



# INNOVATIONS FOR SUCCESSFUL SOCIETIES

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Interviewee: João Geraldo Piquet Carneiro

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Innovations for Successful Societies, Bobst Center for Peace and Justice  
Princeton University, 83 Prospect Avenue, Princeton, New Jersey, 08544, USA  
[www.princeton.edu/successfulsocieties](http://www.princeton.edu/successfulsocieties)

IYER: This is Deepa Iyer interviewing [João Geraldo] Piquet Carneiro on 15 September 2010 in Brasilia. I'd like to start by getting a sense of your personal history. What did you do before the Public Ethics Commission and what did you do after?

PIQUET: *Before—I joined the government in July of 1979. Before that I was a lawyer. I also taught economics law in the Catholic University in Rio and in my teaching I was already very much involved in how to operate, control and provide efficiency to government bodies, entities in general. That would be the first seat that I have held, the—in 1979 my assignment was basically to serve as a legal counsel to the recently created national program of debureaucratization. This program lasted for about seven years. This is when my preoccupation with efficiency grew, my preoccupation with how bureaucracy affects the life of the people as well as public servants. I also started linking the question of bureaucracy with the question of ethics or ethical violation, let me put it this way.*

*In that job I had several posts. I began as General Counsel. There was a minister, an extraordinary minister, special minister for debureaucratization but at a certain point he took over as minister of social security.*

IYER: Is this Helio Beltrao?

PIQUET: *Yes, Helio Beltrao. So in 1992 he went there. So he couldn't remain as the minister. I was then appointed executive secretary of the program in 1982. Subsequently Beltrao remained as a supervisor minister but no longer with an office within that program. Eventually he resigned and I was then invited to complete the term. I was in effect Deputy Minister for that purpose. There I remained until March of 1985 when my term ended and a new administration came into the picture.*

*The program itself lasted for another year or two but I was not holding any public office at that point.*

*Subsequently in the '90s, the early '90s, I was pretty much involved in the (Fernando) Collor administration with a program of deregulation. Again the question of ethics was very present in the work we had to do. The amount of corruption related to excessive regulations and the need to bypass the rigidity of these laws. It was interesting work, too. It lasted for as long as that administration lasted.*

IYER: Was that under Collor as Minister of Planning or was it—?

PIQUET: *I'm sorry.*

IYER: Which ministry within the Collor administration was this?

PIQUET: *That was part of the Casa Civil, the civil cabinet. The presidency—[interruption] Within that structure a committee, a deregulation committee was created. Myself and one former member of the debureaucratization program were invited to be advisors, advisory members of that committee.*

IYER: What was this committee called?

PIQUET: *The Deregulation Committee of the Presidency.*

IYER: Who was the other member?

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PIQUET: *That will require me to do investigation, it has been a long time.*

IYER: Not to worry.

PIQUET: *It was not long lasting.*

IYER: Do you mind if I ask—your debureaucratization effort, working with Helio Beltrao, how did this feed into your later work and why did you have this interest in ethics I think throughout your career?

PIQUET: *I couldn't date when it really started. I think my exposure to the various problems of that administration in particular the question of how can you have an efficient managerial system that at the same time can be protected from excessive regulation, and by reducing regulation, how do you develop proper standards, ethical standards for that new managerial concept. This became very clear.*

*For instance in my involvement with the creation—that I think was my most important job ever in government—it was the creation of small claims courts in Brazil. We didn't have that. I started that study in 1980 and I directed the group that produced various studies about international experience, and we were mainly focused on the State of New York experience because it seemed to be rather recent and rather active.*

*We managed to—that had to change, substantially change, the legal system, particularly the procedural laws of Brazil. There I had one essential experience. This lasted for four years until the law was finally approved, passed by the Congress. I would say the most important aspect of that that would help me later on in the Commission of Public Ethics is how can you transform an idea, a new idea, into something operational? How can you make it function?*

*Traditionally what we have in Brazil—we produce a law and then we forget about it. We assume that somebody will enforce the law and that's the end. Since this was an experience where we had no precedents in Brazil, we didn't distinguish big cases and small cases, there were many prejudices about this proposition and lots of resistances from lawyers, from public prosecutors, even the Supreme Court of Brazil in the beginning was reluctant to accept the idea.*

*So we then developed a plan for practical enforcement. We had, because one of the criticisms was that in Brazil you do not have the culture of conciliation, of resolving things by mutual agreement, we then created an informal court in the state of Rio Grande do Sul with the support of the local courts and magistrates. This demonstrated, gave a practical demonstration that it was feasible, that we could produce solutions to cases, conflicts, by means of conciliation. Things like that we kept doing throughout the period when we were discussing the law.*

*Furthermore we decided that we should not create something that would be imperative. We did something very—I think that was unique. We decided that each court, state court, could create small claims courts and by doing that, we abandoned the more authoritarian system of imposing things from top to bottom, from the federal government to the state and local governments. This worked quite well because almost immediately most states adopted the small claims courts. Today maybe 50% of everything that goes through the judiciary is going through small claims courts.*

*I think it is a demonstration that the methodology that we chose was the most adequate. So when finally we, the moment for working with the code of conduct*

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*arrived I had that experience, the people had that experience. We just reproduced something similar.*

IYER: So this was definitely the formative experience that developed your organizational skills and leadership skills later on?

PIQUET: *Oh yes. It is the empirical demonstration that you can do things not only by producing new laws but by producing the basic circumstances for application of the law. We are now commemorating—last year we commemorated the 25<sup>th</sup> anniversary of the creation of the small claims courts. This year many states are doing the same thing with their own local courts. I keep making speeches at these many—various courts.*

*Anyway, then I left the government in 1985. As I said before I was then engaged in the—for a couple of years—in the deregulation program of the Collor administration. In 1997 President Fernando Henrique Cardoso decided to create a commission of state reform.*

IYER: Is this the State Council on Reform?

PIQUET: Yes.

IYER: If you don't mind my asking—in relation to that decision, what were the issues and challenges facing the civil service before the Public Ethics Commission was formed and what spurred this decision? What was the status quo?

PIQUET: *The commission was not only for the commission of state reform, Council of State Reform was the right name.*

IYER: The formation of the Council I mean, what spurred this decision on Cardoso's part and what was the status quo beforehand?

PIQUET: *There were several things going on in Brazil that needed some more focus and reflection. For instance, at that time we were about to introduce the new regulatory agencies in Brazil. We were going through the period of privatization and it was essential to have a well thought system for regulation.*

IYER: Just to clarify. When you refer to new regulatory agencies was this the reform effort under [Luiz Carlos] Bresser-Pereira?

PIQUET: *Bresser-Pereira, yes.*

IYER: And the privatization was the Plan Real program?

PIQUET: *Well privatization started in—we had different privatization moments but the biggest one was during the Fernando Henrique Cardoso administration. It specifically—that was one issue, but that was a big issue. Secondly—Well, the question would be what has to be done to have a proper privatization and how to regulate sectors that will be privatized. The idea of the creation of this council I think was mainly of Bresser-Pereira and it was a big group of people. Celina Vargas was there. Helio Jaguaribe, a well-known historian and political analyst, was there.*

IYER: How large was this council?

*PIQUET: I think there were 12 members. We discussed many, many related questions. It was like an open agenda sort of council. Issues like governance, good governance were quite common in those days. The council didn't last too long because Bresser-Pereira ultimately left the ministry, the Ministry of Administration. But two things we had done at that point in time. We had produced a study about regulatory agencies and how to structure them. We also produced some recommendations for how to improve ethical conduct in the public service.*

IYER: If you don't mind my asking, the picture you've painted is that the State Council of Reform was convened by Cardoso largely because of this emphasis on regulatory agencies and privatization. I was wondering as to whether there were any sort of triggering events behind that as well in terms of specific incidents or perhaps as well as this focus on ethics, was public mistrust, for example, a large issue. Or was there an international agreement of some sort that was going to be signed? I mean were there any other factors involved, essentially?

*PIQUET: I would say that the main reason behind the attention, the focus on the question of ethics was the—until that time, the recent event of the impeachment of President Collor and a series of denunciations in the Congress related to manipulation of budgetary funds, things of that nature. But that was not the reason for the creation of the council; I think it came as a political solution, for circumstantial reasons. Bresser-Pereira expected to have a larger function than Minister of Administration.*

*It seems that in the new design the President decided to enlarge the scope of work of that ministry and it was then called Ministry of Administration and Reform.*

IYER: MARE (Ministério da Administração Federal e Reforma do Estado, Ministry of Federal Administration and State Reform). Yes.

