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Amid Scandal and Recession, Mass Protests Call for President Dilma Rousseff's Impeachment

by Gregory Scruggs

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A spiraling scandal involving state-owned oil company Petrobras ([NotiSur, March 20, 2015](#)) and the slumping Brazilian economy threaten the presidency of the recently re-elected President Dilma Rousseff. Mass protests in mid-March, echoing the demonstrations of June 2013 ([NotiSur, July 12, 2013](#)) but with a more focused political message, called for her impeachment. However, Rousseff is unlikely to be impeached at least until the Petrobras scandal directly indicts her.

Nevertheless, a March 23 poll by MDA Pesquisa indicates that 60% of Brazilian respondents favor impeachment and 69% hold her accountable for the Petrobras corruption ring. As a result, her popularity has sunk to its lowest level since she took office in 2011. In the poll, 65% of respondents view the Rousseff administration negatively and only 11% have a favorable impression.

Rousseff's problems will not easily go away. GDP growth stands at 2.1% during her presidency, the lowest since the impeached President Fernando Collor de Mello (1990-1992), who presided over negative GDP growth of -1.7% during his administration. Inflation, which casts a long shadow on Brazilian economic history, is expected to breach the Banco Central's acceptable limit for the first time since 2003 by reaching 8% this year. The real is the worst performing currency among the 16 most traded in the world, having fallen 48% in value since Rousseff took office. Meanwhile, the Bovespa stock index has lost 26%.

The Petrobras scandal, in which construction companies overcharged the publicly owned corporate giant and then paid kickbacks to politicians and company executives, has thus far led to indictments or investigation of 47 politicians, including the heads of both houses of Congress and 36 senior executives. Although Rousseff's Partido dos Trabalhadores (PT) was the major beneficiary of this largess scheme, as of yet she has not been directly implicated in the scandal.

Nearly 2 Million take to streets across Brazil

Rallies planned for Sunday, March 15, achieved numbers far exceeding the expectations of protest organizers. In São Paulo, the largest protest site, police estimated 1 million thronged the Avenida Paulista, while Datafolha pegged the number at 210,000. Smaller protests took place in dozens of other Brazilian cities, reaching nearly 2 million across the country's 27 states. Such crowds were larger than any single day of the June 2013 unrest and the largest since the *diretas já* movement of 1985 during the waning days of the military dictatorship.

The protests were almost uniformly peaceful and did not lead to the clashes between crowds and police that marked many protests from June 2013 through last year's World Cup ([NotiSur, June 20, 2014](#)). A singular focus on removing Rousseff from power attracted a wide range of Brazilians. Some media outlets reported an overwhelmingly white and upper-middle-class demographic, similar to the antagonists who booed Rousseff during the opening game of the World Cup. However, there were certainly lower-income and darker-skinned Brazilians—the traditional power base of the PT—also expressing their grievances.

Of particular concern was the prevalence of signs and chants demanding military intervention. The calls for an Army coup were disconcerting insofar as Brazil suffered a 20-year military dictatorship from 1965-1985 and is only 30 years into its modern democratic era. However, such protesters were a minority, and the overall sentiment seemed to demand Rousseff's removal from power by democratic means.

Rousseff greets protests with muted response

Aware of the impending scale of the protests, Rousseff gathered a crisis group in Brasília in the event of exceptional violence or social unrest, neither of which occurred. Consequently, she greeted the protests with relative silence, simply affirming the right of the protesters to speak their minds. She did not call a press conference or give a nationally televised speech.

Joaquim Barbosa, former president of the Supremo Tribunal Federal (STF), wrote on Twitter, "On a day like today, I think it was a mistake to send federal ministers out to speak. It was a moment for the head of state to address the nation."

Although poor economic performance fueled much of the discontent, Rousseff elected not to sack her newly appointed Minister of Finance Joaquim Levy, who was brought on to initiate an austerity program ([NotiSur, Feb. 20, 2015](#)). In a March 31 interview with Bloomberg, she said, "Levy is very important for Brazil today and he stands very firm."

This commitment was particularly timely as Levy recently ended up in the spotlight for closed-door comments he made that went public. On March 24, at a University of Chicago business school alumni gathering in São Paulo, Levy said, "I think there is a genuine desire by the president to fix things, sometimes not in the easiest way. Not in the most effective way, but there is a genuine desire."

Rousseff also addressed the Petrobras scandal, assuring the public that she had no knowledge of the affair. "We have done an investigation that involves all the Federal Police and all members of the judiciary to discover what happened at Petrobras," she said. "This was not just mismanagement. None of us saw any sign of this corruption, which came to the fore with the investigation of money laundering."

The interview also served as an opportunity to outline concrete steps that the president is taking to allay public concerns. She confirmed that a key Petrobras auditing statement would see the light of day in April after months of delays. The continued postponement caused Moody's to downgrade Petrobras to junk-bond status in February, a move that has jump-started government efforts to salvage the once-lauded company's reputation in order to recruit new investment. "I want to ensure that Petrobras goes back to the market," Rousseff said.

She concluded by listing a lower budget limit, faster pace for public-private infrastructure partnerships, and improved confidence at Petrobras as the keys to growth with the optimistic prediction that Brazil would see GDP growth accelerate in 2016, the same year that Rio de Janeiro hosts the Summer Olympic Games. "The giant is standing," Rousseff declared, in reference to the adage of Brazil as a sleeping giant. By the time of the Rio Games, "Brazil will be at another level."

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