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LADB Staff

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Vote Buying Accusations Force Chief of Staff to Resign

by LADB Staff
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The administration of Brazilian President Luiz Inacio Lula da Silva suffered a major political blow in June, with corruption accusations forcing Chief of Staff Jose Dirceu to resign. Deputy Roberto Jefferson of the right-wing Partido Trabalhista Brasileiro (PTB) gave public testimony that Congress members had received monthly bribes to vote with Lula's Partido dos Trabalhadores (PT). Even though Jefferson said he had no proof to back his allegations, Dirceu resigned shortly after the deposition, leaving Lula in his shakiest political state since coming to office in 2003.

Third major Cabinet shakeup of Lula's term

Dirceu became the highest-ranking member of Lula's government to suffer from the vote-buying scandal when he announced his resignation on June 16. Dirceu, a close ally and friend of Lula, denied the accusations in a nationally televised statement. Even though he said he had "clean hands," he said that he was stepping down and that Lula "accepted my request to leave the government."

The scandal erupted the week before when Jefferson charged that the PT paid monthly "allowances" to lawmakers to keep the brittle governing coalition intact. The left-wing party lacks a majority in Congress and relies on support from other parties to pass legislation (NotiSur, Feb. 21, 2003). The scandal has not implicated Lula personally, with Jefferson testifying that Lula was unaware of the "mensalaos" (monthly bribe payments) to members of Congress.

A prior Cabinet shakeup followed allegations that a presidential aide and protege of Dirceu, Waldomiro Diniz, had solicited illegal campaign contributions from a Rio de Janeiro gambling kingpin (NotiSur, March 5, 2004).

Dirceu returned to government as a deputy on June 21, prepared to face an array of accusations against the PT leadership. Accusations that he knew of the vote-buying scheme to guarantee majority votes dogged his entry into Congress, with Jefferson saying that Lula would turn into "a criminal" if Dirceu did not leave the government.

Dirceu said he would work in Congress to disprove "the baseless accusations against me, my party, and my government." He added, "I don't consider myself out of the government. I will mobilize the PT against those who...want to destabilize President Lula."

"Human bomb"
Roberto Jefferson tells of payoffs Jefferson's animated testimony to the lower house of Congress' ethics council in June earned him the nickname Human Bomb, as his testimony threw the Lula Cabinet into chaos. Jefferson, a 52-year-old lawyer and former television showman, is president of the PTB, though he resigned his leadership position after he gave his deposition and faces a corruption investigation of his own. He was formerly a parliamentary ally of Lula. His accusations have fallen hard on the heads of several PT and PTB officials, including the PT's treasurer, the president of the mail system, the head of the Instituto de Resseguros do Brasil (IRB), Tourism Minister Walfrido dos Mares Guia, and various state utilities. Jefferson claimed that Congress members received a monthly "extra" of US$12,500 "in briefcases" to purchase their votes. Many have denied the charge.

"I don't have proof, only testimony," said Jefferson. "If you ask me if I have proof, if I photographed or recorded something, no. But it was a daily matter in the Congress," said Jefferson in an interview with Folha de Sao Paulo.

Meanwhile, federal investigators have been looking into Jefferson's role in a purported corruption scheme in the Empresa de Correios e Telegrafos (ECT), the state-run mail company. On June 7, Lula asked for the resignations of the heads of the ECT and the IRB, Joao Henrique and Luiz Appolonio Neto. In May, Jefferson revealed a bribes-for-licenses scheme allegedly run by Mauricio Marinho, ex-chief of the Department of Contracting and Administration of Material at the ECT.

"Iron Woman" Dilma Rousseff replaces Chief of Staff

On June 20, the government announced Dirceu's replacement, Dilma Rousseff, a 58-year-old economist who previously served as Minister of Mines and Energy and who was a guerrilla during the 1960s military dictatorship. The press has dubbed her Iron Woman, for her rigid governing style. For almost a year, Lula has been talking about reforming his Cabinet, though he set aside such talk in February when ultra-conservative Severino Cavalcanti defeated the PT candidate for the presidency of the House of Deputies.

The new scandal may force him to relieve more Cabinet members, with opposition figures calling for the resignations of at least three ministers: Political Coordination Minister Aldo Rebelo, Science And Technology Minister Eduardo Campos, and Labor Minister Ricardo Berzoini. Central Bank President Henrique Meirelles, under investigation in the Supreme Court for fiscal fraud (NotiSur, April 15, 2005), may also have to step down. In the chief of staff, or minister of the presidency, position,

Rousseff will have to build congressional consensus just as Dirceu did, although there is some question whether the PT will be able to pass legislation with the loss of its main vote-wrangler. The February loss to Cavalcanti also weakens the official party's legislative capacity.
Markets briefly frightened, social sectors rally to Lula

The accusations by Jefferson sent shock waves through Brazilian financial markets with stocks plunging before rebounding. Market analysts said investors showed concern that the scandal would cause Lula to turn his back on the fiscal conservatism that has so far marked his administration (NotiSur, Dec. 20, 2002, Jan. 16, 2004, and April 15, 2005). Social-movement leaders came out to back Lula, while also pressing for the changes that investors feared. Leaders like the national coordinator of the Movimento dos Trabalhadores Sem Terra (MST) Joao Pedro Stedile and the president of the Central Unica dos Trabalhadores (CUT) Luiz Marinho said that they did not believe in the existence of the monthly payments and that the scandal was an effort at political destabilization by "conservative and anti-democratic sectors." Stedile said it was time to turn "lemons into lemonade" by asking the government to make political reforms, change its economic policy, and remove Central Bank president Meirelles and Minister of Social Security and Assistance Romero Juca, who are targets of investigations by the Federal Public Ministry.

The Coordenacao dos Movimentos Sociais (CMS), an umbrella group of 40 organizations including the MST, CUT, and Uniao Nacional dos Estudantes (UNE), released a June 21 letter to the Brazilian people that denounced "elites who have begun a campaign to demoralize the Lula government." In the letter, social leaders called for an investigation into corruption they said occurred when former President Fernando Henrique Cardoso (1995-2002) privatized state utilities.

Though social organizations have come out in Lula's defense, a key question for the coming electoral cycle will be whether the public has become cynical regarding the PT. The public previously considered the PT free from the taint of corruption that lingers on the other Brazilian political parties, so PT opponents will likely seek to capitalize on the Jefferson scandal to consolidate gains they already made in the Chamber of Deputies when Cavalcanti won the secret ballot for president of the body a win he gained, according to many analysts, by promising to push legislation to increase deputies' salaries.

There was some question as to whether Lula would run for re-election because of the vote-buying scandal, though it seems unlikely at this point that the PT would so easily concede the power it won in 2002. Although Lula's poll numbers have been slipping and now even a 65% majority of PT members surveyed in one poll believe that corruption has penetrated the executive branch, it seems improbable that Brazil's first leftist government would abandon its most recognizable face. On June 21, Lula gave a speech in his defense where he said, No one in this country has the moral and ethical authority that I have to do what is necessary to be done in this country."

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