*PIQUET: Added that. I think this is an area in which Bresser was very much interested. Not ethics but the state reform. He was always talking about that. The themes themselves of ethics and public service were introduced by me and by Sergio Abranches who was a member of that council.*

IYER: Another quick detail, which years were this? This was probably early '90s—

*PIQUET: This was started in 1996 and went until the end of '97.*

IYER: I see.

*PIQUET: This was one—I can date this almost precisely. In December of 1997 we organized, essentially—Not we, but Bresser-Pereira organized an international seminar on ethics and government.*

IYER: Was this due to your—?

*PIQUET: Yes, we had presented the proposition. We needed to do something about it. We had detected a number of resistances, particularly on the part of public servants because historically public servants have been described as being lazy and dishonest. This is one of the biggest lies, because our professional public service is extremely well prepared and selected. We have a merit system that has been observed. No one becomes a public servant unless he goes through examinations and so on. So I immediately detected that resistance. It was a good*

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*chance to disclose to them, to bring them—So we brought people from every area of government to discuss with us. We touched on subjects, very practical ones, like gifts and so on. How do we handle that kind of situation? I recall that one public servant at the end of the day came to me and said, “I want to thank you because you can solve me a problem. I keep receiving gifts from relatives and friends while I’m in office. Now I have a formal excuse not to accept them.” He had—I don’t know if I conveyed the fun part of it. It was a problem for the guy not to accept a gift, a social problem. It was a rude act not to accept. With this order not to accept gifts now he had his problem solved.*

*At that point I had become familiar with the—this text here is my presentation, a paper that I presented in the seminar preceding the commission. I talk about transparency of decision making, processes, ethics rules for voluntary adherence. This is a concept that I tried to work out in detail because our experience with trying to impose conduct was not so successful.*

*On the other hand if you create a law or a decree to impose conduct, you have to offer the full right of defense, due process of law. While if you have rules that are—you have a set of rules that one adheres to rather than is forced to obey, it becomes a moral commitment, and moral commitments can be more effective than legal commitments.*

LYER: Can you provide examples perhaps of how sort of rigid enforcement was not so successful in Brazil in the past and why you felt that voluntary compliance was the way forward?

PIQUET: *We’ve had laws concerning corruption. We had them for many, many years. Now our criminal code contains specific provisions about this; however, the enforcement is below what one would expect for a rigid norm. If it works in certain areas. For instance, in the revenue service, the imposition of ethical conduct is very much observed because of the nature of the organism. Not so much because of the law but the nature. So they have their own auditing systems, they have the ombudsman and they can detect and establish proceedings to punish these individuals. A sizable number of officials in functional areas of the revenue service are dismissed every year. So it works.*

*But in other areas what you see is that you have the rule that everybody has to be ethical, honest and so on but in practical terms, nothing much happens because if we work together in the same room and I know that you’re doing something wrong, I will hesitate to tell your boss that you’re doing something wrong. When you amplify this to the whole organization, you have a sort of conspiracy not to denounce anyone. No whistle-blowing system, nothing.*

*Not rarely you have situations where someone has the courage to make a formal denunciation that somebody is taking money from customers. The possibility of this person later on being punished by the bosses, let’s say for discrimination, or being removed to a remote location in the northeast of Brazil is substantial, because denunciation is not part of our culture. Brazil is a compromising society. This is an important variable that we’ve taken into consideration in the commission when we finally reached the commission.*

*So in this document I talk about a series of experiences in other countries, all the cities, initiatives which had already been started, the ombudsman, the idea of codes of conduct to regulate senior officers by setting the example from top to bottom. Take the first rank of the administration and make them subject to a volunteer code as opposed to a decree imposing the code. Education and*

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*training, the idea that one can be trained to be honest. Coordination of ethical initiatives throughout the government. The concept of ethical infrastructure, ethics infrastructure. This is all pretty much described here. So in here you would basically find the work we did subsequently.*

*Anyway, I don't have that in English.*

IYER: That's all right, I can get it translated; that's not an issue.

PIQUET: *I think this would give you—I talk of things like blind trust, gifts and so on. So it covers a wide spectrum.*

IYER: If you don't mind my asking, in terms of sort of essentially how the State Council on Reform was formed and then this international conference that Periera organized happened. How did the Public Ethics Commission emerge from the State Council on Reform? Was it—and whose brainchild was it essentially? Would you say that the idea emerged from this paper largely?

PIQUET: *Well, based on what we had—I would say that this paper is a consolidation of things that we had discussed in the Council. In 19—well, once the Council was dismissed, we, a smaller group of people, still connected with the old group, decided to produce the draft of what would be a code of conduct for the senior officers of the administration.*

IYER: Who was in this smaller group?

PIQUET: *It was—there were—it was myself—I can read it, let me get my papers.*

IYER: So essentially you're saying that the code of conduct, the idea for the code of conduct came before the idea for the commission.

PIQUET: *Yes. That was the biggest discussion that we had because I really defended, based on my previous experience, that you produce another—Oh, during the presidential period immediately before Cardoso—that was President Franco Itamar, he constituted a group that produced a code of ethics for public civil servants, a very well done code. Not specifically for the senior officers but to all public functionaries. The only problem with that initiative was that there was no subsequent implementation.*

*You didn't have—you have lots of papers, beautiful essays written about it, but nowhere or nobody or no organism to implement it. So the point that I defended from the outset is that the science was even more important than the code itself—to have a group of people, a commission, composed of individuals, not related to the administration, totally from outside the government. Actually, anyone belonging to the administration could not participate in the commission.*

*With this group of people you would define specific rules, resolve questions posed to the commission by anyone interested, investigate any type of transgression of these rules and make recommendations. We didn't have any coercion power. We could only recommend. It would be either the chief of staff of the Casa Civil, or the President himself who would do one thing or another. But it would be entirely up to the President to fire someone, for instance, in an extreme situation.*

IYER: So I guess going back to this smaller group that drafted the code of conduct, who was involved in that drafting effort?

**PIQUET:** *That group consisted of Celina Vargas—her full name is Vargas do Amaral Peixoto, João Camilo Penna, Lourdes Sola, Miguel Reale Júnior, Roberto Teixeira da Costa. These were the first members of the commission, but most of them were involved in the drafting of the code. So there was a decree by the President appointing the group that would produce the code. We had that presented to President Cardoso in 1998, and the code in its final version—we had the collaboration, at that point we had the collaboration of people with specific knowledge about public administration, regulations of professions, civil service professions, etcetera.*

*This then remained dormant in the civil cabinet for another year or so.*

*Then we didn't hear about the code for a number of months. Then a new chief of staff was appointed, Pedro Parente. During an interview on television, a roundtable, a journalist asked the President what had happened to the code of conduct that had been submitted.*

**IYER:** Was this in '98?

**PIQUET:** *It was '98 or early '99, it was '99. He said, "well there is a group that is handling this. This group is chaired by a lawyer, Mr. Piquet Carneiro, etcetera." The next day I had hundreds of phone calls from the newspapers.*

**IYER:** Why do you think there was a sudden interest on the media's part?

**PIQUET:** *It wasn't a sudden interest, it was something that certain journalists kept in mind. We had talked a lot about—this event of 1997 was, had been covered by the press. This was really new in terms of Brazilian politics. Then Pedro Parente decided to reactivate the discussion. We had a wrap-up meeting to make changes in the text and it was finally approved in 2000.*

**IYER:** So would you say that this sort of media interest put the code of conduct back on the table essentially?

**PIQUET:** *Yes, a healthy pressure from the press. I don't know if you have this material in English, I have the code in English, at least.*

**IYER:** I have the code in English, yes.

**PIQUET:** *The presentation by Pedro Parente is also very interesting. I don't know if that is—.*

**IYER:** That is not translated but I can—.

**PIQUET:** *In the first version of the code I have it translated. The group of people that was doing the final drafting was the group that was appointed as the first commission. Then we came into a period of implementation of these various initiatives. It is a very, very simple code and everybody was in agreement that our problem was not to detect illegalities, but mainly to clarify the gray area in the duties of senior authority.*

**IYER:** So essentially in 1999 Pedro Parente put forward the code of conduct and the Public Ethics Commission was the kind of legislation, you can say, that was included in this proposal to President Cardoso, and then Cardoso issued a decree—.



PIQUET: *A decree appointing—.*

IYER: Appointing the members of the commission?

PIQUET: *Yes. Appointing the members of the commission. We all had mandates, for two and three years. I occupied—I was there for five years, the first one for two years and the next one for three. A few people decided to leave before the end of the term, their term in office. Generally the substitution came naturally on termination of the time period.*

IYER: So essentially it is 1999 and the Public Ethics Commission has just been born.

PIQUET: *Early, because the final approval came on 21 August 2000. So from mid '99 to mid 2000 we were working on the final version and discussing the strategy of implementation.*

IYER: I'd like to know more about that period of planning, you could say, if it is possible. You mentioned that the six original commission members were the key decision makers essentially in this time period.

