

Brazil as a Failing State (or, is it already a Failed State?)

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1. Brazil: the democracy that failed

I started this draft text, for the purpose of delivering an oral statement, some three months ago, around March, just after having accepted the invitation by the organizers to take part in the Brazil panel of the Estoril Political Forum. At that moment, the second title was not the question of Brazil being already a Failed State, but just a doubt, expressed with this almost affirmative interrogation: “will it become a Failed State?” It may be the case, judging by recent developments in the last few weeks, in the political, judicial, and police spheres, all of them very busy with too many cases of corruption, protests, and institutional impasses. So, in less than three months, I had to rephrase and strengthen my title, just to emphasize the true state of political affairs in my country: the scenario is deteriorating rapidly, to say the least.

With this new introduction, in the form of the above paragraph, I will have to be direct, sharp and may be unduly severe: Brazil is, if not already a Failed State, at least a Failing State, in many dimensions of this concept. In fact, its political system, under whatever criteria we may choose, has already failed. This is the result not only of the kleptocratic behavior exhibited by some of its members, but also because of the very well known rent-seeking attitude of many, if not all, representatives of the Brazilian elites, entrepreneurs, politicians, trade-unionists and the rest. The present scenario is on the verge of anomie, not only because of episodic factors, such as the current political crisis or economic recession, but because of a structural deterioration of Brazilian institutions, despite an apparent resiliency of its formally democratic architecture. The true Brazilian crisis nowadays is of a moral order, the very glue that maintains a nation united behind its values and principles: Brazilian citizenship today does not trust anymore any of the three branches of government, the Executive, the Legislative and the Judiciary.

Brazil is a deteriorating polity that, in view of the lack of any real consensus around the necessary reforms in its ailing institutions, promises to continue to be weakening gradually for the next few years, towards its first two hundred years of existence as an independent nation, and irrespective of the general elections in 2018. Indeed, in 2022, income per head of the average Brazilian will be the same, perhaps even less, than its level attained ten years before; the state of its public debt will be on the verge of bankruptcy, if not already insolvent; and the ominous fragmentation of its political system will be worsening to the point of a governance disaster.

Those are threatening features that pale when confronted with the moral dereliction of our so-called political elites, together with the promiscuous capitalists and bankers that have been funding the former, in a rare neglect of duty (perhaps it was intentional) for a country formally modern, proud of its democratic institutions, and

possessing one truly sophisticated State among developing countries of the Western Hemisphere, if not in the global South. Has Brazil become a toxic State?

The question is this: is it true that we are a consolidated democracy, possessing a functional State, and exhibiting strong institutions, capable of cleaning the rotten apples that sometimes embeds and plagues the governing and representative bodies of this State? I am not sure of that, in view of last two years of troubling developments in the sphere of governance. Taking into account the whole set of evidences raised by the Federal Police, the Public Prosecutors and the Judiciary, not only limited to the very well known “Car Wash operation”, my preliminary conclusion can be only one: if Brazil is not yet in a condition of a Failed State, it is already showing various evidences to be a Failing State. How did we arrive at this horrible state of affairs, of not having a stable government and a performing representative institution, even after applying the second impeachment procedure since the early nineties, or perhaps precisely for that? In one dimension, that of public accounts and macroeconomic management, Brazil has had a perfect storm, a self-inflicted crash course on how to destroy an entire country in half of a presidential mandate, and on how to implode a whole economy in less than four years, even if the process took a little longer to be built. In another dimension, that of its polity, Brazil showed itself as a well prepared country in terms of erosion of normal rules of governance, a perfectly fitted country for a schizophrenic process of dereliction (especially in the moral sense of that word).

In terms of the social impact of this political decay, there was an improvised combination of corrupt representatives and a greedy class of high State technocrats that lead the game towards the 2016 impeachment, which did not inhibited the continuing political crisis afterwards. Just to mention the State bureaucracy, almost privileged as the French *enarchie*, it is easily recognized that we do have many mandarins who are perfectly able and capable to conduct a very crude process of deepening of the already very unequal income distribution in Brazil, through very high wages and an infinite number of benefits that take a large part of the current expenditures in the budget. And, last, but not the least, during the entire Lula years and the disastrous one and half mandate of his successor, we assisted a truly “scientifically planned” scheme of high corruption in every sphere of the public administration, going each time more high and deeper in the scale of an organized gang robbery during the last decade and half.

