



NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

**CORRUPTION IN BRAZIL:
WHY ARE MANIFESTATIONS ON THE RISE?**

by

Ryan K. Jensen

June 2018

Thesis Advisor:
Second Reader:

Cristiana Matei
Thomas C. Bruneau

Approved for public release. Distribution is unlimited.

THIS PAGE INTENTIONALLY LEFT BLANK

REPORT DOCUMENTATION PAGE			<i>Form Approved OMB No. 0704-0188</i>	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC 20503.				
1. AGENCY USE ONLY (Leave blank)	2. REPORT DATE June 2018	3. REPORT TYPE AND DATES COVERED Master's thesis		
4. TITLE AND SUBTITLE CORRUPTION IN BRAZIL: WHY ARE MANIFESTATIONS ON THE RISE?		5. FUNDING NUMBERS		
6. AUTHOR(S) Ryan K. Jensen				
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000		8. PERFORMING ORGANIZATION REPORT NUMBER		
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A		10. SPONSORING / MONITORING AGENCY REPORT NUMBER		
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.				
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release. Distribution is unlimited.		12b. DISTRIBUTION CODE A		
13. ABSTRACT (maximum 200 words) This thesis takes a closer look at some of the prominent corruption cases such as the Mensalão, Operation Lava Jato, and the Odebrecht scandal and concentrates on the elements that exposed their existence. Although these corruption schemes had been in operation for some time before their manifestations, it was not until distinctive mechanisms were introduced into Brazilian politics that the impunity of the policy makers began to be challenged. The primary question addressed in this thesis is: Why is political corruption in Brazil being recognized now, and why are political leaders finally being held accountable? While many studies attempt to prove or disprove the many causes that lead to corruption, this study takes a slightly different approach. Instead of focusing on the sources, it identifies the factors that have caused the country to finally hold its political leaders accountable. This thesis identifies two key factors that are responsible: the implementation of the plea bargain and the media. As Brazil's corruption scandals continue to be exposed, the international community can learn from the loopholes and flaws that allowed for them and install the necessary safeguards to protect their democracies.				
14. SUBJECT TERMS corruption, Brazil, democratization, Lava Jato, Odebrecht, Mensalao, security, democracy, manifestations of corruption			15. NUMBER OF PAGES 81	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UU	

THIS PAGE INTENTIONALLY LEFT BLANK

Approved for public release. Distribution is unlimited.

**CORRUPTION IN BRAZIL:
WHY ARE MANIFESTATIONS ON THE RISE?**

Ryan K. Jensen
Major, United States Air Force
BS, Utah Valley State College, 2007
MA, American Military University, 2016

Submitted in partial fulfillment of the
requirements for the degree of

**MASTER OF ARTS IN SECURITY STUDIES
(WESTERN HEMISPHERE)**

from the

**NAVAL POSTGRADUATE SCHOOL
June 2018**

Approved by: Cristiana Matei
Advisor

Thomas C. Bruneau
Second Reader

Mohammed M. Hafez
Chair, Department of National Security Affairs

THIS PAGE INTENTIONALLY LEFT BLANK

ABSTRACT

This thesis takes a closer look at some of the prominent corruption cases such as the Mensalão, Operation Lava Jato, and the Odebrecht scandal and concentrates on the elements that exposed their existence. Although these corruption schemes had been in operation for some time before their manifestations, it was not until distinctive mechanisms were introduced into Brazilian politics that the impunity of the policy makers began to be challenged. The primary question addressed in this thesis is: Why is political corruption in Brazil being recognized now, and why are political leaders finally being held accountable? While many studies attempt to prove or disprove the many causes that lead to corruption, this study takes a slightly different approach. Instead of focusing on the sources, it identifies the factors that have caused the country to finally hold its political leaders accountable. This thesis identifies two key factors that are responsible: the implementation of the plea bargain and the media. As Brazil's corruption scandals continue to be exposed, the international community can learn from the loopholes and flaws that allowed for them and install the necessary safeguards to protect their democracies.

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	MAJOR RESEARCH QUESTION.....	1
B.	SIGNIFICANCE OF THE RESEARCH QUESTION.....	2
C.	LITERATURE REVIEW	3
1.	“Rouba, Mas Faz”	3
2.	Accountability and Rule of Law	4
3.	Plea-Bargaining.....	5
4.	Effects on Democracy, Security, and the Potential for Political Reform	6
D.	POTENTIAL EXPLANATIONS AND HYPOTHESES	9
E.	RESEARCH DESIGN	10
F.	THESIS OVERVIEW AND CHAPTER OUTLINE.....	11
 II.	 BRAZIL: A SLEEPING GIANT BOUND BY CORRUPTION	 13
A.	CORRUPTION SCANDALS IN BRAZIL.....	13
1.	Mensalão	16
2.	Operation Lava Jato	18
3.	Odebrecht	24
B.	SUMMARY	30
 III.	 WHY NOW?.....	 31
A.	PLEA BARGAINING	31
1.	The Plea Bargain in the Lava Jato Scandal.....	33
2.	Opposition to Plea Bargaining.....	36
B.	THE MEDIA	37
1.	The Media in Brazil	38
2.	Effect of the Media on Exposing Corruption	42
3.	Role of the Media in the Mensalão Scandal.....	43
4.	Role of the Media in Operation Lava Jato	45
C.	SUMMARY	51
 IV.	 CONCLUSION AND RECOMMENDATIONS.....	 53
	LIST OF REFERENCES.....	57
	INITIAL DISTRIBUTION LIST	67

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF FIGURES

Figure 1.	Brazilians’ Approval of Political Leadership	8
Figure 2.	The Global Economy by GDP	15
Figure 3.	The World’s Top 10 Economies.....	15
Figure 4.	Lava Jato Scandal Explained	21
Figure 5.	Brazilian GDP 1990–2016.....	22
Figure 6.	Brazil’s GDP Composition 2012–2015	23
Figure 7.	Odebrecht-Abreu e Lima Scheme Explained	26
Figure 8.	Abreu e Lima Refinery Located in Pernambuco	27
Figure 9.	Bribes Paid by Odebrecht	29
Figure 10.	Lava Jato Outcomes.....	35
Figure 11.	Social Media Users in Brazil 2011–2017	40
Figure 12.	Time spent on the Internet 2010–2012	40
Figure 13.	Judge Sérgio Moro.....	46
Figure 14.	Media Network Covering the Lava Jato Operation.....	50

THIS PAGE INTENTIONALLY LEFT BLANK

ACKNOWLEDGMENTS

To my wife, Rachelle, and our two girls, Taylor and Bailey.

I also want to express my appreciation to Dr. Cris Matei and Dr. Tom Bruneau for their guidance throughout this process.

THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTION

A. MAJOR RESEARCH QUESTION

Brazil has increasingly become synonymous with political corruption. According to Transparency International's Corruption Perception Index, Brazil is ranked 96 out of 180 countries.¹ The new democracy, only emerging from authoritarian rule in 1985, has now become the focal point for illegal political practices and doubts regarding the preservation of its democratic consolidation trajectory. While the rest of the Latin America also suffers from similar problems, Brazil stands out due to the amount of attention it has recently received regarding the huge strides it has taken to rid its political system of the worst offenders. The Mensalão Scandal² and Operation Lava Jato³ have all but become household terms associated with the corruption schemes that are engulfing the country. While the world community watches from a distance, the Brazilian population is demanding more accountability from its political leaders.⁴

The question this thesis seeks to answer is this: why is political corruption in Brazil being recognized now and why are political leaders finally being held accountable? While many studies attempt to prove or disprove the many causes that lead to corruption, this study takes a slightly different approach. Instead of focusing on the sources, it will identify the factors that have caused the country to finally hold its political leaders accountable. Furthermore, it will address some of the implications of the newfound accountability in the political realm. This thesis argues that the instruments of

¹ Transparency International, "Corruption Perceptions Index 2017," www.transparency.org, accessed February 27, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2017.

² Gregory Michener and Carlos Pereira, "A Great Leap Forward for Democracy and the Rule of Law? Brazil's Mensalão Trial," *Journal of Latin American Studies* 48, no. 03 (August 2016): 477–507, <https://doi.org/10.1017/S0022216X16000377>.

³ "Entenda a Operação Lava Jato - Poder - Folha de S.Paulo," accessed November 2, 2017, <http://arte.folha.uol.com.br/poder/operacao-lava-jato/>.

⁴ The Lava Jato investigation has made so many outlandish discoveries and attracted so much interest from the international community that there is now a Netflix series based on the scandal called "The Mechanism." For more information, see <https://www.nytimes.com/2018/03/16/arts/television/mechanism-netflix-brazil-jose-padilha.html>.

the plea bargain and the media played the biggest roles in the exposure of corruption in Brazil.

B. SIGNIFICANCE OF THE RESEARCH QUESTION

For the last three decades, Brazil has enjoyed the freedoms and liberty associated with democratic governance and is considered one of Latin America's most important stories in transitioning from authoritarian rule given its size, population, and influence.⁵ Since its transition to democracy in 1985, Brazil has experienced a great deal of economic growth and has gained international attention as a strong emerging market. With vast amounts of natural resources as well as agricultural and manufacturing know-how, the country is recognized as an economic powerhouse and ranks as the ninth highest GDP in the world.⁶ This economic development has helped spark a series of social welfare programs, such as the *Bolsa Família* that has lifted some forty million people out of poverty and serves as a model for other nations around the world.⁷ As the country continues to shape its identity as the regional hegemon, the need to understand the growing problem of corruption becomes increasingly important.

Most literature has focused on the causes of corruption in Brazil. This study attempts to highlight the reasons for the lack of accountability until recent times, and thus contributes to the scholarly works on Brazil. This thesis also incorporates Portuguese language sources in addition to English in order to offer further insights and perspectives. Understanding how corruption is identified in Brazil could help Brazilian political leaders reshape their administrative systems to avoid it in the future and strengthen the institutions which bolster democracy. By comprehending the Brazilian experience with corruption, other countries may be able to learn from the mistakes and shortcomings of Brazil's government and make the necessary changes within their own governmental

⁵ Scott Mainwaring, "The Transition to Democracy in Brazil," *Journal of Interamerican Studies and World Affairs* 28, no. 1 (1986): 149–79, <https://doi.org/10.2307/165739>, 149.

⁶ "GDP Ranking | Data," accessed October 25, 2017, <https://data.worldbank.org/data-catalog/GDP-ranking-table>.

⁷ "Bolsa Família: Changing the Lives of Millions in Brazil," World Bank, accessed November 2, 2017, <http://www.worldbank.org/en/news/feature/2007/08/22/bolsa-familia-changing-the-lives-of-millions-in-brazil>.

structure. By implementing anti-corruption measures, states can increase their ability to reduce unethical political practices that threaten economic growth and stability, as well as the credibility of global financial intercourse.⁸ As Brazil's corruption scandals continue to be exposed, the international community can learn from the loopholes and flaws that allowed for their formation.

C. LITERATURE REVIEW

This literature review covers the several schools of thought that attempt to explain the reason for the exposure of corruption in Brazil and what it means for their democracy, security, and the potential for political reform. The first topic to address is that of scholarly work on political corruption.

1. “Rouba, Mas Faz”

One school of thought ascribes the change in attitude toward corruption to a low return on investment for the amount of taxes collected by their government. For a long time, it was generally known and accepted that corruption existed in politics and business. The term “*rouba, mas faz*”—he steals, but does—was brought into the vernacular by the national press of Brazil to designate politicians who are corrupt, but are able to get laws passed and improve the conditions of their constituents.⁹ Although Brazilians enjoy a modern lifestyle, they became increasingly aware of their high tax rate compared to the mediocre public services return they receive in exchange. In June of 2013, public indignation reached a high point and massive public demonstrations took place across the country in protest of substandard government aid in areas such as health, infrastructure, and education while investing heavily in preparation for the 2014 World Cup and again for the 2016 Olympics.¹⁰

⁸ Matthew M. Taylor, “What U.S. Policymakers Can Learn from Brazil's Anticorruption Gains,” Council on Foreign Relations, March 2017, <https://www.cfr.org/report/what-us-policymakers-can-learn-brazils-anticorruption-gains>.

⁹ Robert Bonifácio, “A Afeição Dos Cidadãos Pelos Políticos Mal-Afamados: Identificando Os Perfis Associados À Aceitação Do ‘Rouba, Mas Faz’ No Brasil,” *Opinião Pública* 19, no. 2 (November 2013): 320–45, <https://doi.org/10.1590/S0104-62762013000200004>.

¹⁰ Thomas C. Bruneau, “The Impeachment of President Dilma Rousseff: Old Politics Meets New Standards in Brazil,” 2016, 6.

Although political demonstrations had occurred in the past, the magnitude of these protests was largely attributed to the fact that a bigger portion of Brazil's population had a vested interest in where their tax money was being spent. A key indicator of this is the portion of the people who actually paid taxes. One study conducted by Ernst & Young Terco and subsequently published by *Pulsamérica* in 2013 shows that for the first time, "50.3% of Brazilians who declared income, now pay income tax, which accounts to roughly 12 million people. A decade ago, only 36.2% (or 5.5 million) of those who declared income, paid income tax."¹¹ Furthermore, data gathered by another source indicates that "of the thirty countries where taxes are the highest, Brazil is the worst in terms of return to the population in investments in the quality of life."¹²

Linz and Stepan note the problems that Brazil faces regarding social welfare and the political stalemate situation. According to them, Brazil has by far the most unequal distribution of income and the worst social welfare and educational standards of any of the European and South American countries in their data set.¹³ Although several different reform packages were launched, none have been successful at being implemented—further weakening the value that citizens place on the effectiveness of political institutions and exacerbated by the ups and downs of the financial market.¹⁴

2. Accountability and Rule of Law

Another school of thought considered to be a contributor in the exposure of corruption in Brazil is the concept of accountability. Power and Taylor define the term accountability as "the answerability of public officials for the public-regarding nature and

¹¹ Maria Luiza Gatto, "Brazil: Over 12 Million Currently Pay Income Tax," *Pulsamerica*, accessed November 30, 2017, <http://www.pulsamerica.co.uk/2013/02/brazil-over-12-million-currently-pay-income-tax/>, <http://www.pulsamerica.co.uk/2013/02/brazil-over-12-million-currently-pay-income-tax/>.

¹² Bruneau, "The Impeachment of President Dilma Rousseff: Old Politics Meets New Standards in Brazil."

¹³ Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe* (JHU Press, 1996). This data set included Spain, Portugal, Greece, Brazil, Argentina, Chile, Uruguay, the former USSR, Poland, Hungary, Czechoslovakia, Romania, and Bulgaria.

¹⁴ Linz and Stepan, 167.

probity of their actions.”¹⁵ In an article published in 1990 in the *Revista de Administração Pública*, Anna Maria Campos convincingly argues why there is no concept or translation for the word “accountability” in Portuguese.¹⁶ The word that most closely resembles it is *responsabilidade*—responsibility—which does not convey the principle of ultimately having to take ownership of one’s actions. She states that Brazilian bureaucracy is full of characteristics tied to the absence of accountability including weak institutions, immunity from external controls, and lack of transparency.¹⁷

In modern democracies, accountability is essential for corruption control. According to Linz and Stepan, “it implies that all financial records will be routinely subject to inspection and that it is the obligation of the officials who use public funds to follow transparent procedures.”¹⁸ Equally important is the concept of the rule of law. It implies that those who treat state resources as their own will be held liable and punished if found guilty of illegal acts. The rule of law is weak in Brazil because state officials are perceived by the population not to administer justice equally among its citizens.¹⁹ Political leaders break the law with impunity. This climate has changed recently—set in motion with the Mensalão scandal in 2005 and further gaining momentum with the impeachment of Dilma Rousseff after being charged with manipulating the federal budget.²⁰

3. Plea-Bargaining

The Brazilian political system has been characterized as sluggish and convoluted. Instead of abiding by formal laws and institutions, Brazilians often turned to informal

¹⁵ Timothy J. Power and Matthew M. Taylor, *Corruption and Democracy in Brazil* (Notre Dame, IN: University of Notre Dame Press, 2011), 6.

¹⁶ Anna Maria Campos, “Accountability: Quando Poderemos Traduzi-La Para O Português?,” *Revista de Administração Pública* 24, no. 2 (June 12, 1990): 30–50.

¹⁷ Campos, 42.

¹⁸ Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe* (JHU Press, 1996), 179.

¹⁹ Linz and Stepan, 179.

²⁰ Simon Romero, “Dilma Rousseff Is Ousted as Brazil’s President in Impeachment Vote,” *The New York Times*, August 31, 2016, sec. Americas, <https://www.nytimes.com/2016/09/01/world/americas/brazil-dilma-rousseff-impeached-removed-president.html>.

avenues to get something done. These “*jeitinhos*,” are sometimes the only method to circumvent the slow-moving bureaucracy for which Brazil is infamous.²¹ “*Jeitinhos*”—or little ways or gimmicks—is a term that is easier to describe than it is to define. One sociologist defines the idea as “an ingenious maneuver that renders the impossible, possible; the unjust, just; and the illegal, legal.”²² Plea bargaining in Brazil was implemented in its current form only in 2013—partly to combat this obstacle to development and partly to comply with OECD standards—as an incentive for those charged in white-collar criminal acts to receive reduced prison sentences.²³ As a result, after the arrest of Senator Delcídio do Amaral, leader of the *Partido dos Trabalhadores* (Worker’s Party), key information was obtained regarding the spread of corruption in the Brazilian government, which ultimately led to the impeachment of President Dilma Rousseff.²⁴ Plea-bargaining has since been effective in ousting several other political elites engaged in illicit activities.