PIQUET: Yes.

IYER: So what goals were set? What were the initial goals of the Public Ethics Commission going in?

PIQUET: *We had to establish the certain routines. First of all we had a very practical problem: that this occurred during the administration, it was not in the beginning of the administration. So you had 15, 18 ministers plus 300 authorities that had to adhere to the code. Today it happens when the person is vested in the function, he signs a term whereby he undertakes to comply with the code. But at that point we didn't have that. So we created a norm saying that adherence to the code will be assumed if nobody says they don't want to comply with the code within 30 days.*

IYER: So essentially you're saying—.

PIQUET: *It's a tricky thing.*

IYER: There is an option to comply or not comply.

PIQUET: *Yes, because it was not—you're not under the obligation to comply with the code. You may not like the code.*

IYER: I think my understanding was different. I was given the understanding that if you did not comply with the code, you could not enter public office.

PIQUET: *That's true for new appointments. But if you had had someone appointed.*

IYER: The already appointed.

PIQUET: *And in the middle of his term in office you come up with a new code that new hires have to adhere. You have 30 days to do it. We didn't say what happened after 30 days. We would assume that he had agreed, concurred with the terms of the code and so it was. So that was a difficult period to manage because people were not yet accustomed to the idea of having a code. We had to take some*

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*practical decisions on how to pick up problems and try to solve these problems. We had an interesting situation right at the outset. I could not get a satisfactory reply from three individuals working at a government company in the state of Amazon, a federal company, which we called a state-owned company that deals with foodstuff. They run big markets.*

*Then we insisted on their reply because most of the members of the government sent a letter concurring, with the exception of three guys. Coincidentally these three guys all worked in the same company in the Amazon. What I did as the President of the Commission, I went to Pedro Parente and said, "Listen, we have a curious situation here. Technically these directors have, by their silence, agreed to comply with the code, but it is strange that from the same institution you have a refusal by three directors."*

*Pedro Parente immediately activated the information service of the presidency, and it was discovered that that particular company of the government was going through many—was suspected of malpractices of various kinds. As a result, not only the three directors were fired but the company was closed.*

IYER: Would you say this action was largely due to presidential support and Pedro Parente's timely actions or...?

PIQUET: *I didn't understand the question.*

IYER: Would you say that these steps were taken mainly because of presidential support and Pedro Parente's timely actions?

PIQUET: *Definitely. You will never have a good and well-imposed code if you don't have the personal support of the President. That support is made practical through the chief of staff. So you have to have immediate direct access. We were in a very unusual situation; we were totally independent from the government. We would talk to Pedro Parente if we found it necessary for him to take some initiative; otherwise it was our decision.*

*So these small events, this particular situation that arose in those days, permitted—gave the commission and the code certain visibility, the kind of work we were doing it became visible.*

IYER: Going a bit back again to that period of transition you could say that we were discussing—

PIQUET: *Can I ask for a glass of water?*

IYER: Certainly.

So when the Declaração Confidencial de Informações (CDI, Confidential Declaration of Information) first came about in 2001, it was much like the code of conduct in that the officials, new high government officials had to comply to enter office, but for the ones already in office: how was the CDI sold to them?

PIQUET: *We asked them to provide—we routinely sent a form. We would try to make it as easy as possible for them to answer. If after ten days there was no reply we would call up his secretary and say, "I had called, this is a reminder." Maybe within a month everybody had submitted their form.*

IYER: I see.

**PIQUET:** *It wasn't such a big deal. Some of them were incomplete but then Mauro Bogéa's staff and Mauro himself would call up the second person in the minister's office and say, "Please ask him to fill out this or that."*

**IYER:** What were the main obstacles would you say at this stage that the commission faced in terms of implementation of the code of conduct and the CDI?

**PIQUET:** *We didn't face any major obstacle. The number of cases, the behavior of the first rank authorities in general is quite [Indecipherable 00:01:58 adequate?]. What we had to do is establish further rules.*

*For instance, very practical rules like the one that ended with any kind of informal contact between authority and interested party. You may think, well, this is such an obvious situation. It wasn't. A minister—you would schedule a meeting with him. You just go there, you make your case and if he thinks necessary he would call somebody else to participate in the meeting.*

*We established rules saying that from now on there will be no informal meetings. Anyone who has a claim or wants to deliver something has to previously inform the office of that authority about what he wants to talk about, and the authority will always be accompanied by somebody else from his staff. There will be no—not because—it is not that we don't trust the authority, the idea it is to make sure that whatever happens inside a room is properly reported subsequently. That evolved later on to minutes of the meeting. Today it is very, very common. Almost everywhere it is like that.*

*We had, for instance, in the anti-trust agency a situation where someone wanted to talk to the director, he brought the television along and he went into the room, he left the room and said, "Well, I was discussing with the director and the director indicated that my case will be solved in the next two months." This had to end, it's impossible to live with that. So this was something that was quickly adopted and we didn't have too many problems in making it valid. In the central agencies, like the ministries, central bank and so forth, that came almost automatically. Some of them already adopted that, like the central bank. Others—more distant organisms that were not located here, regulatory agencies for instance, they took a little longer to adjust themselves. They adopted their own—we stimulated the adoption of internal codes of conduct, because that was one aspect that we were extremely concerned about: not to centralize things in the commission and try as much as possible to stimulate the authorities to establish their own rules and methods of detection, of correction and so on.*

*At the time we started very few, maybe 15%, Mauro Bogéa can give you that statistic, 15% of the agencies had internal rules concerning conduct, ethical conduct. By the end of a year or two maybe more than 80% had already adopted internal ethical rules.*

**IYER:** How did you stimulate this decentralization?

**PIQUET:** *By promoting at least one yearly event with everybody calling key persons from the various areas of government to participate, bring their own experiences and at a certain point the various agencies could appoint their representatives to discuss with the commission things that had to be done to improve the quality of their surveillance and application of these rules.*

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IYER: Where did the idea for this decentralization come from? Was it internal discussions again or did it suddenly emerge one day? Why did you feel it would be effective initially?

PIQUET: *In a country the size of Brazil, in an administration as big as the Brazilian federal administration—*

IYER: And with only six members as well.

PIQUET: *How could a bunch of guys for whom this is not their profession, they have to do other things in life, they don't make any money, they don't receive any remuneration for this work: How can you control all the administration? Second, we want to go beyond the first rank. In the beginning we were very worried with the fact that there might be too many people. I think in the first version we covered 700 authorities. Then that increased to a thousand something. Today I don't know how many are subject. But anyway, we had to develop—and that's also something that I believe is the only way to manage a private or public organization, by decentralizing decision as much as possible and making sure that the authority that is closer to the fact is the one responsible to detect, correct and propose changes. Not us, sitting once a month in the Palácio do Planalto (Palace of the Highlands, seat of the Brazilian Executive Branch). Decentralization is a managerial instrument.*

*We did more than that, we created a course in the Escola Nacional de Administração Pública (ENAP, or School of Public Administration) in Brasilia and this became a regular course for gestores da ética, ethics managers. By the time I ended my second term, when I left the commission in 2004, we had more than 300 managers graduated from that program. All of them met once a year, and I think they still do, to discuss their successes, frustrations, preoccupations and propositions. It's a very healthy event. I wouldn't know how it is working today.*

IYER: I guess if we could move our focus now specifically to the operational details behind the code of conduct. We've discussed how the code of conduct came into being and how it was designed. Essentially it covers a broad range of conflict of interest issues. Could you briefly summarize the most important issues that the code addresses, and could you also give your opinion on which aspects of the code were easiest to implement and which were most difficult to implement?

PIQUET: *The code itself didn't cover everything from the outset. For instance, conflict of interest—and that I consider absolutely critical—that is something that was not detailed until later on. This will appear as part of the rules. This was perhaps the most complex thing to draft, the princípios do comunicado (communication principles), and I think it was quite successfully done.*

*We not only detected situations where there would be conflict, but we prevented them from happening. Preventing is a lot more important than repressing, because if you prevent you don't have the cost of showing publicly or internally putting the authority in a situation where he will be embarrassed. We were also dedicated to the idea that if someone is doing something wrong, but unvoluntarily and it is not serious, he should be given a chance to correct. Because this is all new. You are creating a new set of rules. Then you have to give a chance for the guy not only to adhere but to comply with.*

*I think this soft approach was very important to gain credibility and being—it was important for the authorities to perceive that we are not witch hunters, we wanted*

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*them to cooperate. In exchange they would have the support of the commission if something happened.*

IYER: So that was essentially—you mentioned earlier that there were no obstacles. Clearly from what you're saying there was a process of winning minds involved.