How we could arrive at that? How we became so recklessly delinquent in terms of political governance and economic corrosion? Why our Weberian State was so rapidly and irresponsibly destroyed by a gang of political maffiosi that took the country by assault from 2003 up to 2016 (at least)? How could Brazil take a leading role in the unhappy championship of world corruption? How a bunch of confirmed kleptocrats stole the State and the Brazilian society during so many years? What all that means for technocrats like me, for academic people like you, for all of us? What we, Brazilians and our foreign friends, can do in face of it?

The reasons for that dire state of affairs are multiple and variable, along the last two or three decades, but can be summarized in two or three explanations: one is the very backward *Weltanschauung* – if the concept applies – of our political elites, which does not merit this qualification, as they are mediocre, ill-prepared, totally rent-seeking and opportunistic; the other is the schizophrenic character of our Constitution, a true

monument to political demagoguery and economic populism, constantly refurbished and expanded by a bizarre coalition of professional politicians and Gramscian literati, both acting on the premises of political correctness; and, the third reason, is certainly the conquest of the State by a truly criminal organization acting under the disguise of a political party. This third factor acted as the decisive trigger for the first two to be pushed forward, and exert a portentous influence on the whole process of deterioration.

Let's examine each one of those features, and try to devise a realistic picture of the Brazilian political decay over the last two decades, the irresistible descent into economic anomy and political chaos that characterizes the current state of affairs in the country. I will be perhaps a little bit impressionistic, more than crudely objective, but I will try to support my arguments with empirical data and statements of fact. A brief exposé of the moral, political and economic situation is necessary to present a real picture about the awful situation we are enduring right now.

To be true, it is impossible to understand the political history of Brazil since the beginning of the millennium if we do not admit that Brazil and the Brazilians were governed, since 2003 and up to May 2016, by a criminal organization, one mafia-like association that implemented a carefully plan to rob the State, private and public companies and the entire population during its entire stay at the head of the Executive.

2. The scenario built by the new Barbarians

Brazil became, without any intended or declared purpose to do so, one of the most corrupt political systems in the world, a distinct characteristic that I'm not proud at proclaiming it openly. Ours is certainly the most corrupt political system in our own Hemisphere, and one of the most active protagonist of large scale corruption in other continents, most notably in Africa. This was done after that one of the most corrupt companies in the world, the construction company Odebrecht, established an almost complete network of corrupted practices in Africa and in many countries in Latin America. This was done in some countries in particular, that is, African Portuguesespeaking dictatorships, for one side, and the so-called Bolivarian States in our continent, for the other, besides of course the most ancient dictatorship in the region, the tyrannical regime of the Castros in that unhappy island of Cuba. Those who doubt the extension of the money laundering, traffic of influence and recurrent bribery involved in all kinds of Brazilian undertakings abroad, during the Lula era, have better to read the book by the journalist Fabio Zanini, *Euforia e Fracasso do Brasil Grande: política externa e multinacionais brasileiras na era Lula* (São Paulo: Contexto, 2017), where some of the biggest operations lead by BNDES – US\$ 14 billion, for more than 500 projects in 11 countries from Africa and Latin America – are carefully documented.

It is not a novelty nor a surprise to verify the extraordinary coincidence of this large web of corruption with the activist foreign policy that we have had over more than a decade, more precisely between 2003 and 2016, when the so-called “active and proud diplomacy” – *ativa e altiva* – was in place, largely conducted by Mister Lula, by the foreign minister Celso Amorim and other Worker's Party apparatchiks. They have done that with the total cooperation of the company King of Corruption in Brazil and elsewhere, Odebrecht.

No, I'm not blaming Odebrecht for our entrenched, pervasive and extended corruption, a feature with which this company is more than familiar since three generations at least. I'm blaming for that the very heart of the matter, the mafia-like political party that was in charge of the State from 2003 and 2016, and which profoundly transformed the nature and the functioning of the political corruption in Brazil, making it an all-encompassing, an incredibly vast, a widespread undertaking, a scientifically calculated and implemented enterprise, enforced without exceptions in every sector of our public life for the whole duration of that period.

