

Jack Blum: Brazil's corruption problems are immense.

Naomi Fowler: This is the Corruption Diaries from the Tax Justice Network. I'm Naomi Fowler.

Jack Blum: My first trip to Brazil, a neighbour of mine who had retired here from Brazil put me in touch with a manufacturer who ran a business in San Paulo. When I talked to him about what I was interested in the issue of corruption, he said, this is an amazing country. He said, I had to order a lot of machinery from Germany to make the products meet world standards. So, I placed the order, and now the shipment was arriving and the customs officials who were to work on clearing it came to me with a written proposal for a bribe. And the way that worked was, they said, if you pay us X, we'll classify the machinery in a classification that means it pays a very low tariff. But if you really are insistent and you don't think we should get anything, well then, we'll put it in another classification and you'll find out you're paying much more than it would cost to pay us. He said, I've never heard of a place where you get a written proposal for a payoff. And he said, as much as I didn't want to make the payoff, as much as I didn't want to go forward with it, I needed the machinery. And the difference between one of the classifications and the other was so great that I couldn't afford to *not* pay these guys. And I said, well, what about possibly appealing and, and the court system? He said that would only make it worse. So there was no option, I really had to pay.

Naomi Fowler: Now Lula, at the time I met him in Sao Paulo, was running a conference for an organization called Ciudadana, I think was the name of it. It was an anti-corruption meeting.

'Lula' of course is Luiz Inácio Lula da Silva, the president of Brazil, currently serving his second term in office.

Jack Blum: And he understood clearly that corruption was an enormous problem, and this was trying to organize people to figure out ways of stopping corruption. The problem, really astonishing problem, was the immense power of one company in Brazil, Odebrecht, a construction company which operated throughout the Western Hemisphere and indeed, I think, had projects around the world. But Odebrecht did business by buying business through bribes. And the corruption ran in every direction inside the Brazilian government, and then inside every government that did business with Odebrecht. So, it was not surprising that in a political environment you could tie indirectly, almost anybody in public office in Brazil to some kind of voter-backed wrongdoing. Now, who did what to whom, and why, and, and what the underlying truth is, I can't even begin to say. But it's obvious to me that Lula was targeted by the political opposition, and they used it to get him out of power.

And Dilma his vice president, went down, down that same rabbit hole. Where that all ends or how that sorts out is still, I think, up in the air. And what I can say is my assumption is that Lula is operating in good faith. Lula was a guy who, for a long period of time, was someone the U.S. government didn't want to see in power because he was viewed as a radical and a socialist and maybe even, God help him, a communist. But finally, the U.S. government came around and, and felt, well, yes, he, he can do some good, and indeed, during his presidency, he lifted lots of Brazilians out of poverty and began to develop a kind of society

that had elements of serious economic equality. And Bolsonaro came along and upended all of that. So now we can find out where they go next.

If one talks about the things that undermine democracy, there are several ways that that happens. And one of them is disorder and economic chaos. Violence in the streets in a number of Mexican presidential campaigns, the ads would be of first a blank screen, then the sound of a gun going off and then in shadows, a father running in to grab a child, and then some more gunshots. And then, you want this, vote for so and so. So, people need, first of all, personal security. So, people talk a lot about crime, they talk about violence, and anything that generates crime and violence helps authoritarians who want to say, well, I'm the tough guy and I'll crack down on all of this.

The other issue that concerns everybody is their economic life and if they believe the key systems are being operated very unjustly, they give up on the systems too. And now, how does one ever get back a willingness to obey the law? Because it's clear that if half the population doesn't obey the law unless they're afraid of being prosecuted, the law won't work. And that's where we are time and again. The problem is that in the area of the ultra rich, the combination of facilitators and tax experts with people who say, well, what are my chances of getting caught, leads to probably much more than tax avoidance at the margin.

Naomi Fowler: The Corruption Diaries is a production of The Tax Justice Network, made by Naomi Fowler and Jo Barratt. Interviews with Jack Blum were recorded over several days at Jack's home in Maryland by Zoe Sullivan.