PIQUET: *Oh yes, definitely. It's like debureaucratization. You have to convince people that they have to debureaucratize. Ultimately if the resistance is too great then we take more, firmer measures, but we try to negotiate as much as possible which is somewhat contrary to some of the tendencies today that emphasize repression a lot. The other thing—and that was my main point of view: we avoided as much as possible creating a law to institutionalize this. Parente would like to put this in a bill, send it to the Congress and officialize this. My point, being a little too skeptical, I'm a naturally skeptical person. Maybe that's why I've accomplished a few things. I would suggest—I suggested the following. Leave it the way it is. It's a code. People have it here, let's not complicate it. Let it bide its time, gain the respect of internal and external respect.*

*My greatest difficulty was to tell the media that a moral code is sometimes better than a written, legal code because voluntary adhesion is more important than compulsory compliance. I used many examples of this throughout the period.*

IYER: Could you provide me with a couple, perhaps?

PIQUET: *I remember one situation where there was a big meeting promoted by the Organisation for Economic Cooperation and Development (OECD) in Rio and I was invited to make the closing remarks. It was a tiresome day for them.*

IYER: I have read these remarks actually, they're online.

PIQUET: *What I tried to explain to them is that if they had a chance, what I suggested to them, I would suggest to go to Lapa in the center of Rio in the evening. Lapa is the heart of bohemian life of the past two centuries in Rio where you find the samba dancing halls, the gafieiras [ballroom dancing salons for the lower classes] and so on. They would have the opportunity to see how a code of conduct can work well without any violent instrument. The gafieira, the dancing hall, is the best example because you go there, everybody can dance, anyone can invite a lady to dance. But you have to conduct yourself properly, if not, you are going to be warned and the second time you will be invited out. This works perfectly. You have a dancing hall with 500 people and no problem ever happens.*

*Now, if you go downstairs to the street where the political power is, the police, the traffic municipal guards. That's where they take money, you have the illegal parking system and so on. It so happened that they went there in the evening. [Indecipherable] had to hire a bus to take them to visit Lapa but it was a big success. I would use rhetorics, maybe: it's important to show in real life how these things happen.*

*Some of these meetings we had, I know meetings. I took for instance one commentator, soccer commentator, the best known in Brazil, Juca Kfour, to talk about ethics in soccer. It was very, very interesting. So this was a way of treating a serious subject not necessarily as a solemn thing.*

IYER: I guess going back to the code of conduct as well you had mentioned that in the drafting process and later on in sort of establishing the coverage of the code of

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conduct there was a period of sort of trying to identify where the greatest temptations lay, is that correct? Where the greatest potential for conflicts of interest lay. Could you describe a bit more about that process of identification of sort of what went into the code of conduct specifically?

*PIQUET:* *There is one specific resolution that I can later on identify for you. It's small. Everything we did was rather small, but the other thing we did that I think was very, very helpful, we used every consultation to transform the answer into a general answer. The question and answer mechanism. So proposition of employment, how do you cope with this? You can do this, you can do that. How do you behave when you have you're faced with a situation where you have no transportation and someone offers you a lift in an airplane? Can you do it? Can you not do it? There it goes.*

*Then you go into the more complicated area of conflict of interest. You have a son who works in a bank and that son has claim requests pending where his father works in the central bank, how do you deal with this?*

IYER: So when the code of conduct was being drafted, was this how you identified which areas it needed to cover? Essentially it was a process of discussion of hypothetical situations? Or was there a sort of identification that these were the areas in which there was more demand for some sort of compliance mechanism?

*PIQUET:* *We tried to be as general as possible because we already knew what we wanted to do.*

IYER: Yes.

*PIQUET:* *We wanted to have general rules that we can apply concretely to the real situation. The code itself is not a perfect code. I think we had situations that we could have covered in a better way. But for instance, [Indecipherable] like Article 3, in the exercise of its functions the public authority shall follow the ethical standards, above all, related to integrity, morality, transparency in order to motivate the respect and trust of the people.*

*That's a message that the old adage: besides being honest, you have to look honest and this is—we've used that several times to say OK, it's not illegal, however, it's not a good example. Whoever is holding a government office is a different person. He cannot behave as a normal individual would do in private practice. That's the burden of the function.*

*Americans have put this very clearly. They said to be a member of the government is a distinction that very few Americans have access to and therefore you have to be subject to certain rules, including to criticism of your life.*

IYER: I know that for example there are several codes of conduct governing different branches essentially of the government. For example for the presidency and the vice presidency or the 1994 code of conduct you mentioned that covers all public servants that was not enforced properly. I was wondering, how is this code of conduct different from those in terms of its articles and what it covers and how much does it borrow from those as well.

*PIQUET:* *The code of conduct in itself is no better or worse than any other code. What I think is important is the policy that was chosen for implementation of the code. That makes all the difference. Because all of the others don't have implementation mechanisms. Even today when, say, we are in the lowest ebb of*

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*the curve, even in terms of perception of the commission, it is still—this approach would be vital. You know that you are coming in right at the moment when the commission is faced with a complicated case that happened within the civil cabinet, within the presidency. That's another comment that may be a little outside the scope here, but it shows that the rules that have been chosen concerning conflict of interest have not been observed recently in this specific incident where you have the son, we work in matters in which the mother is also involved. In that respect there are rules, there are rules specific for the presidency.*

*But anyway, you want to still go on?*

IYER: Essentially how did—during that sort of transition period—essentially, were opinions solicited from civil servants, from opposition politicians or nongovernmental organizations [NGOs], or was the commission, the six members of that original sort of planning group the main decision makers essentially?

PIQUET: Yes.

IYER: You had mentioned that essentially for the individuals, the high government officials who were already in office there was this compliance mechanism where they did not need to comply, but if they did not send in a response that was considered compliance, correct?

PIQUET: Yes.

IYER: Related to that, what was, you could say, the—what were the opinions amongst the high government officials concerning the code of conduct, especially amongst those already in power? Where did potential opposition come from at this time?

PIQUET: *Well, we didn't have opposition. What we had was that people were not familiar with the idea of the code at first, and the reaction, if any, was a psychological reaction. Well, how come, I am a minister, why do these people now think that I have to follow what they will say about conduct? I know how to be honest; I don't need anyone to tell me. That's a typical reaction in an organization where we don't have any kind of code of conduct.*

*Then we had a pretty solid argument to prove otherwise by saying this is also a mechanism of protection of the honest, law-abiding administrators, public managers. Because if there is a situation, we will be the first ones to investigate, and if we find there is nothing wrong with the conduct we will give a positive response. Furthermore—and this is I think critical again, anyone can consult with the commission and will receive a prompt answer. Then we had these consultations arising on various subjects. At the same time we were learning from the work we were doing, from the type of consultation that occurred. We became just one parenthetical annotation. Perhaps the most difficult aspect of the code was to explain to public opinion, mainly to journalists that this was not a law; this was a moral commitment. This established immediately some skepticism. Oh, it's not a law, then it's not going to function.*

*We have laws in Brazil that don't function. Maybe a moral commitment may be stronger. So we began building all this speech to explain that this is different from a law and it had to be different. We could not manage situations like this if we had to go through all the steps of a disciplinary proceeding. Thirty days for defense, 30 days for demonstration of evidence—we would spend two months,*

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*three months, a year, reviewing one specific case. We had to give a prompt answer, a solution to the case.*

*Anyway, it was a happy beginning because things fell into place. We set up a staff, a minimum staff, a very competent one. This is where Mauro Bogéa is critical in the organization. He led all the initiatives in this field. This took us from August 2000 until the end of 2003, until 2003 when President [Luiz Inacio] Lula [da Silva] was elected.*

IYER: If you don't mind my asking, during, again, during this transition or formative period, how did you, say, advertise the code of conduct amongst the current public officials and amongst the ones coming in? How did you publicize it amongst the high government officials as well? How did you—was there an explanation process of some sort that was undertaken?

PIQUET: *We communicated frequently with them?*

IYER: Was this through interviews or was it—?

PIQUET: *Interviews. If anyone had a problem I would quickly, myself—Let's say a minister is having a problem, I would immediately try to solve it, within the commission—.*

IYER: This is a problem with the code?

PIQUET: *—in an informal way or formally, if necessary. But we would make communications, general communications, to those who were under the jurisdiction of the code, explaining details, making resolutions to make the code more clear in certain aspects. This was a quick process.*

*We then came—then we had some quick manifestations from people under the code. [7:12] For instance, the President of the Central Bank at the time was Arminio Fraga and he volunteered to make the first, the very first—.*

IYER: CDI? Confidential Declaration?

