Brazilians and friends of Brazil were shocked by well documented journalistic reports of widespread corruption in the Lula da Silva government. Of course, everyone knows that corruption is chronic in Brazil. In a 2002 survey by the Pew Global Attitudes Project, while Fernando Henrique Cardoso was still president, 72.1% of the Brazilian sample said that corruption was a "very big problem" and 26.2% said that it was "a moderate problem" in the country.¹ But the reports of corruption in the Workers Party government were shocking because the party had a reputation for being "more Catholic than the Pope" on corruption issues.

The first hint of scandal came early in 2005 when a video tape emerged showing a Party official, Waldomiro Diniz, taking bribe money from a gambling kingpin.² A few months later Brazil’s leading news magazine released a video³ showing a top official in the postal service pocketing a payoff from a supplier. President Lula da Silva's chief of staff and top political operative, José Dirceu, resigned amid testimony that the Workers Party was paying $12,000 monthly stipends to buy the votes of Congressmen from other parties.⁴ Within a few weeks, the President, Treasurer and Secretary-General of the party resigned in response to reports of large monthly vote-buying payments to legislators in other parties. This became known as the Super Check (mensalão) scandal. There was also one case of money being smuggled onto an airplane in a family member’s underwear. This became known as the Super Shorts (cuecão) or Captain Underpants scandal.
Corruption scandals have largely paralyzed the Brazilian government, putting an end to a promising series of reforms. The scandals were largely unanticipated by pundits and social scientists, most of whom thought that the Workers Party's key problem would be reconciling its populist rhetoric with its cautious economic and fiscal policies.

**Theory and Research on Corruption.** Until recently, research on corruption was limited to case studies and speculative essays. Corruption is inherently difficult to study, and investigatory journalists, prosecutors and Congressional committees play an essential role in digging out the facts. Enough information may now be available that the tools of social science can help to establish general patterns and perhaps to explain the underlying causes.

Corruption might not seem a promising subject for survey research because officials cannot be expected to be honest about their own corrupt behavior in an interview. But surveys can ask about citizens' and businessperson's experiences in dealing with officials, and Transparency International has done an outstanding job of collecting this kind of survey information, assessing its validity, and making the results widely available. Transparency International's Corruption Perception Index consolidates information about corruption in all countries, based on reports from people who do business there. Countries are rated on a scale from 10 (very clean) to 0 (highly corrupt).

In the 2004 rankings, Haiti, with a score of only 1.5, wins the prize for most corrupt nation in the world. Paraguay, at 1.9, is not much better. Argentina, the wealthiest Latin American country, ranks only 2.5, but its neighbor Chile, at 7.4, ranks almost equal to the United States. Brazil's 2004 ranking, 3.9, confirms that the problem was well established before the recent revelations.

The 2004 rankings for selected countries are as follows:

- Finland: 9.7
- Singapore: 9.3
- United Kingdom: 8.6
- Canada: 8.5
- USA: 7.5
- Chile: 7.4
- Spain: 7.1
- Portugal: 6.3
- Uruguay: 6.2
- Costa Rica: 4.9
South Korea 4.5
El Salvador 4.2
**Brazil** 3.9
Colombia 3.8
Cuba 3.7
Panama 3.7
Mexico 3.7
Peru 3.5
China 3.4
Dominican Republic 2.9
Russia 2.8
India 2.8
Nicaragua 2.7
Argentina 2.5
Ecuador 2.5
Honduras 2.3
Venezuela 2.3
Bolivia 2.2
Guatemala 2.2
Paraguay 1.9
Haiti 1.5

These ratings opened up a new tool for corruption research: econometrics. Several econometricians have used sophisticated multivariate statistical methods to try to untangle the causes of corruption as measured by the ratings. But past experience has shown that correlational data cannot resolve controversial causal issues, no matter how sophisticated the number crunching. At best, the correlational findings may offer some ideas that can be checked with other kinds of data.

