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Tuesday September 21st 2010

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The Americas
Americas view

Storm clouds ahead

Sep 16th 2010, 10:54 by H.J. | SÃO PAULO



AT THIS stage in Brazil's presidential race it would probably take a full-blown hurricane to blow Dilma Rousseff, the front-runner, off course. With the voluble support of the current president, Luiz Inácio Lula da Silva, she has pulled far ahead of her nearest rival, José Serra, and the occasional scandalous cloud on her campaign's horizon has so far [come to nothing](#). But with just over two weeks to go before the elections, Ms Rousseff may be entering squally weather.

Earlier this week *Veja*, a Brazilian news magazine, published an [article](#) alleging that Israel Guerra, whose mother, Erenice Guerra, is the presidential chief-of-staff, had helped private businesses win no-bid government contracts. In exchange, it said, he received "success fees" and monthly cash payments for "political commitments". The magazine contended that Mr Guerra's help amounted to influence-peddling by his mother, and that the payments were in reality bribes. Ms Guerra denies all wrongdoing and has called for an investigation, which she says will exonerate her.

Unlike the most prominent political scandal of the previous few weeks, in which junior members of Ms Rousseff's Workers' Party (PT) had illegally accessed private tax records of people close to Mr Serra, this one passes much closer to the front-runner. Until last year she herself was Lula's chief of staff, and Ms Guerra was what she called her "right-hand woman". Mr Serra has played the affair for all it is worth in his election advertising, showing footage of the two women together and emphasising their close and long-standing working relationship. Lula's predecessor as president, Fernando Henrique Cardoso, in whose government Mr Serra served, has also joined the fray, after keeping a low profile in recent years. "It's the *mensalão* scandal all over again," he said, recalling a [scheme](#) of monthly bribes paid by the PT to its congressional allies in exchange for their votes. "Plotting in the presidential palace, next door to the president". Although the *mensalão* did not stop Lula from being re-elected in 2006, it is widely credited with having denied him a first-round victory.

There are important differences between the scandals. The *mensalão* was first revealed (again in *Veja*) two years before the last election, giving it more time to unfold in all its grisly glory. It also involved many more people than do the allegations against the Guerras. And although Ms Rousseff first tried to ignore the matter, the PT has since gone on the attack. After meeting with Lula to discuss strategy, Ms Guerra accused Mr Serra of "desperately trying...to breathe life" into his doomed candidacy. Even so, Ms Rousseff's team will be awaiting the next opinion polls with a new anxiety.

UPDATE: Ms Guerra's response now looks like a big miscalculation. She had claimed that the scandal was a political concoction and that Mr Serra was "unethical and already defeated". But according to presidential aides, that statement was published without Lula's knowledge (not to mention approval), and its tone was a "total disaster". Today, she [offered her resignation](#), presumably to avoid being pushed.

Brazilians are used to influence-peddling. Its frequency, combined with the almost limitless opportunities for those caught out to appeal and a feisty press, mean it is a staple of news reporting. What potentially made this scandal different was its closeness to the presidency and the president's preferred successor. So the decision to remove Ms Guerra will probably limit its impact.

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Rodriguinho_2009 wrote: Sep 16th 2010 1:15 GMT
 If Brazil was a serious country Lula would have been impeached during the Mensalao and the Alopados scandal. By the same token, Dilma Rousseff's campaign would have been defunct by now, both politically and legally. Instead, impunity in Brazil is rampant and Lula & Dilma carry on as usual. Worse, Ms Guerra and the Government are trying to sell the story that the opposition is the culprit for Ms Guerra's crimes. Such surreal and absurd response could only happen in Brazil. Noteworthy is the fact that all this illegal dealings were taking place while Dilma was still the Chief Minister, a key fact that is surreptitiously left out by the Economist reporter.

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Luciano Lorenzetti wrote: Sep 16th 2010 3:01 GMT
 This will be the most boring election in the whole history of Brazil. Ms Rousseff will easily win. The only thing I wonder is which will be the new role of Lula. Probably something very similar with what happens in Argentina between President Cristina Fernandez de Kirchner and her husband and former President, the real power behind the shadows. This is something that does not help our continents democracies.

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reggierocksonrocks wrote: Sep 16th 2010 4:20 GMT
 It is amazing that those sitting near or at the top of the pyramid of privilege and/or authority, in relative comfort compared to those below them, just can't get enough. If it's not cash, its avoidance of law in an effort to obtain access and favors.

I still recall the imagery of the various politicians in Brasilia, one after the other stuffing cash in their pockets. Its one issue to be corrupt, but then it is a whole new issue to try and justify it with some far out argument as to why you took a bribe.