PIQUET: *No, he had done it but he wanted to establish rules for how he could manage his wealth, his assets. He had mainly money; his assets were money. So how can I use my money? What are the limits and so on? So we sat together, members of the commission, plus Arminio Fraga and we came to an understanding on how he could safely manage and use his money. Of course the President of the Central Bank knows everything offhand, beforehand, related to exchange rates, to interest rates and so on. So it was a very carefully done negotiation. This resulted—This was the very first time in Brazil, ever, that a President of the Central Bank or a minister decided to sit informally with a group of people to discuss how he would manage his own assets. It was done in an informal way.*

*In other words this was not an exchange of contracts and so on. Once we had all this done he wrote us a letter—Pursuant to our various agreements I'll do this, this, this, and that. Then, the commission would respond, we agree. That's the end of it.*

IYER: Was that incorporated into the code or was that a separate ruling?

PIQUET: *That's separate, that's an individual situation. All this is classified. We would not show it to anyone unless he, the authority needed it for some reason.*



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- IYER: So this is for his personal wealth.
- PIQUET: Yes.
- IYER: So essentially, moving on—Well, first, one more question I guess about this period of planning you could say and sort of getting the commission's feet off the ground you could say, how was the focus of the Public Ethics Commission defined and narrowed. For example, in terms of people who approach the commission, or the sort of cases that the commission was asked to address during this time? How was it established as to what fell under its purview. Was this a process of development?
- PIQUET: *Well, we had, within the commission itself, we communicated very easily by telephone, by e-mail, by everything, so we're not limited to monthly official meetings. If there was something more urgent we would then call a special reunion. But most cases were investigated or brought to the attention—well, we had consultations. Someone who sees a problem and wants some guidance. We have denunciation; someone would come to the commission and present a complaint against a certain conduct. Third, we would take our own initiatives to investigate specific conducts in specific areas. In doing so, we would normally issue comunicados [communications] of a general nature.*
- IYER: With respect to the third aspect of issuing, of taking on your own initiatives, how was the focus of each of these initiatives identified normally. For example did the media identify a key issue of interest or was it just based on an information-gathering process of some sort?
- PIQUET: *We would normally do the following. Say a certain authority is being accused publicly of doing something that would be inconsistent with the code of conduct. We would ask him to explain what happened and he would write back, or we would have a meeting with him, make sure that we understand in the fastest possible way what was going on. Generally, I was the one to be at these meetings because the other members were outside Brasilia and there wasn't enough time to bring everybody back to Brasilia for a conversation.*
- IYER: How often would you say these cases emerged normally? It seems like an enormous—?
- PIQUET: *They kept emerging.*
- IYER: —responsibility for one individual.
- PIQUET: *They kept emerging. There were consultations for instance, they became very frequent because of the perception by the government people that this was—would be a protection. We then had to be careful because people would consult so often—he doesn't want to comply spontaneously, he wants to be commanded to do this, or he has something in mind that is causing him to make a consultation of this nature. We then moved into a more delicate area when we established the declaration, the confidential declaration, information declaration. There the person discloses in detail his wealth, what he has and how he conducts his business, whether he is a shareholder of a company, if he engages in activities that may be contrary to the rules of conduct.*
- IYER: So the CDI came after the issuance of the original code of conduct then?
- PIQUET: *Yes, it was shortly after.*

IYER: Around 2001 would you say?

PIQUET: Yes.

IYER: How was the idea for the CDI specifically developed? Where did it emerge from?

PIQUET: *There was an internal discussion on how to do it. Then we got into the preparation of the format, the selection of the information we wanted to see included. We wanted to make it simple and very direct. We were mainly concerned with the financial aspects of a person's assets. Because based on that we could see variations. Or, if something happened involving that particular authority, we would have a basis to establish whether what was going on was compatible or not with the declaration, the CDI.*

IYER: So at this stage when the CDI came about in 2001—[interruption]

IYER: This is Deepa Iyer interviewing [João Geraldo] Piquet Carneiro on 17 September 2010.

PIQUET: *Let me just tell you this. I think one good approach would be for us to go through the various resolutions along the first years.*

IYER: Yes, that would be wonderful.

PIQUET: *That would give you an idea of—.*

IYER: [inaudible; arranging recorder]

PIQUET: *Because it took us a little time to—we are managing something that had no precedent in the administration. So we are learning by doing it. This is pretty much reflected in the various resolutions and the subjects they covered. It shows us what the priorities at the given moment were.*

IYER: Do you mind before we do that if I ask a few questions related to the resolutions and how they're made specifically. In terms of, for example, how often were these resolutions made, in general during your tenure, to start out with that?

PIQUET: *These resolutions didn't have any specific agenda or timing. They were prepared and issued—.*

IYER: How was the subject matter normally chosen, I guess, for each?

PIQUET: *That was again, a verification of the demands of the concrete situations we were facing or things that we knew we had to do but we were still not yet sure how to do it. This is specifically the situation of conflict of interest. It took us a really long time to finally decide to do it, to draft it and to implement it. So it is our—the commission started in August 2000 and the conflict of interest is resolution number eight. We call it an interpretation resolution or interpretive resolution. It is from 2003. Three years later. Because it needed a lot of maturing so that we could produce something that was appropriate and also reflected the consensus of the commission.*

IYER: What does this resolution specifically consider?

*PIQUET:* I mention it specifically because conflict of interest is probably the most frequent situation faced by a commission like that. The way it was written in the code it was very general and not really specific, it didn't give us a guide on how to do it. So we waited until September 2003 to produce it. But it was worth it, it took months to be done.

IYER: Does this resolution—what exactly does it consist of?

*PIQUET:* It identifies situations where—which cause conflict of interest and how to prevent them. The second part is probably more important than the first one, how can you prevent conflict of interest because once the conflict is established, probably, either the person involved will try to disguise it or will definitely not engage in a situation of conflict.

*But conflict is complex because it may happen during the mandate or the work of an individual. Maybe in 2000, in August 2000 he was already a public servant but he hadn't inherited shares of a company. Now he has, and now the company is an applicant to something in his department. How can he establish whether he is free of any preoccupation about conflict to the extent that he was not—it was something that happened, not in the beginning but in the middle of his managerial functions.*

IYER: So this resolution then was essentially an attempt to lend more specificity to the code of conduct?

*PIQUET:* Like all the others.

IYER: All the resolutions.

*PIQUET:* Because it is a very general code and it became more general before it was enacted, just to avoid being too specific and then get involved in a situation where you don't have a good ruling. So all these resolutions, they have in common the fact that they are not addressed to specific function: it's general, these are general rules.

*For instance when we talk about conflict of interest, we list one, two, three, four, five situations from which conflict may arise. So that in itself is already a good lead for the person to follow. You read this and then you look at your day-to-day business and say, "I don't have any conflict" or "Well, maybe I have."*

IYER: So these resolutions were intended, correct me if I'm wrong, as sort of a guideline for high public officials to read and then evaluate their own behavior based on these resolutions?

*PIQUET:* Yes, that's—mostly, this is the essence of these resolutions. They are not intended to solve anything in a final manner, but just to help the individual civil servant to find authority in the case, to find the proper way to conduct himself.

IYER: So could you describe these five determinants of conflict of interest briefly?

*PIQUET:* Okay, these, it begins with some very general [Indecipherable]. One, it raises conflict of interest, any activity that may in its nature be incompatible with the attributions of the public function. That's a very broad and obvious situation, one that violates the principle of full dedication by the occupant of that office to other activities. Why we put something like this? Because you have ministers who have, who are intellectuals, who are musicians and poets and they write books,

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*they sell books, they may participate in events. You have to conciliate that with the requirement, the legal requirement of full dedication. If you don't give a clue to the individual how to do it, he is lost. So he will probably try to escape from the rule and that's not good. Let's be clear and specific.*

*We had a minister of culture who was a composer and singer. When he negotiated his appointment, he was a good minister of justice, Gilberto Gil, a well-known musician. He wanted to participate in events. In his case we had to produce a term—we call that a term of adjustment, how he can do that without violating the code, a term of adjustment. In his case, for instance, when he was traveling on behalf of the government, officially, official traveling of the ministry, he could not produce shows, paid shows. He had to segregate entirely his private singing business from his office business. It took a little while to negotiate with him because he was too famous.*

IYER: Were these terms of adjustment the often recommended in cases? Were they the most often recommended solution to cases that involved a potential mixing of private and public spheres essentially?

PIQUET: *I don't think I fully understand the question.*

IYER: Basically this solution of a term of adjustment that involves detangling the official's private business and public business, were these recommended often—How often were they recommended? Was it the standard recommendation? That is essentially my question.

PIQUET: *No it was generally tailor-made because a resolution like this one, this number eight, was general. But then we, in light of specific situations like the one I just mentioned, we would then adjust with the authority involved, how he would cope with that.*

IYER: But it was always essentially a detangling, you could say?

