" in government corruption and influence peddling. The opposition parties supporting the MDCI request included the PDT, the Brazilian Democratic Movement (PMDB), the Social Democratic Party (PSDB) and the Workers Party (PT). In testimony to a separate congressional commission investigating privatization of state-owned enterprises, Farias denied he is an owner of the VASP airline. Farias admitted that he loaned Wagner Canhedo, a personal friend, US$7 million for purchase of the airline when it was privatized in 1990. Farias said the loan was not documented because of the close relationship between himself and Canhedo. In Sao Paulo, about 10,000 students and PT militants held a demonstration to demand that Collor be tried and held responsible for his involvement in the corruption scandal. The CPI officially concluded its investigation into the corruption charges. In the next ten days, commission rapporteur Amir Lando will draft the final report, which must then be approved by the other 21 commission members. Release of the report is scheduled for Aug. 26. Two of the six CPI working groups have already made preliminary reports indicating Collor is responsible for government corruption. Sen. Odacir Soares, CPI member and representative of the Liberal Front Party (part of the ruling party coalition) said he plans to request an extension of the Aug. 26 deadline in order to allow for a more thorough analysis of the final CPI document. Soares added that if the report is eventually approved by the CPI for presentation to congress, he would then request that the Supreme Court declare the report unconstitutional. This would effectively block further impeachment proceedings based on the CPI's findings. Soares and other supporters of the Collor administration insist that the CPI was created to investigate charges against Farias and not his links with Collor. They argue that the current charges against Collor are not covered under the commission's mandate and are thus inadmissible as grounds for impeachment. According to Soares, if these measures fail, Collor's supporters are prepared to resort to a series of legislative and legal maneuvers in order to derail the impeachment process. According to a CPI preliminary report, the account managed by Ana Acioli did not receive any deposits from former presidency secretary Claudio Vieira or from futures trader Najun Turner, the two sources Collor claimed were supplying the accounts. All of the deposits were made by fictitious individuals or were directly traced to Farias. Aug. 12: Congressional sources told
reporters that, according to preliminary results of an investigation by the US-based auditing firm Kroll Associates, Farias' assets total more than US$1.3 billion. The full report by Kroll Associates on Farias' finances is scheduled to be released Aug. 18. Aug. 13: According to a preliminary CPI report leaked to journalists, over US$500,000 was transferred into the private account of the president's spouse, Rosane Collor de Mello, from the account of Ana Acioli between November 1990 and April 1992. The Acioli account was used to channel money received from Farias and others linked to corruption and government kick-backs to President Collor, his family and associates. In addition, nearly US$1 million was deposited into the account of Rosane's private secretary, Isabel Teixeira, by fictitious individuals. CPI investigators also found that Collor's previous wife, Lilibeth Montero, and the wives and children of government employees and of Collor's allies received large sums of money. The congressional commission investigating the 1990 VASP privatization said it plans to ask the Federal Public Prosecutor's Office to issue an arrest warrant for Farias. Collor issued a call for Brazilians to show their support for him and "tell this minority bothering the country, 'Enough!'" Collor asked that all those who support him display the colors of the nation's flag, yellow and green, in the windows and balconies of their houses as a gesture of solidarity with the president. The request constituted a response to a call by the opposition to demand that legislators move forward with impeachment proceedings against Collor. Deputies Jose and Roseana Sarney, whose father is former president Sen. Jose Sarney, said that all three support Collor's impeachment. Both Sarney deputies are PFL representatives from Maranhao state, Collor's principal base of support in congress. Sen. Sarney represents the PMDB for Amapa state. According to Deputy Jose Sarney, 12 of the 86 PFL deputies are prepared to vote in favor of impeachment. According to PT leader Luis Inacio "Lula" da Silva, at present 240 of the 503 deputies would vote for impeachment. He added that at least 334 votes are required in order for the initiative to be passed from the Chamber of Deputies to the Senate. In Sao Paulo, an angry mob tried to lynch Helcio Magalhaes, an actor whose physical resemblance to the president has allowed him to portray Collor on various occasions. Magalhaes was filming a television skit commemorating the president's birthday. In a radio interview, Gen. Nilton Cerqueira, president of the Military Club in Rio de Janeiro, said senior military officers are indignant at the extent of government corruption revealed in the congressional investigation. Cerqueira said that corrupt government officials should be "tried and publicly extirpated like a cancer." Cerqueira added that congress will essentially be destroying itself if it decides to "sweep the garbage under the rug." Aug. 14: Police sources reported that between 10,000 and 15,000 protesters, dressed in black, marched through the streets of Rio de Janeiro to demand Collor's impeachment. Demonstrations were also held in Sao Paulo. Pernambuco governor and PFL member Joaquim Francisco announced that he supports Collor's impeachment. Francisco had previously been a strong supporter of the Collor administration. Bahia governor and PFL leader Antonio Carlos Magalhaes said that his support for Collor is conditional. He said, "we're supporting him, but we'll see how things go." Several PFL members have already announced their support of the impeachment process. Aug. 15: CPI rapporteur Amir Lando told reporters that evidence gathered during the investigation clearly demonstrates "unquestionable relations" between Farias and President Collor. Aug. 16: Approximately 100,000 persons dressed in black paraded for over seven hours through central Brasilia to demand Collor's impeachment or resignation. The demonstration circled the presidential palace, the Supreme Court building, the congressional building and government ministries. Other protests where the color black was prominently displayed were reported in Rio de Janeiro, Sao Paulo, Porto Alegre and Recife. A group of about 500 people dressed in yellow and green gathered near Collor's private residence in a show of support for the President. At the end of the day, presidential spokesperson Etevaldo
Dias indicated that Collor was "very satisfied" with the response by the population to his call for support and said that "on Sunday, Brazil was yellow and green." Daily newspaper Folha de Sao Paulo published results of a public opinion poll conducted the previous week in 11 major cities. About 72% of those polled said they believe Collor was directly involved in the corruption network and 70% said they feel he should resign or be removed from office. [Sources: O Globo (Brazil), 08/09/92; Folha de Sao Paulo (Brazil), 08/09/92, 08/11/92; Washington Post, 08/15/92; Agence France-Presse, 08/10-16/92; Spanish news service EFE, 08/11-16/92; Associated Press, 08/16/92]

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