That was not the sole product of this criminal organization. It was also responsible for the worst, longest and more profound recession of our economic history, this one which provoked two successive falls in the GDP growth rate, making them present minus 3,8% in 2015, and minus 3,6% in 2016, provoking a decline of 10% in our average income per head, in the whole producing what I have called The Great Destruction, after other experiments known as Great Depression or the Great Recession (see Paulo Roberto de Almeida, "The Great Destruction in Brazil: How to Downgrade an Entire Country in Less Than Four Years", *Mundorama*, n. 102, 1/02/2016, link: <http://www.mundorama.net/2016/02/01/the-great-destruction-in-brazil-how-to-downgrade-an-entire-country-in-less-than-four-years-by-paulo-roberto-de-almeida/>).

The particular feature of our current economic crisis is that it didn't emerge out of an international crisis, a world economic shock or anything of this kind. It was entirely created in Brazil, 100% home made, by the incredible incompetence and corruption of the PT's apparatchiks and their allies in the economic private and public sectors. According to one of our best economists, Alexandre Schwartsman, Brazil is going through a retrocession of seven years in only three years, counting with the virtually no growth this year of 2017. He denounces the argument of PT's economists that blame the current state of economic affairs on the "austerity measures" being taken by the acting government. That is utterly false, as the public expenditure was maintained at their high levels of recent years, including a raise in social security payments and similar disbursements. Investment of course was cut down to minimal level, if any today, but in fact it was collapsing since 2013, thanks to the complete mismanagement of the national economy since the impeached president started to have a say in public policies (and I put that since the very beginning, middle of 2000s).

The fact is that Brazil was thrown in unsustainable fiscal policies since that moment, which combined with a spectacular rise in State intervention to produce what we have today: the worst recession in our history, which risk being with us well beyond 2020, probably receding only after we commemorate our first two centuries of an independent nation, in 2022. How we came at that? Some of the blame comes from the endless love that Brazilians have for the State, any State, at any point of our history. But much more came out from the exceedingly great obsession that lulopetistas and their allies have shown in connection with a undisguised desire for control of the society and its economy, which can be explained by the truly Stalinist nature of this party, or at least, of many of its leaders (who could be said to be a kind of neo-Bolsheviks, eager to become the bourgeoisie of third persons capital).

3. A schizophrenic Constitution, deepening our failures

Much, if not most, of the problems that afflict an already completely failed political system, and a business environment that is a kind of Dante's inferno for the entrepreneurs, derive and arise from our Constitution. The 1988 Chart, described by one of its distinguished makers, as a "citizen Constitution", is in fact the strongest enemy of the common citizen. Many features give the rationale for this harsh judgment. First, its prolixity, absolutely exclusive in the annals of the world constitutional history: hundreds of articles, hundreds of caputs and paragraphs, dozens of items and sub-items, and plenty of transitional dispositions, that regulate, probably abusively, each and all aspects of the Brazilian life, of the life of its citizens. The citizenship has strong enemies, first of these a powerful bureaucracy, besides the corporatism, the nepotism, the patrimonialism, and every other disease of our political and electoral system. Second, the intrusive character of the economic dispositions of the Constitutions, perpetuating the old Portuguese centralism and dirigisme, according to which no undertaking, no private initiative, no economic entrepreneurship can be performed without an official permission, a royal edit, a State decree or any other form of government rule. Third, by its delusional benefits given to every one of the Brazilian citizens – a generous social security system, especially towards public officers, a kind of health and educational free lunch (everything is open to all citizens, irrespective of its costs), and many other features, of course utopian by nature – the Brazilian Constitution constitutes a perfect recipe for a permanent rise and expansion of public expenditures, a circumstance that responds for the current recession and the almost certainty that with this kind of constitutional arrangement a sustained economic growth is an almost impossibility in Brazil.

The fact that the Constitution was discussed and enacted before the fall of the Berlin Wall, that is, the complete failure of socialism and State guidance in general, explains some of the lasting negative effects of its most important political and economic dispositions. But that was not enough: even with the demonstrated schizophrenic character of many of those economic and political dispositions approved in 1988, in the quarter of century afterwards, the institutional scenario in Brazil was compounded by a hundred new constitutional amendments, modifications, additions and substantive changes in the original text, giving new rights, innovative benefits, another set of entitlements, all consolidating a web of privileges and favors, politically, economically, if not morally questionable, making of the Constitution a perfect device to obstruct a sustained effort for the development of Brazil.