PIQUET: *Yes, it was separating how you segregate one from the other, how do you disclose that, and he was not the only one, there were several people in the Ministry of Culture that had a situation similar to that, one that was involved in filmmaking, a director. How can he still be a director? We don't want to deprive the country of the genius and competence of artists. That would be ridiculous. So we tried to accommodate, always within the general guidelines of the code. We didn't [Indecipherable].*

IYER: In general, how long was an official given to separate their public and private—?

PIQUET: *In the first 30 days he had to come up with some proposal to adjust.*

IYER: And this was standard?

PIQUET: *Yes. And generally this was preceded by a contract from the commission itself, myself, or somebody else, or Mauro Bogéa would contact the person and say "we would like to discuss with you the details of how you intend to exercise your cultural activities."*

IYER: And was this normally in response to the confidential declaration of information? For example, how do you identify these individuals?

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PIQUET: *Well, one, based on the nature of the function he was exercising. For instance, when you have a singer who is minister of culture and culture covers art, then we have to be even more aware—.*

IYER: I think—.

PIQUET: *Specific situations.*

IYER: I think what I'm trying to ask is, for example, let's say I'm a member of the Ethics Commission, how do I discover that the ministry of culture has hired an individual who might have a conflict of interest? How do I obtain that information?

PIQUET: *That information was obtained from official sources because anyone being appointed for the authorities within the jurisdiction of the code, it is always preceded by an act that is published, that is in the official gazette. So we learn that. Any new appointment to one of those areas covered by the code—that would be easy to identify, had to be reported to the commission. So that makes our life much easier.*

IYER: And these are presidential appointments normally?

PIQUET: *Mostly presidential appointments, yes. You may have—no, I think all of them were. Even when you have—No, for instance, if you have a company like Petrobras, it is covered by—definitely covered by the code. Then you have the president of the company appointed by the President himself, but the other directors are appointed by the Board of Directors of Petrobras itself. So not necessarily. It was not mandatory that it would be the President. Most were, because if it is a minister, then, definitely.*

IYER: Appointees in general.

PIQUET: *Appointees within those categories.*

IYER: Within the high—

PIQUET: *That have been described in the code.*

IYER: So all appointees were reported to the commission.

PIQUET: *All appointees.*

IYER: And generally what was the decision-making process behind such resolutions? You'd arrive at meetings and say "this is what we have been seeing and here's a reevaluation"? Or, in this case for example, you have the determinants of conflict of interest, with five listed. For example, how did you arrive specifically at these five determinants? Was there an attempt to gather data of any sort to say these are the most common? Was there an attempt to—each member of the commission was responsible for finding a certain piece of information and then it all somehow came together? I was wondering, what the dynamics of that sort—.

PIQUET: *What we had is a brand new code and a brand new way of applying the code. So we started by accumulating problems and conceiving solutions. Before—.*

IYER: Sorry, can I add, for more specificity there, when you say accumulating problems, what?

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PIQUET: *People sending the confidential declaration. Then we look at those and say “oh, this guy really has a big investment in company so-and-so.”*

IYER: So essentially when you say accumulating information, it meant looking at the confidential declaration of information and evaluating as to what the most common trends were.

PIQUET: *Yes, accumulating in the sense that redundant situations, 30% of the authorities have investments in financial companies. That’s enough to initiate an attempt to regulate in general, so that we avoid being too personalized.*

IYER: This is during your time?

PIQUET: *Oh, yes, I’m only talking about the first five years. I don’t know how it is today. That’s how the decision-making process was in those cases.*

IYER: If you don’t mind my asking, was there ever internal disagreement when it came to these resolutions and, if so, was there a voting process of some sort, for example to decide how to overcome that disagreement?

PIQUET: *First, you have—the degree of involvement of members of the commission varied a little bit. Some of them were very, very much involved, others relatively distant. So we would always—this would culminate with a meeting of everybody together, and after drafting and redrafting the code—So, it was generally— when we reached that point, it was because everybody was in agreement on how to write it. We had the agonizing process of changing words. One of them would say, well I prefer to say, dah, dah, dah. If everybody agreed, then we would change it. It was really—the idea behind this was that we should always act in a unanimous way except when we were judging situations where we had to—had or had not decided to indicate violations, because we were trying people. Then there might be differences. Generally when one felt uncomfortable he would simply abstain from voting and the other four or five would decide.*

IYER: So there was a voting process.

PIQUET: *Oh yes, definitely. I would say that generally the initiative for these things started in my—during my period, with the initiative of the president of the commission or the secretary-general. He was dedicated to this 100% of the time. He was looking around, finding situations, warning us of these situations, and I was the only member in Brasilia besides the secretary. So we met several times a week and we were always discussing. Whenever necessary we would e-mail members, convene meetings. We had meetings, not only in Brasilia, but in São Paulo, in Rio. We travel around not to—to make sure it didn’t look like a bureaucratic situation. We would meet anywhere, in a hotel room, a public museum, anywhere would fit this purpose.*

*After a while this became so smooth that decisions were made very quickly because the group knew how they—the President, by the way, didn’t vote, only presided. He would only vote if there was a tie situation. This was so during that time. At that time, first you had members appointed, all appointed by President [Fernando Henrique] Cardoso. When [President Luiz Inácio] Lula [da Silva] started four years later we had two members already appointed by Lula, Maria Victoria Benevides and Antoninho Trevisan. Of course, there was a big change in the methodology of work. But in a month or two it became routine. It didn’t make a difference whether she was from the Partido dos Trabalhadores [PT, Workers’ Party] or not. She was friendly—Whether she was a founder of the party or not,*

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*that was irrelevant. Because the whole idea had been absorbed and the mechanism of decision became natural.*

IYER: What [*Indecipherable*].

PIQUET: *That may be coincidental, that's not necessarily because we were such genius people that we managed to overcome differences.*

IYER: What, how often were votes sort of cast? What was normally voted upon? I mean obviously you didn't vote on every issue out there, so I was just curious as to what spurred the decision to vote on something.

PIQUET: *Well we spent a good deal of time conceiving how to cope with specific situations, or we had to decide on specific cases of violations of—we had a hint that a situation may involve conflict—we all became very sensitive to this. So just by reading the newspaper every day you all of a sudden run into something. Half an hour later everybody was calling up each other saying "don't you think that's a situation we need to look into"? This type of thing. Or to decide on more complex problems involving, for instance, the central bank or a minister, someone very close to the presidency that needed special treatment.*

*It was not a routine situation. Otherwise, we would—I don't remember any impasse in the commission and— or sometimes, when it was too difficult to reach a common consensus, we would simply drop the situation because it was not worthwhile pursuing it. That would happen too.*

IYER: Do you mind if I ask in relation to the rulings, what were, in your opinion, the most interesting rulings. For example I know there is one related to *carnaval [the Brazilian carnival]*, and I'm wondering if you could tell the story behind that ruling and the other interesting rulings?

PIQUET: *I think the two rulings that caused more reaction in public opinion in the press was this one, the one concerning conflicts, number eight, and the other one was one that dealt with participation in the electoral process. This one is still frequently quoted, although at the time I thought it was such an obvious measure that we were proposing.*

*For instance, when can an authority participate in a campaign? It definitely cannot be during his working hours. Second, he cannot participate in political events when he is traveling on official trips. If he has something official to do in Rio de Janeiro he can only go there for the official engagement. He cannot just take advantage of that to go and participate in a public speech or in a parade, how do you call that in English? When people get together and go walking along the streets—a parade, a political parade. No, that wouldn't be permissible. But he, if he wants to go he can go on an individual basis and that would be okay.*  
**HERE**

*I think these two were at their time became very popular. The other one that became quite popular, the reason I'll give you makes it obvious, was about authorities being invited to the carnival parade in Rio, call it the samba, which is a big event. Then you have the beer companies that have special space for VIP guests and so on. We issued a ruling that was considered very aggressive. This was just before carnival in the first year of existence of the commission.*

IYER: In 2000 or 2001?

