

Preface

Brazil's Untold Revolution

The media are failing to grasp the true meaning of this Brazilian moment. Even the most sophisticated news sources paint a picture of unmitigated chaos, crisis, and collapse. Of course, there is some evidence to support this story: impeachment proceedings have indeed begun against the president; flagship companies have been exposed as systemically corrupt; and numerous political leaders are under criminal investigation for participating in those corrupt schemes.

But that narrative, as far as it goes, misses the bigger point. Why do we now know so much about corruption in Brazilian business and government, when we didn't before? How have these facts come to light? Why has the maelstrom of Brazilian corruption erupted today, and not a few years ago?

The corruption itself, by most any account, is not new. Ask any Brazilian. Its roots lie in a long history of colonization and military dictatorships. Nor should any of us be shocked to find that a state-owned oil company in a developing country has corruption problems; indeed, that is very nearly a recipe for corruption. What is new – or rather, news – is that we know about the corruption in specific and comprehensive detail. Facts are being discovered and guilty persons are going to jail. What in the past was mere rumor has now become admissible evidence. Former suspicions and accusations have today matured into indictments. Those once subject to little more than resentment are now held accountable under the law. And at least as important, other would-be perpetrators are plainly on notice that Brazil is not what it once was. Impunity is no longer the order of the day; neither the rich nor the powerful are above the law.

Brazilian business, government and politics have not changed; it's the law that's changed. This is the story that the world must come to understand if we are to grasp the significance of these events, and if Brazil to receive the reputation it truly deserves. This moment in Brazilian history marks not the

nadir of government accountability, but rather, its apex; not a failure for the rule of law, but a success.

Fortunately, among the world's brightest spotlights is soon to shine on Brazil. The Olympic Games will, for a season, call the world's attention to Brazil as few events can. And for about two decades now, among the most-discussed issues in that season has been corruption, in and around this sporting event. It is Brazil's good fortune, not bad, that the shining of this spotlight will coincide with its own anti-corruption moment. Nor is this a coincidence.

Brazil's enforcement agencies are now able to investigate and prosecute corruption because a democratically elected government gave these agencies the enforcement tools they have always needed. This extraordinary gesture was in direct response to the will of the people as manifested in widespread, grass-roots political protest. And the provocation for these protests was, in no small part, the hosting of the Olympic Games. This moment in Brazilian history is a beautiful and astonishing success story for anti-corruption reforms, the rule of law, and even democracy itself. This is the story that the media are not yet telling. We aim to tell it now.

In so doing, we argue that Brazil's Olympic legacy will be something much greater than the venues, transportation channels, and tourism revenue. Rather, Brazil is creating what we might call a governance legacy: a series of laws that were enacted, at least in part, in relation to hosting the Olympic Games, and that will endure long after the Games have left. Whether that legacy is positive or negative depends, of course, on whether these new laws constitute an improvement. We will argue that they unmistakably do, and that the current corruption revelations are the strongest evidence of this improvement. Brazil thus provides a template for a new kind of Olympic legacy, one that future countries, particularly developing countries, would be wise to adopt.

In thinking about the governance legacy of a developing country host, it may be difficult to imagine a better juxtaposition than Brazil and Russia. The two have much in common: both BRIC nations, and the less populous of the BRICs by a substantial margin; and both are hosting the FIFA World Cup and

Olympic Games back-to-back, two of only three countries ever to do so (the third being the U.S., in the 1990s). But in terms of their efforts to address Olympic-related corruption, the two could not be further apart. Russia's hosting of the 2014 Winter Olympics was, by all accounts, a corruption quagmire, with alleged embezzlement of astronomical proportions. In terms of governance, Russia emerged from the Olympics looking much worse, not better, and deservedly so. Brazil deserves to be regarded as Russia's polar opposite, though the media have thus failed to capture that contrast.

We hope this book can help correct the misperception. It may be said that corruption in relation to sports' mega-events has three dimensions. One dimension is corruption within the international governance organization, whether it is the International Olympic Committee or, as has of course been lately paramount in the press, FIFA. Another dimension is athletic corruption – corruption among or between athletes, such as doping and match-fixing. These two dimensions already receive ample attention.

Our aim is to call attention to Olympic corruption's third dimension: corruption within the government of the host city or country, and that country's efforts to curb such corruption through law. Indeed, this is the one dimension of Olympic corruption that has implications far beyond the sport itself. In that regard, it may well be the most important of the three, though presently the least appreciated. Brazil, though, brings this third dimension of corruption to the fore, perhaps as no country ever has, and very much to its credit.

This report is the result of a multi-year research project at the University of Richmond School of Law by Prof. Andy Spalding and the University of Richmond Anti-Corruption Research Team. The team members – Pat Barr, Bubba Flores, Shaun Freiman, Kat Gavin, Tyler Klink, Carter Nichols, Ann Reid, and Rina Van Orden – are recent graduates of the University of Richmond School of Law. While students, these eight enrolled in Prof. Spalding's yearlong course entitled, "Brazil, Corruption, and the 2016 Summer Olympics." As part of the course, the nine of us traveled to Brazil for a week, where we conducted a series of interviews with government officials,

corporate lawyers, NGOs, academics, and many others. Upon completion of the trip, each team member contributed a substantial paper, which Prof. Spalding has styled into the present report.

Studying Brazil in this capacity has a number of advantages, and also certain constraints. We are not Brazilian lawyers, and are not even Brazilian; we view the country and its changes from the perspective of an outsider. As such, we may see certain patterns or narratives -- we may connect dots in particular ways -- that those more immediately involved in Brazil's anti-corruption moment might not see. More than once, in telling our account of what is happening in Brazil and why it matters, a sophisticated Brazilian has responded with some variation of, "Oh, you're right, though I had not thought of it that way." We hope our perspective -- of an outsider to Brazil, but of one very much immersed in the global anti-corruption movement -- will prove of value. However, we acknowledge our utter dependence on the knowledge and insights of others to inform our own perspective. We do not speak or read Portuguese, and in many instances cannot conduct original research. For this reason, the following report is almost certainly incomplete; we must even acknowledge the possibility of error. We do not purport to be holding out an absolutely comprehensive account of the historical context, current events, and future significance of the dramatic moment that Brazil is now experiencing. This report simply represents our best effort to get it right. Comments, suggestions, and even corrections are most welcome. As a self-published e-book, this report can be revised at any time.

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