Corruption is powerful stuff. I guess you have to be there to understand it.

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GPCarvalho wrote: Sep 16th 2010 5:39 GMT
 Erenice Guerra has just resigned, according to leading Brazilian newspapers. Like her predecessor, José Dirceu, she leaves the key cabinet post (Chief of Staff) emitting vapors that point to organized mischief. Dilma Rousseff's campaign will not be derailed, but her credibility, as well as that of her devoted Pygmalion, may suffer in the wake of another major scandal.

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bernajurema wrote: Sep 16th 2010 5:57 GMT
 One aspect of Brazilian politics has not yet been picked up anywhere outside the country: the blogosphere has been instrumental in taking down the hitherto unsurmountable power of the corporate media oligopoly in setting the agenda, framing the debate and establishing the narrative. The old media do not have the same power they used to not so long ago to exert influence over Brazilian politics. And all this happened without any persecution from the part of the Government (unlike Argentina or Venezuela). It is quite an achievement and it's rather disappointing that no foreign media outlet has picked up on this.

In this post, for example, the correspondent fails to point out that Veja is a partisan outlet, whose charges are systematically anti-Lula and anti-Workers Party. On top of that, Veja fails to meet the most basic principles of good journalism. Its charges are more often than not flawed and based on flimsy evidence and questionable sources. The corruption charges and scandals against Lula and the PT have to be put into the appropriate context of the Brazilian media landscape, which is highly concentrated into the hands of a handful of four media corporations located in Rio and São Paulo. Moreover, there is a historical precedent, as the media's partisanship is nothing new in Brazilian young democracy: it also played a fundamental role in the key events of the first democratic interregnum of 1945-64, such as Vargas's suicide and the run-up to the military coup d'État.

Taking such charges at face value and failing to understand them as part of the political struggle is the main flaw in the global media coverage of Brazilian politics.

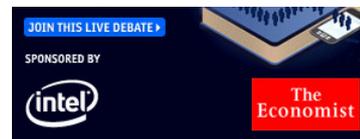
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GPCarvalho wrote: Sep 16th 2010 6:12 GMT
 A balanced account of Erenice Guerra's resignation can be found in BBC Brasil.

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[Permalink](#)[Report abuse](#)**Bob from DC** wrote:

Sep 16th 2010 6:31 GMT

While this should cause concern to voters in Brazil, it ultimately will have zero effect in the electoral campaign, even though this latest scandal happened when Mrs. Guerra was under the direct supervision of the current leading candidate to the Presidency. Informal polls asking likely voters if they are aware or cognizant of what these crimes even mean reflect the state of Brazil's educational system, whose failure is essential for corrupt parties [from both ends of the political spectrum] to maintain power. As long as the poor keep receiving funds from Lula's [un]conditional cash transfer programs like Bolsa Família, there is no prognosis for improvement.

[Recommend \(16\)](#)[Permalink](#)[Report abuse](#)**mdvsister** wrote:

Sep 16th 2010 7:10 GMT

Power corrupts, absolute power corrupts absolutely (Lord Acton said this in 1887). The truest thing ever said. I would add: impunity liberates corruption. No scandal has reached Lula. What's more, the victimary has become a victim (this is because you are envious that an illiterate person has governed better than anybody else) and the more scandals appear, the more he seems to increase his supporters. Something the first-world would not understand.

[Recommend \(13\)](#)[Permalink](#)[Report abuse](#)**bernajurema** wrote:

Sep 16th 2010 7:14 GMT

Elitist views such as those presented by Bob from DC above misrepresents what is going on in Brazil today. Only 20% of Ms Rouseff's voters receive the Bolsa Família stipend. Moreover, it is demeaning to imply that they vote solely on that basis or that Dilma's supporters are dumb. Being poor is not akin to being dumb; and Dilma wins in all regions and all social sectors, except the very rich. So the claim that Dilma's victory is due to Bolsa Família or to the people's ignorance is a flawed one. Not to mention that this same "ignorant" people who vote for the Workers' Party today, voted for the centre-right PSDB in the 1990s.