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**PIQUET:** *I think it was 2001 that we issued that. It simply said that an authority cannot accept an invitation to participate in this type of event. If he wants to go he can go, but he has to buy his own ticket. When you are a minister or director of Petrobras you cannot be a guest of companies if they have interest, official interest or vice versa. We had a few problems with that, the implementation. They're all funny cases, but well resolved. []*

**IYER:** Can you describe these implementation problems then?

**PIQUET:** *Well one was a director of Petrobras that was in the, how do you call that in English? In a theater you have a space reserved for five people.*

**IYER:** In a box.

**PIQUET:** *A box belonging to the beer company Brahma. Then after the carnival we sent a message to him. Did you know that under—you could not participate in that. Then he answered back and said, well, Brahma is one of the best clients of Petrobras. I'm a director, the commercial director of Petrobras. So I have all reasonable and professional interest in attending in response to that invitation. That was one case. We agreed.*

*Then we had a second one, I think he was the minister of interior development, a very funny guy. He was in that box, the same box, everybody went to the Brahma box, that was a famous one. Then you had the state of Rio de Janeiro box, but that's official, that doesn't pose a problem. He was wearing a costume and so on, carnival costume. He explained that, well, he hadn't gone to the box specifically; he was just part of the parade. He was parading for the state of Amazon. When he finished he was "come on, come over here." So he wasn't really intending to be in that specific box. That was also accepted.*

*Then we had a more complex problem with a minister of political relations and that directly involved the presidency; he was a member of cabinet and he also attended under the same invitation, but he gave an interview to the press when he was asked. He said, "No, I paid for the ticket." And there were no paid tickets for the Brahma box, it was impossible. That explanation was given publicly by Brahma: "we don't sell tickets." That was embarrassing.*

**IYER:** How was that situation resolved?

**PIQUET:** *Well that situation was resolved when we issued a— we call it a warning.*

**IYER:** Advertência?

**PIQUET:** *Yes, an advertência. And he was, he became mad about this. He was trying to have us reconsider what we had just said. The responsibility to discuss with an individual like that was mine. So I had all the problems. But it was solved in a way such that we didn't change the resolution, the advertência. In the next carnival he didn't do anything that would be not commendable.*

*So that's—the way I describe it, the way we cope with these problemes may sound a little empirical but it basically was. We had to do—.*

**IYER:** Case by case basis?

**PIQUET:** *—what would be more practical for the general interest of the commissioner of ethics, and so on. We—in the example I gave, so simple about carnival, simple*



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*but meaningful in symbolic sense. We never had that problem again in the subsequent years. So that was a redundant question because every year the press was paying attention to who was attending these invitations and so on.*

IYER: So would you say in your opinion that rulings were enforced by social pressure to a certain extent? Like in the case of the carnival thing, it seems like the media was watching.

PIQUET: *Yes, definitely. The media played a very important role. Sometimes they went too far and we tried to minimize that. The press was not necessarily right, but when we had a discussion, like we had with the minister of political relations, you can't avoid the press to publish it. We didn't publish, we didn't send to the media any individual decision. That is supposed to be confidential.*

IYER: In relation to these rulings were public opinion polls of any sort conducted to gauge public support for example for a specific ruling?

PIQUET: *I don't know if I understood.*

IYER: For individual rulings, like for example the carnival ruling, was there ever a public opinion poll of some sort that was conducted to see how much of the public supported the—?

PIQUET: *No, no no. That is not a variable for our decision-making process, what public opinion thought. We are very serious in the sense that we have to be consistent with the code, not with public opinion. When we issued the carnival recommendation, the—public opinion was possibly against it.*

IYER: I read an article that said 98% of the public supported that poll so I was wondering—supported that resolution—so I was wondering where that number came from?

PIQUET: *That's surprising. We thought that—people love carnival so much in Brazil. They said "how come you're going to prohibit an authority to go to the Brahma box?" And apparently they liked it.*

IYER: I guess my question is—.

PIQUET: *But I think that favorable opinion, that 90% was after the press had divulged and identified transgressions and so on.*

IYER: I think my question is for example, in this article it cited this number that 98% of the public supported this. My question is where did that number come from? Was it the Ethics Commission that was conducting a survey or something?

PIQUET: *No, no, no. I think that was done by somebody else or maybe Transparência Brasil [Transparency International, Brazil chapter], that I don't recall.*

IYER: Were NGOs perhaps commissioned to—.

PIQUET: *I don't think we ever did a public survey in anything—.*

IYER: I see.

PIQUET: *—just to evaluate how much support we had. I don't trust that 90% figure, it's too high.*

IYER: This is from the IADB.

PIQUET: IADB?

IYER: The Inter-American Development Bank.

PIQUET: *That's a reliable source. Well I don't recall that.*

IYER: I can e-mail you the article if you'd like, it has a lot of—

PIQUET: *It skipped my mind. Good. I would like that. We had for instance a situation during the Lula administration, during the first year and a half that we were there, with the lady that I mentioned to you the other day, Benedita da Silva [Benedita Souza da Silva Sampaio]. Public opinion was pretty much in favor of her. She was a very dear, famous leader from the favelas and everybody loved her. We still recommended that she should return the money.*

*The funny thing is that—first of all, she had to resign from office. She did. I described to you how delicate the situation became. Not because of the commission because but she didn't—she could have acted in a more relaxed way but she decided to be very aggressive. Then the media was condemning her.*

IYER: The media was a huge variable, it seems, in all of this.

PIQUET: *Yes. Her defense was to hire a lawyer who came public to say "this commission has no authority whatsoever, these guys don't have moral standards to condemn Minister Benedita da Silva and so on. That—she made her life a lot more difficult than we had imagined. We had only recommended, and she ultimately—she agreed to return the money. But it was too late from a political standpoint. So she decided to go, to resign the office.*

IYER: In relation to these cases essentially that came to the commission, from what I seem to understand there's a tri-level, you could say, informal enforcement mechanism where if misbehavior was seen *an advertência* was issued; then, if that was ignored by the official a second warning was issued. If even that was ignored, then thirdly some action would be recommended to be taken by the President, is that correct?

PIQUET: *For instance, if we tried twice to convince an authority to change a certain conduct, the last thing we did was to communicate to the President that his minister or whoever—if it was not the President, if it was someone to let him know that from the point of view of the commission that conduct was irregular. Then that's his problem. We didn't have any enforcement power; we just recommended actions.*

IYER: Given that this was an informal enforcement mechanism, you could say, in that it depended very much on the President to take those recommendations into account, how often, if you could quantify it perhaps, how often were commission recommendations followed by for example the President in terms of—?

PIQUET: *Well, there weren't many cases because it gets to the President when it really becomes a serious matter. We had this situation with Benedita [da Silva]. We had the situation with the current president of the Central Bank, that we had to make adjustments, but there was no violation involved.*

IYER: What was his name again?

PIQUET: *The governor of the Central Bank—when I am speaking English I forget Brazilian names. Henrique Meirelles [Henrique de Campos Meirelles]. Meirelles was in the very first couple of months of the first term of Lula that the problem arose and we had to cope with it. We had a very good outcome, but it didn't go to the President, we'd rarely go to the President. Actually when I say go to the president, we go to the chief of staff. This is the situation. He would take it to the president. We wouldn't schedule a meeting with the president to complain about the behavior of one of his ministers.*

IYER: Just informally, what differences in responsiveness from chiefs of staff and Presidents did you see between Cardoso and Lula?

PIQUET: *Well during the Fernando Cardoso administration our relationship with the chief of staff, Pedro Parente, was very smooth. We didn't have any big problems. He was a superb political manager. So if we took a problem to him, he would take the initiative to talk to whomever he thought proper to comply with the commission's recommendations. That's the way it went, all the way. But curiously enough—but then comes Lula, then comes José Dirceu [de Oliveira e Silva] as the minister I had to talk to about these problems, take the problems of the commission for his initiative. We had a very formal relationship, but a very smooth one. I never had any big problems. Sometimes I had problems with—simple budgetary problems because everybody in the presidency was trying to cut our money so I had to go there for Christ's sake, it's so inexpensive the whole thing. I never had any problem with them. But it was quite distant. However, it was easier to impose the code to the people appointed by Lula than to people who were already in office, and I had to take the initiative.*

*Why? Because when the minister, appointed by Lula would take office, he would sign a document saying that he committed to comply with the code and so on. So it was rather simple. We had more things to negotiate like, with the minister of culture, but it was no big deal. Things were done in a very easy way. I think my successors in the commission have more problems because these ministers were gradually replaced by politicians. They were changing according to the logics of the political environment. So some of them were less inclined to obey the orders of the commission. That's what I see from a distance. That resulted in the dismissal or the resignation of Marcílio Moreira [Marcílio Marques Moreira] from the presidency [of the Public Ethics Commission]. I think Marcílio was after Fernando Neves [da Silva], right. After me was Fernando, after Fernando was Marcílio. Then, we're almost arriving at the current configuration of the commission.*

*In that sense I think we faced less problems than we anticipated. I thought there would be more resistance. There was an uneasy feeling spread out in the beginning. How come such a high authority in government has to send a confidential declaration? But that thing was easily overcome by common sense. It was good for everybody.*

IYER: Was there any formal persuasion process involved? For example that same article from the IADB that I read mentioned that commission members would personally meet with officials who had issues with the Confidential Declaration of Information and attempt to persuade them as to why they should—?

