



Reputation of Rousseff and Lula irreparably damaged, says Transparency International co-founder

By Jill Langlois - Monday, April 11, 2016



Journalist Frank Vogl has covered the Watergate scandal, written the book *Waging War on Corruption*, and is the co-founder of Transparency International. He spoke with BNamericas about corruption in Brazil, how it is affecting the international community and why the costs of the Petrobras scandal might not be so bad.



Frank Vogl
Co-founder
Transparency
International

BNamericas: What do you think of the latest phase of Brazil's Lava Jato scandal?

Frank Vogl: With the charges made against Joseph Safra, for someone who is known as one of the richest bankers in the world, the amounts that are involved seem very small. And yet it highlights again the seriousness of the efforts in Brazil by the prosecutors to make it clear to everybody that nobody - it doesn't matter how rich or how powerful in business or in politics - nobody is above the law.

I saw the resignation of the minister of sports involved in the Olympic Games, and that's another example of where obviously there's a new alignment taking place amongst politicians in Brazil, which is bound to weaken President Rousseff.

But fundamentally, what we're seeing in Brazil, and what we're seeing in a number of other very important countries, is that the public is demonstrating against corrupt officials. And the judiciary and the public prosecutors feel empowered - they feel emboldened - they feel able to do what they should be doing.

BNamericas: You mentioned the importance of an independent judiciary in the article you wrote for The Globalist. What do you think of judge Sérgio Moro and the fact that some people have said he has been overstepping and taking a political stance?

Frank Vogl: I think that in almost every country where you have got a big corruption scandal that involves politicians - in almost every time that situation arises you get all sorts of accusations made against the judges and made against the prosecutors. In my article I mentioned how President Nixon, over 40 years ago, tried to fire the chief prosecutor. I think that Moro should be congratulated. I think he is enormously courageous. There's a lot of personal risk that he's involving himself in, and I think that the Brazilian people are going to gain confidence in the strength of the judiciary and its independence because of actions like the ones he is taking.

BNamericas: So why then do you think there are so many people still supporting President Rousseff, the ex-president Lula and the workers' party?

Frank Vogl: Because there are a large number of people in every country who believe that corruption, particularly in political party financing, is just business as usual. They are horrified at the cost to the country that this scandal is causing. If you look at the enormous devaluation of Petrobras, if you look at the paralysis of the government's ability to change economic policy at a time when Brazil is in a terrible recession, these are very heavy costs. I would argue that the costs are short term and that the benefits outweigh the costs in the long term. But there are many people with strong interests in the immediate situation in Brazil who feel that corruption is business as usual, we've had corrupt leaders in the past and we'll have them in the future, so why make all this fuss? Obviously I don't have any sympathy with that and I the Brazilian people who have had to pay for all the corruption in the past, by and large, would be happy for this situation to be brought to a head and be closed in a proper way in front of the courts.

BNamericas: So how does a country like Brazil get rid of all of these corrupt leaders? Because it seems as if every political party was involved in this scheme and has been receiving kickbacks.

Frank Vogl: Basically, you need to have three things in place. You need to have sustained public support for law enforcement, you need to have a strong and independent judiciary and public prosecutors, and you need to have, essentially, a new breed of politicians who are willing to serve the people and not serve themselves. That takes time. All of these things take time. But if you look at the age of a lot of these prosecutors and judges, they represent a younger generation of Brazilians, and I'm sure you can find people very similar in the political arena who may now have a chance to emerge and offer Brazil a better future. This is a long journey. There are no quick fixes to this sort of situation, because the scale of the corruption is so, so big and so deep.

BNamericas: You also mentioned in your article that what's happening in Brazil could affect other emerging market countries.