The Brazilian voters, since they have been granted the right to vote for president in 1989, have proven to be increasingly pragmatic in their electoral choices. The Bolsa Família, which has been analysed in a very balanced way in this magazine, is part of a broader project that has been promoting the social democratization of Brazil. From 2002 to this day, the GDP has grown from US\$ 500 billion to US\$ 1,5 trillion; foreign reserves have gone up from US\$ 35 billion, with a help from the IMF, to US\$ 250, and helping the IMF; the GINI indicator has gone from 0.58 to 0.52; 30 million people have left poverty and entered the new middle class; 10 million people have physically left the favelas. All this has been achieved with ample respect to freedom of the press, even if the media in Brazil is partisan and does not adhere to the basic principles of good journalism; and with ample respect to the institutions - there has been no attempt whatsoever of changing the Constitution for partisan or personal reasons (like Brazil in the 1990s, or Venezuela more recently) or the Judicial system (like Argentina in the early 2000s or also Venezuela more recently, or Uribe's failed attempt). Add to that the fact that Dilma Rouseff's performance on the debate, according to polls, has been way better than Serra, and the quality of Dilma's ads have also been superior. The opposition is clueless, has no social base other than the media corporations, and has no real alternativa platform to present to voters. Adding all this together, it is very clear why the Brazilian people, in all regions and social classes, is overwhelmingly backing Ms. Rouseff's election.

[Recommend \(25\)](#)[Permalink](#)[Report abuse](#)**Bob from DC** wrote:

Sep 16th 2010 7:42 GMT

To bernajurema: There is a big difference between people being poorly-educated, and them being dumb. I was born and raised in Northeastern Brazil, and I think that this government has by far invested more in that region than any previous administration. I think that the net impact of eight years of a leftist government in Brazil is positive, and will force future governments to continue to dedicate more resources to underserved regions of the country. At the same time, I do not think that this allows the government to have impunity when using institutions that exist to protect citizens against the citizens' best interests (the Receita Federal is a great example). The Brazilian mentality of "rouba, mas faz" (translates loosely to "he steals, but accomplishes") does not bode well for foreign investors, on whom Brazilians depend to achieve growth, not to mention the government's ability to act against its citizenry, as was the case of the broken tax privacy in a recent scandal for which no one has been punished. In addition to these problems, the tax burden is excessive, the interest rates are too high, and government investment is still trivial despite what Ms. Rouseff might say (for instance, she claims to have distributed one million homes to the poor and claims two more million will be given, when in fact 115 thousand families have actually received homes to inhabit).

I don't think my view is elitist, but I do think it is coherent. I think it is very convenient and intellectually dishonest for the supporters of the Workers Party to completely dismiss the achievements of Fernando Henrique Cardoso, who as finance minister managed to curb inflation, and who as President began many of the social programs that were rebranded by Lula and touted as his accomplishments (Bolsa Escola became Bolsa Família, Luz no Campo became Luz Para Todos, etc). Passing off this revisionist history as the truth is unethical and slightly disconcerting, especially when no detail is being given about Ms. Rouseff's involvement in fringe leftist movements during the dictatorship, such as COLINA.

And as far as the debates go, I am baffled by the perceived superiority of Ms. Rouseff's performance, who struggles with syntax to create coherent sentences. You can call me an elitist for saying this, but after parsing some of her sentences, you will have to

agree that I am being objective.

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Bob from DC wrote:

Sep 16th 2010 7:54 GMT

One more thing: A lower middle class family in Brazil (Classe C), statistically speaking, is one with an income between US\$650 and US\$2,801 per month. About half the population is within this group. The cheapest car in Brazil, for a frame of reference, costs US\$13,500, or over 20 months of income for an entire middle class family in the lowest part of that range. I'm sorry, but many (if not most) people within the Classe C income ranges are in reality poor. These categories allow the government to get away with some pretty remarkable sophistry.

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bernajurema wrote:

Sep 16th 2010 8:20 GMT

Bobfrom DC, I'm also from the Northeast! :)

I have to disagree with you on two points.

1. It is not true that this government is lenient towards corruption. The attorney general has been granted more autonomy; the Federal Police (our FBI) has been strengthened and carried out all sorts of investigations, arresting politicians of all parties, businessmen, judges and even federal policemen; transparency has increased. The reason why no one has been punished in the fabricated scandals you point out is a consequence of a very simple reason: something called the due process. Investigation is under way and, under Brazilian law, and despite the will of the partisan media, everyone is innocent until proven guilty. News reports, I'd like to point out, is not a due legal process!

2. It is not true that Lula's programmes is a mere continuation of the Cardoso's. I agree that credit should be given for achieving macroeconomic stabilization. But that was at a high social cost: extremely high interest rates, overvalued currency and fiscal constraint. This resulted, by 2002, in a 9-month energy shortage due to a decade of lack of investment; decreasing income for lower classes; 26,5% interest rate; 12,5% inflation rate. The economy was totally exposed to the whims of international capital markets. The interest rate went up to keep inflation low, but then it increased our debt. When Cardoso took office, Brazil's debt was 30% of GDP; it was 60% when he left office.