4. Effects on Democracy, Security, and the Potential for Political Reform

A review of the literature on how corruption affects democracy, security, and the potential for political reform reveals that there are two polarizing views. Samuel Huntington has stated that corruption is something that is experienced by all societies and is associated with intense economic and social modernization.²⁵ He argues that corruption—in low doses—is actually beneficial for societies to experience:

Corruption provides immediate, specific, and concrete benefits to groups which might otherwise be thoroughly alienated from society. Corruption may thus be functional to the maintenance of a political system in the same way that reform is. Corruption itself maybe a substitute for reform and both corruption and reform may be substitutes for revolution.

²¹ Bruneau, “The Impeachment of President Dilma Rousseff: Old Politics Meets New Standards in Brazil.”

²² Keith Rosenn, “The ‘Jeito’: Brazil’s Institutional Bypass of the Formal Legal System and Its Developmental Implications,” *The American Journal of Comparative Law* 19, no. 3 (1971): 514.

²³ Bruneau, “The Impeachment of President Dilma Rousseff: Old Politics Meets New Standards in Brazil.”

²⁴ Bruneau.

²⁵ Samuel P Huntington, *Political Order in Changing Societies* (New Haven, Conn.: Yale University Press, 1968), 59.

Corruption serves to reduce group pressures for policy changes, just as reform serves to reduce class pressures for structural changes.²⁶

In addition to Huntington, several other scholars including Nathaniel Leff²⁷ and Joseph Nye²⁸ have written extensively regarding the positive effect that corruption can have on developing economies. According to them, it can also be reasonably construed that similar levels of corruption could be beneficial to democracy, security, and political reform. Leff points out that bureaucratic corruption can act as a hedge against bad policy and highlights several examples where entrepreneurs subverted shortsighted regulations and were later attributed with the change of laws.²⁹

While some view corruption as a method to “grease the wheels” of a developing democracy, the opposing argument is that corruption has a negative effect on the democracy and security of a country. According to one scholar, “corruption costs Brazil an estimated 3 to 5 percent of GDP annually.”³⁰ The true cost of corruption, however, cannot be measured because of the intangible effects it has on the perception of the legitimacy of the government. An example of this is a poll conducted in 2005 that showed between an 8 and 9 percent approval rating of the nation’s political actors.³¹ As seen in Figure 1, Brazil’s population is losing trust in its policy makers—a situation that has led to uprisings in the past. This is a problem that contributes to instability and the legitimacy of the democracy.

²⁶ Huntington, 64.

²⁷ Nathaniel H Leff, “Economic Development Through Bureaucratic Corruption,” *American Behavioral Scientist* 8, no. 3 (1964): 8–14, <https://doi.org/10.1177/000276426400800303>.

²⁸ Joseph S Nye Jr., “Corruption and Political Development: A Cost-Benefit Analysis,” *American Political Science Review* 61, no. 2 (1967): 417–27, <https://doi.org/10.2307/1953254>.

²⁹ Leff, “Economic Development Through Bureaucratic Corruption.”

³⁰ Taylor, “What U.S. Policymakers Can Learn From Brazil’s Anticorruption Gains.”

³¹ Power and Taylor, *Corruption and Democracy in Brazil*, 2–3.

Brazilians' Approval of Leadership Drops to New Low

Do you approve or disapprove of the job performance of the leadership of this country?

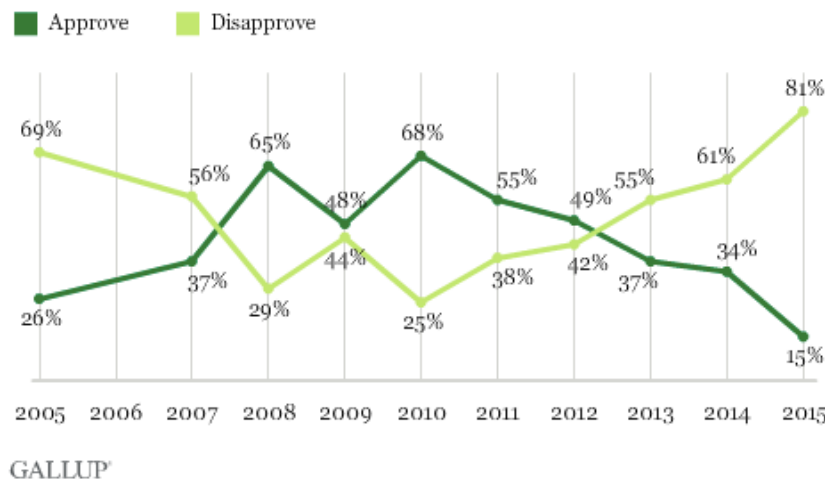


Figure 1. Brazilians' Approval of Political Leadership³²

Also worth mentioning is the phenomenon of regression, which is a possible effect that corruption could have on Brazil's democracy. Brazil's transition to democracy has been extraordinarily lengthy compared to other transitions and some even consider the country to still be in a transitional stage. According to and Bruneau, some of the reasons for the stall in democratization have been hangovers from the dictatorships including corruption, favoritism, nepotism, bribery, and blackmail, which have made democratic control very difficult.³³ Governments in transition have historically proven to be vulnerable to decline and regression. They argue that if steps are not taken to ensure the protection of basic human rights and bring security services under civilian democratic control and oversight, they are in danger of regressing back into authoritarian control.³⁴ Juan Linz also adds that the decay of authenticity, efficiency, and ultimate legitimacy of a

³² Source: Jesus Rios and Julie Ray, "Brazilians' Trust in Country's Leadership at Record Low," Gallup, April 7, 2016, <http://news.gallup.com/poll/190481/brazilians-trust-country-leadership-record-low.aspx>.

³³ Florina Cristiana Matei and Thomas Bruneau, "Intelligence Reform in New Democracies: Factors Supporting or Arresting Progress," *Democratization* 18, no. 3 (June 2011): 602–30, <https://doi.org/10.1080/13510347.2011.586257>, 615.

³⁴ Matei and Bruneau, 615.

democratic government can lead to a generalized atmosphere of tension and are characterized by increased social mobilization and justification of corruption.³⁵ Although democratic regression has not been experienced Brazil so far, several of the characteristics indicative of its presence have recently manifested themselves. Brazilians have gone to great lengths to consolidate their democracy. Still, further improvements need to be made in transparency and oversight mechanisms to fortify the democratic form of government it has struggled so long to achieve.

D. POTENTIAL EXPLANATIONS AND HYPOTHESES

The first potential hypothesis as to why corruption went unpunished for so long stems from the availability and censorship of information to the general populous. Reaching 95 percent of households, television media is considered to be a reliable source of information in Brazil.³⁶ Brazilian media has long been controlled by a limited number of broadcasting networks with proven biases to certain political ideologies. One of these networks, *Rede Globo*, is watched by 91 million people each day and claims the majority of the television audience.³⁷ In 2013, *Globo* admitted to supporting Brazil's military dictatorship during its control of the government from 1964 to 1985.³⁸ Examples such as this illustrate how the television news media is one of the possible contributing factors to government scandal cover-ups and one of the reasons that corruption has been able to remain hidden from the public.

Although television has maintained a predominate place in Brazilian media, the tide has started to change with the huge advances in technology. In addition to television, the advent of the internet is another form of media that has allowed Brazilians to receive information from a variety of resources. Brazil is now the second most connected country

³⁵ Juan J. (Juan José) Linz, *The Breakdown of Democratic Regimes: Crisis, Breakdown, and Reequilibration* (Baltimore, 1978), 75.

³⁶ Andrea Novais, "Brazilian's Media Habits," *The Brazil Business*, accessed November 6, 2017, <http://thebrazilbusiness.com/article/brazilian-s-media-habits>.

³⁷ Vincent Bevins, "Brazil's Globo Group Apologizes for Backing Military Government," *Los Angeles Times*, September 4, 2013, <http://articles.latimes.com/2013/sep/04/world/la-fg-wn-brazil-globo-network-military-20130904>.

³⁸ Bevins.

in the world, according to comScore a digital analysis group, and leads the world with a 99.9 percent reach of social media.³⁹ Furthermore, Brazilians spend an average of 8.8 hours per month of usage while Europe spends 6.1 hours, and the U.S. just 5.2 hours.⁴⁰ Like most of the world, Brazilians are increasingly turning away from other news sources and getting their information from social media sites like Facebook, YouTube, and Twitter. These forms of communication are less regulated and more transparent than television and radio have proven to be and provide a means for Brazilians to compare their governments with those around the world. The unethical political practices that would not have otherwise been covered by domestic sources are now being exposed through these social media sites.

Where the information hypothesis argues that politicians have been able to practice unethical behavior because the public was misinformed, a second hypothesis has to do with the implementation of plea bargaining within the judicial system. This instrument in its legal form has allowed the prosecution of several corruption cases advance by leaps and bounds. Prior to its inception, those accused of corruption had no incentive to give information relating to their illicit dealings. Recently, plea bargaining was institutionalized within Brazilian courts and has since been cited as one of the principal reasons for the swelling of the corruption investigation associated with corruption such as Mensalão and Lava Jato.⁴¹

E. RESEARCH DESIGN

The research design is the single case study of the country of Brazil. Brazil has a unique history and economic position compared with the rest of Latin America that makes it difficult to compare it to other countries within the region. Although several comparisons have been made to the southern cone states of Argentina, Chile, Paraguay, and Uruguay, none of these countries have experienced the level of corruption, nor the

³⁹ “ComScore & Shareablee: The State of Social Media in Brazil,” comScore, Inc., September 22, 2015, <http://www.comscore.com/Insights/Presentations-and-Whitepapers/2015/comScore-Shareablee-The-State-of-Social-Media-in-Brazil>.

⁴⁰ “ComScore & Shareablee.”

⁴¹ Michener and Pereira, “A Great Leap Forward for Democracy and the Rule of Law?”

amount of international attention as has Brazil. Within this single case study however, I intend to use several domestic cases including the Mensalão and Lava Jato scandals as well as the impeachment of President and Dilma Rouseff to ascertain the reason why manifestations of corruption are on the rise. These incidents are not the only examples of corruption in Brazil, but they certainly are most wide-reaching and infamous.

Analyzing the previously mentioned corruption scandals, an analysis will be conducted to discover how these scandals came to light. I will then investigate what changed in the social, political, and economic realms that caused a higher demand for accountability within Brazilian politics.

F. THESIS OVERVIEW AND CHAPTER OUTLINE

This thesis will be written in an order where each chapter builds a foundation for subsequent chapters. It will allow the reader to gain an understanding of the complexities regarding the research question. Chapter II will give a summary of the most prominent corruption cases—Mensalão, Lava Jato, and the Odebrecht scandals. Chapter III will analyze the various corruption cases and concentrate on the various issues that have given rise to the exposure of graft in Brazil. Chapter IV will summarize the main findings of the thesis, and finally provide recommendations for eliminating corruption from Brazil's government.

THIS PAGE INTENTIONALLY LEFT BLANK

II. BRAZIL: A SLEEPING GIANT BOUND BY CORRUPTION

Corruption is nothing new to Brazil. There have been countless instances of corruption cases that went unpunished and *acabam em pizza*—a Brazilian Portuguese term that translates literally “to end in pizza,” which conveys the notion that investigations are often inconclusive and never result in anything, leaving the accused to take the investigator out for pizza. The data mirrors this phrase and shows that out of 100 cases of corruption in Brazil, 97 end up with no conviction.⁴² While it is nearly impossible to determine the actual economic costs associated with corruption, recent estimates suggest that corruption in Brazil may account for 1.35 to 5 percent of GDP.⁴³

Whatever the cost, the problem is significant enough for many international institutions to take note including the OECD and the World Bank. The reality is that the country suffers from a huge corruption problem that until recently has been pursued in vain due to the element of impunity of the Brazilian political elite. This chapter will take a closer look at some of the economic implications associated with some of the major corruption scandals that have plagued Brazil specifically during the last decade. Although corruption has existed in various forms throughout the country’s history, this time period differs in that it is finally being prosecuted and public officials are actually serving jail time as a result—an anomaly in a society where the elite historically have been immune from legal action.

A. CORRUPTION SCANDALS IN BRAZIL

According to Transparency International, Brazil is ranked 96 out of 180 countries on the corruption perceptions index of 2017.⁴⁴ That number is especially surprising when considering that Brazil is the world’s ninth largest economy—home to a staggering \$1.8

⁴² Transparency International, *Operation Carwash Task Force: Anti-Corruption Award Winners 2016*, accessed February 27, 2018, https://www.youtube.com/watch?time_continue=62&v=gHK9HhzaPog.

⁴³ Timothy J. Power and Matthew M. Taylor, *Corruption and Democracy in Brazil* (Notre Dame, IN: University of Notre Dame Press, 2011), 1.

⁴⁴ “Corruption Perceptions Index 2017.”

trillion and representing 2.4 percent of the global total (see Figure 2).⁴⁵ Freedom House grades Brazil as a “free” democracy, with political rights, civil liberties, and freedom of the press rated as “partly free.”⁴⁶ One would think that a country that ranks among other world powers such as the United States, Canada, and Japan in terms of democratic consolidation and economic power would have somewhat similar rankings in terms of corruption control (see Figure 3). In fact, Brazil ranks the worst in terms of corruption out of all the other countries listed in the top ten most powerful economies.⁴⁷ Additionally, the Latin American giant is the only country in the top ten to register a decline in growth (-3.5 percent).⁴⁸ Could corruption be partly to blame? The UN estimates that \$60 billion are embezzled every year in Brazil.⁴⁹ Deltan Dallagnol, a Brazilian federal prosecutor states that with that money, “we [Brazil] could triple the national budget on health services or education; we could also multiply by five the public safety budget in our country; we could have ten more schools per year in every Brazilian town.”⁵⁰

⁴⁵ “The World’s 10 Biggest Economies in 2017,” World Economic Forum, accessed February 27, 2018, <https://www.weforum.org/agenda/2017/03/worlds-biggest-economies-in-2017/>.

⁴⁶ Freedom House, “Freedom in the World 2018: Brazil,” January 4, 2018, <https://freedomhouse.org/report/freedom-world/2018/brazil>.

⁴⁷ “Corruption Perceptions Index 2017.”

⁴⁸ “The World’s 10 Biggest Economies in 2017.”

⁴⁹ Transparency International, “Brazil’s Carwash Task Force Wins Transparency International Anti-Corruption Award,” www.transparency.org, accessed February 27, 2018, https://www.transparency.org/news/pressrelease/brazils_carwash_task_force_wins_transparency_international_anti_corruption.

⁵⁰ Transparency International, *Operation Carwash Task Force*.

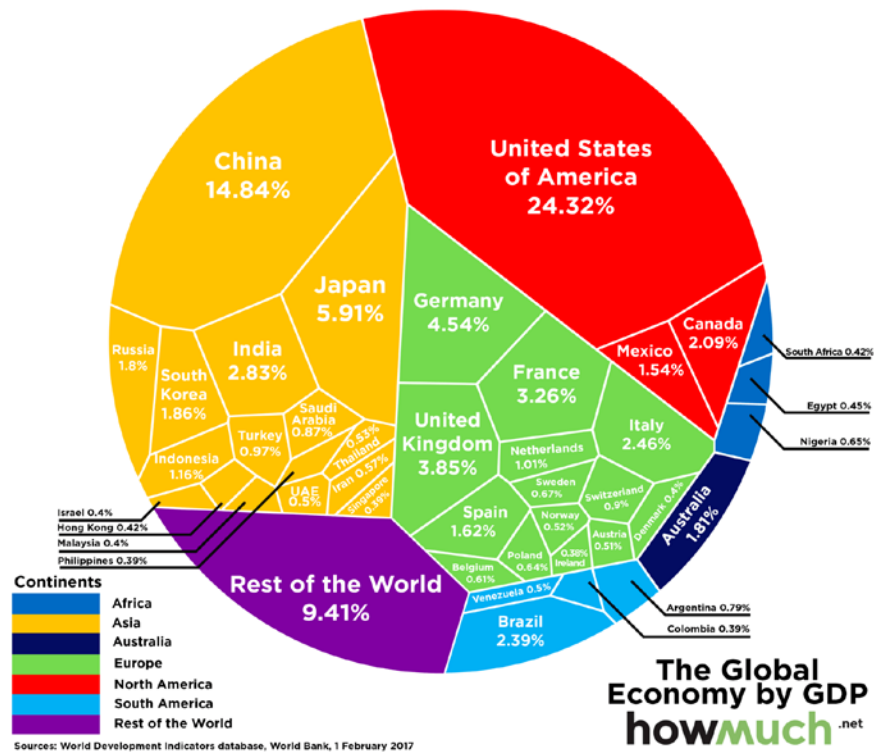


Figure 2. The Global Economy by GDP⁵¹

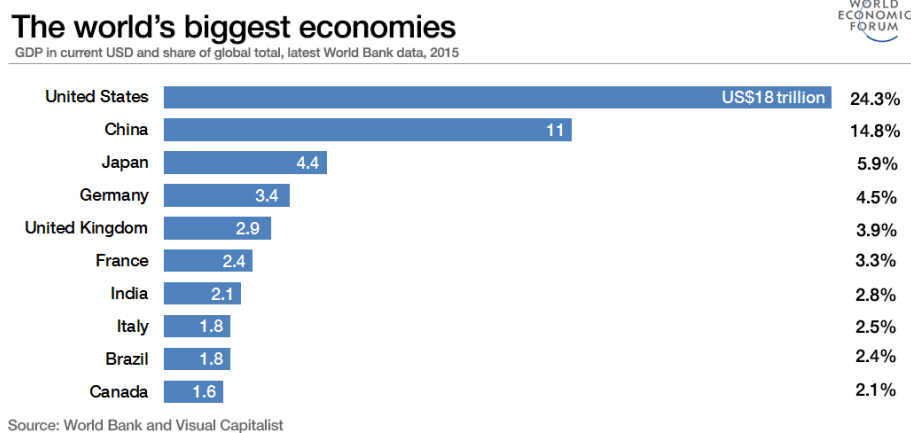


Figure 3. The World's Top 10 Economies⁵²

⁵¹ Source: "The World's 10 Biggest Economies in 2017," World Economic Forum, accessed February 27, 2018, <https://www.weforum.org/agenda/2017/03/worlds-biggest-economies-in-2017/>.

