



Brazil: Will Nothing Come of This?

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Impeachment is as foreign to Brazilian political culture as the word is to the Portuguese language. Yet the swift action of Congress and the Supreme court followed the essence of impeachment procedures as they evolved in England six centuries ago. Legality was pursued by the leaders of Congress even where impeachment provisions of the law and the Constitution were vague or in conflict. The most surprising thing about this extraordinary event is that, as recently as a month ago, many political insiders and ordinary people, in corridors of Congress and in supermarkets, buses and luncheonettes in Brazilian cities, stuck to the proverbial wisdom: "*Não vai dar em nada.*" ["Nothing will come of this."]

At best, Collor's impeachment is the first episode of a long struggle that must be sustained by the drive of most Brazilians for something better. While Collor never tried to refute the charges against him, his aides insisted that they would defeat the impeachment comfortably. However, their maneuvers stalled amid a wave of indignation that overwhelmed all temptations by Congressmen to temporize or sell their votes. To the drumming of street demonstrations by students that became Carnival scenes, with the vote of each Deputy displayed in a national televised ritual practiced in Brazil on this scale only for World Cup soccer games, Collor was suspended from office for 180 days, pending trial by the Senate, by a vote of 441 to 38, a margin of nearly twelve to one, with the President's main support reduced to a cluster of Deputies from the backward states of Amazonia and the Northeast, heavily-overrepresented in Congress.

Something must come of this. Tuesday's vote shows that many Brazilian politicians know that they survive at the edge of an abyss. For the past year, chronic inflation has been "stabilized" at a *monthly* rate of 20-25%, perilously close to another hyperinflation. In the annals of world inflation, no country has ever sustained price rises at such high rates for so long. Federal revenues are falling while domestic public debt service is rising fast and big government pay increases, already written into law, are scheduled for 1993. As in the hyperinflation that preceded Collor's March 1990 inauguration, the country's domestic financial resources are concentrated again in highly liquid assets that can be turned quickly into foreign currency and gold. The new government headed by Vice President Itamar Franco must do something about this fast. However, on the day after the big vote, the parties backing Franco fell at each others' throats over the makeup of the new cabinet. Names circulated of old cronies of the Vice President and of failed economic czars of the 1980s whose policies led to the past hyperinflation. The curse of mediocrity plagues the new government even before it takes office.

Brazilians are starting to realize that chronic inflation is political failure, that nothing of importance can be done without major alterations in the country's political organization to truncate the parasitism embedded in a system of transfer payments, especially from Brasília to local governments, that have swollen public payrolls, cut public investment to dangerous new lows and bred both corruption and more inflation. From this comes the wasting of infrastructure, ethical standards and institutions that the Brazilian economic philosopher Eduardo Giannetti da Fonseca calls "the plague of relapse," threatening reversion of some populations to more archaic regimes of civilization and mortality.

The spectacular corruption of Collor and his friends was blamed on the demands of electoral financing which, in richer countries like Japan, Italy and the United States, also blur distinctions between politics and crime. The parliamentary inquiry on the influence-peddling and kickback ring operated by Collor's friends reported: "Brokers of public appropriations shamelessly swarm over the simplest of routine payments" as well as bigger business such as unblocking frozen bank accounts, getting contracts without public bidding, appointing and removing officials, becoming "a kind of 'merchandise' for which businessmen and others were willing to pay incredible and unjustified prices." Brasília, the inland capital built three decades ago, has become an institutionalized hive of such activity and a main engine of Brazil's chronic inflation. Paulo César Farias, the President's business agent and treasurer, accused his accusers of hypocrisy. Everyone is guilty, he said. All this is part of the normal business of politics. This is why so many Brazilians, shamed and depressed, said: "*Não vai dar em nada.*"

Collor was undone by moral indignation. But the moral indignation had to be fed with muck from Brasília's bureaucracy, among whom he grew up as a Senator's son, and from of an ugly family feud in the Northeastern state of Alagoas, his political base. Even more important than the initial disclosures by Pedro Collor, the President's younger brother, of organized corruption were the relentless leaks and leads given the press and Congressional investigators by disgruntled agents of the Federal Police whose salaries had been truncated by Collor's pay freeze for public employees, by Central Bank union leaders linked to the political opposition, by former military intelligence officers also infuriated by low salaries as well as by abolition of the National Intelligence Service (SNI).

Collor also rose to power on a wave of moral indignation, railing against official "maharajahs" with special privileges in his 1989 election campaign while denouncing corruption in the administration of President José Sarney (1985-90). Sarney returned to the Senate in 1990 after establishing false residence in the remote Amazon state of Amapá. His son and daughter, also elected to Congress in 1990 in the inbred way of Brasília's ruling class, played key roles in the impeachment proceedings. Ironically, the paper trail of evidence condemning Collor was fruit of one of his moralizing innovations, prohibiting banks from honoring checks made out to cash, eliminating a customary way of making under-the-table payments.

Brazil has enjoyed the world's highest economic growth rate since 1870 of any major country, but over the past decade has been stagnating economically and sinking in political failure. There is no sign yet that Collor's impeachment, product of alarm and indignation as well as political vengeance, amounts to a clear reversal of this course.

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