9-14-2007

Ex-Aide to Brazilian President Lula to Face Trial in Vote-Buying Scandal

LADB Staff

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation


This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Ex-Aide to Brazilian President Lula to Face Trial in Vote-Buying Scandal

by LADB Staff
Category/Department: Brazil
Published: 2007-09-14

Jose Dirceu, a former congressmember in Brazil and top adviser to President Luiz Inacio Lula da Silva, is facing criminal charges for his alleged involvement in a scheme to deliver monthly payments to congressmembers in exchange for favorable votes on legislative projects. Brazil's highest court, the Supremo Tribunal Federal (STF), decided on Aug. 28 to allow Dirceu to face trial on corruption accusations, exposing him to a possible jail sentence.

In other political corruption news, a Senate ethics council has called for removing Senate president Renan Calheiros after examining his tax records for signs that he allowed a lobbyist to pay for his personal expenses.

Potential 15-year sentence

Dirceu, one of President Lula's closest confidants, is charged with conspiracy, in a corruption scandal that, along with other allegations, has toppled much of Lula's inner circle, including Cabinet members like Economy Minister Antonio Palocci and Mines and Energy Minister Silas Rondeau (see NotiSur, 2006-04-07 and 2007-06-01). Dirceu, a former revolutionary once seen as a potential Brazilian president, now faces up to 15 years in prison if convicted of corruption and conspiracy for allegedly orchestrating a scheme to buy support in Congress for Lula's policies.

Dirceu, now a private lobbyist, had been the second-most-powerful man in Latin America's largest nation before the scandal broke in 2005. He and Lula founded the leftist Partido dos Trabalhadores (PT), and he was named chief of staff when Lula became Brazil's first working-class leader. In 2005 he was accused of orchestrating the scheme to buy votes with monthly bribes (mensalao) of as much as US$13,000 per legislator.

Although Dirceu denies the charges, he has been stripped of his right to hold political office until 2015 (see NotiSur, 2005-06-24, 2005-09-09 and 2005-12-09). Even if Dirceu gets jail time, analysts predict he will not seek reprisal against Lula, who has denied any knowledge of wrongdoing even as the high court filed corruption charges against other prominent party members, including former party president Jose Genoino, treasurer Delubio Soares, former transportation minister Anderson Adauto, and allied congressmembers. All have denied the charges.

Analysts predict that Dirceu would rather spend years in prison than go down swinging against Lula. "No, he won't go to the courts. That's not his style. Some things are just untouchable, and Dirceu won't go down shooting in every direction," said Alexandre Barros, an analyst with political consultants Early Warning.

The STF has approved charges against all 40 people accused by federal prosecutors of funneling bribes or taking them. Lula still popular, social spending and revenues up Lula remains politically
popular despite the scandal because of the prosperity he has promoted in Brazil during his five years in office, Barros added. "The economy grew more than expected last year and will again this year," Barros said. "Brazilians are traveling more, earning more, buying new cars. Turning against Lula would be quixotic....Voters would probably say, 'So what?'

Along with economic growth, there is increased government revenue and commensurate social spending, which is likely to keep Lula in good stead with voters. Lula plans to boost spending 9.7% in 2008 as faster economic growth boosts tax revenue, allowing the government to spend more on public works and social programs.

Lula proposed total spending of 389.4 billion reais (US$198.9 billion) next year, compared with 354.9 billion reais (US$187 billion) authorized for this year, the Budget Ministry said Aug. 31. The proposal forecasts that revenue will rise 11% to 565.6 billion reais (US$298 billion). "The government is taking advantage of a good situation in the economy to boost spending," said Alexandre Lintz, senior economist for Latin America at BNP Paribas in Sao Paulo. "The spending increase doesn't represent a risk to the fiscal situation because the government only spends money after making sure the revenue met the target."

The government plans to boost social spending 17% next year to 73 billion reais (US$38.5 billion) and spending on public works, including roads and ports, 12% to 23 billion reais (US$12.1 billion). It also plans to raise the country's minimum monthly wage 7.2% to 407.33 reais (US$214.69) from 380 reais (US$200) today, the statement said. The government increased the minimum wage 8.6% this year.

**Will Dirceu's rise again?**

Dirceu, 51, was long thought to be a likely candidate to succeed Lula in 2008. Lula has denied that he will seek a third term, although some of his supporters have been pushing legal reforms to make a third run possible. "He was Lula's successor. Now he's out of the picture," said US political scientist at the Universidade de Brasilia David Fleischer.