Fernando Henrique Cardoso, immediately after inaugurating its first mandate, started to change, and eliminate, the most evident discriminatory dispositions of the Constitutions towards business activities and foreign investments. Unhappily, he could not privatize the giant dinosaurs of the public system, the gigantic Petrobras, and the whole set of State banks (do Brasil, Caixa and BNDES) that were at the center of the monstrous corruption developed in the following years, revealed by the Car Wash investigations. Lula and Dilma administrations were totally comfortable with the gigantic superstructure of the Brazilian State, and with the "detailed rights" given by the Constitution to "all citizens" (but reserving some of its best benefits to the mandarins of the Republic, and the Nomenklatura associated with the governing party, political allies,

and apparatchiks in general. Brazilian Constitution offers ample chances for corruption, influence peddling and all kinds of traffics inside and outside of.

Recently, three personalities from the civil society (Modesto Carvalhosa, Flávio Bierrenbach, and José Carlos Dias) proposed, in a newspaper article (“Manifesto à Nação”, *O Estado de S. Paulo*, April 9, 2017), the elaboration of a new Constitution, based on those simple facts:

Deriving from an agreement among the forces that disputed power after the dictatorship, the 1988 Chart was filled with ad-hoc arrangements (*casuísmos*) and corporative interests. It has established an absurd political system that feeds itself from a pseudo party system, excessively fragmented and captured by the interests of corporations and politico-criminal factions. This makes excessively costly the governance, creating a toxic relationship between the branches of government, which reinforces corruption, influence peddling and the devastating shortfalls in the public accounts.

(...) The incurable vices of the 1988 Chart were compounded by anomalous 95 amendments since its promulgation, whereas there are more than one thousand new proposals of constitutional amendments [waiting discussion].

They pledge then for an original, independent, exclusive and autonomous Constituent Assembly, because the normal Congress and the representatives elected under the current rules would not be able to properly change the existing Chart in every inconsistent disposition it exhibits in its present form. They propose, also, a complete set of political reforms in order to eliminate the incongruences of the political system, including the Party Fund and the public financing of campaigns.

4. The conquest of the State by the political mafia of PT

Brazilian political decline is not exclusive in historical record. Before us – and certainly after our sad experience – many other countries meet similar trajectories full of failures, breakdowns of institutions, economic catastrophes, diplomatic fiascos and were put on the verge of bankruptcy, if not national disasters. Mussolini’s Italy, Hitler’s Germany, Peron’s Argentine, Imperial China, African dictatorships, Latin American caudillo states, Oriental despotisms, we can identify many other disappointments on the path of normal processes of political and economic development. What characterizes all and each one of those breakdowns in normal statecraft is the absence of the rule of Law. And that is what distinguished the successive governments of PT, between 2003 and 2016, and perhaps still exercising protracted effects in the current political system.

When I started to work with the Presidency, in 2003, not as a diplomat, because I was considered a persona non grata in Itamaraty – having signed some too realistic articles on the ordinary leftism of the PT, and its anachronistic diplomacy – but as a simple technocrat, in the Strategic Affairs Unit, led by one of the governing troika (all three left the government after a few years), I was surprised, first of all, by the monumental incompetence of the apparatchiks engaged in Lula’s government. In the first two or three years – before I left the Presidency myself – the most plausible explanation for the complete ineptitude of the first measures taken by his governments that I could found was

that the apparatchiks were equally clumsy, incompetent, totally unprepared for the normal work in the State bureaucracy. I was completely naïve, but after the first large-scale scandal, the Mensalão crisis, in 2005, I took a more realistic picture of what was happening: the ineptly devised measures, decrees, provisional acts, and other regulations by Lula government were not the result of the stupidity of those freshly arrived in the government. No! They were the intended purpose of their peculiar expertise in just one thing (or many of the sort): theft, robbery, fraud, pilfering, etc.

Current and future historians of Brazil have a large and difficult task ahead:

revise and rewrite our political history between 2003 and 2016 (and probably also before and after of those dates). This revisionist endeavor is imperative for one single reason: it is impossible to explain many of the undertakings, initiatives, and other highranking measures taken by the three and half lulopetistas governments if we not take for granted the fact that Brazil and Brazilians were governed during those years by a mafialike gang of criminals, a group of political crooks who took the country as hostage of their felonies and totally delinquent governance. I made very quickly the complete circle of my explanation for those apparently unexplainable inept measures adopted since the first days of their administration: the “economic crimes” committed in almost every sector of the State action – energy, labor, industry, social affairs, communications, including foreign policy – were not the side-effect of inconsequent and unprepared apparatchiks, but they were the direct result of purposeful activities pushing towards the assault of the State, its state companies, not forgetting the very nation, private companies and citizens.

