

By Carlos Tautz

To sever the grip of corruption, Brazilians must break an unwritten law—Gerson's law. It is an amoral and unwritten social regulation that is widely accepted: it's okay to bribe, cheat and take advantage of every situation.

The phrase was made famous across Brazil in a TV cigarette commercial from the 1970s and 1980s, starring Gerson, a *futebol*(soccer) player who was shown smoking a cigarette and saying, "Take advantage of every situation to get ahead."

Now, 21 years after democracy was formally re-inaugurated in Brazil, 'Gerson's law' frequently comes to mind. Each new political and financial scandal is, in effect, a consequence of this cynical axiom: take advantage of every situation to get what you want.

The following cases are perfect examples:

- In 1994, a minister bribed federal deputies to vote for a constitutional amendment to permit presidential re-election.
- The same government was accused of accepting bribes from the U.S. company Raytheon, said to have close ties to the White House and the Pentagon. In the end, Raytheon won a bid against French firm Alstom to install a multi-billion dollar radar system across the Amazon.

Some thought these occurrences would disappear as Brazil's new democracy took root.

But 11 years after those scandals, new scandals hit the front pages last year. The only difference is that the country is now ruled by opponents of the previous corrupt administration. The bad news is, instead of changing the government, the new congress has simply taken up where its defeated opponents left off.

One scandal involved selling ambulances at artificially increased prices to the health ministry. In another, 62 deputies and senators (out of 553) were caught trading votes for cash. The good news is that five of them resigned, and only 12 won re-election to congress in October's elections.

Brazilian voters are increasingly aware of and educated about corruption because of press coverage over the last four years. The media increased its coverage of

corruption, even to the point that some now think that corruption, not the disparate concentration of income, is the worst of Brazil's problems. (Most Brazilians do still identify the disparity of wealth as the country's biggest problem.)

"As to the causes of corruption, we must say it is a bit cultural. Still, we just can't wait for a solution to fall down from heaven. We must invest in instruments, like the CGU, to prevent and punish corruption," said Luiz Navarro, head of the corruption prevention and strategic information unit at the Federal Comptroller-General's Office (CGU—*Controladoria Geral da União*), a federal watchdog agency.

The CGU itself is a part of democratic advancement. Created in 2001 and strengthened in 2003, the CGU has become a key state institution, tracking the billions of reais the federal government annually sends to almost 6,000 municipalities.

But the structure of the CGU puts it at risk for corrupt activity. The CGU general controller is nominated by the president, which makes the CGU a state-run instrument that may eventually be affected by political interests.

Fortunately, this has not been the case to date. The ambulance scheme, for example, was discovered through CGU periodic audits. The federal police widened the investigation. Both supplied evidence to a parliamentary investigation commission.

"Corruption is part of a badly formed political system, which also involves illegal funding for electoral campaigns," Navarro said. He believes the participation of watchdog civic organizations is important in exposing these problems.

One of these organizations is Brazil's Budget Forum (FBO—*Fórum Brasil de Orçamento*), a network of organizations, trade unions and other non-governmental institutions that has been tracking the federal budget and spending in Brazil since 1991.

“Transparency of government leads to the best practices in public administration, but is far from enough,” said João Sucupira, an economist and one of FBO’s founders. He also serves as director of the Brazilian Institute of Social and Economic Analysis (IBASE—*Instituto Brasileiro de Análises Sociais e Econômicas*).

“Corruption is only part of the problem. Another problem relates to corruption’s influence on Brazil’s democracy,” said Sucupira.

“Yes, corruption influences the level of democracy in our country ... It dishonors political activity,” admitted Navarro.

In 1988, the Public Defense Ministry (PM—*Ministério Público*) became a “fourth power” in the Brazilian legal system. Its mandate is to independently investigate matters involving the public interest. This puts the PM at the explosive conjunction of corruption and threats to Brazil’s democracy.

The PM’s anti-corruption crusade has partly succeeded: in April of this year the general attorney legally denounced 40 of the federal administration’s highest officials, including ministers, for corruption.

“The corruption problem is a direct consequence of the perverse concentration of income in Brazil,” says Gilda Carvalho, general vice attorney of the federal PM. She believes that most of the corruption is primarily due to the country’s new democracy—in place since 1988. “We have much more transparency, more public information than we had 23 years ago, when I entered the PM,” she adds.

As the gross national product increases and Brazil integrates into the world economy, Carvalho focuses on the financial system as a potential source of corruption. She believes that, to fight corruption, the country needs greater communication and cooperation across governmental agencies.

Carvalho uncovered Brazil’s largest financial scandals, which were investigated by the Congress and the PM. The investigation concluded in December 2004, with an explosive final report finding that 91 people, including federal deputies, a

former president and directors of the Central Bank were involved in illegal transfers of more than 150.8 billion reais (US\$70 billion) between 1996 and 2002 through the Banestado regional bank.

The Banestado scandal also involved wealthy citizens who used the bank to avoid the Brazilian tax system. These citizens included politicians, businessmen, financiers, actors and football players—bringing to mind, once again, the TV ad of the famous soccer player, Gerson.

Gerson's law, though still powerful, is starting to weaken as Brazil's federal and state corruption watchdog agencies grow stronger.