Frank Vogl: I think there are people in many countries who are watching what is happening in Brazil. This is, after all, an enormous scandal. It is being prosecuted in a very explicit, direct way; it's making headlines every day. I think people around the world who are concerned about corruption in their own countries are looking at this, certainly, and hoping that we will see similar movements in their countries. It's going to be fascinating to see if in time we have a similar type of situation - it may take some time - but in Venezuela, or in Mexico, or in Argentina. Countries that have had years and years of corrupt governments and very weak law enforcement.

Going to another level, you have many corporations, including many international corporations that were contracted to Petrobras, and they are being investigated. That also includes many foreign banks that took illicit money from people in Brazil or from Brazilian companies. So the international ramifications of all this are very substantial.

And I would add one other point: We've seen in recent days how the Brazilian stock market and the Brazilian currency have all strengthened. Analysts would suggest that's because they expect Dilma to be impeached and a new government will take place. My guess is that foreign investors need to be extremely cautious and will be following the situation as well, because this scandal could go on, unfortunately, for quite a long time.

BNamericas: Do you think Rousseff will be impeached?

Frank Vogl: I don't know. That's something the people much closer to the situation in Brasília could touch. What I think is clear is that her reputation and the reputation of Lula have been irreparably damaged. And her ability to govern, as a result, is going to be significantly weakened going forward, whether she is impeached or not. I think she will be very damaged, which will make it hard for her to operate a government even if she's not impeached.

BNamericas: The committee in charge of the impeachment proceedings is overseen by lower house speaker Eduardo Cunha, who has also been accused of corruption and accepting bribes.

Frank Vogl: This is a huge, huge problem, and the whole political class has been tainted by this. And yet, what's the alternative? The alternative is to turn a blind eye, as people have been doing in many other countries, and the situation just gets worse and worse.

When president Fujimori was investigated in Peru several years ago, in the end, over 230 very senior officials were actually indicted and arrested and thrown out of office. And it included the speaker of the congress, and it included the head of the army, it included the attorney general. It included many very powerful people, and of course the president went to prison. And after that you had several years of weak government, weak leadership in Peru, until it gradually got its breath back. In recent years it's been the most successful economy, in terms of economic growth, in Latin America. It may now be turning back to some of its old ways, and that's a deep concern, but if you want to have a sense of what could happen, then what happened in the Fujimori indictment and afterward may be a good Latin American example. After all, Fujimori is the only former president in Latin America in prison. And he's in prison because of corruption and human rights abuses. The corruption issues were enormous.

BNamericas: How can Brazil look at Watergate as an example for what it should do now?

Frank Vogl: I think one of the things that was so important in Watergate is, in journalist terms, what you call a smoking gun. As of right now there is no explicit, direct evidence to tie Dilma Rousseff to all of the scandals that are going on. If indeed evidence were to emerge, it would be the smoking gun. The special prosecutor in the United States in 1974 managed to find enough evidence that clearly linked president Nixon to the cover-up of the Watergate burglary. That was the smoking gun, and when that was clear that the evidence was there, Nixon resigned his office. He resigned because he preferred that move to being impeached by the congress.

Dilma Rousseff has so far not been tied explicitly to all of the scandals around Petrobras and about corruption. I think she could claim, quite validly, to stay in office, so long as that is the case. The impeachment proposal that will be debated in congress deals with budget mismanagement, not with corruption. And I think that's a far weaker set of charges against her, and they're much more political. What led to the resignation of Richard Nixon was the independence and the seriousness of purpose of the independent prosecutors.

I think there is a test - a very, very serious test - that's going to come up in the period ahead, of how independent the supreme court is in Brazil. At the moment, most of the action we have seen has been by the standard courts, the lower level. When it comes to trials or prosecutions or indictments against members of the congress or the cabinet in the government, then the supreme court has to step in. And at the moment, it's not clear in Brazil just how the whole of the supreme court and not just one member of it is really going to act. And that could have an enormous impact in terms of Lula and other senior people. But a more important effect, I think, is in terms of whether the public in Brazil sees the whole judicial system as being independent and pursuing the rule of law, or whether the highest court is still subject to a great deal of political influence.



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