

Top Workers Party senator arrested in Brazil's corruption scandal

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The government of President Dilma Rousseff has suffered a major political blow with the arrest of Delcídio Amaral, the ruling Workers Party (Partido dos Trabalhadores, PT) leader in the Brazilian Senate, on charges of attempted obstruction of justice in the investigation into the protracted and deepening Petrobras scandal.

Arrested last week, along with Amaral, was the billionaire head of BTG, Latin America's largest independent investment bank, André Esteves. One of Brazil's richest capitalists, Esteves had forged close ties with the PT government.

In Amaral's case, his arrest on November 25 was the first of a sitting senator since the end of Brazil's two decade-long military dictatorship in 1985. It was ordered by Brazil's Supreme Federal Court and approved by the Brazilian Senate in a 59-13 vote.

Amaral and Esteves are both charged with attempting to subvert the so-called "Operação Lava Jato" or "Operation Carwash" investigation that has uncovered a multi-billion-dollar bribe and kickback scandal at Petrobras, the state-owned energy conglomerate, which is the largest company in Latin America, and fourth-largest in the world.

The scheme came to light because the son of imprisoned Petrobras executive Nestor Cerveró secretly recorded his meeting with Amaral and a lawyer, now also under arrest. In the taped conversation, Amaral laid out a plan to gain Cerveró's release and spirit him out of the country in return for his agreement not to strike a plea bargain and provide evidence that would implicate the senator in a kickback deal.

Amaral claimed that he could use his influence with members of the Supreme Court to get Cerveró out of jail, and that he would then secure a private jet to fly him first to Paraguay and then to Spain. In addition, he promised the former Petrobras executive and his family a monthly

stipend of \$13,400. The source of the plane and the monthly payments, Amaral indicated, would be the financier Esteves.

According to the Brazilian daily *Folha de S.Paulo*, Amaral wanted to suppress Cerveró's testimony about the Petrobras purchase of an aging refinery in Pasadena, Texas at a grossly inflated price, which was then used to fund kickbacks to leading politicians.

Cerveró, who has since gone ahead with the plea bargain, has reportedly stated that President Rousseff, who was the head of Petrobras at the time, was aware of the kickbacks.

The revelations bring the Petrobras scandal even closer to Rousseff and the core of the Workers Party, threatening to revive a drive by the Brazilian right for her impeachment.

The government's political crisis has deepened in tandem with the descent of the Brazilian economy into its worst crisis since the Great Depression of the 1930s.

Brazil's economy is expected to shrink by over 3 percent this year and to shed a total of over 1.5 million jobs. Unemployment nationally is rapidly heading into the double digits and has already risen to 12.8 percent in Salvador, the country's third-largest city and the capital of the northeastern state of Bahia. In Sao Paulo, the country's industrial center, the state's industrial federation has estimated a loss of at least 20,000 jobs every month.

Meanwhile, inflation has risen by roughly 10 percent over the past 12 months, and the real median income has fallen by 4 percent during the same period.

The downturn, driven by a fall in commodity exports to the slowing Chinese economy, has been exacerbated by the government's drive to introduce austerity policies aimed at placating international capitalist investors and proving its ability to meet debt servicing obligations that currently gobble up more than 20 percent of the national

budget.

Net debt service payments account for more than 20 times the amount spent on *Bolsa Familia*, one of the principal anti-poverty programs that is credited with pulling millions of Brazilians out of poverty over the past period. Given current conditions, it is predicted that over three million families will be forced back into poverty over the next two years.

The Petrobras scandal has served to increasingly paralyze the Rousseff government, a tendency that has accelerated with the jailing of Amaral, who was close to the president and her administration's point man in the Brazilian Congress.

With the failure of Congress to pass legislation to scrap legally mandated fiscal targets for this year and authorize a \$13.5 billion deficit, Rousseff has been compelled to impose a \$2.6 billion budget freeze that threatens to bring a range of governmental functions to a halt. In observance of the freeze, Rousseff called off a scheduled trip to Japan and Vietnam.

The government's crisis has led to growing calls from its right-wing opposition for Rousseff's ouster. Former president Fernando Henrique Cardoso of the PSDB (Party of Brazilian Social Democracy) demanded that Rousseff call off her trip to the Paris climate summit as well and renewed his call for her to resign.

Meanwhile, Eduardo Cunha, the PMDB (Brazilian Democratic Movement Party) chief of the Chamber of Deputies, the lower house of Congress, is renewing the threat to initiate impeachment proceedings, in part as an effort to deflect an investigation into his own multi-million-dollar Swiss bank accounts, apparently the product of Petrobras kickbacks.

The growing crisis has discredited every institution of the capitalist state in Brazil, first and foremost the terminally corrupt PT, which was previously promoted by the pseudo-left in Brazil and internationally as some new road to socialism.

Combined with the deepening economic crisis, these events are creating conditions for a new eruption of the class struggle in Latin America's largest nation.



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