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Will Brazil's Crackdown on Corruption Continue?

How the Political Class Threatens Operation Car Wash's Future

By Eduardo Mello and Matias Spektor



When former Brazilian President Luiz Inácio Lula da Silva (known as Lula) gave himself up to the police last April to start serving a 12-year-long sentence on [corruption charges](#), many thought business as usual in Brazil was finally over. Arresting any former president would be a huge transformation in a country renowned for a culture of political impunity, but Lula was of a different order. After serving as president for eight years (2003–10), he had left office with sky-high approval rates of 80 percent and had managed to get Dilma Rousseff appointed as his

Unfortunately, the outcome of Brazil's biggest [political crisis](#) since its transition to democracy three decades ago is far from preordained. Code-named Operação Lava Jato (Operation Car Wash), the anticorruption probe started in 2014 by following the thread of black-market money dealers who used gas stations and car washes to launder illegal funds. Investigators eventually discovered that those same criminals laundered money for key executives at the state-owned oil giant Petrobras who were involved in deals with numerous elected officials going all the way to the presidential palace. They found that overpayments on contracts issued by the Brazilian government were siphoned into a secret slush fund that funneled the money to political parties and well-connected business conglomerates. Billions of dollars in taxpayer money funded election campaigns illegally and fueled a scheme through which private interests could purchase political favors in all three branches of government. Conglomerates and party officials involved in the scheme bribed officials in 12 other countries in Latin



Thus far, the team's performance has been remarkable. Since 2014, Operation Car Wash has accused and in some cases sent to court or to jail over 500 high-ranking

to the president's agenda because their own performance in the ballot box is not a function of the government's success or failure. As in many other democracies, coalition members seek pork and patronage, but in the case of Brazil they have also sought the appointment of their associates to key positions in the sprawling state apparatus, where billions of dollars in contracts create opportunities for corruption. The profits from these deals make their way into campaign finance and foster the creation of local-level networks of clientelism and vote buying that are crucial to parties' futures.

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This system works under very specific conditions. It requires collusion between the executive and the legislature—including opposition parties. If any actors were to denounce their colleagues, the scheme could fall. Such a system also needs the complicity of the higher courts and demands that voters be kept in the dark about how politics actually work. By disclosing information, Operation Car Wash has brought the old political order to its knees.

Since the investigations began four years ago, Brazilians have taken to the streets in the millions to protest against politicians. In a country renowned for impunity and injustice, it is no wonder that Operation Car Wash should be welcomed by the majority of the people as a breath of fresh air. But could its achievements be reversed?

REVENGE OF THE OLD ORDER

Since 2014, the political class and their associates in the courts have pushed back,

government to be able to stop this bleeding.”

Vice President Michel Temer took over the presidency in August 2016. Himself accused of numerous crimes, Temer is a stalwart of the old order, shielded from prosecution by virtue of his office. When Operation Car Wash prosecutors put forward a ten-point reform package to Congress supported by the signatures of more than two million citizens in a public petition, Temer’s coalition in Congress killed it. Moreover, electoral court justices with ties to the government dismissed all evidence that in 2013 the Rousseff-Temer ticket had violated campaign finance laws.



Brazilian President Michel Temer looks on during the opening session of the Americas Summit in Lima, Peru, A...

Now firmly in charge, Temer is working to put an end to the investigation and release those in jail. His allies have put forth numerous legislative proposals stripping prosecutors of investigative powers and making it easier for judges to dismiss evidence from plea bargains. Supreme Court justices close to the president have also been reinterpreting current law to try to remove parts of the investigation from the team in

vein likened the plea bargains at the heart of Operation Car Wash to torture, and other maneuvers included smear campaigns against judges and prosecutors. And across the United States, Europe, and Latin America, left-wing allies of Lula's Workers' Party have made the case in the international press that Operation Car Wash is a politically motivated plot by right-wing forces in Brazil to bring down progressive change.

Thus far, politicians have failed to quash the investigations. To a large degree, this is a function of Temer's own weakness: the president has been indicted on charges of corruption, obstruction of justice, and racketeering, has lost one of his closest political operators to prison, and has seen his powers diminish. With approval rates [as low as six percent](#), he has long since lost credibility with the public. But the political class keeps pushing. New legislation was introduced in late April to make it even more difficult for prosecutors to pursue corruption cases, and there is talk [in the press that the Supreme Court](#) is about to let Lula walk free.

LAVA JATO AT THE POLLS

Operation Car Wash's biggest test yet will be the upcoming October elections, when Brazilians will pick a new president, 27 governors, 513 representatives for the lower chamber of Congress, and two-thirds of the Senate. In preparation for the race, old parties are changing names, rebranding, and attracting a new generation of politicians. But promises of renewal are largely cheap talk. Replacing the old corrupt system is easier said than done and would require deep change in the rules of the game.

The bulk of the political class today is betting that public opinion will tire of scandal after scandal and that the Operation Car Wash team will become exhausted or start making serious mistakes. If they are correct, the October election may perpetuate, not reform, Brazil's bad old ways. The victory of the old system would mean the election of a new president and Congress that form a governing majority based on the trading of votes in Congress for goods both licit and illicit that have little if any connection with voter demands. It would also reaffirm the dominance of interest groups in the relationship between the executive and legislative branches, under the nod of the

world, the country is home to **60,000 firearm homicides a year**—more than Iraq and Afghanistan combined. According to official figures, half of Brazilians still lack access to basic sanitation. The country remains shut off from global trade, with protectionist measures tailored to shield businesses with connections in the corridors of power from international competition. Interest-group dominance also fosters fiscal irresponsibility: as seen in recent years, class associations and powerful private conglomerates manage to get Congress to channel additional funds to them, even if that makes public debt increase at an alarming pace and diverts funds away from improving the standard of living of regular Brazilians.

to be made accountable to their voters, not just to specific interest groups seeking privileged treatment. That would imply rewriting electoral rules governing coalition building, reforming campaign finance regulations, and rethinking the role of political parties. The agenda for renewal would also entail a more independent judicial system, where higher court judges no longer act on behalf of their political patrons and are better equipped to resist pressure from the legislature and the presidential palace. Privileges that sitting politicians enjoy under current criminal laws should also be abolished, and prosecutors should have the investigative tools necessary to uncover evidence of corruption in government. Finally, new rules must be devised to regulate relations between business and government. Government contracts—which we now know to be especially vulnerable to corruption—must be made more transparent, and new mechanisms must be devised to detect fraud, emulating global best practices in the field.

But translating such an ambitious agenda into reality would demand long, sustained debate and painstaking institutional reengineering. It is not something that can be done overnight. Most important, a victory for Operation Car Wash would mean changing the terms of political debate within Brazilian society. Rather than be split between right and left, the national conversation should center around the best methods to honor democracy's promise: to make the political class actually work for those who vote. 🌐

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