⁵² Source: "The World's 10 Biggest Economies in 2017."

Where did Brazil go wrong? What makes Brazil such a hotbed for corruption, including bribery, nepotism, and clientelism? While there is not one specific reason that gives a satisfactory explanation, there are however, some recent corruption cases that can offer some insight on the process of exposing corruption and its prosecution.

1. Mensalão

President Lula (2003-2011) won the presidency in 2002, elected on the promise to rid Brasília of corruption. Upon taking office the following year, he was stuck with a minority of Worker's Party (PT) members that would have allowed him to pass legislation.⁵³ Due to the nature of Brazil's political system, political parties are small and have weak ideological identities with little power to enforce loyalty among their members, which often leaves presidents to bargain with legislators individually to get laws passed.⁵⁴ Specifically, when Lula assumed the presidency, his party held less than 18 percent of the seats in the Chamber of Deputies and less than 13 percent in the senate.⁵⁵ In an attempt to garner the support that he needed, Lula expanded his cabinet from 21 to 34 positions, filling 60 percent of them with members of the PT.⁵⁶ The PT secured votes for projects it wanted to fund by purchasing the political support of opposing party members using public monies.⁵⁷

The scandal came to light on June 6, 2005, when Roberto Jefferson of the Brazilian Labor Party (PTB) revealed the scheme in a newspaper interview where he revealed that the PT was paying several congressmen the equivalent of \$12,000 per month in exchange for their votes.⁵⁸ The scandal became known as the *Mensalão*—or big

⁵³ Power and Taylor, *Corruption and Democracy in Brazil*, 33.

⁵⁴ B Winter, "Brazil's Never-Ending Corruption Crisis Why Radical Transparency Is the Only Fix," *Foreign Affairs* 96, no. 3 (2017): 87–94.

⁵⁵ Global Security, "Brazil - Political Parties," March 5, 2016, <https://www.globalsecurity.org/military/world/brazil/political-parties.htm>.

⁵⁶ Alfred P Montero, *Brazil: Reversal of Fortune* (Polity Press, 2014), 43.

⁵⁷ HJ, "What Is Brazil's 'Mensalão'?", *The Economist*, November 18, 2013, <https://www.economist.com/blogs/economist-explains/2013/11/economist-explains-14>.

⁵⁸ HJ.

monthly allowance—and resulted in several members of congress, their staff, and a handful of bank employees being indicted on a variety of criminal charges.⁵⁹

Because so many of the accused were members of Congress, according to Brazilian law, only the Supreme Court had jurisdiction over the case.⁶⁰ Several attempts were made to sweep the scandal under the rug, in the hopes that the public would forget, but the media was relentless in their coverage of the scandal. Due to all the loopholes in the judicial system, defendants were successful in slow-rolling the process, requesting appeals and retrials when a few judges had voted for acquittal.⁶¹ The judicial process is anything but swift in Brazil and it was not until seven years later, in mid-2012 that the trials finally began.⁶²

The delay was mainly due to the fact that the Brazilian constitution allows for a special standing (*foro privilegiado* in Portuguese) for top-tier policy makers. As Michener and Pereira point out, this “special standing grants officials a greater number of witnesses and numerous opportunities for clarification and appeal, all of which tend to extend proceedings.”⁶³ It is important to highlight that while the trial was tied up in bureaucracy, Lula was reelected to serve a second term as president, despite swirling evidence that connected him to the scandal. Policy makers in congress did their best to change laws and threaten accountability institutions in Brazil and it seemed once again that the case would “end in pizza.” Even when the Supreme Court found 25 of the original 40 defendants guilty, there were more appeals and that did little to stir any optimism about justice being served.⁶⁴ Finally, in an unprecedented display of accountability, the indicted politicians were delivered their sentences before a gauntlet of news media on November 15, 2013—the anniversary day of the Proclamation of the

⁵⁹ Power and Taylor, *Corruption and Democracy in Brazil*, 34.

⁶⁰ Gregory Michener and Carlos Pereira, “A Great Leap Forward for Democracy and the Rule of Law? Brazil’s Mensalão Trial,” *Journal of Latin American Studies* 48, no. 03 (August 2016): 477–507, <https://doi.org/10.1017/S0022216X16000377>, 482.

⁶¹ HJ, “What Is Brazil’s ‘Mensalão’?”

⁶² HJ.

⁶³ Michener and Pereira, “A Great Leap Forward for Democracy and the Rule of Law?” 482.

⁶⁴ Michener and Pereira. 484.

Brazilian Republic.⁶⁵ In all, prison sentences for the Mensalão trial totaled 283 years and fines totaled \$10 million.⁶⁶

The Mensalão scandal and subsequent convictions served as a kind of revolution within Brazilian culture. It was the first time that high-level politicians and other members of the elite class were held accountable. “*Só pobres ficam presos*,” or “only the poor go to jail” is a popular saying among Brazilians and demonstrates the long history of impunity that has existed since the foundation of the republic in 1891. It also served to highlight some of the weaknesses associated with a political system in which there are several small, weak parties that rely principally on outside funding in order to effectively compete in elections.⁶⁷ Additionally, it underscored the crucial role of the media in maintaining the public’s attention throughout the course of the scandal and how that attention served as an impetus for the pursuit of justice.

2. Operation Lava Jato

Operation *Lava Jato* is the name given to one of the biggest financial scandals in Brazil’s history. This corruption case gained an enormous amount of attention, both domestically and internationally due to the reach and scope of its operation. The investigation is ongoing, but has already implicated 83 politicians with the collaboration of authorities in 30 different countries.⁶⁸ Additionally, this was another (until then) rare occasion where Brazil’s political elite were being held accountable and were actually being prosecuted in Brazilian courts. Although the case was initially thought to be another money laundering investigation, it has since been discovered to be much more far-reaching and implicates the national oil company, Petrobras as well as the then

⁶⁵ Michener and Pereira, 485.

⁶⁶ Michener and Pereira, 484.

⁶⁷ For more information on the party system of Brazil, see Alfred P. Montero, *Brazil: Reversal of Fortune* (Polity Press, 2014) and Timothy J. Power, “Optimism, Pessimism, and Coalitional Presidentialism: Debating the Institutional Design of Brazilian Democracy,” *Bulletin of Latin American Research* 29, no. 1 (January 2010): 18–33, <https://doi.org/10.1111/j.1470-9856.2009.00304.x>.

⁶⁸ Transparency International, *Operation Carwash Task Force*.

President of Brazil, Dilma Rousseff (2011-2016).⁶⁹ To date the Lava Jato investigations are responsible for more than 240 criminal charges, 118 convictions totaling 1,256 years of prison time.⁷⁰ This has resulted in the recovery of \$200 million returned to the state-owned oil company, Petrobras as well as \$735 million in frozen assets and \$11.3 billion in refunds and legal penalties.⁷¹

The investigation started in mid-2013, when Brazilian federal police officers noticed that one of the suspects they were investigating for running a black-market bank for the rich, Alberto Youssef, had recently purchased a high-end luxury SUV for R\$250,000 (about \$125,000).⁷² Vehicles of this size are rare in Brazil, let alone the fact that a striking black Land Rover Evoque is far out of reach for the average Brazilian. The SUV ended up as a gift to Paulo Roberto Costa, a former division manager at Petrobras and one of Youssef's clients.⁷³ The investigators had been following Youssef for quite a while in an attempt to build up a strong case against money-laundering operations, but this was the first time that the criminal was witnessed giving a gift to a former business executive. Youssef was a known *doleiro*—or money launderer—that had avoided prison time in the past due his willingness to cooperate with investigators, but it would turn out that he was simply a middleman in what would be uncovered as the farthest-reaching corruption scheme in Brazilian history.

The scheme originated with bids for building contracts with Petrobras. Normally, when a company of this size wants to complete a project, it solicits for bids from a number of contractors. Once the bids for a particular project are received, Petrobras would then choose the contractor with the lowest bid to complete the work. Petrobras typically spends more than \$20 billion a year in expansion projects, as well as in

⁶⁹ Will Connors and Paulo Trevisani, "Brazil 'Carwash' Shrugs Off Notoriety Tied to Petrobras Scandal," *Wall Street Journal*, June 21, 2015, sec. World, <http://www.wsj.com/articles/brazil-carwash-shrugs-off-notoriety-tied-to-petrobras-scandal-1434930402>.

⁷⁰ Transparency International, *Operation Carwash Task Force*.

⁷¹ Transparency International.

⁷² Michael Smith, Sabrina Valle, and Blake Schmidt, "The Betrayal of Brazil," *Bloomberg.Com*, May 8, 2015, <https://www.bloomberg.com/news/features/2015-05-08/brazil-s-massive-corruption-scandal-has-bitterness-replacing-hope>.

⁷³ Smith, Valle, and Schmidt.

additional new facilities.⁷⁴ In this scheme, which lasted ten years, contracting firms would participate in a type of auction for Petrobras contracts wherein the lowest bidder would win the deal and be awarded the contract.⁷⁵ Sometime in the 1990s, the contractors stopped competing with each other and began collaborating and formed a cartel in which they determine the winner of each project in advance of the bid. According to the Federal Public Ministry of Brazil, “the prices offered to Petrobras were calculated and adjusted in secret meetings that defined who would win the contract and what would be the price, inflated in private benefit and to the detriment of the state’s coffers.”⁷⁶ This cartel called itself “the club” and had 16 members by 2006, including the juggernaut construction firm, Odebrecht (see Figure 4).⁷⁷

The name *Lava Jato*—car wash in Portuguese—stems from the *doleiros*’ use of a network of car washes and gas stations to launder illicit resources and distribute financial kickbacks to those involved in the scheme.⁷⁸ Although there are numerous other institutions involved in the scandal, the name stuck and is now internationally recognized. The executives paid bribes ranging from 1 to 5 percent of the total amount of overpriced billion-dollar contracts to senior state executives and other public agents to allow the practice to continue.⁷⁹ The cartel’s operations were so elaborate that they even had a three-page encoded guide which simulated rules of a football championship, to define how the projects would be distributed.⁸⁰ In an attempt to camouflage the operations, the bidding plans as well as the contracts themselves were disguised to appear as bingo games in the event that the documents were to be found.⁸¹

⁷⁴ Segal, “Petrobras Oil Scandal Leaves Brazilians Lamenting a Lost Dream.”

⁷⁵ “Entenda o Caso - Caso Lava Jato,” Página, accessed February 27, 2018, <http://www.mpf.mp.br/para-o-cidadao/caso-lava-jato/entenda-o-caso>.

⁷⁶ “Entenda o Caso - Caso Lava Jato.”

⁷⁷ Segal, “Petrobras Oil Scandal Leaves Brazilians Lamenting a Lost Dream.”

⁷⁸ There exist several resources where information on the Lava Jato can be found. For a fairly brief overview in English, see <https://www.bloomberg.com/news/features/2015-05-08/brazil-s-massive-corruption-scandal-has-bitterness-replacing-hope>

⁷⁹ “Entenda o Caso - Caso Lava Jato.”

⁸⁰ Smith, Valle, and Schmidt, “The Betrayal of Brazil.”

⁸¹ “Entenda o Caso - Caso Lava Jato.”

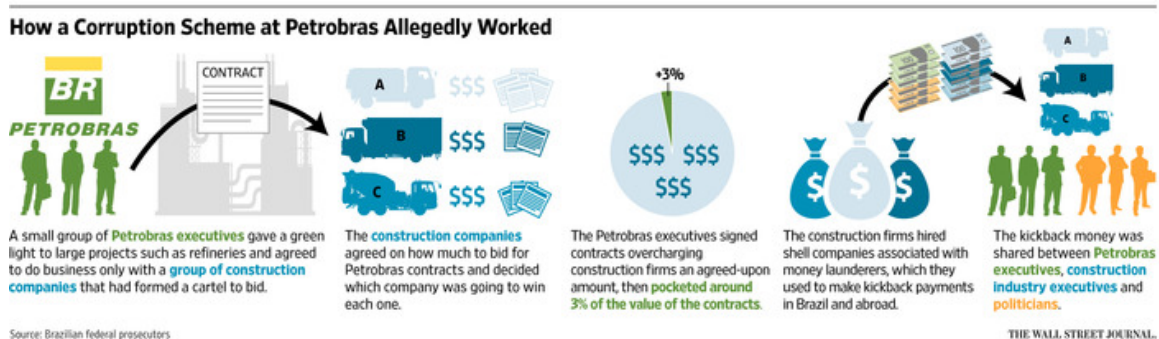


Figure 4. Lava Jato Scandal Explained⁸²

So how much did this corruption scandal cost the Brazilian taxpayers? As previously mentioned, and as many scholars have pointed out, the costs of corruption can never really be measured. One can however, look to some of the financial figures that have been gathered since the scandal was exposed in an effort to ascertain the financial penalties. According to the audited annual financial report released by Petrobras in 2015, the company lost \$2.1 billion in bribery schemes and wrote-off almost \$17 billion due to inflated assets, which were given as conservative estimates.⁸³ The Getúlio Vargas Foundation's Environmental Solutions and Infrastructure Group estimates that in all, Brazil lost \$27.1 billion due to the effects of the Lava Jato scandal.⁸⁴ Again, a hefty price tag considering that it accounts for a considerable portion of the national GDP.

In Figure 5, one can see a representation of the Brazilian GDP from 1990 to 2016. What is immediately noticeable is peak that occurred in 2011 at \$2.6 trillion, followed by a somewhat stalled three-year span and then a drastic drop occurring in 2014—right at

⁸² Source: Will Connors and Luciana Magalhaes, "How Brazil's 'Nine Horsemen' Cracked a Bribery Scandal," *Brazil Energy Insight* (blog), April 6, 2015, <https://brazilenergyinsight.com/2015/04/06/how-brazils-nine-horsemen-cracked-a-bribery-scandal/>.

⁸³ Paul Kiernan, "Brazil's Petrobras Reports Nearly \$17 Billion in Asset and Corruption Charges," *Wall Street Journal*, April 23, 2015, sec. Business, <http://www.wsj.com/articles/brazils-petrobras-reports-nearly-17-billion-impairment-on-assets-corruption-1429744336>.

⁸⁴ Kenneth Rapoza, "How Much Of Brazil's Economy Got Lost In Petrobras Scandal?," *Forbes*, April 4, 2015, <https://www.forbes.com/sites/kenrapoza/2015/04/04/how-much-of-brazils-economy-got-lost-in-petrobras-scandal/>.

the time of the Lava Jato exposure. From 2014–2015, Brazilian GDP dropped over \$650 billion.

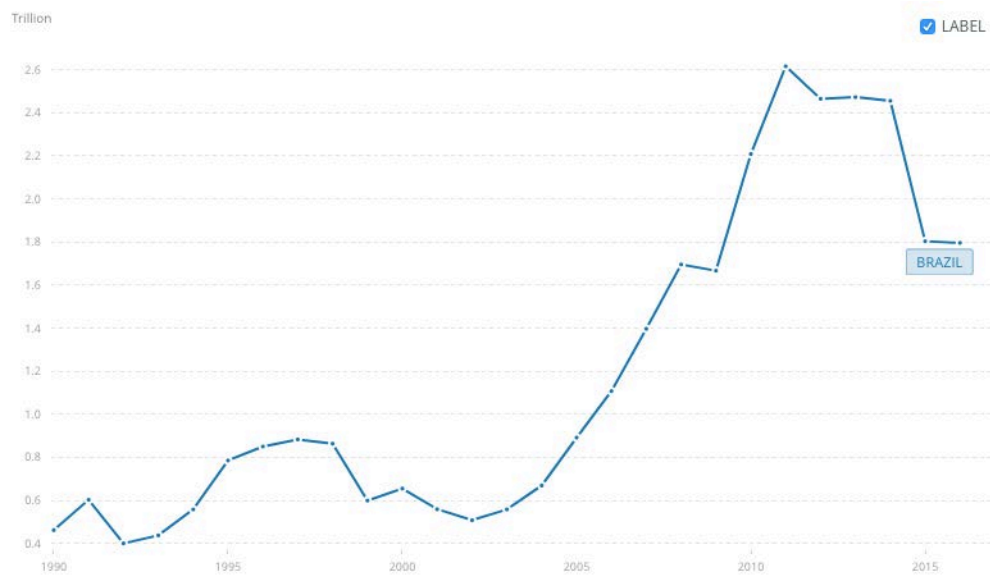


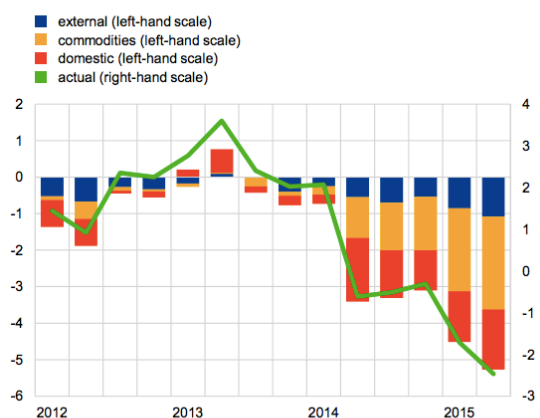
Figure 5. Brazilian GDP 1990–2016⁸⁵

Although lower commodity prices, a reduction in domestic demand, monetary policy, and financing costs are cited as the chief reasons for the downturn (see Figure 6), total investment has declined by an average of six percent since 2014. According to the European Central Bank,

⁸⁵ Source: World Bank, “GDP (Current US\$) | Data,” accessed March 1, 2018, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2016&locations=BR&start=1990>.