What was the result of the lulopetista dominance over the State? Public organizations and associated businesses under this scheme suffered the plunder by the neo-Bolshevik party in order to consolidate the intended monopoly of power they were planning since the beginning. Those actions were not something improvised, but common crimes, directed to the logical consequence of those acts: amass a vast treasury of financial resources, with which to keep the State, its institutions, and the nation, under their control. And the treasury is vast in Brazil.

There are 154 federal state companies in Brazil and hundreds of subsidiaries: Petrobras, for instance, has 43 subsidiaries (some being sold now, after the most awful plundering ever seen in its 60 year history). Eletrobras, the energy holding, has almost 40 dependent companies, Banco do Brasil almost 20, and so on. Each one served as platforms for a combined assault by a bunch of rascals, party nominated administrators, trade-union maffiosi put at their Counsels or governing boards, and many apparatchiks lacking any managing competence. Their function was just one: sack funding for the party and themselves. The total debt of those 154 State companies grew from 142 billion reals in 2009 to more that 540 billion in 2015, and the personnel expanded from 430 thousand in 2006 to more than 550 thousand in 2015; their combined negative assets grew by more 153% in the period, from -9,7 billion reals to -24,6 billion. Many of those companies are now totally dependent of the National Treasury, and State banks will have to be capitalized, replenished by the additional taxation for the foreseeable future. Brazil will not recover before five to ten years, and even after that, per head income will be the same as that of ten years before.

This was not the result of any foreign financial crisis, but a totally home made disaster, what I call the Great Destruction. But that is only part of the whole picture of the

Great Robbery in Brazil during Lula years. The active participation of promiscuous capitalists in the criminal endeavor is of course an important element of the horrible story Brazil has endured under the mafia-like gang of PT apparatchiks, commanded by the big bosses of this pro-totalitarian party. Another new feature, that has no precedents in the economic history of the public administration in Brazil is that the two – Antonio Palocci and Guido Mantega – PT financial ministers were actively devising new “legal” methods – decrees, provisional measures, even laws – for a continuous flow of State money and private “contributions” in favor of the party.

By doing so, by practicing what could be called a higher stage in the scale of corruption in Brazil and elsewhere, Lula and PT’s governments can be said to be at the origin of a new pattern of organized crime in the political sphere: the institutionalized crime, a kind of combination of mafia-like practices – that is, a mixture of charismatic and patrimonial established methods – with some Weberian procedures – that is, rational-legal – that represent a superior step in the sordid art of collective robbery. In Marxist terms, one could even advance a sort of Engelsian qualitative transformation of the political corruption in Brazil, according to a new evolutionary scheme: from the former, traditional artisanal mode of production of corruption – made individually by “normal” politicians – to the new, scientific, industrial mode of production of corruption, in large scale, at every level of the State, its public companies, and also the private sector, plundered or voluntarily engaged in the Great Brazil Robbery.

5. What’s the way out of this?

Argentines, when confronted with a similar (perhaps worse) dereliction of their political class, in the burning succession of crisis in 2000 and 2001 – five presidents in a month or so –, adopted, out of the free and spontaneous mass demonstrations, this apt recommendation: “Sack them all!” (*Que se vayan todos!*). There is no such thing in Brazil, yet, but perhaps we are not very far from this kind of reaction. The informed public opinion, the middle class citizenship, and even common citizens, have already manifested their dismay with the political class. In São Paulo, a “manager” was elected mayor, instead of one from the old traditional politicians. Perhaps the same will occur in the 2018 general (presidential, governors, Congress) elections: candidates with current mandates will probably be rejected in favor of a “new” kind of political elite, the “managerial class”, that is, real administrators with some political feeling. This is a possibility, not a prediction...

Brazil is a *sui generis* case among Latin American countries, having none, or few, of the caudillo traditions of many of its neighbors, though exhibiting the same patrimonialistic deformation of many countries in the region and elsewhere. This very old sin on Portuguese origins, patrimonialism is at the core, and at the very heart of the institutional deterioration in Brazil. But not the traditional form of patrimonialism, which was somewhat modernized during the modernization of the Brazilian State, between the Vargas era (1930-54) and the military regime (1964-1985). Under the lulopetista regime (2003-2016), patrimonialism assumed a gangster-like character, not very far from the “República Sindical” model of the Peronist regime in Argentina. In the case of Brazil, it was a kind of Peronism without doctrine – the “justicialismo”— and a vulgar version of the Syndical Republic. Worse still: in the case of PT regime in Brazil, there is large

evidence of the clandestine influence of Communist Cuba in the governments of Lula and Dilma, of course in a disguised form.

