FEATUReD Q&A

What Does the Case Against Lula Mean for Rousseff’s Gov’t?

Brazilian federal police on Friday detained former President Luiz Inácio Lula da Silva for questioning and searched his properties as well as his institute in an operation that involved some 200 agents. Lula, who has been implicated in connection with the massive corruption scandal at state-run oil company Petrobras, has repeatedly denied wrongdoing. His wife and sons are also being investigated. What does the police raid mean for Lula’s power and prestige in Brazil and abroad? How big a blow is Lula’s detention to the government of his protégé, President Dilma Rousseff? Does Rousseff need to distance herself from her mentor for the sake of her political survival? How will the Supreme Court’s recent decision to put House Speaker Eduardo Cunha, a Rousseff foe, on trial for corruption charges related to the Petrobras case affect the impeachment case against Rousseff?

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Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue: “The police actions against President Lula were the latest blow to his credibility and influence. Once considered Brazil’s greatest political leader ever, Lula left office with 80 percent-plus public approval, but his approval rating has now slipped below 30 percent. Unless put on trial and found guilty, however, Lula cannot yet be written off as politically irrelevant. Despite his tarnished reputation, many Brazilians hold him in high regard. The Workers’ Party (PT) he founded 30 years ago has no one else of his stature or authority. Indeed, across the political spectrum, there is a vacuum of leadership. Although hardly the favorite today, Lula could make a comeback and run for office again.”

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Salvadoran Supreme Court Orders Probe of Ex-President Saca

El Salvador’s supreme court on Monday ordered an investigation of former President Tony Saca in connection with allegations of illegal enrichment, the Associated Press reported. The high court ordered the temporary seizure of several properties connected to Saca as well as the freezing of five bank accounts linked to the former president and his wife. In its rulings, the court said Saca, who was president from 2004 to 2009, had not explained how he received $5 million of the $6.5 million in assets that he acquired during his presidency, the AP reported. In addition, the supreme court barred Saca from transferring stock in media companies, in which he is believed to have involvement, to or from his relatives. Salvadoran officials have also targeted Saca’s successor as president, Mauricio Funes, on illegal enrichment allegations. Additionally, former President Francisco Flores was under investigation for allegedly diverting millions of dollars in earthquake relief funding to his political party before he died of a cerebral hemorrhage in January.

Latin American Oil Producers to Meet Friday in Quito

Latin American oil producers, including Venezuela, Colombia, Ecuador and Mexico, will meet on Friday in Quito with the aim of coordinating a strategy to curb the oil price rout, the Ecuadoran government said, Reuters reported Monday. Ecuadoran President Rafael Correa first announced the plan last week without giving a date for the meeting, saying the meeting would be part of a regional push to raise oil prices. The meeting indicates that Mexico and Colombia, neither of which are members of OPEC, may be involved in the effort to stem the drop in oil prices. The regional meeting comes ahead of a meeting between key OPEC members and other oil producers in Russia on March 20, where members will talk about the possibility of an oil output freeze, according to Nigeria’s petroleum minister. “It will be an important step … to adopt a common position in Latin America … in view of the next OPEC summit,” Ecuadoran Foreign Minister Guillaume Long said, referring to the OPEC meeting set to take place on June 2. Oil prices have fell 70 percent from mid-2014, wreaking havoc on the economies oil-exporting countries that rely on the commodity as its main source of income.

Indigenous Group Takes Peruvian Officials Hostage Over Oil Spill

An indigenous group known as the Wampis community of Mayuriaga in the Peruvian Amazon took at least eight public officials hostage, demanding help from the central government to clean up an oil spill that has polluted its lands, Peruvian authorities said Monday, Reuters reported. The Wampis seized a grounded military helicopter late Sunday in order to pressure the government into including the community in the emergency response plan, said Germán Velásquez, the president of state-owned oil company Petroperú. The government will amend the emergency decree that was published last month to include Mayuriaga, said Deputy Culture Minister Patricia Balbuena.

Mexico Won’t Pay for Trump’s Wall: Peña Nieto

Mexico will not pay for U.S. presidential candidate Donald Trump’s proposed wall along the countries’ border, Mexican President Enrique Peña Nieto told the Excélsior newspaper in an interview published Monday. In the interview, Peña Nieto also likened Trump’s comments to those of dictators Adolf Hitler and Benito Mussolini.

Colombian Mining Minister Resigns Amid Graft Probe

Colombia’s energy minister, Tomás González, resigned Monday from his post after being charged with corruption, according to Colombia Reports. President Juan Manuel Santos told reporters in Bogotá that González did not resign over the corruption scheme he was allegedly spearheading, but rather over the difficulties associated with maintaining Colombia’s energy reserves amid the country’s worst energy crisis since the 1990s. Colombia’s reserves are under pressure, due to an extreme drought caused by El Niño and technical failures in some of the country’s key power generators. Colombia’s inspector general’s office is investigating whether González participated in influence peddling and tax fraud.