Historical shock decomposition of annual real GDP growth

(left-hand scale: median estimates – deviation from long-run mean; right-hand scale: annual percentage changes)



Sources: IBGE – Instituto Brasileiro de Geografia e Estatística and ECB staff calculations.
Note: Long-run mean refers to the period from the first quarter of 2000 to the second quarter of 2015.

Figure 6. Brazil's GDP Composition 2012–2015⁸⁶

Total investment has declined by 6 percent on average since early 2014, partly due to developments at Petrobras, the public oil producer, which accounts for 10% of total Brazilian investment and almost 2 percent of GDP. The company had to cut investment by 33 percent in both 2014 and 2015 to adjust to lower oil prices and also in response to a widespread corruption case, triggering confidence effects throughout the economy. The direct and indirect effects of the decline in investment by Petrobras have been estimated by Brazil's Ministry of Finance to have subtracted around 2 percentage points from GDP growth in 2015.

In addition to the domestic issues that Brazil faces looking ahead, the country can also expect increased scrutiny from the international community as well as lower confidence in investments, which could exacerbate the economic slump.

In addition to the financial toll that the Petrobras scandal wreaked on the country's economy, several other entities were affected. The company had plans to expand its enterprise, but now several projects remain on hiatus, with their futures uncertain. Four construction firms that colluded with the oil company in the scandal have

⁸⁶ Source: European Central Bank.

filed for bankruptcy and left thousands unemployed and will ultimately lead to an estimated \$13.6 billion in assistance from federal funds.⁸⁷ As economist Alex Wolf at Standard Life Investments stated regarding the scandal, “Brazil’s problems are all domestic and you can trace it to Petrobras. Consumer sentiment is down, unemployment is up slightly and investment is still down. We think Brazil is one of the most vulnerable emerging markets around.”⁸⁸ With consumer confidence at an all-time low and the economic stagnation that the country has experienced since 2015, Brazil has a rough road ahead. Lava Jato was just the tip of the iceberg.

3. Odebrecht

As the investigation of graft proceeded to unfold, scores of other scandals came to light. One of the biggest firms implicated in the scandal was the gigantic Brazilian construction company Odebrecht. As if the Lava Jato case was not far-reaching enough, this discovery uncovered the involvement of several other top-level policy makers in 12 countries—all at the expense of their taxpayers.⁸⁹ Odebrecht simply took the same system that it used in its scandal with Petrobras, and plugged it into other countries.

In 1944, Noberto Odebrecht was able to keep his father’s construction firm, Emílio Odebrecht & Cia, afloat by securing funds from a state bank.⁹⁰ Noberto was then able to found a new company in the northeastern city of Salvador and absorb the assets from his father’s company. That construction company was the foundation from which a fifteen-division conglomerate now known as Odebrecht SA was formed and now spans across 21 countries.⁹¹

From its humble beginnings, Odebrecht enjoyed decades of growth as government contracts for the construction of power plants, pipelines, canals, and oil wells

⁸⁷ Segal, “Petrobras Oil Scandal Leaves Brazilians Lamenting a Lost Dream.”

⁸⁸ Rapoza, “How Much Of Brazil’s Economy Got Lost In Petrobras Scandal?”

⁸⁹ Patrick Gillespie and Marilia Brocchetto, “Odebrecht: The Company That Created the World’s Biggest Bribery Ring,” CNNMoney, April 5, 2017, <http://money.cnn.com/2017/04/05/news/economy/odebrecht-latin-america-corruption/index.html>.

⁹⁰ Smith, Valle, and Schmidt, “The Betrayal of Brazil.”

⁹¹ Smith, Valle, and Schmidt.

were awarded to the company through the political influence of Petrobras, including the Airport in Rio de Janeiro and the Angra Nuclear Power Plant.⁹² As the company grew, it was able to use political clout to secure contracts for projects throughout South America, Africa, and Russia. Emílio's son, Marcelo, succeeded his father as CEO in 1991 and was introduced shortly thereafter to Luiz Inácio Lula Da Silva, the future president of Brazil, who had just been released from jail by the military regime in power.⁹³ Marcelo was impressed by Lula and began contributing to his political campaigns—a practice that is completely legal in Brazil—with the hope that his monetary donations would be remembered and reciprocated with favors. Truth be told, Odebrecht was not the only construction company that contributed to political campaigns. The builders that would later be investigated for their role in the Petrobras scandal, contributed the equivalent of \$153.9 million dollars during an election year to several political parties—half of which went to three parties involved in the corruption scandal, with Odebrecht and its subsidiaries contribution totaling \$39.3 million dollars.⁹⁴

The contributions made during Lula's presidential bid paid off, allowing Marcelo Odebrecht to grow his company even faster. President Lula won by a landslide in 2002 and began negotiations for contracts on several key infrastructure projects designed to modernize the country. Odebrecht won several of those contracts through the use of the cartel scheme exposed in the Lava Jato case. One of these contracts was for a Petrobras oil refinery located near Recife, in the northeastern corner of Brazil. The Abreu e Lima refinery was a keystone project for Lula's Import Substitution Industrialization (ISI) model—one that would serve to meet the demand for oil products in northern Brazil and reduce the reliance on foreign oil.⁹⁵ In 2007, top executives for Odebrecht and Petrobras began selling overpriced contracts, which were given to firms involved in the scheme and subsequently charged bribes of up to three percent for accepting the inflated project.⁹⁶

⁹² Smith, Valle, and Schmidt.

⁹³ Smith, Valle, and Schmidt.

⁹⁴ Smith, Valle, and Schmidt.

⁹⁵ "Abreu e Lima Refinery: Main Operations," Petrobras, accessed March 7, 2018, <http://www.petrobras.com.br/en/our-activities/main-operations/refineries/abreu-e-lima-refinery.htm>.

⁹⁶ Smith, Valle, and Schmidt, "The Betrayal of Brazil."

The payments were then divided via *doleiros* among the Workers Party (PT) and the Popular Socialist Party (PPS) as well as the individuals involved in the scheme (see Figure 7).⁹⁷



Figure 7. Odebrecht-Abreu e Lima Scheme Explained⁹⁸

The refinery project raised eyebrows from the beginning. The bids were strangely close to the maximum allowed and the government auditors warned that contractors were overcharging for the project.⁹⁹ The Brazilian Congress voted to halt the project until it could be reviewed—a motion that Lula used his executive power to veto—assuring

⁹⁷ Smith, Valle, and Schmidt.

⁹⁸ Source: Smith, Valle, and Schmidt.

⁹⁹ Smith, Valle, and Schmidt.

Congress that “every real would be spent wisely by Petrobras,” and that Dilma Rousseff, then Lula’s chief of staff and chairman of Petrobras, “would make sure of it.”¹⁰⁰ Construction continued and the plant was completed in 2014, vastly over budget. In fact, the cost of the refinery had set Petrobras back \$18.5 billion, just about eight times the original projections.¹⁰¹ The Abreu e Lima project wreaked havoc on the company and tarnished the names of several top directors and politicians, but it was only one case among a laundry list of other projects that exceeded initial cost estimates. From highways, to airports and soccer stadiums, Odebrecht was able to bribe officials and circumvent the law in order to win bids for contracts and put cash in the pockets of their executives. Corruption became systemic and paying bribes was seen as a routine part of the deal-making process.



Figure 8. Abreu e Lima Refinery Located in Pernambuco¹⁰²

In December of 2016, the case gained international attention when the United States Department of Justice held a trial in which Odebrecht SA pleaded guilty to bribery charges. The company is now faced with a “combined total penalty of \$3.5 billion to resolve charges with authorities in the United States, Brazil and Switzerland arising out

¹⁰⁰ Smith, Valle, and Schmidt.

¹⁰¹ Smith, Valle, and Schmidt.

¹⁰² Source: Roberto Sao Paulo, “Refinaria Abreu e Lima Está Aproximadamente 87% Concluída,” GGN - O jornal de todos os brasis, accessed March 7, 2018, <https://jornalggn.com.br/noticia/refinaria-abreu-e-lima-esta-aproximadamente-87-concluida>.

of their schemes to pay hundreds of millions of dollars in bribes to government officials around the world.”¹⁰³ According to admissions, “Odebrecht paid approximately \$788 million in bribes to government officials, their representatives and political parties in a number of countries in order to win business in those countries.”¹⁰⁴ It is evident that there are several shortcomings not only in policy that allowed these transactions to occur, but also with the normative culture of business that has engulfed Brazilian corporations.

Besides the monetary impact that this scandal has made on the Brazilian economy, there are several examples of collateral damage that plague the region as a result (see Figure 9). In February 2017, the home of former Peruvian president Alejandro Toledo (2001-2006) was raided for allegedly accepting an Odebrecht bribe but managed to flee the country before being detained.¹⁰⁵ In March of 2017, Colombian president Juan Manuel Santos (2006-2009) confessed that his election campaign received donations from Odebrecht in exchange for several construction contracts from the Colombian government.¹⁰⁶ Panamanian officials have charged 17 executives and former public officials with money laundering who have ties with Odebrecht—even while the company has \$3.3 billion in projects in progress as of January 2017.¹⁰⁷ Ecuador’s Vice President Jorge Glas was also found guilty of “illicit association” at the end of 2017 after it was discovered that he exploited his public position to allow fellow policy makers to award contracts for large public construction projects in exchange for payments from Odebrecht.¹⁰⁸ In short, corruption has an impact far beyond Brazil.

¹⁰³ “Odebrecht and Braskem Plead Guilty and Agree to Pay at Least \$3.5 Billion in Global Penalties to Resolve Largest Foreign Bribery Case in History,” The U.S. Department of Justice, December 21, 2016, <https://www.justice.gov/opa/pr/odebrecht-and-braskem-plead-guilty-and-agree-pay-least-35-billion-global-penalties-resolve>.

¹⁰⁴ “Odebrecht and Braskem Plead Guilty and Agree to Pay at Least \$3.5 Billion in Global Penalties to Resolve Largest Foreign Bribery Case in History.”

¹⁰⁵ Brocchetto, “Odebrecht.”

¹⁰⁶ Brocchetto.

¹⁰⁷ Reuters, “Odebrecht Pulls Out of Panama Canal Bridge Tender Amid Probe,” *Reuters*, January 31, 2017, <https://www.reuters.com/article/us-panama-odebrecht/odebrecht-pulls-out-of-panama-canal-bridge-tender-amid-probe-idUSKBN15F042>.

¹⁰⁸ Stephan Kueffner, “Ecuador’s Vice President Found Guilty in Odebrecht Corruption Case,” *Bloomberg.Com*, December 13, 2017, <https://www.bloomberg.com/news/articles/2017-12-13/ecuador-vice-president-found-guilty-in-odebrecht-corruption-case>.

VALUE OF BRIBES PAID BY ODEBRECHT AND VALUE OF CONTRACTS OBTAINED THROUGH BRIBERY

No	Country	Total Bribes Value	Value of Obtained Contracts	Year
1	BRAZIL	\$349 Million	\$1.9 Billion	2003 - 2016
2	VENEZUELA	\$98 Million	NA*	2006 - 2015
3	DOMINICAN REPUBLIC	\$92 Million	\$163 Million	2001 - 2014
4	PANAMA	\$59 Million	\$175 Million	2010 - 2014
5	ANGOLA	\$50 Million	\$261.7 Million	2006 - 2013
6	ARGENTINA	\$35.5 Million	\$278 Million	2007 - 2014
7	ECUADOR	\$33.5 Million	\$116 Million	2007 - 2016
8	PERU	\$30.4 Million	\$543 Million	2005 - 2014
9	GUATEMALA	\$18 Million	\$34 Million	2013 - 2015
10	COLOMBIA	\$11 Million	\$50 Million	2009 - 2014
11	MEXICO	\$10.5 Million	\$39 Million	2010 - 2014
12	MOZAMBIQUE	\$0.9 Million	NA*	2011 - 2014
Total		\$787** Million	> \$3.5 Billion	2001 - 2016

* The US indictment does not provide the estimated value of the contracts illegally obtained in this country

**The values in the US indictment are approximates, which explains the slight difference with the total amount of \$788 million raised by the Justice Department

Figure 9. Bribes Paid by Odebrecht¹⁰⁹

Within Brazil's own borders, several lawmakers have been implicated in the scandal and face fines and even jail time for their roles. Former Brazilian president Lula was sentenced to 12 years for his involvement in the scandal.¹¹⁰ Dilma Rousseff has also been indirectly linked to the scandal along with several other congressmen who have been accused of accepting bribes from Odebrecht and have been forced to step down from their positions. Eduardo Cunha, former speaker of the house, received a 15-year sentence for charges related to money laundering bribes involving Petrobras, Odebrecht and several other politicians.¹¹¹ Even Brazil's current president, Michel Temer, is having a hard time maintaining his cabinet as five members have resigned after bribery allegations surfaced about their involvement in the scandal.¹¹² These are just the latest convictions of a scandal that lasted two decades and spanned several continents.

¹⁰⁹ Source: Tristan Clavel, "Brazil Construction Giant Admits to Massive Bribe Scheme," *InSight Crime* (blog), December 22, 2016, <https://www.insightcrime.org/news/brief/brazil-construction-giant-admits-to-massive-institutionalized-bribe-scheme/>.

¹¹⁰ Kenneth Rapoza, "How Brazil's Lula Escapes Prison," *Forbes*, accessed March 7, 2018, <https://www.forbes.com/sites/kenrapoza/2018/01/26/how-brazils-lula-escapes-prison/>.

¹¹¹ Brocchetto, "Odebrecht."

¹¹² Brocchetto.

B. SUMMARY

Corruption is the most prominent issue in Latin America today. It is an issue that clearly affects security, economic growth, development of human capital, health care, democracy and Latin American's faith in their government.¹¹³ At the international level, it hinders economic growth due to the low confidence investors have that their investment will grow. Domestically, and especially in the case of Brazil, it results in inflated prices for inferior quality infrastructure projects. At the individual level, it affects the quality of life of the people that depend on the government for support. Good governance, transparency, and mechanisms for accountability are crucial in order to create an environment where corruption can be contained. Although it is nearly impossible to measure the true cost of corruption, the economic toll that it takes on a country can have devastating effects. Brazil has a long road ahead as it recovers from this string of corruption scandals that have rocked the nation. Other countries can learn from the processes implemented in Brazil while also avoiding the mistakes that need to be corrected in the future.

¹¹³ Mollie J Cohen, Noam Lapu, and Elizabeth J Zechmeister, "The Political Culture of Democracy in the Americas, 2016/17" (LAPOP, August 2017), https://www.vanderbilt.edu/lapop/ab2016/AB2016-17_Comparative_Report_English_V2_FINAL_090117_W.pdf.

III. WHY NOW?

The question that this chapter addresses is why Brazil's endemic corruption problems are only now being exposed. Corruption has been a perennial issue throughout Brazil's history. It has been a persistent concern at all levels of government and Brazilian policy makers have enjoyed a seemingly untouchable level of impunity from the early days of its colonial period until the Mensalão, Odebrecht, and especially the Lava Jato scandal emerged in early 2014. While there are several theories to explain this change, there are also several elements that stand out as the most likely impetus for this transformation. This chapter identifies the two factors that, based on my research, I believe offer the most compelling explanation behind the uncovering and castigation of political corruption in Brazil.

A. PLEA BARGAINING

Probably the most influential mechanism for exposing the endemic corruption problem in Brazilian politics cited by those involved in the investigations was the institution of *delação premiada*—or the plea bargain. According to one source, drawing on the example of the US, “plea bargaining is a defining, if not the defining, feature of the present federal criminal justice system.”¹¹⁴ In a plea bargain, a defendant is faced with a criminal charge that has a corresponding punishment such as a fine or jail time if the case goes to trial. The defendant is given an opportunity by the prosecution to plead guilty to a lesser charge with a smaller punishment in exchange for information regarding the case. In the United States, for one, the overwhelming majority of cases—about 90 to 95 percent—avoid trial and result in a plea bargain.¹¹⁵

¹¹⁴ Mary Patrice Brown and Stevan E. Bunnell, “Negotiating Justice: Prosecutorial Perspectives on Federal Plea Bargaining in the District of Columbia,” *American Criminal Law Review* 43, no. 3 (2006): 1063.

¹¹⁵ Lindsey Devers, “Plea and Charge Bargaining,” *Bureau of Justice Assistance U.S. Department of Justice*, January 24, 2011, 8.

Although plea bargaining is a common practice in the United States, it was only introduced in Brazil in 1990 as a response to a series of violent crimes.¹¹⁶ When first introduced, the generic format of the legislation allowed for varying degrees of latitude in interpretation and application. Additionally, as highlighted by Delton Dallagnol, the federal prosecutor handling the Lava Jato cases pointed out that only three percent of corruption cases in Brazil ended up without a conviction and most of those accused rarely even go to trial.¹¹⁷ Judge Sérgio Moro, who would later become the judge over the same cases argued in 2004 that, “plea bargaining is not frequently applied in Brazilian judicial practice, perhaps because of the relatively inefficient criminal justice system. There is no reason for those under investigation to confess and try to obtain a benefit if there are low chances that they will be subjected to effective judicial action, now or in the near future.”¹¹⁸ Several pieces of legislation were passed in recent years that gradually expanded its reach and allowed it to become an essential tool in the pursuit of justice, primarily in white-collar crimes.

