

THE DAILY CALLER

Brazil Could Impeach Its President Sunday Over Oil Corruption Scandal

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Socialist Brazilian President Dilma Rousseff's former political allies announced Wednesday they'll help impeach her over a corruption scandal involving the state-owned oil company Petrobras illegally financing political campaigns.

Congressional members of the Social Democratic Party and the Brazilian Labor Party recommended their members vote Sunday to impeach Rousseff, reversing the party's earlier decision to support the president. Rousseff needs 172 votes in the 513-member body to avoid impeachment and a trial in the country's Senate.

Rousseff has been dogged by accusations of high-level corruption and graft tied to Petrobras since she assumed office in 2014. The Petrobras scandal has already led to an investigation of popular former President Luiz Inacio "Lula" da Silva and toppled numerous Brazilian political and business leaders. Rousseff and the socialist Worker's Party denied the allegations.

"Brazil isn't what it was cracked up to be. When you have a state owned oil company in a country with weak institutions like Brazil, you're almost certainly going to see corruption." Ian Vasquez, the director of the center for Global Liberty and Prosperity at the libertarian Cato Institute, told The Daily Caller News Foundation. "The surprising part is that the most powerful people in the country are actually being held accountable for engaging in corruption, we're talking about political and business leaders, the top people in Brazilian society."

The scandal began when police identified \$3.7 billion in suspicious payments from the oil company last January and many suspect that Rousseff and her political party skimmed billions from Petrobras' revenues to illegally finance political campaigns. Rousseff is also being investigated for manipulating public accounts to mask a growing government budget deficit.

“The Brazilian constitution created a process by which judges and attorney generals were selected via a merit based system. That changed things,” Vasquez told The DCNF. “Slowly, the people in the legal professions became competent and didn’t have to answer to their political bosses. Brazil’s judiciary is now fairly independent compared to other Latin American countries.”

“If politicians don’t hear our voices, they will be in trouble,” Oscar Cezar Magalhães, a protester in the northeastern state of Bahia, told The Wall Street Journal in March. “We are going to the streets to take Dilma out. Then we’ll think about what comes next.”

Some 65 percent of Brazilians call the Rousseff administration as “bad” or “very bad,” according to a December poll.

The sprawling scandal has been going on for months and has caused a related economic meltdown. In December, the country’s credit rating was downgraded to junk status and the strength of Brazil’s currency has declined.

National economies that are overly reliant on oil tends to breed corruption and frequent attempts to use oil revenue to buy citizen approval.

Revenues from oil are inherently unstable and usually cause epidemics of governmental corruption. Countries that suffer from this “resource curse” or “Dutch disease” typically grow much slower economically over time, as putting oil revenues into a welfare state is much more attractive politically than reinvesting the wealth to boost economic performance. From 1965 to 1998, the GDP per capita of oil exporting countries decreased on average by 1.3 percent per year, while in the rest of the developing world, it grew by an average of 2.2 percent per year.