Recent events in the political process presented a combination of legal and institutional developments arising from the 2013-2014 crises – street manifestations and a very controversial election campaign – and the intervention of illegal, criminal, covert operations of political financing in an already very corrupted environment. The succeeding process of impeachment against Dilma – because of responsibility crimes linked to irregular use of state banks and the budget itself – was conducted according to the institutional rules, albeit the Supreme Court has, itself, violated the Constitution at least twice, followed by a botched decision by the electoral court in the case of the notorious botched elections of 2014. Notwithstanding the formal compliance with some legal rules, the 2014 presidential election was a demonstration of how corrupt, and corruptive, can be the party politics, and how submissive to this dirty system can be the superior tribunals in Brazil.

6. Reforms: what is possible and what is impossible?

But, the crucial question, in face of the current crisis, is: what could be the structural reforms that Brazil needs, in order to overcome the current state of paralysis, anomie, dissatisfaction? This situation of disarray is, in fact, a reflection of a double process: the worst economic recession ever in our economic history, and a completely failed, prone to corruption, political system. There are plenty of needed reforms, but one surpasses every other: the reduction of a monster, the Brazilian State. Indeed, Brazil has endured, since the 1985 democratization, a regular, constant, progressive encroachment of the State over the lives and work of millions of citizens, or better, everyone and each one. Technocrats of the public agencies, political representatives, social engineers of the Executive, labor and or environmental prosecutors are permanently engaged in all kinds of regulation, supposedly to protect society from itself.

Let's record just a few examples of the schizophrenic character of some State regulation in Brazil, either federal or local, that afflicts normal economic activity or renders impossible the life of micro or small entrepreneurs. Many years ago, in the spirit of the ultra-regulatory 1988 Constitution, a Congressman from the PCdoB (the small "Maoist" Communist Party of Brazil), later a minister in the PT's government, succeeded in approving a law that prohibits in the whole Brazilian territory the introduction of self-serving pumps in gas stations, with the declared intention of preserving thousands of low-pay jobs. The same political figure also achieved to approve the maintenance of other low-pay jobs in the urban Brazilian transportation system: the collectors of fares in every buses of the Brazilian cities. With this, only now, in 2017, the Justice in São Paulo city, acting under demand from the new "manager-mayor" of the capital, João Doria (a prospective president in 2018), declared unconstitutional a law from the City Assembly that kept in "employment" thousands of fare collectors in the city buses, irrespective of the dissemination of pre-paid chip cards and electronic registers at the vehicles; almost every city in Brazil carry heavily subsidies to the transportation companies, another source of corruption and political trafficking in Brazil.

Last innovation, in Brasilia, was a new law, from the local assembly, destined to introduce a compulsory registration of every Uber private driver in the federal district:

with that, they will probably be obliged to pay some sort of tax allowance or stipend to continue to exert their job. One driver, animated by this fascist mind, sued Uber in the local justice in order to receive all the benefits provided by the truly fascist Brazilian Code of Labor (enacted by the New State dictatorship in 1943, and inspired in the Mussolini's *Carta del Lavoro*): vacations with 1/3 added pay, the usual 13rd wage, subsidies for lunch, gas and other benefits. The same applies to the many "feudal" corporations still active in Brazil: lawyers, architects, engineers, economists, doctors, all of them functioning as an "Order", allowed to collect annual fees from their "protected" professional category. A "trade-union contribution" (*imposto sindical*) is still in force, and an annual payment equivalent to one-day labor of every worker is collected to be distributed by the Ministry of Labor to trade unions at the various levels (category, federal states, confederations and national trade unions (centrais sindicais, at least seven), every one living on this paying roll, without any control from the Accounting Tribunal. "Corporative" is the other true adjective of the Brazilian Republic.

