

Amid Brazil's drive to impeachment, Rousseff's foes engulfed in corruption scandal

Bill Van Auken
8 April 2016

Even as the impeachment of Brazil's Workers Party (Partido dos Trabalhadores—PT) President Dilma Rousseff appeared to draw nearer this week, scandal and similar threats of removal from office swirled around her chief political opponents, including the vice president who would succeed her and the leader of the lower house of congress, second in line of succession, who is spearheading the campaign for impeachment.

The head of the congressional commission formed to recommend whether Rousseff should face impeachment issued his formal recommendation that the grounds existed to go ahead with the bid to oust the PT president.

Jovair Arantes, a congressman of the right-wing PTB (Brazilian Labor Party), made his recommendation in a raucous nationally televised session in which congressional supporters of the PT chanted, "There will be no coup," while their right-wing opponents countered with "Go to Venezuela ... Go to Cuba."

Brazil has been rocked for more than a year by the revelations of "Operation Car Wash," (Lava Jato) the investigation into a massive bribes and kickbacks scheme that funneled some \$2 billion from padded contracts with the state-run oil conglomerate Petrobras into the campaign coffers of Brazilian political parties as well as the personal bank accounts of politicians.

The impeachment charges against Rousseff, however, don't even touch on the Petrobras scandal. Rather, they stem from her alleged manipulation of government funds to continue paying for social programs while masking a growing deficit in the run-up to the 2014 election. Rousseff and her supporters have countered that such creative accounting has been common to virtually every Brazilian government, and that accounts were balanced before the end of the fiscal year.

The full 65-member commission is to vote on whether to recommend impeachment on Monday, and, whatever its decision, the lower house as a whole will convene on

April 17 to vote on whether to send a recommendation to impeach to the upper house, the Senate. Approval, requiring a two-thirds majority, would result in Rousseff's suspension from office for 180 days until the Senate decided her final fate.

In the meantime, Vice President Michel Temer would take over as acting president. Temer is a leader of the PMDB (Brazilian Democratic Movement Party), which formally broke from the PT coalition government last week. The largest party in the federal legislature, the PMDB also counts in its leadership Eduardo Cunha, the speaker of the lower house, chief legislative protagonist of the impeachment drive and second in line of succession.

Even as Cunha pressed ahead with the impeachment of Rousseff, he was forced by supreme court order to initiate proceedings this week to consider the impeachment of Temer as well. The Brazilian vice president was part of the government and, under the Brazilian constitution, assumed the duties of president whenever Rousseff traveled abroad and, therefore, could be held accountable as well for the budgetary decisions.

As leader of the largest party in the federal legislature, which was also one of the main beneficiaries of the Petrobras kickbacks, Temer is also a suspect in the corruption probe.

For his part, Cunha is fighting off attempts to expel him from congress on the grounds of ethics violations tied to the Petrobras scandal.

In its report on the "Panama Papers," the millions of leaked documents from the Panamanian corporate service provider Mossack Fonseca, the Brazilian daily *O Estado de Sao Paulo* placed at the top of its list an offshore company reportedly owned by Cunha.

The company was allegedly used to funnel bribes from Portuguese business mogul Idalecio de Castro Rodrigues de Oliveira, who obtained contracts from Petrobras.

According to the International Consortium of

Investigative Journalists' report on the Panama Papers, in 2011, "Oliveira wired US\$10 million to a Swiss bank account held by Joao Augusto Rezende Henriques, a lobbyist for Brazilian party PMDB." Soon afterwards, "Rezende Henriques wired US\$1.5 million to a Swiss bank account controlled by Eduardo Cunha."

Last year the Swiss attorney general's office released a dossier strongly suggesting that bribes paid in connection with a Petrobras project in Africa in 2011 had ended up in secret bank accounts belonging to Cunha containing at least \$5 million.

Prosecutors in the Lava Jato investigation have accused Cunha of taking in some \$40 million in bribes for himself and his political allies. The lawmaker, a right-wing evangelical Christian, is further charged with using a Brazilian mega-church to launder the money. According to one report Thursday, prosecutors are considering a request for Cunha's preventive detention.

Third in line of succession is the PMDB head of the Senate, Renan Calheiros, who is also the target of multiple investigations by Lava Jato prosecutors on charges of corruption and money laundering in connection with Petrobras bribes and kickbacks. He narrowly escaped removal from his post in 2007 over a scandal involving a major construction contractor paying rent and child support to his former lover.

Meanwhile, the Petrobras scandal appeared to come closer to enveloping Rousseff with the report Thursday that executives of Andrade Gutierrez, Brazil's second largest construction company, had testified as part of plea bargains that they and other major contractors had diverted the equivalent of more than \$40 million from inflated contracts for the Belo Monte hydroelectric plant into the coffers of the PT and other major parties. At least \$5 million from Andrade Gutierrez alone went into Rousseff's 2014 campaign, according to the report.

While the revelation could add fuel to the demand of the PT's main right-wing opposition party, the PSDB (Brazilian Social Democracy Party), for electoral authorities to annul Rousseff's 2014 victory and call new elections, it appears that the PSDB itself received similar funding.

What has emerged from the various investigations, confessions and testimonies is a portrait of a political order in a state of utter corruption, decay and crisis. Under conditions of the worst economic crisis to hit Brazil since the 1930s, bringing with it over 100,000 layoffs a month and an inflation rate that topped 10 percent, what has emerged is a full-blown crisis of capitalist rule.

Leading sections of both the Brazilian corporate and financial elite as well as international finance capital clearly have aimed to exploit the crisis to drive out Rousseff and the PT and introduce a radically new economic and social regime based on sharp attacks on social spending, pensions and labor rights aimed at boosting profits and making Brazilian capitalism more "competitive" on the world market.

Other layers, however, are concerned that these policies will provoke a social explosion, and continue to believe that the PT is best equipped politically, through its alliance with the trade union bureaucracy, to carry through radical "reforms" while suppressing workers' struggles.

It is by no means certain that the impeachment drive will secure the two-thirds majority needed to proceed. While the PMDB has broken with Rousseff and its leading figures favor impeachment, at least three of the seven ministers it had in the government are apparently disregarding the party's demand that they resign, and a number of its members in congress are reportedly opposed to impeachment.

Former president and Workers Party founder, Luiz Inacio Lula da Silva, has taken up residence at a hotel in Brasilia and is busily doing deals with minor parties offering posts and political favors in return for "no" votes. The right-wing Progressive Party (PP), a coalition partner with the PT, has refused to leave the government.

The response of the ruling class as a whole to the resistance of Brazil's workers and youth to the "reform" policies to which both sides are committed found expression in the streets of Sao Paulo April 6 when military police shock troops brutally attacked a demonstration of high school students.

Among the students' principal demands is the creation of a parliamentary commission of inquiry to investigate the diversion of millions of dollars from the school lunch program in Sao Paulo state schools, a scandal that appears also to have involved bribes and kickbacks to leading politicians, while robbing the state's youth of food. At least two students were wounded by shrapnel from stun grenades and one fainted from tears.



To contact the WWSWS and the
Socialist Equality Party visit:

wwsws.org/contact