The Lula government fundamentally changed this. Interest rates came down to 10%; inflation has been kept at bay; the debt's profile has been improved, being less exposed to the dollar and thus to international variations, and it has been lowered to around 40%. The programmes you mention have not simply been rebranded. The Bolsa Família is built upon the Bolsa Escola, but it is a different thing altogether: all the previous government's social programmes, dispersed and overlapping, were put under the same ministry and were given, via a debit card, directly to the card holder, without intermediaries. Also education and health conditionalities were added. The Luz Para Todos is different become, unlike previous programmes, it is subsidised by the federal government - that is precisely the reason why this programme has been so successful. And about the housing programme put forth by Ms Rousseff, the first national-level programme in decades in the country, there is a time-lag between the house being contracted and finally given to the new house-owners.

Ms Rousseff has a YouTube channel in which, unlike her main rival, she posts all her daily press conferences and public speeches. You can listen to her proposals directly, without going through the filter of the partisan mainstream media.

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GPCarvalho wrote:

Sep 16th 2010 9:50 GMT

Reporting from Brazil, Filomela Klorotes suggests that the Lula Administration appears to pay little or no attention to the current crisis, although it involves a key area of the government. "This is institutional recidivism", ponders Dr. Klorotes. "The same crime may have occurred in the same place", she adds. "They certainly changed the actors, but the plot seems to be the same", she concludes.

According to Dr. Klorotes and other social scientists interested in the current presidential contest, this scandal may acquire a momentum of its own, eventually thwarting President Lula's personal political ambitions. She would not advise the President to act as he did after the exposure of the huge under-the-table scheme popularly known as Mensalao. Lula then chose to remain ignorant of what was happening to his assistants next door. Dr. Klorotes fears this kind of behavior will compromise his future endeavors.

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Fabio C wrote:

Sep 16th 2010 10:43 GMT

Rodriguinho, I totally agree with you and I would like to exam the situation a bit more. In my opinion it was very naive of Serra to campaign on a platform of honesty and competence. Brazilian people are not interested in honesty and competence. What Brazilian people are interested is in getting a public servant job. Brazilian people want a big State to be everybody's mother and that's EXACTLY what Lula says Dilma will be.

For the last 8 years Lula has given public jobs for thousands of people and financial benefits to thousands more. Who in Brazil can go against that? Then Serra comes along to say that he will run the State with competence? Are you joking?

Also, the opposition in Brazil is a joke starting with FHC. Serra was abandoned when he was running to succeed FHC and so Lula had the chance to get elected. Then we had the mensalao, and we didn't have ONE politician with vision and courage to unite the

opposition around him and depose Lula, the way PT deposed Collor. Mensalao gave all the elements for that, but the opposition never had a true leader. They were all cowards, or a part of the system, or had no representativity.

Also, what is making Dilma's vote intention sky high PMDB. PMDB is the big hooker of Brazilian politics. As they say it themselves, they are "um partido de programa".

And so Brazil is taking shape...I think PT is exactly what the Brazilian people always asked for and you can't beat that. No, Brazil is not a serious country because it never wanted to be! That's not the Brazilian people vocation. Sorry.

At the end, Dona Flor wants Vadinho and nothing can change that.

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Rodriguinho_2009 wrote:

Sep 16th 2010 11:41 GMT

@bernajurema:I have to disagree with you on many points

1. As never before in the "history of Brazil", corruption is rife and rampant in Brazil. For instance: four years on, and the Federal Police is still unable to trace the origin of the money from the Aloprados scandal. People from PT were arrested with almost two million reais in cash and nothing happened because the PF, it is obvious, does not have any interest in solving this. Plus the Aloprados are all free and doing very well, thank you. Another one: mensalao. Jose Dirceu, which has been formally charged as the "leader of a criminal gang" at the Brazilian supreme court is not only free, but is one of the "brains" behind Dilma's campaign. Only in Brazil can the "due" process take so long. Regardless, how can someone facing such serious charges play such an important part in a presidential campaign? That would never happen in the US or any Western European country. To the Petistas that does not seem to be an issue at all.

2. Thanks to the end of inflation brought about by FHC and the real Plan is that millions of people were lifted from poverty. Moreover, the highest employment rate in Brazil was registered during FHC's government (only recently I think that rate was surpassed). The assertion that the Real had a huge social cost is only part of the PT "spiel" and it is not sustained by numbers. And it was no small feat to bring inflation from 5000% a year down to 12.5%, on top of ending the inflationary culture and practices in Brazil. In summary, Lula received Brazil ready to sail, with a stabilized and shipshape economy. All in all, Lula reaped the benefits for not changing the economic policies set by FHC and for being lucky enough to receive such blessed inheritance while the world economy experienced the biggest boom since WWII.