Probably one of the most formative additions came in 2013, when Congress passed the “Law against Organized Crime,” which defined organized crime as an act “committed by four or more people” and established a system of incentives that allowed people to disclose information that could be used to convict other people engaged in illicit activity.¹¹⁹ Additionally, other key pieces of legislation were passed such as the Anti-Corruption Law (12.846) and Criminal Organizations Law (12.850), both in 2013 that contributed to harsher sentencing in corruption trials.¹²⁰ An update in 2014 further allowed for the plea bargain agreements to be confirmed by the judge during the trial phase which provides assurance to the accused that the deal will not be voided after he or

¹¹⁶ Geanluca Lorenzon, “Corruption and the Rule of Law,” *Cato Institute*, Policy Analysis, no. 827 (November 20, 2017).

¹¹⁷ “Brazil’s Carwash Task Force Wins Transparency International Anti-Corruption Award.”

¹¹⁸ Sérgio Fernando Moro, “Considerações Sobre a Operação Mani Pulite,” *Centro de Estudos Judiciários*, no. 26 (2004), 59.

¹¹⁹ Lorenzon, “Corruption and the Rule of Law.”

¹²⁰ Michener and Pereira, “A Great Leap Forward for Democracy and the Rule of Law?”

she has provided evidence.¹²¹ These key pieces of legislation dramatically changed the precedent in punishing those charged with corruption and compelled them to seek leniency in exchange for incriminating other accomplices.

In Brazil, plea bargaining is carried out in a slightly different manner than in the United States. Rather than a straight exchange for a reduced penalty, several stipulations must be met before a prosecution will consider a reduced sentence. The defendant must: identify the conspirators and indicate which crimes were committed; reveal the hierarchal structure and the division of responsibilities within the organization; return, in whole or in part, the products of the crimes committed by the conspirators or; prevent future criminal acts from being committed by the perpetrators.¹²² Prior to this law being introduced, making a confession or accusation would not necessarily result in a reduction in penalty or a pardon, even if the prosecutor had previously offered it.¹²³ Additionally, before the advent of the plea bargain, defendants could lie or tell half-truths because there were no negative consequences for doing so. As a result, it behooves the defendant to be compliant and truthful throughout the trial proceedings, but also to cooperate with officials during the investigation. Plea bargains have proven to be instrumental in uncovering corruption and are attributed with the success of recent investigations.

1. The Plea Bargain in the Lava Jato Scandal

Since the introduction of plea bargaining into the Brazilian judicial system, there are several examples of how it has been used to expose instances of corruption. Perhaps the most notorious instance was in the case of the Lava Jato Operation. As explained in the previous chapter, the Lava Jato scandal was an over-bidding operation where executives from the state-owned oil company Petrobras, accepted bribes in exchange for

¹²¹ Alessandra Fontana and Silvio Antonio Marques, “Transforming Brazil’s Anti-Corruption Record,” CMI - Chr. Michelsen Institute, 2017, <https://www.cmi.no/publications/6155-transforming-brazils-anti-corruption-record>.

¹²² “Anti-Bribery and Corruption Review” (Clifford Chance, May 2016), https://www.cliffordchance.com/content/cliffordchance/briefings/2016/05/anti-bribery_andcorruptionreview-may20160.html.

¹²³ Roberto Delmanto Jr, “Introducing Plea Bargaining: A Uniquely Brazilian Approach,” International Law Office, December 16, 2013, <http://www.internationallawoffice.com/Newsletters/White-Collar-Crime/Brazil/Delmanto-Advocacia-Criminal/Introducing-plea-bargaining-a-uniquely-Brazilian-approach>.

contracts to construction firms at inflated prices. Also known as *Petrolão*—or big oil—this scheme was responsible for \$27 billion in lost GDP.¹²⁴

After being implicated in the money laundering investigation with Alberto Youssef, Paulo Roberto Costa was arrested and brought in for questioning. A plea deal was arranged, and both Costa and Youssef revealed essential information regarding the operation as well as evidence connecting several politicians to the scheme.¹²⁵ These details led to the result of Senator Delcídio do Amaral, who served as the Workers' Party leader in the upper house and the operation began snowballing from there. Amaral agreed to cooperate with investigators in exchange for leniency and implicated high-level politicians and executives who were involved in the Petrobras corruption scheme including former President Lula, and the then current president Rousseff.¹²⁶ At the time of writing this thesis, there have been 158 plea agreements associated with the Lava Jato scandal which have been responsible for 207 arrest warrants and the recovery of \$3.2 billion in government funds (see Figure 10).¹²⁷

¹²⁴ Rapoza, "How Much Of Brazil's Economy Got Lost In Petrobras Scandal?"

¹²⁵ Lorenzon, "Corruption and the Rule of Law."

¹²⁶ Jonathan Watts, "Operation Car Wash: The Biggest Corruption Scandal Ever?," *The Guardian*, June 1, 2017, sec. World news, <http://www.theguardian.com/world/2017/jun/01/brazil-operation-car-wash-is-this-the-biggest-corruption-scandal-in-history>.

¹²⁷ "Event Summary" (Wilson Center, July 2017), https://www.wilsoncenter.org/sites/default/files/janot_summary.pdf.



Figure 10. Lava Jato Outcomes¹²⁸

As one scholar points out, “[Operation Lava Jato] could never have gotten as far as it did without the incentives established by the system of plea bargaining.”¹²⁹ As of June 2016, plea bargains have attributed to: 608 searches and seizures; 73 preventive arrests, 87 temporary detentions, six arrests in flagrante; 108 international legal cooperation requests; 43 criminal charges against 212 people; total amount of claimed so far 37.6 billion Brazilian reais in indemnification (approximately \$10 billion); and 106 criminal convictions.¹³⁰ Additionally, it presents a feasible solution to the severely overload justice system in Brazil where recent estimates indicate that there are currently two pending lawsuits for every Brazilian citizen—an insurmountable number that

¹²⁸ Source: “Event Summary.”

¹²⁹ Lorenzon, “Corruption and the Rule of Law.”

¹³⁰ Antenor Madruga and Luciano Feldens, “Brazil: White-Collar Criminal Defence,” Global Investigations Review, August 8, 2016, <https://globalinvestigationsreview.com/insight/the-investigations-review-of-the-americas-2017/1067457/brazil-white-collar-criminal-defence>.

impedes the timeliness and efficiency of the system.¹³¹ The institution of the plea bargain has positively reconfigured the structure within Brazil's judicial system and created a system that encourages collaboration with investigators, obstructs impunity, and keeps investigations from becoming lost in the bureaucracy of the bottlenecked judicial system.

2. Opposition to Plea Bargaining

Although plea bargaining has brought many individuals accused of corruption to justice, it is also attracting some opposition. Critics claim that the law gives the impression that authorities are not able to thoroughly investigate criminal organizations themselves and that they are instead forced to bargain with accused perpetrators and accept their assistance in exchange for impunity.¹³² Furthermore, an over-reliance on plea bargains have been said to give incentives to criminals to divulge false information in an attempt to receive shorter jail terms or even for the sake of revenge on an enemy.¹³³ One scholar notes that “defendants and victims are not even required to testify truthfully before a judge, and other witnesses’ testimony is often deemed unreliable, so judges tend not to convict someone purely on the basis of witness testimony.”¹³⁴ The legal system of the United States, Lorenzon further argues, “emphasizes cross examination and imposes penalties for perjury,” while Brazil’s system “incentivizes testimonial falsehoods, which makes oral testimony unreliable.”¹³⁵ Finally, the defense lawyer of the accused many times is not afforded the opportunity to question him or her directly in order to determine the veracity of the allegations—a circumstance that is avoided because it denied the accused the right to a fair trial.¹³⁶

Some of the most aggressive criticism on the use of plea bargains have come from the former PT government. According to an open letter written by PT lawyers and endorsed by the president of the party, Rui Falcão called attention to what he called

¹³¹ Lorenzon, “Corruption and the Rule of Law.”

¹³² Delmanto Jr, “Introducing Plea Bargaining.”

¹³³ Delmanto Jr.

¹³⁴ Lorenzon, “Corruption and the Rule of Law.”

¹³⁵ Lorenzon.

¹³⁶ Delmanto Jr, “Introducing Plea Bargaining.”

“forced plea bargains” and how they are being used solely as a tool to undermine the PT. Falcão calls the plea bargain “an arbitrary and absolutist judicial action, incompatible with the role that is expected to be played by a judge, in the exercise of the Rule of Law.”¹³⁷ Former President Lula has also denounced plea bargaining and claims that its use within the judiciary is an attempt to criminalize his party and prohibit him from running as a candidate in the 2018 election.¹³⁸ Other opponents of plea bargains also argue that the current form of the practice allows for its use when already in prison (equating to a real life prisoner’s dilemma) and that this gives incentive to make false accusations since the accuser has everything to gain and nothing to lose by implicating others.¹³⁹ Regardless of the view that one adopts concerning the plea bargain, its effectiveness has suddenly shaken the usually slow-paced judicial process in Brazil and has been a major force in shaping the anticorruption framework in Brazil. It has resulted in the ousting of several key players in the war against corruption and is expected to remain one of the integral tools of the Brazilian criminal justice system.

B. THE MEDIA

Another factor that has had a significant influence on the emergence of corruption is the media. Independent media can represent a non-electoral form of oversight that can enable the enforcement of accountability between elections, acting as a type of “social accountability.”¹⁴⁰ Additionally, as Cristiana Matei notes, media is often viewed as a

¹³⁷ Rui Falcão, “Rui Falcão: O Combate À Corrupção Não Pode Servir À Violação De Direitos,” Partido dos Trabalhadores, January 18, 2016, <http://www.pt.org.br/rui-falcao-o-combate-a-corrupcao-nao-pode-servir-a-violacao-de-direitos/>.

¹³⁸ “Brazil’s Popular Ex-President Lula Ordered to Prison After Politically Motivated Trial & Conviction,” Democracy Now!, April 6, 2018, https://www.democracynow.org/2018/4/6/brazils_popular_ex_president_lula_ordered.

¹³⁹ “Full Interview with Dilma Rousseff on Her Ouster, Brazil’s Political Crisis & Fighting Dictatorship,” Democracy Now!, May 29, 2017, https://www.democracynow.org/2017/5/29/full_interview_with_dilma_rousseff_on.

¹⁴⁰ Enrique Peruzzotti and Catalina Smulovitz, “Social Accountability: An Introduction,” in *Enforcing the Rule of Law: Social Accountability in the New Latin American Democracies*, Pitt Latin American Series (Pittsburgh, Pennsylvania: University of Pittsburgh Press, 2006), 3–33.

complementary force to the three branches of government in providing informal external oversight.¹⁴¹ She continues:

The informal oversight carried out by the media usually occurs through the lens of scandal, such as the exposure of human rights abuses, misappropriation of funds, or other such violations which may force the formal control and oversight mechanisms to do their job more effectively, that is, to start investigations, reprimand wrongdoing, and change legislation. Media thus sounds “fire alarms” that may motivate the official branches of the government to take appropriate actions.¹⁴²

1. The Media in Brazil

In Brazil specifically, the media has a remarkable influence on how citizens view politics. According to one study, more than 85 percent of respondents reported that they considered television to be their most primary source of information for political events.¹⁴³ Journalists and broadcasters are also considered to be more trustworthy sources than political institutions themselves.¹⁴⁴

Brazil is home to two major broadcasting stations, the most recognizable of which is *Rede Globo*. During the 1989 presidential campaign which Fernando Collor de Mello would eventually win, viewership was consistently higher than 59 percent of the population and “as high as 84 percent during prime time.”¹⁴⁵ This domination of the airwaves has allowed the network an unrivaled amount of power and influence over the Brazilian population, including the ability to frame elections and cover other issues that were advantageous to its clientelistic relationship with government. In fact, in 2013, *Globo* admitted to supporting Brazil’s military dictatorship during its control of the

¹⁴¹ Florina Cristiana Matei, “The Media’s Role in Intelligence Democratization,” *International Journal of Intelligence and CounterIntelligence* 27, no. 1 (2014): 73–108, <https://doi.org/10.1080/08850607.2014.842806>, 86.

¹⁴² Matei, 86.

¹⁴³ Taylor C Boas, “Television and Neopopulism in Latin America: Media Effects in Brazil and Peru,” *Latin American Research Review* 40, no. 2 (2005): 27–49, <https://doi.org/10.1353/lar.2005.0019>, 33.

¹⁴⁴ Mauro P. Porto, “Mass Media and Politics in Democratic Brazil,” in *Brazil Since 1985: Politics, Economy, and Society*, ed. Maria D’Alva Kinzo and James Dunkerly (London: Institute of Latin American Studies, University of London, 2003), 288–314.

¹⁴⁵ Boas, “Television and Neopopulism in Latin America: Media Effects in Brazil and Peru,” 33.

government from 1964 to 1985.¹⁴⁶ While television has served as one of the principal means of conveying information to the population, the advent of the internet has allowed other forms of media to enter the scene. Platforms such as Facebook, Twitter, and YouTube have diminished the quasi-monopolistic hold that television has had on delivering information to the public and given the Brazilian people a way to voice their own opinions.

Brazilians are increasingly becoming the most connected people in the world. As of 2013, almost 79 percent of internet users in the country (roughly 78 million people) were on social media (see Figure 11).¹⁴⁷ This is in addition to the fact that Brazil accounts for 65 million Facebook users,¹⁴⁸ and 41.2 million Twitter users,¹⁴⁹ second only to the United States on both platforms. Not only do Brazilians account for a large percentage of the social media use, they are also spending a lot of time there. One study in 2013 showed that the average time spent on Facebook increased to 535 minutes per month—a 208 percent increase from the previous year while global use declined by two percent for the same timeframe (see Figure 12).¹⁵⁰ Due to the increased penetration of the internet in the country, Brazilians no longer have to rely on one media source for their news. These social media platforms have also proven useful in acting as a virtual meeting place, where citizens can exchange opinions regarding public events of political significance.¹⁵¹

¹⁴⁶ Bevins, “Brazil’s Globo Group Apologizes for Backing Military Government.”

¹⁴⁷ Ryan Holmes, “The Future Of Social Media? Forget About The U.S., Look To Brazil,” *Forbes*, September 12, 2013, <https://www.forbes.com/sites/ciocentral/2013/09/12/the-future-of-social-media-forget-about-the-u-s-look-to-brazil/>.

¹⁴⁸ Loretta Chao, “Brazil: The Social Media Capital of the Universe,” *Wall Street Journal*, February 5, 2013, sec. Tech, <https://www.wsj.com/articles/SB10001424127887323301104578257950857891898>.

¹⁴⁹ Mihăiță Bamburic, “Twitter: 500 Million Accounts, Billions of Tweets, and Less than One Percent Use Their Location,” *BetaNews*, accessed April 13, 2018, <https://betanews.com/2012/07/31/twitter-500-million-accounts-billions-of-tweets-and-less-than-one-percent-use-their-location/>.

¹⁵⁰ Chao, “Brazil.”

¹⁵¹ Matei, “The Media’s Role in Intelligence Democratization,” 79.

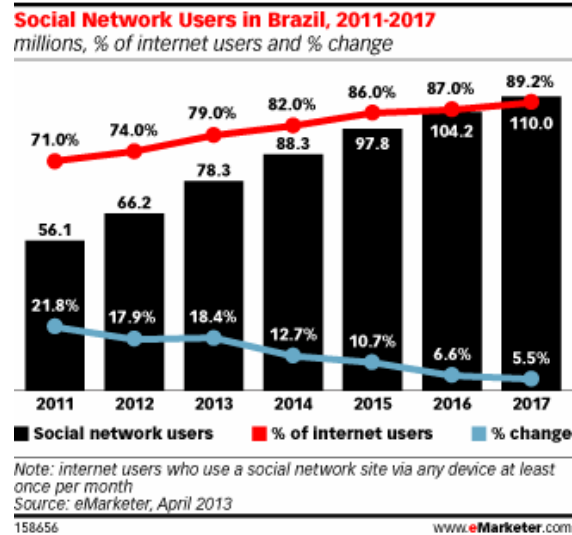


Figure 11. Social Media Users in Brazil 2011–2017¹⁵²

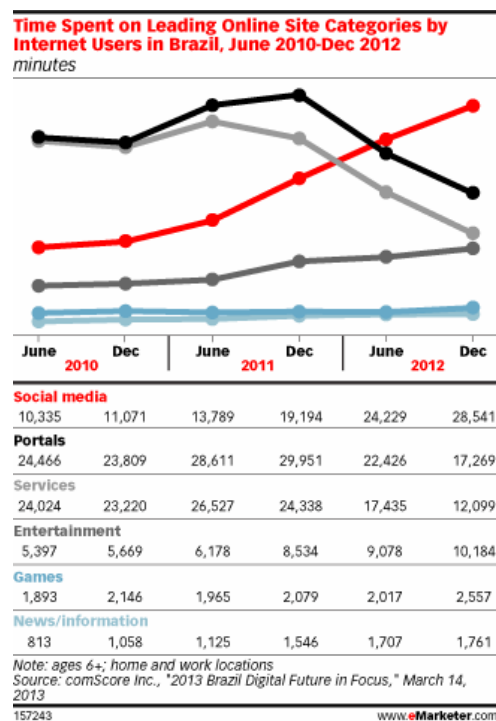


Figure 12. Time spent on the Internet 2010–2012¹⁵³

¹⁵² Source: "Brazil's Social Audience Keeps Growing, as New Web Users Join In - EMarketer," accessed April 13, 2018, <https://www.emarketer.com/Article/Brazils-Social-Audience-Keeps-Growing-New-Web-Users-Join/1010003>.