Daniel Triesman’s econometric analysis offers some suggestive conclusions:

- countries with a higher level of economic development are less corrupt
- countries with a Protestant tradition are less corrupt than those with more hierarchical religious traditions (such as Catholic, Orthodox, Islamic)
- countries with a history of British rule are less corrupt
- countries with a common law legal culture (mostly Britain and its former colonies, but not all of them) are less corrupt than those with civil law systems (mostly Continental Europe and its former colonies)
• countries that have had democratic government continuously since 1950 are less corrupt than those that have not (more recent conversions to democracy, however, do not correlate with lower corruption)
• countries that are more open to foreign trade are less corrupt than those with closed economies
• countries richly endowed with valuable raw materials are more corrupt than those without
• countries with a federal system of government are more likely to be corrupt than those with a unitary government

Like all econometric findings, if these conclusions are true at all, they are true ceteris paribus or "all else being equal." In the real world, of course, everything else is never equal and econometrics is all about adjusting the data to make it fit the assumptions. Thus, Triesman observes that "the four most corrupt countries on the list in 1966 - Bangladesh, Kenya, Pakistan and Nigeria - were all British colonies; they were just rated less corrupt than would have been expected given their poverty."  

There are also very difficult questions about the direction of causation: are countries less corrupt because they are more developed, or more developed because they are less corrupt? Triesman does his best to address these issues econometrically, but neither the data nor the methods are sufficient to resolve this kind of "chicken and egg" question.

Seymour Martin Lipset and Gabriel Salman Lenz have published an interesting attempt to combine the Corruption Perceptions Index data with attitudinal data from the World Values Surveys. They apply Robert Merton's theory about means and ends, suggesting that corruption is more common in countries where achievement motivation is high but the resources for achievement are scarce. Unfortunately, this whole analysis depends on an "achievement scale" but the items are not given nor are any of the psychometric properties of the scale described. The data set, however, is widely available and the findings could be replicated. In a similar argument, Montinola and Jackman report that "corruption is more pervasive in low-income countries which tend to underpay public sector employees."
These arguments may apply best to countries where petty corruption is an everyday occurrence, but this does not seem to be the case in Brazil. In the 2002 Pew survey, a representative sample of (mostly urban) Brazilians were asked "In the past year, how often, if ever, have you had to do a favor, give a gift or pay a bribe to a government official in order to get services or a document that the government is supposed to provide?" Only 3.5% said "very often," 3.8% said "somewhat often," 8.0% said "not too often" and fully 83.5% said "not at all or never." This contrasts with countries such as Nigeria where 32.3% of the respondents reported that they "very often" bribed officials and 20.6% said "somewhat often". Nor can it be said that the officials caught in the mensalão scandal are underpaid or lacking in legitimate opportunities for advancement.

A more promising explanation comes from anthropological field work that goes beyond journalistic muckraking to examine the role that corruption plays in Brazilian culture and in social networks. Marcos Otavio Bezerra argues that most research on corruption in Brazil has erred in treating it as primarily a moral failing or an ethical crisis. He argues that it is wrong to see the networks of personal relationships within Brazilian public agencies as a "parallel structure" or patronage system separate from the normal operations of the organizations. He concludes that the practices designated as corrupt are based in a personal logic which is part of the normal way of doing business in Brazil. He examines several cases in detail, relating how people involved in the incidents explain or defend their actions as necessary to get things done in Brazilian bureaucracies. This argument is rooted in a substantial literature on Brazilian culture. It is captured in the saying, "the system is not corrupt, corruption is the system."

**The Lula da Silva Government.** Lula da Silva won the 2002 election with a campaign that promised to transform the Brazilian social order while maintaining fiscal stability and promoting economic growth. Lula and the Workers Party had long denounced the policies of the previous government as "neoliberal," yet they believed that the policies were necessary and intended to make few changes in them. As long as they were in the opposition, they could fudge the contradiction between their rhetoric and their actual plans. But when they took power, they had to put their rhetoric into practice.
Reconciling leftist rhetoric with market economics may be easier in authoritarian systems such as the "Communist" government in China which still uses Chairman Mao as its icon. Even Fidel Castro's Cuba has advantages in this regard. But Brazil is a democracy and making a market system work requires getting reforms through Congress. Politicians are judged by how many jobs they can get for their supporters or how much funding they can get for projects in their district, not by their commitment to belt-tightening reforms. It is easy to be popular when, like Hugo Chavez in Venezuela, you have a huge fund of oil money to hand out. But market-oriented reforms require cutting wasteful spending, increasing taxes and cutting protections for inefficient producers, none of which is popular.