3. Education and health only deteriorated under Lula. The provao and Enem are demoralized; ProUni is mired with problems. Out of supposedly 13, only 4 new universities were in practice created by Lula, like the ABC university, which can boast of a drop-out rate of over 40% of its student body between 2006-2009! The endless dengue and febre amerela epidemics and lack of investment in sanitation highlight the poor planning and sheer incompetence of the government in the area of public health.

4. The luz para todos did not achieve half of what the FHC government did in the same area, according to IBGE numbers. The Minha casa, minha vida, which was supposed to deliver a million homes, has only managed to deliver around then a tenth of that. It fares even worse, when someone considers that only a tiny part of that tenth was actually delivered to the poorest families, those for which the program was designed in the first place. BTW, people cannot live in contracted houses that exist only on paper.

5.It is a good thing that Dilma has a youtube channel. Maybe this way there will be enough editing to make her incomprehensible gibberish into something that a human being can start to understand.

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Th'Economist wrote:

Sep 17th 2010 12:17 GMT

It's a world shame!

And the Brazilian electorate, mostly illiterate, will keep this kind of people governing the country.

It's a world shame!

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Monica-Gomes wrote:

Sep 17th 2010 1:54 GMT

Today, ERENICE GUERRA, a Minister in Brazil, resigned after being involved in several scandals such as deviating public money through relatives. She employed her son, brothers and sisters and several other relatives in the government and deviated millions of dollars (public money).She is from President Lula da Silva and candidate Dilma Rousseff's staff. Lula da Silva has been showing clear signs that his alcoholism is getting worse, and is becoming a dangerous project of dictator, trying to control the press, doing sabotage to ellection polls and trying to end opposite parties. We fear Brazil's international policies, Lula was against Cuban protests for human rights, supports Iran, and has relations with Colombian FARC. Please keep a close eye on us! We are afraid to lose democracy once again!!!

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reggierocksonrocks wrote:

Sep 17th 2010 2:22 GMT

Corruption can be the killer of progress.

Two observations, and they are only observations:

One.

President Lula appears to be a "Teflon" president, (nothing sticks to him directly) because like most smart presidents he is never directly involved, and always several steps away from such activities. I'm sure in many of these cases he probably does not even know the details because he is not at the operational level. In some instances this is why leaders want people around them that are loyal first. Frequently, loyalty is more powerful than competence. The loyal chief-of-staff or department head will handle such questionable activities.

Loyalty vs. competence creates a well-known dilemma for leaders, assuming the leader can't find a chief-of-staff or department head that is both loyal and competent.

As a leader, would you rather have a right-hand man (or woman) that is smart and can solve problems but may not be loyal to you in critical times, or one that is not so smart, but very loyal to you in critical times?

A second reason.

The economic conditions in Brasil seem (Overall) to be going in the correct direction, steadily getting better instead of worse.

Naturally the financial markets, investors, the upper tier of the Brazilian business community, and average citizens, become content with what they perceive to be good times and look the other way. Even foreign governments that are trading partners and/or allies who like what they see, are willing to look beyond a great deal of the scandals many of you are writing about.

My concern is that the Brazilian internal mechanisms for upholding law are unable to function correctly and administer penalty. (Perhaps they have been compromised) How and why are so many scandals uncovered, yet nobody or at least very few people are held accountable?

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reggierocksonrocks wrote: Sep 17th 2010 2:49 GMT

Monica-Gomes writes in part:

Please keep a close eye on us! We are afraid to lose democracy once again!!!

I think there is too much at stake to let the country crash and burn. I could be wrong, but as of now, I just can't see it happening.

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D Brazilian wrote:

Sep 17th 2010 2:55 GMT

It wont threat Dilma, brazilian people is matured enough to separate isolated facts from the macro-economic and social politics.

That's why Lula kept his 80% approval during mensalao, and that's why Dilma will be unaffected on this one.

People are getting that you don't have to cut an entire tree just because you found a rotten fruit.

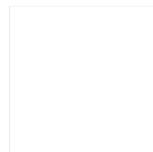
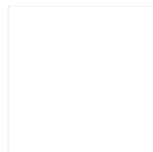
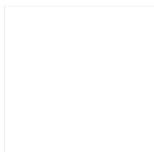
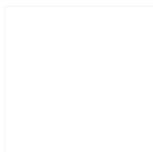
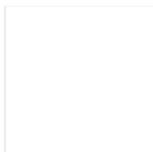
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