Such is the case with corruption in Brazil as media has been used as a way to enforce accountability. As previously mentioned, Fernando Collor won the Brazilian presidency in 1989 on the widespread perception of corruption within the previous administration. Ironically, just two years after taking office, the president was impeached on charges of corruption after being implicated in a bribery scheme involving government funds. According to Richard Foster, editor of the executive newsletter *Brazil Watch*, the impeachment never would have happened without the press.¹⁵⁴ One of the major newspapers in Brazil, the *Folha de São Paulo*, ran a report soon after his inauguration alleging that his “first government contracts for advertising were awarded without bidding and under questionable circumstances.”¹⁵⁵ Several months later, the magazine *Veja*, ran a story containing an interview with Pedro Collor, the president’s brother, confirming the allegations which spurred further media attention and forced the lower house of Congress to form an investigative committee to look into the matter.¹⁵⁶ In an attempt to discredit the accusations, President Collor sued the news organizations for defamation and ordered government auditors to inspect their finances.¹⁵⁷ Despite the harassment, the news media was relentless in keeping the public’s attention on the situation.

The Collor impeachment was a monumental moment in Brazil’s history. It was the first time that a president had been impeached since its transition to democracy in 1985. It was also one of the rare instances that the judicial process was able to run its course and a member of the political elite was held accountable. However, it should be highlighted that President Collor was still able to subvert the rule of law to a certain extent. As the trial progressed, and it became clear that he would be impeached, Collor chose to resign thereby technically avoiding impeachment from office and possibly

¹⁵³ Source: Holmes, “The Future Of Social Media?”

¹⁵⁴ William Long, “Media : Brazilian Press Fans the Flames Threatening to Engulf President : No Longer Subdued, the Fourth Estate Leads the Call for Scandal-Plagued Collor’s Impeachment.,” *Los Angeles Times*, September 29, 1992, http://articles.latimes.com/1992-09-29/news/wr-182_1_fourth-estate.

¹⁵⁵ Long.

¹⁵⁶ Long.

¹⁵⁷ Long.

avoiding a bar on holding public office for eight years under Brazilian law.¹⁵⁸ Although the Senate ended up convicting him, his criminal case was thrown out on a technicality and he was able to avoid jail time. Thus we see that while the press is a fundamental factor in the exposition of corruption, the pursuit of justice requires other forces to act as well.

2. Effect of the Media on Exposing Corruption

Although freedom of the press was ranked as “partly free” in 2017 and given a total score of 47 by Freedom House,¹⁵⁹ it is becoming substantially less free. Just 15 years prior, in 2002, Brazil was given a total score of 32 and was noted as making great strides in privatizing the media and responsible for playing a central role in exposing corruption.¹⁶⁰ Additionally, Reporters Without Borders ranks Brazil 102 out of 180 countries in their annual World Press Freedom Index, labeling the country as “more insecure than ever.”¹⁶¹ The downward trend¹⁶² in freedom for the press is attributed to an escalation of threats and attacks against journalists who have reported significant corruption scandals. Furthermore, journalists have faced increased pressure from the courts which attempt to constrain their ability to deliver accurate information to the populous. “Judicial censorship—in which courts bar media outlets from publishing information about prominent politicians and businesspeople, demand the removal of published material, or order journalists to pay hefty fines for disseminating information,” and remains a common theme due to the manifestation of multiple corruption schemes.¹⁶³ Although the media is facing multiple challenges, there are a number of promising policy changes that have been made that seek to relax the constraints imposed upon the press.

¹⁵⁸ William Long, “Brazil Lawmakers Impeach Scandal-Plagued President,” *Los Angeles Times*, September 30, 1992, http://articles.latimes.com/1992-09-30/news/mn-239_1_corruption-scandal.

¹⁵⁹ “Freedom of the Press in Brazil 2017,” April 18, 2017, <https://freedomhouse.org/report/freedom-press/freedom-press-2017>.

¹⁶⁰ “Freedom of the Press in Brazil 2002,” Freedom House, 2002, <https://freedomhouse.org/report/freedom-press/2002/brazil>.

¹⁶¹ “Brazil: More Insecure Than Ever,” RSF, 2018, <https://rsf.org/en/brazil>.

¹⁶² While somewhat confusing, it should be noted that Freedom House scores freedom on an inverse scale, where 0=most free and 100=least free.

¹⁶³ “Freedom of the Press in Brazil 2017.”

Additionally, several online sources, both publicly and privately funded, have been launched that seek to aid in the dissemination of information regarding public funds.¹⁶⁴

By looking back at some of the instances of corruption exposure during the last two decades or so, one can clearly see the undeniable role that the media played in calling attention to the problem of impunity and garnering support from the public. Due to its recent transition to democracy, image as an up-and-coming world power, and strong economic performance, Brazil has often been the subject of interest in the international media. Domestically, there have been several instances of the media acting as a watchdog to call attention to nefarious political activity.

3. Role of the Media in the Mensalão Scandal

In May 2005, *Veja* magazine released a video in which a post office official Mauricio Marinho (head of the Department of Materials Procurement and Management), appeared to be negotiating bribes with companies interested in bidding for government projects.¹⁶⁵ In the recording, Marinho said that he acted in the name of Deputy Roberto Jefferson, then president of the PT. This article published by *Veja* was the beginning of what would be the biggest revelation in government corruption since the impeachment of President Fernando Collor. Following the exposure of the vote-buying scheme, President Lula's most influential cabinet member, Chief of Staff José Dirceu, resigned.¹⁶⁶ A special joint congressional committee was formed and the body then named 18 deputies who received Mensalão payments.¹⁶⁷

With a presidential election on the horizon the following year, PT members were determined to squash the scandal and drown it with bureaucracy. They were successful to a certain extent, as Lula was reelected to serve a second term. However, the media

¹⁶⁴ Some examples include Serviço de Informações ao Cidadão, the Portal da Transparência, and Portal Brasileiro de Dados Abertos.

¹⁶⁵ "Escândalo Do Mensalão," Globo, accessed April 17, 2018, <http://memoriaglobo.globo.com/programas/jornalismo/coberturas/mensalao/denuncia-de-corrupcao-nos-correios.htm>.

¹⁶⁶ Michener and Pereira, "A Great Leap Forward for Democracy and the Rule of Law?" 481.

¹⁶⁷ Manuel Balan, "Surviving Corruption in Brazil: Lula's and Dilma's Success Despite Corruption Allegations, and Its Consequences," ed. Manuel Balan, *Journal of Politics in Latin America* 6, no. 3 (2014): 67–93.

coverage was incessant and it allowed the case to gather more public attention and helped the prosecution to gradually move forward. The public was outraged, and the fervor stoked a flurry of initiatives with the purpose of bolstering accountability, both in and outside of government. One of the most significant of these was the 2010 *Ficha Limpa*—or the Clean Slate—which was signed by 1.3 million citizens and prohibited the election of politicians with criminal records—much to the chagrin of high-level policy makers.¹⁶⁸ Another bill made its way through congress roughly during the same time period and was eventually signed into law in 2012 by President Dilma Rousseff. This piece of legislation guaranteed “public access to documents from the executive, legislative, and judicial branches of government at the federal, state, and municipal levels. It also provided for access to information about private entities that receive public funding.”¹⁶⁹ The media played a major role in keeping the attention of the public and maintaining the momentum of a demand of more accountability.

As the Mensalão scandal seemed to be dragging on, Brazilians were convinced that once again the case would “end up in pizza,” or that the elite would be able to find a “*jeitinho*” to subvert the law. A survey conducted by *Data Folha* indicated that while 73% of Brazilians believed that those accused of participating in the scandal should be sent to jail, only 11% believed that they actually would be punished.¹⁷⁰ The trial played out like a television series and gripped the attention of its audience as explained by Gregory Michener and Carlos Pereira:

Televised and widely watched, the trial highlighted the confrontations of two Supreme Court justices, Joaquim Barbosa and Ricardo Lewandowski, who took opposite sides on virtually every decision. Barbosa, the trial’s “reporting justice,” responsible for reviewing the evidence and confirming charges, was the Supreme Court’s first and only black justice. Barbosa rose from humble origins to spend his career defending “fundamental rights” as a prosecutor in the office of Brazil’s powerful public prosecutor’s office. Lewandowski was the trial’s “revising justice,”

¹⁶⁸ Michener and Pereira, “A Great Leap Forward for Democracy and the Rule of Law?”

¹⁶⁹ “Freedom of the Press in Brazil 2013,” Freedom House, 2013, <https://freedomhouse.org/report/freedom-press/2013/brazil>.

¹⁷⁰ “Mensalão Põe Em Xequê Confiança No Poder Judiciário, Diz Oposição,” *Folha de São Paulo*, August 13, 2012, <http://www1.folha.uol.com.br/fsp/poder/60519-mensalao-poe-em-xequê-confiança-no-poder-judiciário-diz-oposição.shtml>.

responsible for assessing the pre-trial decisions of Barbosa. In contrast to his colleague, Lewandowski had spent most of his professional career as a judge in wealthy São Paulo state. The vituperative exchanges between these two justices on the floor of the court, which were aired regularly on nightly newscasts, proved a distinctive feature of the case.¹⁷¹

For Brazilians, this dichotomy was more than just a trial. It was a metaphor for the two sides of Brazil; “one in which privilege had always defended its own kind, the other, a marginalized Brazil hungry for justice and an end to impunity.”¹⁷²

The role of the media in the Mensalão scandal cannot be overstated. It was an essential factor in exposing not only the key players and their nefarious activity, but also in keeping the momentum throughout the drawn-out bureaucratic processes. It is important to note that while much attention is given in this section to newspapers, magazines, and television, there was also a large movement on social media. In fact, in late 2013 an amendment to the constitution was made eliminating secret voting in Congress. This measure garnered support, in part, through social media sites like Facebook, where 700,000 individuals pledged their support of the law.¹⁷³ Social media sites are also cited as the main medium for organizing demonstrations such as the one in 2013, which began as a protest against the price increase for transportation but morphed into a general demonstration of discontent against poor public services and corruption of the country’s leaders.¹⁷⁴ While the media gained much traction during the Mensalão trials, it would not be the last time that the media would serve as an important factor in the discovery of corruption.

4. Role of the Media in Operation Lava Jato

The Lava Jato case was another instance where the media was instrumental in not only exposing, but deepening the investigation and enabling the prosecution of graft. As previously outlined, Lava Jato began as an investigation of a previously known money

¹⁷¹ Michener and Pereira, “A Great Leap Forward for Democracy and the Rule of Law?,” 483–484.

¹⁷² Michener and Pereira, 484.

¹⁷³ Michener and Pereira, 500.

¹⁷⁴ Hannah Waldram, “Brazil Protests Continue as Story Develops Over Social Media,” the Guardian, June 21, 2013, <http://www.theguardian.com/world/2013/jun/21/brazil-protest-social-media>.

launderer, Alberto Youssef. After being brought in for questioning and implicating dozens of other high-level policy makers in exchange for a softer sentence, investigators soon realized that Youssef was involved in a much bigger operation.

As Sérgio Moro, the federal judge put in charge of the case, began ordering the arrest of several business executives, bankers, and politicians implicated through plea deals, the media frenzy became intense. The arrests were quite dramatic: “One suspect took his private jet to Curitiba to turn himself in. Another spent his last hours of freedom in a hotel suite on Rio de Janeiro’s fabled Ipanema beach to avoid being taken from his home handcuffed.”¹⁷⁵ Others were caught while trying to flee the country. The testimonies of the accused were recorded and uploaded to various websites including YouTube.¹⁷⁶ The attention the case was getting served to elevate Judge Moro to celebrity status—an avenging hero for the Brazilian people and someone who was finally holding the elite accountable for their actions. His status became so renowned that his image has now become an iconic symbol for justice and is printed on T-shirts, bearing the slogan “In Moro We Trust.”



Figure 13. Judge Sérgio Moro¹⁷⁷

¹⁷⁵ Smith, Valle, and Schmidt, “The Betrayal of Brazil.”

¹⁷⁶ See Metr  pole Estad  o, *Dela  o Premiada De Paulo Roberto Costa - Parte 1*, 2015, <https://www.youtube.com/watch?v=jzQQMPcOjPM>.

¹⁷⁷ Source: Carlos Santos, “Juiz S  rgio Moro    o Entrevistado Do Roda Viva Hoje    Noite,” Coluna do Herzog, February 26, 2018, <http://blogcarlossantos.com.br/juiz-sergio-moro-e-o-entrevistado-do-roda-viva-hoje-a-noite/>.

On March 13, 2016, indignation reached a peak when senior politicians were implicated in the Lava Jato scheme and hundreds of thousands of Brazilians took to the streets demanding the impeachment of President Dilma Rousseff and the arrest of former President Lula. Sergio Moro, although reluctant to become the face of the mobilization, seized the opportunity to address the demonstrators:

On the 13th, the Brazilian people took to the streets. Among various reasons, to protest against the corruption that has embedded itself in our institutions and the market. I was touched by the support for the investigations of the so-called, operation Lava Jato. Despite the various references to my name, I pay tribute to the kindness of the Brazilian people, to the success of a robust institutional work that involves the Federal Police, the Federal Public Ministry, and the judiciary. It is important that the elected authorities and the parties hear the voice of the streets and also commit themselves to the fight against corruption, reinforcing our institutions and weeding out the bad apples completely, because as of now it is almost exclusively initiative of the instances of control. There is no future with systemic corruption that destroys our democracy, our economic well-being, and our dignity as a country.¹⁷⁸

Just three days following the protests, Judge Moro released a slew of telephone recordings of Lula that indicated that he and Rousseff had discussed influencing judges and prosecutors involved in the Lava Jato scandal, which only served to fan the flames of the ongoing protests.¹⁷⁹ Despite a formal written apology for the uproar he caused as a result of the leaks, Moro has always been an advocate for them. In 2004, he wrote an article regarding the *Mani Pulite* (Clean Hands) investigation that looked into political corruption in Italy and argued “leaks served a useful purpose. The constant flow of revelations kept the public’s interest high and party leaders on the defensive.”¹⁸⁰ Although Rousseff, who unlike Lula was not under investigation, claimed that the recordings were made illegally, Moro defended his decision to release them, writing that

¹⁷⁸ “Communication under the Optional Protocol to the International Covenant on Civil and Political Rights (ICCPR),” July 28, 2016, http://lula.com.br/sites/default/files/anexos/communication_under_the_optional_protocol_to_the_iccpr_to_the_high_commissioner_for_human_rights_-_july_2016_-_28.07.2016_0.docx.

¹⁷⁹ Caroline Stauffer, “Brazil Judge Says Public Outcry Needed to End Corruption,” *Reuters*, March 30, 2016, <https://www.reuters.com/article/us-brazil-corruption/brazil-judge-says-public-outcry-needed-to-end-corruption-idUSKCN0WW2GL>.

¹⁸⁰ Moro, “Considerações Sobre a Operação Mani Pulite,” 59.

“democracy in a free society requires that the governed know what their governors are doing, even when they seek to act within the protections of the shadows.”¹⁸¹ Judge Moro has often been criticized for being overzealous with his position on transparency, “pushing the boundaries of the law,” and using the media to polarize public opinion.¹⁸² But Moro remains steadfast in his use of the media to inform the Brazilian population. Speaking at a press conference following the demonstrations in March 2016, he told reporters, “alone the justice system cannot resolve corruption, other institutions must work and the public must speak out.”¹⁸³ Informing the public through the media was key in achieving this endeavor.

Judge Moro has been able to expertly manage the Brazilian media to maintain the inertia started by his Lava Jato trials, but this case was just the tip of the iceberg. In addition to the use of media at the domestic level, huge bounds have been made at the international level as well. It has now been discovered that its tentacles have stretched over several continents and gripped the governments of at least a dozen countries. Lava Jato is no longer a Brazilian problem, but a global epidemic, and is responsible for the imprisonment of several business executives and looming impeachments of a few presidents. Once it was discovered that Lava Jato was an international corruption network, authorities began collaborating and sharing information in an attempt to understand the issue from a global perspective. A web of corruption as big as this case cannot be dealt with unilaterally. The same holds true for media coverage.

In 2011, the Peruvian journalism organization IDL-Reporteros published a story on overcharges associated with the construction company Odebrecht.¹⁸⁴ When the Lava Jato case began to emerge, it became evident that it was a transnational case that had

¹⁸¹ Peter Prengaman, “Meet the Quiet Judge Remaking Brazil and Sending Its Wealthiest and Most Powerful to Prison,” *chicagotribune.com*, April 6, 2017, <http://www.chicagotribune.com/news/nationworld/ct-sergio-moro-car-wash-brazil-20170405-story.html>.

¹⁸² John Lyons, “Brazil Protesters Find Hero in Crusading Judge Sergio Moro,” *Wall Street Journal*, March 17, 2016, sec. World, <https://www.wsj.com/articles/brazil-protesters-find-hero-in-crusading-judge-sergio-moro-1458254059>.

¹⁸³ Stauffer, “Brazil Judge Says Public Outcry Needed to End Corruption.”