Dirceu entered politics as president of the leftist Uniao Nacional dos Estudantes (UNE) and resisted Brazil's 1964-1985 military dictatorship until he was arrested by the regime. Expelled to Mexico with 14 other political prisoners in exchange for kidnapped US ambassador Charles Elbrick in 1969, he went to Cuba, where he had plastic surgery to change his looks and underwent guerrilla training.

Dirceu then sneaked back into Brazil and lived covertly, not even revealing his true identity to the woman he married. Only after the government decreed a political amnesty in 1979 did he go public, founding the PT with Lula, then a leftist labor-union leader. Lula ran unsuccessfully for president three times until Dirceu changed his strategy, crafting a centrist image that helped him win in 2002 (see NotiSur, 2002-06-21, 2002-11-01 and 2002-12-20).

Dirceu also convinced the PT to drop its radical demands to expel the International Monetary Fund (IMF) from Brazil, although Lula did join Argentina in paying off its debt early and declaring autonomy from the multilateral-lending institution's edicts (see NotiSur, 2006-01-13).
Dirceu's political clout fell apart after a former ally, Deputy Roberto Jefferson, testified before Congress about the alleged vote-buying scheme. Since then, Dirceu has been a lobbyist for private companies and still wields influence in the PT, but after the STF's decision his days as a power broker may be over. "Dirceu if he survives will probably run for office again," Barros said. "But he won't return as a star."

**Ethics Council calls for removal of Senate president**

The Brazilian Senate has its own falling star, further stressing Lula's governing coalition. The Conselho de Etica do Senado voted on Sept. 5 to recommend impeachment and removal of Senate president Calheiros from the legislative body.

Calheiros, a member of the Partido do Movimento Democratico Brasileiro (PMDB), the country's largest party, faces allegations that he allowed a lobbyist to pay for his personal expenses. Calheiros told reporters in May he would not step down (see NotiSur, 2007-06-01), but his critics in the Congress are gearing up to force him out. The 15-member committee voted 11-4 in favor of Calheiros' destitution from office. The fate of Calheiros should be decided in an upcoming plenary session of Congress with a secret vote.

The committee concluded that Calheiros's tax and banking records failed to show he had enough legitimate income to cover his personal expenses. Early in August, Brazilian prosecutors took Calheiros' tax returns and banking records as part of the expanding investigation. STF Judge Ricardo Lewandowski granted federal prosecutors access to Calheiros's financial records dating to 2000, the court said on its Web site on Aug. 7. The Senate chief, from the northeastern state of Alagoas, is part of the Lula's governing coalition.

The STF, responsible for investigating government fraud, opened a probe to determine if Calheiros falsified 1.9 million reais (US$1 million) in receipts for the sale of cattle from his farm, O Estado de S. Paulo newspaper reported. Federal prosecutor Antonio Fernandes de Souza sought the high court probe after Calheiros in May denied allegations published in weekly news magazine Veja that he allowed a lobbyist to make his child support payments, Estado said.

The Senate chief submitted the sales receipts to show he had the income to fund the payments himself, Estado reported. Calheiros denied the allegations, saying he has been a victim of political infighting in Congress.

A spokesman for Calheiros in Brasilia said the senator on July 10 had asked the STF and federal prosecutors to join the investigation. Concern mounted that the Senate might delay action on the government tax proposal as the ethics panel pursued three investigations into Calheiros's personal finances.

Opposition parties said they would refuse to vote on legislation as long as Calheiros resisted calls to resign. Lula's administration is most concerned about a proposed extension of a financial-transaction tax that raises almost a tenth of all federal revenue, said Cristiano Noronha, a political analyst with Brasilia-based Arko Advice.
"Calheiros won't give up easily," said Noronha in an interview after the Aug. 7 decision. "There's still no real proof against him to force him to leave his post." The governing coalition faces a year-end deadline to secure the extension of the country's 0.38% tax on financial transactions that was first enacted in 1996. The CPMF tax charges companies and individuals on banking transactions.

Lula said Sept. 6 that the vote to oust Calheiros would not delay passage of proposed legislation. "I don't believe we will have any difficulty with our voting agenda," Lula said in a live radio interview broadcast by the CBN Radio Web site. "Calheiros has become a problem for the government," said Fleischer. "Government is growing increasingly concerned that voting on the proposal will be stalled in the Senate."

-- End --