Colombia Fines Uber for Providing Unauthorized Taxi Services

Colombia fined the app-based taxi service Uber on Monday for providing unauthorized transportation services, the Associated Press reported. The company was fined approximately $140,000 for failing to comply with local transportation regulations. Uber responded in a statement by saying it’s been unfairly pursued by the Colombian government, adding that it would continue operations in the country. Bogotá’s taxi driver association welcomed the fine, but said it does not go far enough.
Former chief executive officers of Brazilian construction companies Odebrecht and OAS Empreendimentos are considering plea bargains with prosecutors in the massive corruption scandal involving state-run oil company Petrobras, Brazilian newspaper O Globo reported Tuesday. Marcelo Odebrecht has been jailed since July on graft allegations, and Leo Pinheiro is currently under house arrest, Reuters reported. O Globo cited a source close to one of the former executives in reporting that the men are considering jointly collaborating with Brazilian authorities in the investigation. Odebrecht and Pinheiro could both receive lighter sentences if they cooperate with prosecutors. Last week, Brazilian newspaper Folha de S. Paulo reported that Pinheiro could name former Brazilian President Luiz Inácio Lula da Silva as part of a possible plea bargain testimony. Lula, who was briefly detained by police last Friday for questioning, has repeatedly denied wrongdoing. Reuters was unable to reach representatives of Odebrecht and OAS for comment.

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— Joel Korn

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Well be a viable candidate for president in 2018. President Dilma’s poll numbers are worse, close to single digits. Her aptitude for politics and governing is limited, and she has failed to mobilize the political support needed to address Brazil’s battered economy. Without Lula’s support, her capacity to govern will shrink further. She will become even more isolated and ineffective, while problems with the Brazilian electorate, Congress, and her own party are likely to grow. Impeachment remains a strong possibility and a case can be made for the president’s resignation. It is disappointing, however, that Brazil’s political leaders have not done much to build a minimal consensus on what next steps might follow her departure in order to confront the country’s massive challenges—particularly to put some order and realism into policymaking in the legislative and executive branches and pursue a serious program for restoring economic stability and growth. Brazil is not a deeply polarized nation. Its Congress is erratic and mediocre, but it is not divided into two ideologically clashing blocs. Compromise is possible. It is early to consider Brazilian politics and economics broken and irreparable, just as it was premature to proclaim Brazil a robust success story a half dozen years ago.”

Joel Korn, president of WKI Brasil: “Former President Lula’s mandatory deposition in the midst of the ongoing corruption scandals investigation reflects the strong and growing perception of his tacit knowledge and involvement in the bribery scheme that became an endemic practice over the past several years. Notwithstanding his vehement denials of any wrongdoing, the implications of the police raid are evidently negative and undermine Lula’s political leadership and prestige. Moreover, it weakens further the fragile position of President Dilma Rousseff, whose abilities to lead the government and obtain the necessary congressional support for the crucial economic measures have been seriously compromised. The upcoming depositions from key players in the corruption scandal are expected to add more fuel to the severe political crisis, making it even more difficult for the government to move away from its current state of virtual paralysis. Although the outcome of the impeachment process against President Rousseff is yet uncertain, recent developments and what remains to unfold within the scope of the ‘Lava-Jato’ investigations will certainly constrain even more her ability to govern over the remaining three-year period of this administration. The fast-deteriorating economic situation and the associated social pressures that come along with it will prompt a renewed surge of street demonstrations. As it usually happens, these manifestations may prove to be quite effective in drawing the attention of...”

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the president and Congress about the need to speed up the process to restore the government’s legitimacy and credibility, within a democratic and institutional order. This is certainly a pre-condition to re-establish the necessary country stability, to move forward with the overdue economic measures and, thus, regain the confidence of investors and consumers.”

Melvyn Levitsky, professor of international policy and practice at the University of Michigan’s Gerald R. Ford School of Public Policy and former U.S. ambassador to Brazil: “The popular news magazine Época headlines its article about the corruption scandal, ‘Lula knew about the Petrolão’ (Petrobras scandal); this according to ex-federal deputy Pedro Corrêa, now being held for taking bribes and in a plea-bargaining and awaiting trial, have reportedly also accused Lula in both the ‘Mensalão’ (vote-buying scheme) and the Petrobras scandal. Lula has been under an anti-corruption microscope for the past several years. When Lula came into office in 2003, the PT was seen as one of the few ‘honest’ parties; it is now clear that it is not. This latest development will certainly diminish Lula’s chances to return to the presidency. Brazil is in bad shape on both the political and economic fronts. One of the bright spots is that a group of young federal prosecutors working with the federal police and with federal judges is beginning to root out corruption in a serious way. There will be more to come. It’s a perfect storm of problems for a country that had been so praised over the past 10 years for weathering the global fiscal crisis. Dilma owes her two elections primarily to her connection to Lula’s popularity, so it’s unlikely that she will disavow him. Although she has not been accused personally of benefiting from the Petrobras imbroglio, her impeachment by the Brazilian Congress now seems more possible.”

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The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.