¹⁸⁴ Cesar Lopez Linares, “Alliances Help Journalists Tackle the Lava Jato Case from a Global Perspective,” Knight Center for Journalism in the Americas, July 12, 2017, <https://knightcenter.utexas.edu/blog/00-18607-alliances-help-journalists-tackle-lava-jato-case-global-perspective>.

international implications. It was at this point that international journalistic collaboration became a necessity in order to uncover the corruption and bring it into global focus. Instead of relying upon correspondents in Brazil to relay the information, journalists began to collaborate and organize investigative journalistic teams to examine the allegations in greater detail. “General journalism in Latin America was not producing coverage from the basis of investigative journalism, beyond the factual news, where data from Brazilian authorities or public institutions were regurgitated by the media outlets,” said Milagros Salazar, director of the Peruvian investigative journalism site Convoca, which has produced several special projects dedicated to the Lava Jato case.¹⁸⁵ “Recently, most media outlets in the region, both traditional media and independent investigative journalism media, have begun to look at the subject in greater depth and to become interested in cases.”¹⁸⁶

Finally, in December of 2016, the U.S. Department of Justice released documents that contained the testimony of 77 executives of the conglomerate Odebrecht, in which they admitted paying about \$788 million in bribes to 12 countries in Latin America and Africa.¹⁸⁷ The documentary evidence was made available to Brazilian authorities as well as to the prosecution teams of other affected countries, but it was very difficult for uninvolved entities to obtain, including the media. One Brazilian newspaper, the *Folha de São Paulo*, was able to obtain these documents from the Supreme Court of Brazil and share them with colleagues from other countries.¹⁸⁸ These alliances then became force multipliers and these shared documents sparked a series of investigative reports focused on the intricacies within each country (see Figure 14). Reporters from all over Latin America began examining the implications of the scandal within their own borders. Additionally, courses and seminars were organized such as the Latin American Meeting of Investigative Journalists on Illicit Financial Flows organized by Convoca and the nonprofit *Red Latinoamericana sobre Deuda, Desarrollo y Derechos (Latindadd)* where

¹⁸⁵ Linares.

¹⁸⁶ Linares.

¹⁸⁷ “Odebrecht and Braskem Plead Guilty and Agree to Pay at Least \$3.5 Billion in Global Penalties to Resolve Largest Foreign Bribery Case in History.”

¹⁸⁸ Linares, “Alliances Help Journalists Tackle the Lava Jato Case from a Global Perspective.”

journalists met and shared information relevant to their individual and collective corruption cases.¹⁸⁹ These conferences continue to serve to establish and maintain the relationships between journalists investigating cases of political corruption throughout Latin America.

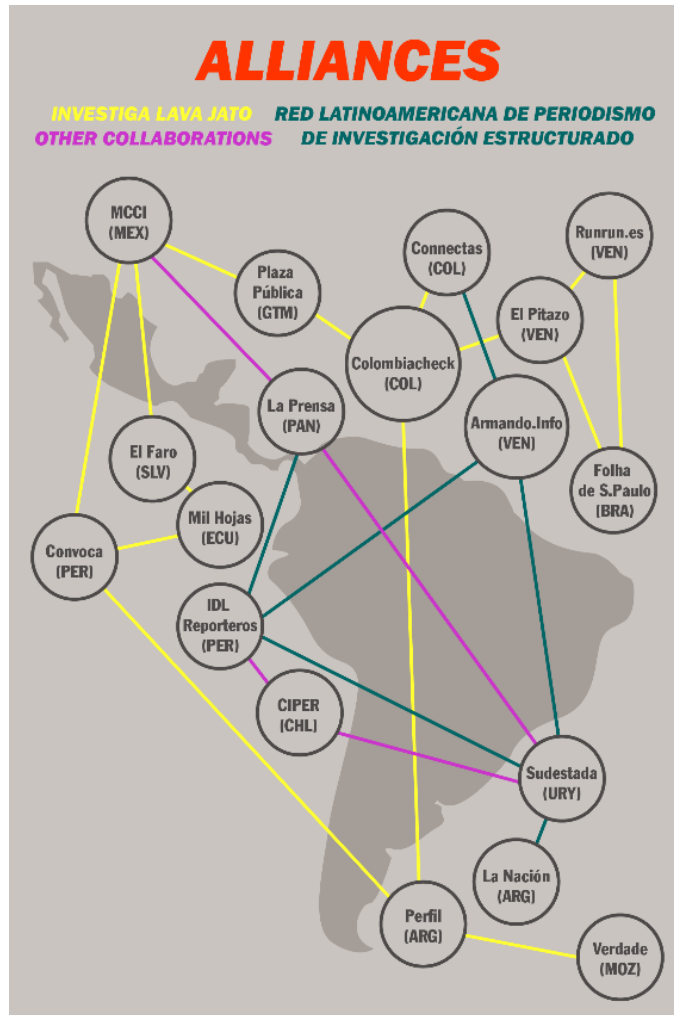


Figure 14. Media Network Covering the Lava Jato Operation¹⁹⁰

¹⁸⁹ Linares.

¹⁹⁰ Source: Linares.

C. SUMMARY

As this section has illustrated, institutions such as the plea bargain and the media have had a profound effect on the exposure of graft and served as major drivers for its prosecution and punishment. In an epoch when democratic institutions in Brazil are still in their infancy and four out of every ten congressmen are being investigated for participating in criminal activity, it is imperative that corruption is identified and prosecuted.¹⁹¹ These two instruments have allowed Brazil to be able to build some momentum in this direction. While plea bargains and use of the media are not solely responsible for the manifestation of political corruption in Brazil, they are certainly the two principal factors that contributed to its uncovering. Ultimately, the plea bargain and exposure in the media of wrongdoing and corruption has led to a more responsive government in Brazil. This inertia must be continued through public outcry. According to Judge Sérgio Moro, “Brazil’s judiciary will not end systemic corruption unless society also demands change.”¹⁹² Brazil has experienced an increase in societal participation within the last decade. This phenomenon has led to not only an increased interest in politics, but also an increased demand for accountability for policy makers in key positions.

There are still many policies within the Brazilian judicial system that impede progress. One of these is *foro privilegiado*, which allows for special treatment of high-level politicians and ensures that their cases are only heard by the Supreme Court. This political privilege policy has only constrained the already backlogged court system and allowed those accused of corruption to remain free. This *jeitinho*—little gimmick or angle—has forced many Brazilians to wonder if Operation Lava Jato is a singular extraordinary event, or a marker for a real change in accountability among Brazilian policy makers. While the Mensalão and Lava Jato cases were a step in the right direction, it is still too early to tell if it will drastically alter the status quo.

¹⁹¹ Eduardo Militão, Edson Sardinha, and Rodolfo Torres, “Número De Parlamentares Investigados Bate Recorde,” Congresso em Foco, September 25, 2013, <http://congressoemfoco.uol.com.br/noticias/numero-de-parlamentares-investigados-bate-recorde/>.

¹⁹² Stauffer, “Brazil Judge Says Public Outcry Needed to End Corruption.”

THIS PAGE INTENTIONALLY LEFT BLANK

IV. CONCLUSION AND RECOMMENDATIONS

Corruption is one of the most harmful and widespread concerns Brazil is facing today. It has penetrated both the public and private sectors as well as eroded the faith of the Brazilian people in their country's leaders and institutions. Since 2014, the country's international reputation has been marred by fraudulent and unethical behavior further exacerbated by economic recession and inflation. Despite efforts to display its progress in emergence to the world stage as an important actor—such as hosting the World cup in 2014 and the Olympics in 2016—the events only seemed to magnify the problems hiding beneath the surface.

This thesis sought to investigate reasons why manifestations of corruption, and responses to corruption in Brazil, have recently experienced a sharp increase particularly since 2014. This year has marked the beginning of what seems to be the beginning of a new era in public accountability in Brazilian politics. One corruption scandal after another seems to have been exposed since this period, implicating public servants and private sector executives alike. Brazil, once seen as a rising world power and a model for developing nations, is now embroiled in a heap of scandals that threatens its democracy.¹⁹³ My research has indicated that the introduction of plea bargaining into the judicial system and the extensive use of media, including social media, are the two instruments that have had the most profound effect on the exposure of graft within Brazilian politics. It is imperative to emphasize however, that these two instruments are not solely responsible for the change. Rather they are the emblematic cover to a whole series of events and processes that have initiated a swing in Brazilian accountability.

While this thesis has analyzed a few prominent corruption cases that have served to bring fraudulent and unethical behavior to the forefront, there are a multitude of other

¹⁹³ David R. Mares, *Aspirational Power: Brazil on the Long Road to Global Influence*, Geopolitics in the 21st Century (Washington, D.C.: Brookings Institution Press, 2016).

scandals and events that have helped to push Brazilian's endurance to the limit.¹⁹⁴ Equally important to acknowledge is the fact that all of the scandals addressed in this thesis are still being investigated and prosecuted. The repercussions of these investigations will certainly continue to transform the landscape of Brazilian politics.

As prosecutions continue and fines, imprisonments, and other penalties are imposed upon the politicians and the businesses that have taken part in these corruption scandals, the country faces somewhat of a dilemma. Unemployment is currently at 13.4 percent—the highest in South America.¹⁹⁵ GDP growth rates have dipped into the red and remained consistently below expectations.¹⁹⁶ The country also faces an aging population that is driving the pension and health systems further into deficit, all of which contribute to its serious economic predicament. These factors undoubtedly will prove to be a challenge to Brazil's security and economic stability. Optimistically, and maybe even ironically, the negative attention drawn as a result of corruption exposure will serve as an impetus for change within the Brazilian political system.

In order for Brazil to maintain the inertia that it has gained during the recent anti-corruption probes, there must be a concerted effort to address the prevention of graft and increased focus on transparency. Brian Winter, editor-in-chief of *America's Quarterly* magazine writes that “only by renouncing their special privileges and committing to genuine reform will Brazil's politicians be able to ward off disaster and regain the public's trust.”¹⁹⁷ The first of the special privileges on the chopping block should be the *foro privilegiado* provision that gives exceptional standing to those in high-level

¹⁹⁴ For a list of other prominent scandals of Brazilian political corruption from 1988–2008, see Table 1.1 in Timothy J. Power and Matthew M. Taylor, *Corruption and Democracy in Brazil* (Notre Dame, IN: University of Notre Dame Press, 2011), 2–3. Additionally, there is an extremely informative newsletter published weekly by David Fleischer, an emeritus professor at the University of Brasilia, called *Brazil Focus* which provides a synopsis of the most prevalent issues in Brazil. His newsletters can be found at <https://brazilinitiative.org/brazil-focus/>.

¹⁹⁵ World Bank, “Unemployment in South America,” accessed March 14, 2018, <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=BR-AR-CL-US-ZJ-CO-SR-PY-PE-EC-BO-VE-GY-UY>.

¹⁹⁶ “Brazil GDP Growth Rate 1996–2018,” Trading Economics, March 1, 2018, <https://tradingeconomics.com/brazil/gdp-growth>.

¹⁹⁷ Brian Winter, “Brazil's Never-Ending Corruption Crisis: Why Radical Transparency Is the Only Fix,” *Foreign Affairs* 96, no. 3 (June 2017): 87–94.

government positions and shields them from trial except by the Supreme Court. This law grants some 22,000 people immunity from normal court proceedings and is one of the major hindrances to prosecuting government officials on charges of corruption.¹⁹⁸ Abolishing it would require congressional action, as the provision is written into the constitution, but doing so would give the judicial sector greater autonomy and ability to pursue corruption.¹⁹⁹ Although Brazil has made huge strides in mandating greater transparency as demonstrated by the passing of several pieces of freedom-of-information policies, *algumas leis não pegam* (some laws don't quite catch on) as the Brazilians say. A greater effort needs to be concentrated on providing resources for actually enforcing these laws consistently.

With public indignation increasing and the economy in a lull, Brazil's democracy is in a fragile state. However, presidential elections are just around the corner later this year, and Brazilians have a rare opportunity. The people need to elect a new president that is untouched by the scandals that have recently plagued the political system and reinforce the commitment to reducing corruption in order to safeguard democracy. Public support is key in this endeavor and the outlook is promising. A recent survey revealed that over 77 percent of respondents considered the Lava Jato investigation to be the main concern of the year for the country.²⁰⁰ In another survey in 2016, 96 percent of respondents indicated they wanted Operation Lava Jato to continue regardless of the cost.²⁰¹ Brazil's new leadership needs to be tough on corruption and make radical changes throughout the government structure, regardless of the risk. Bolstered by this support, Brazil can reverse its dilemma and truly become a country of the future.

¹⁹⁸ Winter.

¹⁹⁹ Winter.

²⁰⁰ Ernesto Neves, "Só 10% Se Interessam Mais Pela Copa Do Que Pela Lava Jato | Radar," VEJA.com, May 21, 2018, <https://veja.abril.com.br/blog/radar/so-10-se-interessam-mais-pela-copa-do-que-a-lava-jato/>.

²⁰¹ Winter, "Brazil's Never-Ending Corruption Crisis: Why Radical Transparency Is the Only Fix."

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF REFERENCES

- “Abreu e Lima Refinery: Main Operations.” Petrobras. Accessed March 7, 2018.
<http://www.petrobras.com.br/en/our-activities/main-operations/refineries/abreu-e-lima-refinery.htm>.
- “Anti-Bribery and Corruption Review.” Clifford Chance, May 2016.
https://www.cliffordchance.com/content/cliffordchance/briefings/2016/05/anti-bribery_andcorruptionreview-may20160.html.
- Balan, Manuel. “Surviving Corruption in Brazil: Lula’s and Dilma’s Success Despite Corruption Allegations, and Its Consequences.” Edited by Manuel Balan. *Journal of Politics in Latin America* 6, no. 3 (2014): 67–93.
- Bamburic, Mihăiță. “Twitter: 500 Million Accounts, Billions of Tweets, and Less than One Percent Use Their Location.” BetaNews. Accessed April 13, 2018.
<https://betanews.com/2012/07/31/twitter-500-million-accounts-billions-of-tweets-and-less-than-one-percent-use-their-location/>.
- Bevins, Vincent. “Brazil’s Globo Group Apologizes for Backing Military Government.” *Los Angeles Times*, September 4, 2013.
<http://articles.latimes.com/2013/sep/04/world/la-fg-wn-brazil-globo-network-military-20130904>.
- Boas, Taylor C. “Television and Neopopulism in Latin America: Media Effects in Brazil and Peru.” *Latin American Research Review* 40, no. 2 (2005): 27–49.
<https://doi.org/10.1353/lar.2005.0019>.
- “Bolsa Família: Changing the Lives of Millions in Brazil.” World Bank. Accessed November 2, 2017. <http://www.worldbank.org/en/news/feature/2007/08/22/bolsa-familia-changing-the-lives-of-millions-in-brazil>.
- Bonifácio, Robert. “A Afeição Dos Cidadãos Pelos Políticos Mal-Afamados: Identificando Os Perfis Associados À Aceitação Do ‘Rouba, Mas Faz’ No Brasil.” [The affection of citizens by poorly-aware politicians: identifying profiles associated with acceptance of 'steals, but does' in brazil.] *Opinião Pública* 19, no. 2 (November 2013): 320–45. <https://doi.org/10.1590/S0104-62762013000200004>.
- “Brazil: More Insecure Than Ever.” RSF, 2018. <https://rsf.org/en/brazil>.
- “Brazil GDP Growth Rate 1996-2018.” Trading Economics, March 1, 2018.
<https://tradingeconomics.com/brazil/gdp-growth>.

- “Brazil’s Popular Ex-President Lula Ordered to Prison After Politically Motivated Trial & Conviction.” *Democracy Now!*, April 6, 2018.
https://www.democracynow.org/2018/4/6/brazils_popular_ex_president_lula_ordered.
- “Brazil’s Social Audience Keeps Growing, as New Web Users Join In - EMarketer.” Accessed April 13, 2018. <https://www.emarketer.com/Article/Brazils-Social-Audience-Keeps-Growing-New-Web-Users-Join/1010003>.
- Brocchetto, Patrick Gillespie and Marilia. “Odebrecht: The Company That Created the World’s Biggest Bribery Ring.” *CNNMoney*, April 5, 2017.
<http://money.cnn.com/2017/04/05/news/economy/odebrecht-latin-america-corruption/index.html>.
- Brown, Mary Patrice, and Stevan E. Bunnell. “Negotiating Justice: Prosecutorial Perspectives on Federal Plea Bargaining in the District of Columbia.” *American Criminal Law Review* 43, no. 3 (2006): 1063.
- Bruneau, Thomas C. “The Impeachment of President Dilma Rousseff: Old Politics Meets New Standards in Brazil.” *Presidential Power*. Accessed October 13, 2017.
<http://presidential-power.com/?p=5031>.
- Campos, Anna Maria. “Accountability: Quando Poderemos Traduzi-La Para O Português?” *Revista de Administração Pública* 24, no. 2 (June 12, 1990): 30–50.
- Chao, Loretta. “Brazil: The Social Media Capital of the Universe.” *Wall Street Journal*, February 5, 2013, sec. Tech.
<https://www.wsj.com/articles/SB10001424127887323301104578257950857891898>.
- Clavel, Tristan. “Brazil Construction Giant Admits to Massive Bribe Scheme.” *InSight Crime* (blog), December 22, 2016.
<https://www.insightcrime.org/news/brief/brazil-construction-giant-admits-to-massive-institutionalized-bribe-scheme/>.
- Cohen, Mollie J, Noam Lapu, and Elizabeth J Zechmeister. “The Political Culture of Democracy in the Americas, 2016/17.” *LAPOP*, August 2017.
https://www.vanderbilt.edu/lapop/ab2016/AB2016-17_Comparative_Report_English_V2_FINAL_090117_W.pdf.
- “Communication under the Optional Protocol to the International Covenant on Civil and Political Rights (ICCPR),” July 28, 2016.
http://lula.com.br/sites/default/files/anexos/communication_under_the_optional_protocol_to_the_iccpr_to_the_high_commissioner_for_human_rights_-_july_2016_-_28.07.2016_0.docx.