In the past, Brazil has been able to make difficult reforms at the point when conditions have reached such a crisis that no alternative seems possible. Fernando Collor de Mello actually froze everyone’s bank account and prevented them from spending most of their money for a year. Most people accepted this drastic measure because they were desperate for a solution to the hyperinflation the country was suffering from. Sadly, it was only a temporary fix. Fernando Henrique Cardoso was finally able to end hyperinflation in Brazil in the early 1990s only because the Congressional leadership feared that it was close to causing a total economic meltdown.

When Lula da Silva became president there was a risk that the country would fall into default like Argentina. He responded responsibly by keeping expenditures and inflation down, paying debts and maintaining a stable investment climate, i.e., by continuing and even enhancing the policies of his predecessor. For the first two years, these policies worked reasonably well. Economic growth was strong and employment was up. In its report to the public on the government’s first two years in office, the main policy change the Workers Party could take credit for was cutting taxes on business, a measure they would have righteously denounced had it been done by anyone else.\textsuperscript{15}

Ironically, the Workers Party government was turning out to be very good for business, while its premier social program - the Zero Hunger project - quickly became an embarrassment. No one doubted Lula da Silva's sincerity about not wanting any Brazilian to go to bed hungry, but the program his staff devised was old-fashioned and needlessly bureaucratic. It was modeled on the food stamp program devised in the
United States in the 1930s, instead of on more innovative programs pioneered by previous Brazilian governments that gave parents stipends for keeping their children in school.

The Zero Hunger bureaucracy also created opportunities for petty corruption in remote, impoverished communities. The mayor of one such community, Acauã, in the northeastern state of Piauí, observed that: "it was supposed to be for poor families, but it ended up being for political families, for the sons and daughters of the members of the town council and other privileged types." In the state capital, Teresina, more than a thousand state employees were fraudulently enrolled.16

Fortunately, the Lula da Silva government had the good sense to listen to criticism of its program. The Minister of Food Security and Combat Against Hunger, José Graziano, had to be dismissed and the agency was folded into other programs that were already in place but starved for funding.

Lula da Silva’s administration came to be known as “Fernando Henrique Cardoso’s third term” both by those who thought this was a good thing and by those who did not. Unable to develop a new model, their best alternative was to build on Cardoso’s accomplishments by completing the projects he had left undone. This meant tax reform and social security reform to put government finances on a sounder basis that would permit cutting interest rates.

In its first two years, the Lula da Silva government was surprisingly successful in getting legislation passed to accomplish these very difficult goals. In December, 2003, Congress passed a very important pension reform providing for a tax on civil service pensions and a phased increase in the retirement age to 60 for men and 55 for women (Brazilian women have never felt obliged to give equal work for equal benefits). The legislation was opposed by Workers Party senator Heloisa Helena and three party congressman, so the party expelled them. The reform was strongly opposed by the public employee unions that made up a very important part of the party's base.

The Workers Party had always opposed pension reform when it was proposed by Cardoso, but once in power, the leadership had the good grace to admit they had been wrong. For their part, the Social Democrats could hardly oppose measures they had been advocating for the past eight years. But combining the Social Democratic and Workers
Party votes seems not to have been enough. Passing the pension reform, and an equally important tax reform, apparently required the support of legislators whose votes were purchased with bribe money, money that was obtained from graft from government suppliers.

So far, there is no evidence that top Workers Party leaders were using corruption for personal enrichment, although people around them certainly were. They were buying the votes of politicians from other parties as a means of passing their reform agenda and building their political power base. They were using corruption as a means of passing reforms they were unable to get through Congress otherwise because of interest group opposition. Until they were caught on video by enterprising reporters, this strategy was working fairly well.