We can now pursue this analysis by exploring the kind of restructuring which is needed to improve, even minimally, the current state of (non) affairs in Brazil, one of the very difficult places in the world to conduct business, according to the reports related to this domain; a quick look at the World Bank's *Doing Business*, or at the Fraser Institute's *Economic Freedom of the World* can corroborate this evaluation. Either Brazil undertakes an entire set of reform, or it will be condemned to endure a very long period of low growth, not to mention severe crises Greek-style or decay as durable as Argentina's. I will divide my suggestions into two classes of reforms: those possible, or at least "doable", and those impossible, or utopic. Let's go:

Possible reforms:

1) A radical shrinking of the weight of the State over the productive life of the nation, starting by the reduction to half in the number of ministries, with a proportional elimination of a wide range of public entities. Decrease in the Kafka-like bureaucracy of the Federal Revenue Service. End of any type of privileges linked to public functions.

2) Reduction and simplification of the fiscal charge, which is very difficult because of various levels of taxation in the federation and regional differences in fiscal repartition of the receipts; therefore, the reform could start by a linear decrease in the various rates, for instance 0.5% annually during a ten-year period, while a discussion on the quality and amount of each type of taxation, and its appropriation by states and municipalities, can take place in an orderly manner.

3) A new fiscal deal: suppression of the unconstitutional figure of conditional budget allocation by the Executive, as well as pork barrel individual additions to the budget, which has to be applied and implemented exactly as approved by the Parliament;

4) Elimination of the complete machine for governmental self-propaganda, only allowed information campaigns with a true finality of public order (vaccination, and natural catastrophes, for instance); communication is well served by private channels.

5) Resumption of a general reform in the social security systems, unification of the common and public sector schemes, elimination of all residual privileges, and the establishment of a sustainable intergeneration mechanism, compatible with the moving demography and the sectorial financing of the new system.

6) A complete revision in the National Health Service, nowadays working under a fictional non-paid, universal access system, towards a market-based, multiple system of insurance companies, with subsidies only for the confirmed low income strata.

Impossible reforms:

1) A political reform aimed at the complete elimination of the Party Fund, a State sponsored stipend to every party recognized as such by the Electoral Tribunal, which is an inducement to the creation of new legends, and the fragmentation of the existing parties, giving financial support to “for-rent-parties” (or, an electoral business of the worst sort); current system allows a total segregation between the party machine and the electorate, which is, in sum, a rent-seeking approach to politics. No public financing of campaigns of any kind: parties are private law undertakings.

2) Immediate extinction of 50% of all commissioned jobs in the public sector, in all levels and spheres of governmental activities, with a concomitant establishment of a parliamentary and executive commission designed to reduce and align the remaining jobs, to be filled by open meritocratic recruitment, without the current stability at entrance; complete interdiction of reciprocal nepotism and other forms of preference.

3) Education: creation of a new class of teachers and professors, paid according to merit and benchmark results, without stability, but with a constant program for training and capacitation, proportionate to remuneration.

4) Privatization of every public or state company not linked to an essential and exclusive public service (defense and justice, for instance).

5) Elimination of all tax and fiscal exemptions, and other privileges, linked to the so-called “religious entities”, now turned into a thriving “industry”. The same applies to trade unions, another “big industry”: elimination of the “syndical taxation”, complete freedom of association, no public resources whatsoever for the “centrals”.

This is my personal list for reform in Brazil, that could be integrated to an agenda for reform during the next few years, if – and that’s a Big If – there could be any chance of real consensus among political elites and entrepreneurs in that direction. We all know that reforms, in general, are always difficult, as Tocqueville recognized in relation to the transition from the *Ancien Régime* to a constitutional system in his own country, France. If not implemented as a result of a consensual governance outlook among the governing or dominant elites, reforms become disruptive, and are usually initiated after a deep societal crisis, which is perhaps not yet the case in Brazil, at least not in the same extension that those that occurred in recently in Greece, in Argentina, and currently in Venezuela.

Could Brazil descend into the chaos that those countries were, or are today? Not of this kind, at least in the foreseeable future, although disruptive events cannot be at all excluded. What instead could happen in Brazil would be a protracted crisis made of low growth, partial or imperfect sectorial reforms, and a clear loss of legitimacy of the three branches of government. Worse, the current political mess in Brazil offers plenty of raw materials for all types of dark humor, that is political jokes of a derogatory nature against government and State institutions. In fact, political humorists in Brazil do not need to invent or create anything, do not have to have any inspiration for their jokes: all they need

is offered on total freedom and gratuity by the official institutions and their representatives. To be true, those public figures constitute an unfair competition and an informal concurrence to professional humorists. That's not a joke, it's a political tragedy!

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