- “ComScore & Shareable: The State of Social Media in Brazil.” comScore, Inc. Accessed November 6, 2017. <http://www.comscore.com/Insights/Presentations-and-Whitepapers/2015/comScore-Shareable-The-State-of-Social-Media-in-Brazil>.
- Connors, Will, and Luciana Magalhaes. “How Brazil’s ‘Nine Horsemen’ Cracked a Bribery Scandal.” *Brazil Energy Insight* (blog), April 6, 2015. <https://brazilenergyinsight.com/2015/04/06/how-brazils-nine-horsemen-cracked-a-bribery-scandal/>.
- Connors, Will, and Paulo Trevisani. “Brazil ‘Carwash’ Shrugs Off Notoriety Tied to Petrobras Scandal.” *Wall Street Journal*, June 21, 2015, sec. World. <http://www.wsj.com/articles/brazil-carwash-shrugs-off-notoriety-tied-to-petrobras-scandal-1434930402>.
- “Corruption as an Indicator of a Failed State.” *Partnership for Transparency Fund* (blog), July 19, 2013. <https://ptfund.org/corruption-as-an-indicator-of-a-failed-state/>.
- Delmanto Jr, Roberto. “Introducing Plea Bargaining: A Uniquely Brazilian Approach.” International Law Office, December 16, 2013. <http://www.internationallawoffice.com/Newsletters/White-Collar-Crime/Brazil/Delmanto-Advocacia-Criminal/Introducing-plea-bargaining-a-uniquely-Brazilian-approach>.
- Devers, Lindsey. “Plea and Charge Bargaining.” *Bureau of Justice Assistance US Department of Justice*, January 24, 2011, 8.
- “Entenda a Operação Lava Jato - Poder - Folha de S.Paulo.” [understand operation car wash] Accessed November 2, 2017. <http://arte.folha.uol.com.br/poder/operacao-lava-jato/>.
- “Escândalo Do Mensalão.” Globo. Accessed April 17, 2018. <http://memoriaglobo.globo.com/programas/jornalismo/coberturas/mensalao/denuncia-de-corrupcao-nos-correios.htm>.
- European Central Bank. “What Is Driving Brazil’s Economic Downturn?” *ECB Economic Bulletin*, no. 1 (2016). https://www.ecb.europa.eu/pub/pdf/other/eb201601_focus01.en.pdf?64a2cddb9c4a9c254445668338164746.
- “Event Summary.” Wilson Center, July 2017. https://www.wilsoncenter.org/sites/default/files/janot_summary.pdf.
- Falcão, Rui. “Rui Falcão: O Combate À Corrupção Não Pode Servir À Violação De Direitos.” Partido dos Trabalhadores, January 18, 2016. <http://www.pt.org.br/rui-falcao-o-combate-a-corrupcao-nao-pode-servir-a-violacao-de-direitos/>.

- Fontana, Alessandra, and Silvio Antonio Marques. "Transforming Brazil's Anti-Corruption Record." CMI - Chr. Michelsen Institute, 2017.
<https://www.cmi.no/publications/6155-transforming-brazils-anti-corruption-record>.
- Freedom House. "Freedom in the World 2018: Brazil," January 4, 2018.
<https://freedomhouse.org/report/freedom-world/2018/brazil>.
- "Freedom of the Press in Brazil 2002." Freedom House, 2002.
<https://freedomhouse.org/report/freedom-press/2002/brazil>.
- "Freedom of the Press in Brazil 2013." Freedom House, 2013.
<https://freedomhouse.org/report/freedom-press/2013/brazil>.
- "Freedom of the Press in Brazil 2017," April 18, 2017.
<https://freedomhouse.org/report/freedom-press/freedom-press-2017>.
- "Full Interview with Dilma Rousseff on Her Ouster, Brazil's Political Crisis & Fighting Dictatorship." Democracy Now!, May 29, 2017.
https://www.democracynow.org/2017/5/29/full_interview_with_dilma_rousseff_on.
- Gatto, Maria Luiza. "Brazil: Over 12 Million Currently Pay Income Tax." *Pulsamerica*. Accessed November 30, 2017. <http://www.pulsamerica.co.uk/2013/02/brazil-over-12-million-currently-pay-income-tax/>,
<http://www.pulsamerica.co.uk/2013/02/brazil-over-12-million-currently-pay-income-tax/>.
- "GDP Ranking | Data." Accessed October 25, 2017. <https://data.worldbank.org/data-catalog/GDP-ranking-table>.
- Global Security. "Brazil - Political Parties," March 5, 2016.
<https://www.globalsecurity.org/military/world/brazil/political-parties.htm>.
- HJ. "What Is Brazil's 'Mensalão'?" *The Economist*, November 18, 2013.
<https://www.economist.com/blogs/economist-explains/2013/11/economist-explains-14>.
- Holmes, Ryan. "The Future Of Social Media? Forget About The U.S., Look To Brazil." *Forbes*, September 12, 2013.
<https://www.forbes.com/sites/ciocentral/2013/09/12/the-future-of-social-media-forget-about-the-u-s-look-to-brazil/>.
- Huntington, Samuel P. *Political Order in Changing Societies*. New Haven, Conn.: Yale University Press, 1968.

- Kiernan, Paul. "Brazil's Petrobras Reports Nearly \$17 Billion in Asset and Corruption Charges." *Wall Street Journal*, April 23, 2015, sec. Business.
<http://www.wsj.com/articles/brazils-petrobras-reports-nearly-17-billion-impairment-on-assets-corruption-1429744336>.
- Kueffner, Stephan. "Ecuador's Vice President Found Guilty in Odebrecht Corruption Case." *Bloomberg.Com*, December 13, 2017.
<https://www.bloomberg.com/news/articles/2017-12-13/ecuador-vice-president-found-guilty-in-odebrecht-corruption-case>.
- Leff, Nathaniel H. "Economic Development Through Bureaucratic Corruption." *American Behavioral Scientist* 8, no. 3 (1964): 8–14.
<https://doi.org/10.1177/000276426400800303>.
- Linares, Cesar Lopez. "Alliances Help Journalists Tackle the Lava Jato Case from a Global Perspective." Knight Center for Journalism in the Americas, July 12, 2017. <https://knightcenter.utexas.edu/blog/00-18607-alliances-help-journalists-tackle-lava-jato-case-global-perspective>.
- Linz, Juan J. (Juan José). *The Breakdown of Democratic Regimes: Crisis, Breakdown, and Reequilibration*. Baltimore, 1978.
- Linz, Juan J., and Alfred Stepan. *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*. JHU Press, 1996.
- Long, William. "Brazil Lawmakers Impeach Scandal-Plagued President." *Los Angeles Times*, September 30, 1992. http://articles.latimes.com/1992-09-30/news/mn-239_1_corruption-scandal.
- . "Media : Brazilian Press Fans the Flames Threatening to Engulf President : No Longer Subdued, the Fourth Estate Leads the Call for Scandal-Plagued Collor's Impeachment." *Los Angeles Times*, September 29, 1992.
http://articles.latimes.com/1992-09-29/news/wr-182_1_fourth-estate.
- Lorenzon, Gianluca. "Corruption and the Rule of Law." *Cato Institute*, Policy Analysis, no. 827 (November 20, 2017).
- Lyons, John. "Brazil Protesters Find Hero in Crusading Judge Sergio Moro." *Wall Street Journal*, March 17, 2016, sec. World. <https://www.wsj.com/articles/brazil-protesters-find-hero-in-crusading-judge-sergio-moro-1458254059>.
- Madrugá, Antenor, and Luciano Feldens. "Brazil: White-Collar Criminal Defence." *Global Investigations Review*, August 8, 2016.
<https://globalinvestigationsreview.com/insight/the-investigations-review-of-the-americas-2017/1067457/brazil-white-collar-criminal-defence>.

- Mainwaring, Scott. "The Transition to Democracy in Brazil." *Journal of Interamerican Studies and World Affairs* 28, no. 1 (1986): 149–79. <https://doi.org/10.2307/165739>.
- Mares, David R. *Aspirational Power: Brazil on the Long Road to Global Influence*. Geopolitics in the 21st Century. Washington, D.C.: Brookings Institution Press, 2016.
- Matei, Florina Cristiana. "The Media's Role in Intelligence Democratization." *International Journal of Intelligence and CounterIntelligence* 27, no. 1 (2014): 73–108. <https://doi.org/10.1080/08850607.2014.842806>.
- Matei, Florina Cristiana, and Thomas Bruneau. "Intelligence Reform in New Democracies: Factors Supporting or Arresting Progress." *Democratization* 18, no. 3 (June 2011): 602–30. <https://doi.org/10.1080/13510347.2011.586257>.
- "Mensalão Põe Em Xequê Confiança No Poder Judiciário, Diz Oposição." *Folha de São Paulo*, August 13, 2012. <http://www1.folha.uol.com.br/fsp/poder/60519-mensalao-poe-em-xequê-confiança-no-poder-judiciário-diz-oposição.shtml>.
- Metrópole Estadão. *Delação Premiada De Paulo Roberto Costa - Parte 1*, 2015. <https://www.youtube.com/watch?v=jzQQMPcOjPM>.
- Michener, Gregory, and Carlos Pereira. "A Great Leap Forward for Democracy and the Rule of Law? Brazil's Mensalão Trial." *Journal of Latin American Studies* 48, no. 03 (August 2016): 477–507. <https://doi.org/10.1017/S0022216X16000377>.
- Militão, Eduardo, Edson Sardinha, and Rodolfo Torres. "Número De Parlamentares Investigados Bate Recorde." *Congresso em Foco*, September 25, 2013. <http://congressoemfoco.uol.com.br/noticias/numero-de-parlamentares-investigados-bate-recorde/>.
- Montero, Alfred P. *Brazil: Reversal of Fortune*. Polity Press, 2014.
- Moro, Sérgio Fernando. "Considerações Sobre a Operação Mani Pulite." [Considerations about the operation mani pulite]. *Centro de Estudos Judicários*, no. 26 (2004): 7.
- Neves, Ernesto. "Só 10% Se Interessam Mais Pela Copa Do Que Pela Lava Jato." [only 10% are more interested in the world cup than in car wash]. *VEJA.com*, May 21, 2018. <https://veja.abril.com.br/blog/radar/so-10-se-interessam-mais-pela-copa-do-que-a-lava-jato/>.
- Novais, Andrea. "Brazilian's Media Habits." *The Brazil Business*. Accessed November 6, 2017. <http://thebrazilbusiness.com/article/brazilian-s-media-habits>.

- Nye Jr., Joseph S. "Corruption and Political Development: A Cost-Benefit Analysis." *American Political Science Review* 61, no. 2 (1967): 417–27. <https://doi.org/10.2307/1953254>.
- "Odebrecht and Braskem Plead Guilty and Agree to Pay at Least \$3.5 Billion in Global Penalties to Resolve Largest Foreign Bribery Case in History," December 21, 2016. <https://www.justice.gov/opa/pr/odebrecht-and-braskem-plead-guilty-and-agree-pay-least-35-billion-global-penalties-resolve>.
- Peruzzotti, Enrique, and Catalina Smulovitz. "Social Accountability: An Introduction." In *Enforcing the Rule of Law: Social Accountability in the New Latin American Democracies*, 3–33. Pitt Latin American Series. Pittsburgh, Pennsylvania: University of Pittsburgh Press, 2006.
- Porto, Mauro P. "Mass Media and Politics in Democratic Brazil." In *Brazil Since 1985: Politics, Economy, and Society*, edited by Maria D'Alva Kinzo and James Dunkerly, 288–314. London: Institute of Latin American Studies, University of London, 2003.
- Power, Timothy J., and Matthew M. Taylor. *Corruption and Democracy in Brazil*. Notre Dame, IN: University of Notre Dame Press, 2011.
- Prengaman, Peter. "Meet the Quiet Judge Remaking Brazil and Sending Its Wealthiest and Most Powerful to Prison." *chicagotribune.com*, April 6, 2017. <http://www.chicagotribune.com/news/nationworld/ct-sergio-moro-car-wash-brazil-20170405-story.html>.
- Rapoza, Kenneth. "How Brazil's Lula Escapes Prison." *Forbes*. Accessed March 7, 2018. <https://www.forbes.com/sites/kenrapoza/2018/01/26/how-brazils-lula-escapes-prison/>.
- . "How Much Of Brazil's Economy Got Lost In Petrobras Scandal?" *Forbes*, April 4, 2015. <https://www.forbes.com/sites/kenrapoza/2015/04/04/how-much-of-brazils-economy-got-lost-in-petrobras-scandal/>.
- Reuters. "Odebrecht Pulls Out of Panama Canal Bridge Tender Amid Probe." *Reuters*, January 31, 2017. <https://www.reuters.com/article/us-panama-odebrecht/odebrecht-pulls-out-of-panama-canal-bridge-tender-amid-probe-idUSKBN15F042>.
- Rios, Jesus, and Julie Ray. "Brazilians' Trust in Country's Leadership at Record Low." *Gallup*, April 7, 2016. <http://news.gallup.com/poll/190481/brazilians-trust-country-leadership-record-low.aspx>.

- Romero, Simon. "Dilma Rousseff Is Ousted as Brazil's President in Impeachment Vote." *The New York Times*, August 31, 2016, sec. Americas.
<https://www.nytimes.com/2016/09/01/world/americas/brazil-dilma-rousseff-impeached-removed-president.html>.
- Rosenn, Keith. "The 'Jeito': Brazil's Institutional Bypass of the Formal Legal System and Its Developmental Implications." *The American Journal of Comparative Law* 19, no. 3 (1971): 514.
- Sao Paulo, Roberto. "Refinaria Abreu e Lima Está Aproximadamente 87% Concluída." GGN - O jornal de todos os brasis. Accessed March 7, 2018.
<https://jornalggn.com.br/noticia/refinaria-abreu-e-lima-esta-aproximadamente-87-concluida>.
- Santos, Carlos. "Juiz Sérgio Moro É o Entrevistado Do Roda Viva Hoje À Noite." Coluna do Herzog, February 26, 2018. <http://blogcarlossantos.com.br/juiz-sergio-moro-e-o-entrevistado-do-roda-viva-hoje-a-noite/>.
- Segal, David. "Petrobras Oil Scandal Leaves Brazilians Lamenting a Lost Dream." *The New York Times*, August 7, 2015, sec. International Business.
<https://www.nytimes.com/2015/08/09/business/international/effects-of-petrobras-scandal-leave-brazilians-lamenting-a-lost-dream.html>.
- Smith, Michael, Sabrina Valle, and Blake Schmidt. "The Betrayal of Brazil." *Bloomberg.Com*, May 8, 2015. <https://www.bloomberg.com/news/features/2015-05-08/brazil-s-massive-corruption-scandal-has-bitterness-replacing-hope>.
- Stauffer, Caroline. "Brazil Judge Says Public Outcry Needed to End Corruption." *Reuters*, March 30, 2016. <https://www.reuters.com/article/us-brazil-corruption/brazil-judge-says-public-outcry-needed-to-end-corruption-idUSKCN0WW2GL>.
- Taylor, Matthew M. "What U.S. Policymakers Can Learn From Brazil's Anticorruption Gains." Council on Foreign Relations, March 2017.
<https://www.cfr.org/report/what-us-policymakers-can-learn-brazils-anticorruption-gains>.
- Transparency International. "Brazil's Carwash Task Force Wins Transparency International Anti-Corruption Award." www.transparency.org. Accessed February 27, 2018.
https://www.transparency.org/news/pressrelease/brazils_carwash_task_force_wins_transparency_international_anti_corruption.
- . "Corruption Perceptions Index 2017." www.transparency.org. Accessed February 27, 2018.
https://www.transparency.org/news/feature/corruption_perceptions_index_2017.

- . *Operation Carwash Task Force: Anti-Corruption Award Winners 2016*. Accessed February 27, 2018. https://www.youtube.com/watch?time_continue=62&v=gHK9HhzaPog.
- Waldram, Hannah. “Brazil Protests Continue as Story Develops Over Social Media.” *the Guardian*, June 21, 2013. <http://www.theguardian.com/world/2013/jun/21/brazil-protest-social-media>.
- Watts, Jonathan. “Operation Car Wash: The Biggest Corruption Scandal Ever?” *The Guardian*, June 1, 2017, sec. World news. <http://www.theguardian.com/world/2017/jun/01/brazil-operation-car-wash-is-this-the-biggest-corruption-scandal-in-history>.
- Winter, Brian. “Brazil’s Never-Ending Corruption Crisis Why Radical Transparency Is the Only Fix.” *Foreign Affairs* 96, no. 3 (2017): 87–94.
- “The World’s 10 Biggest Economies in 2017.” World Economic Forum. Accessed February 27, 2018. <https://www.weforum.org/agenda/2017/03/worlds-biggest-economies-in-2017/>.
- “The World’s 10 Biggest Economies in 2017.” World Economic Forum. Accessed February 27, 2018. <https://www.weforum.org/agenda/2017/03/worlds-biggest-economies-in-2017/>.
- World Bank. “GDP (Current US\$) | Data.” Accessed March 1, 2018. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2016&locations=BR&start=1990>.
- . “Unemployment in South America.” Accessed March 14, 2018. <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=BR-AR-CL-US-ZJ-CO-SR-PY-PE-EC-BO-VE-GY-UY>

THIS PAGE INTENTIONALLY LEFT BLANK

INITIAL DISTRIBUTION LIST

1. Defense Technical Information Center
Ft. Belvoir, Virginia
2. Dudley Knox Library
Naval Postgraduate School
Monterey, California