After the scandal, Lula had to turn to the center-right Brazilian Democratic Movement Party (PMDB) for allies, and the PMDB leaders have demanded $2.6 billion in pork barrel projects in exchange for joining the cabinet. Buying support in this way, although perfectly legal, is much more expensive than buying votes with bribes. The Lula government may find it necessary to buy support from all kinds of groups - farmers, universities, landless workers, public employees, industrial groups - which will make it difficult to meet its spending targets for keeping inflation down, repaying the country's debts, and lowering interest rates.

Any lingering hopes for socialist transformation in Brazil are also damaged by the corruption scandal. It is hardly a good time to advocate giving government bureaucrats greater control of the economy, although some true believers on the Brazilian left are still trying. But this was highly unlikely in any event. The greater misfortune is that the window of opportunity for meaningful social democratic reform under the Lula government has passed. Any chance of progressive social democratic reforms in Brazil requires a working alliance between the Workers Party and the Social Democratic Party. But the Workers Party is full of militants who spent the eight years of Fernando Henrique Cardoso's administration chanting "Out with FHC." They simply cannot bring themselves to admit that they have nothing better to offer. The Social Democratic Party, for its part, is concentrating on using the corruption scandal to win the next election for itself.
Sociologist Francisco de Oliveira resigned from the Workers Party, of which he had been a founder, soon after Lula da Silva was elected. His concern was that the Lula government was not living up to its socialist ideals. He was concerned, however, that people would suspect he was feeling slighted because he was not offered a job in the new administration. Eager to show that this was not the case, he reported that, even before the Lula government took power, he received a visit from a representative of the transition team who told him that:

the top positions in the new government have to be negotiated, but for any second level position, in my area of competence and preference, I had only to make my choice and I would have the right of first refusal. He then pulled out a giant organizational chart of the Brazilian government to look for positions or functions I might choose…

As long as countries have huge organizational charts full of patronage jobs, the temptation for corruption will be great. This problem is not limited to Latin America and reforms that have worked in other places might be helpful. This was the thinking of a group of Mexican businessmen who put up several million dollars to have former New York City mayor Rudolph Giuliani offer advice. Giuliani's consulting team was warmly welcomed by the city's mayor, leftist Manuel López Obrador, who was desperate for answers to the city's crime problem. New York City's crime rates had fallen dramatically during Giuliani's administration, although there is controversy about how much Giuliani's leadership contributed to what was a much broader trend.

Pragmatic, results-oriented government is especially important in today's world because countries now compete for resources on a global basis. Excessive regulation and corruption weaken a country in this competition. Statistical indicators are rapidly being globalized. The World Bank offers a handy WEB site where investors can check the regulatory burden in each country, finding out how many days of work it takes to get permission to go into business, how hard it is to hire and fire workers, how hard it is to enforce contracts in the courts, and so on. The WEB site reports, for example, that it requires 152 days of work get legal permission to start a business in Brazil, 116 days in Venezuela, 27 days in Chile and only 5 days in the United States. In Bolivia it costs 51% of the average annual income just to establish collateral to borrow money.
States it costs only 0.1%. Excessive bureaucracy provides opportunities for government employees to draw salaries and extract bribes. Indeed that may be its only real function.

Latin American leaders are familiar with these trends, but they have found it difficult to educate the population about current realities. Thomas Friedman has argued that "the role of the politician should be, in good part, to help educate and explain to people what world they are living in and what they need to do if they want to thrive within it." But politicians who do this honestly find it difficult to be elected. Pragmatic leaders are less exciting than ideologues who stir the emotions with attacks on evildoers and promises to correct past injustices. Many voters would rather hear vacuous promises of "new models" and attacks on scapegoats than honest discussions of the challenges their countries face. Many intellectuals have spent their careers attacking imperialism and globalization and are adept at highlighting the flaws in market economics while minimizing or ignoring the defects on the other side. Becoming pragmatists would deprive them of the sense of drama that leftist ideology provides.

To keep up in today's world, Brazil must compete with India, China and other countries that vigorously exploit the opportunities presented by global capitalism. This requires facing up to challenging realities without the emotional crutch of scapegoating foreigners or making unrealistic promises. This requires leaders with exceptional judgment, political skills and communication ability. If leaders cannot rise to the challenge of honestly explaining what they believe, and generating enthusiasm for their visions, they will find it difficult to pass needed reforms without resorting to vote-buying or other deceptive methods.

This kind of leadership is in short supply. Fernando Henrique Cardoso explained everything clearly, but in dry academic prose, a problem for many pragmatic leaders. It is simply difficult to be ardent in advocating moderation. Lula da Silva is more inspiring with his rhetoric and personal style. He states his goals and aspirations effectively, but is not so clear about exactly what he intends to do.

**Conclusions.** Ethnographic research provides more convincing insight into the corruption scandal in the Lula da Silva government than econometric studies. Corruption is deeply rooted in Brazilian political culture because it is part of how people get things
done. The Workers Party wanted to institute much needed reforms and apparently judged that it could not pass them on their merits alone. Buying votes might have been a solution to the problem if it were not for the fact that Brazil is a democratic society with a vigorous free press.

It may seem unfair to judge the econometric studies by their application to a single country. But there is no reason to believe that Brazilian corruption is unique or that the econometric generalizations would fit any other case better. The statistical concept of holding variables constant doesn't work in the real world. It may be that Brazil would have less corruption if it had been settled by Dutch or English Protestants instead of by Portuguese Catholics, for example, but this history cannot be changed. Policy has to be applied in specific countries, not to an abstract, *ceteris paribus* world.

If we speculate about the mechanisms behind the econometric findings, however, we may find some useful ideas. The point about democracy making a difference only over a long period of years, for example, may fit the Brazilian case well. Brazil's democratic system, especially the free press, is doing a good job of exposing corruption. It may just take time for cultural expectations to change, for politicians to internalize the fact that they run a real risk of being exposed and even prosecuted. The fact that corruption is apparently concentrated in high places and that it involves large sums of money is not necessarily a bad sign. It suggests that corruption is not as widespread as it is in some places, or as it may have been in Brazil in the past.

Given the involvement of Protestants, especially in the *cuecão* scandal, it is difficult to lay the blame on Brazil's Catholic heritage. Nor can it necessarily be blamed on the left, since there has been plenty of corruption in right-wing Brazilian governments as well. Claudio Weber Abramo, however, argues that "it is interesting that Lula is so often described as a "leftist" when he has very little of the leftist in him. Lula is a Catholic, and his Catholicism explains his predilection for moralistic discourse (and hypocrisy), maintained even in face of a reality that negates it."\(^{22}\)

Abramo is the executive director of Transparência Brasil, and he reports that close to the end of the 2002 campaign Lula signed an "Anticorruption Agreement" with his organization in which he promised to treat corruption as a strategic problem, creating a special organization in the government to take the initiative in fighting it. In his
inaugural address Lula stated that he would be "implacable against corruption," but he never took action to implement it. José Dirceu responded with rhetoric - "the PT government doesn't steal and doesn't let others steal" - but never took any action. In response to the mensalão scandal, Lula responded with moralizing, talking about how ashamed he was, that his mother had taught him better, that no one was better prepared to teach ethics than he, and so on. This rhetoric was clearly intended for public conception, but Abramo believes that Lula actually views the corruption problem largely as an ethical and rhetorical issue, not as one that requires administrative reforms.

Future Brazilian governments will be less likely to make the mistake of minimizing the risks of corruption scandals. Ending corruption requires more than good intentions and moralistic rhetoric. It requires more than prosecuting offenders. It requires concrete steps to make government agencies more transparent and efficient so that personal connections and informal networks are not needed to obtain services.

Endnotes

Ted Goertzel and Benjamin Goertzel, "Capital Punishment and Homicide Rates: Sociological Realities and Econometric Distortions," forthcoming in Critical Sociology. (Prepublication copies available on request from goertzel@camden.rutgers.edu).


10 Triesman, op cit, p. 419.