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*PIQUET:* Oh yes, we would do that all the time. You cannot disregard the situation that somebody treated that piece of paper like any piece of paper. So there were phone calls involved. I would, as last resort, I would call the authority himself or herself and then obtain the Declaration. But generally it is more of a bureaucratic forgetfulness that is common to any kind of big organization.

*I think there was one specific minister, and I think Mauro Bogéa may remember the name, that took a long time to reply. If I recall, we had to talk to Pedro Parente so that he would talk to the minister: "for Christ's sake, please, send the declaration." But anyway it was nothing I consider, that I would have considered at the time as hostility towards the commission or hostility toward the code itself.*

IYER: How did the availability of resources, financial resources impact or limit your activities in general?

*PIQUET:* We had such a small budget that we virtually couldn't do anything. For specific events like the annual meeting we had to rely on special grants from the Casa Civil [Office of the Chief of Staff]. The Casa Civil is the one that within the presidency allocates the funds.

IYER: So the Casa Civil was the one essentially allotting your budget?

*PIQUET:* Yes. And in most cases the difficulty we encountered was—first the size— by the end of every year you have a cut. The last cut took 20% for everybody. We had such a small amount of money that any 20% would be a disaster, would have disastrous consequences to our finances. So then I would have to go talk to Pedro Parente, "Oh please, try not to cut our budget." I don't know what happened afterward. I think again Bogéa may give you more insight into the specific questions. It was a permanent problem. We had very modest accommodations, very little resources. But we had, towards the end, a lot of initiatives from within the government, different agencies. They would meet the expenses themselves if they wanted to have an event. I became used to making presentations to many agencies. So I didn't have to spend any money from our budget; it was somebody else or—.

IYER: Given that your budget was so limited, was this budget—I'm sure priorities were set as to what this limited budget was spent on and I was wondering what were normally the largest items that this budget was spent on? Do you have knowledge—?

*PIQUET:* Well, we had to—.

IYER: Given that the members are unsalaried.

*PIQUET:* We had to increase our staff a little bit, so we had to spend money on that. I don't recall all types of expenses we had to meet. Bogéa will tell you those details, where we spent the bulk of the budget. I really didn't spend much time in these situations because this was—at one point in time the secretary got in touch and established a channel of communication with the proper authority of the presidency concerning money flows. We were always short in budget.

*There was a time when, still during the Cardoso administration, when the World Bank made itself available to cooperate with the commission by lending money for this, under special conditions to the federal government provided the federal government would allot the same amount of money. We were talking at the time of like one million dollars from the World Bank and a million dollars from the*

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*federal government. With two million dollars we would have made—would have built a new program with much more complete staff and so on. But that proved itself impossible in political terms, it was too complicated. I tried and tried and I gave it up. I even suggested that the money, instead of being destined to the commission was channeled to the Controladoria-Geral da União [CGU, or the Office of the Comptroller General].*

IYER: Ah yes.

PIQUET: *Because they had to spend more money in repressing and police work and investigations and so forth.*

IYER: Why was there so much opposition to this World Bank grant that it didn't come through?

PIQUET: *Merely bureaucratic. The federal government had to come up with a million dollars. I don't know, that's out of question—.*

IYER: Was it more sort of people didn't want to put in the work or was it in complying with the conditions? I'm unable to understand why—.

PIQUET: *Bureaucratic inertia. We're talking about a very small entity that for the people who decided where to put money in had little or no significance. So why spend money on this commission if we can put it somewhere else? There was one year, a particular year when they cut everything from us.*

IYER: What year was that?

PIQUET: *That was in the second—that was during Cardoso's administration so maybe the second or third year. I immediately—well everybody thought this was a scandal; we all have to resign. Before we resign let me call up the Minister of Planning who is the guy who authorizes—who was a very nice guy.*

IYER: [Martus] Tavares?

PIQUET: *No, it was before Tavares. I'm bad with names.*

IYER: Dias?

PIQUET: *Guilherme something.*

IYER: Guilherme Dias?

PIQUET: *Yes, very nice guy. So I called him up and asked him whether he would like to go into Brazilian history as the person who extinguished the Commission of Ethics? He didn't understand what I was talking about. So I was simple: your ministry cut 100% of our budget. He was very embarrassed. It never crossed his mind that he was vetoing—.*

IYER: So the planning ministry is the one that—?

PIQUET: *He releases the money. Then the presidency has to transfer it to—these are internal rules—Ministério do Planejamento [Ministry of Planning], Management, that's the name of it, and budget. So they have the control of this. It was just a misunderstanding. Well then, please, see what you can do to take us out of this big cut. One of those end-of-the-year cuts. In ten minutes the question was totally*

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*resolved. So we had to do a little bit of political bureaucratic work, that's part of the business if you want to—.*

IYER: Going back a bit to the rulings. How many rulings were issued totally in your five-year period?

PIQUET: *Maybe eight or nine. Let me tell you.*

IYER: Secondly, once you tell me that, would you say that some of these rulings were—I mean you mentioned that some were more successful than others. You mentioned for example the two most important ones being the electoral one and then the one from 2003. I was wondering as to why you feel that some rulings were enforced better than other rulings were?

PIQUET: *It's not a matter of enforcement; I think it is a matter of being understood as important by public opinion, not by ourselves. I think most of our resolutions were equally accepted. Of course some of them were too small to cause any greater impact.*

*Let's see, I think the last resolution in my period was perhaps the number eight, the one I just mentioned, the electoral one.*

IYER: I mean, I think the question I have is—based on what I've heard, it seems for example as though certain norms have changed. Now accepting gifts is not as common, necessarily as, for example other things may—as it once was. On the other hand I've heard that the election ruling was very heavily publicized by the media during the election year but afterwards it was forgotten, and now it is not necessarily as stringently followed. I was wondering why you feel that certain rulings, or certain aspects of the code of conduct even, for example, the one related to gifts, why do you feel that ones of that sort have definitely changed norms while other ones have not been as durable?

PIQUET: *Well, I'll give you one example of norm that is difficult to keep being implemented by every administration. The participation of authorities as guests in international events or even Brazil events. This resolution is an early resolution which was very much appreciated by public opinion in general. But if you don't keep pressure for actual adherence and performance it may decline and then you have one exception, another exception, nobody does anything.*

IYER: Where did this pressure come from?

PIQUET: *The special?*

IYER: Where did the pressure, you said if you keep pressure then it will be followed but if this pressure is not kept then it will decline is what you said. I was wondering where this pressure comes from.

PIQUET: *I think this specific resolution, the one I'm talking about, the one that governs the participation in foreign events—it was a case where there is nobody paying much attention to it. If you consult the commission, probably, yes, it is an early resolution. Number seven of February 2002, participation of public authorities in activities. Ah, no. That's the political electoral resolution. It is another resolution that—.*

IYER: I think what I'm trying to ask is who were the watchdogs who were saying that this ruling is not being followed at a certain time.

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**PIQUET:** *That was very easy to detect because we—with the imposition of disclosure of authorities' agenda, it is just a matter of going into the site and seeing which commitments, or meetings, or speeches, or conferences the authority had to attend. We assumed that, in principle, that the code would be followed. They generally communicated to the commission what they were doing. Sometimes—no, we didn't have to keep track of every single trip of an authority unless something unusual would happen like somebody would communicate to us that Mr. So-and-so traveled without permission.*

**IYER:** When did the role of the commission in a given case change from sort of being based on trust to, for example, being slightly more investigative when you observed something abnormal? Because it seems that, from the way that I understand it, if an official says he is not doing something, then there is a certain level of trust accorded. Does that make sense? When did the commission become investigative in terms of—because, for example, if you found an evidence of some wrongdoing from the media, then would the commission write to the official and say “we have heard this, what is the case?” How did it work after that? Essentially how did you contact the official or did you investigate on your own?

**PIQUET:** *We had mechanisms for investigating ourselves. By requesting information from various authorities, and they would comply. We didn't do investigation in the police sense of the word because we didn't even have the staff to do it. If we had a larger staff, I think we could have done a lot more.*

*If you look into the records of the commission during the first five years you may find it relatively small. I think for a brand new idea it wasn't so small. It caused several other—it brought other consequences. For instance, we caused the creation of a specific program for— an educational program, in the Escola Nacional de Administração Pública [ENAP, National School of Public Administration]. As I told you the other day, we had 300 people graduating, attending these courses, these training courses. I think that remains active today. We had a large number of internal codes being adopted.*

**IYER:** I think when you said that you had these informal investigative techniques where you would request information from other bodies, what were these other bodies and what were these informal investigative techniques that you used?

**PIQUET:** *The only thing for which we had legal limitations was to investigate into taxation aspects. Normally you would take—Bogéa would look into the declaration form, and you develop a proper way of looking at these. There are certain patterns that are followed by people who want to cheat on the commission. Then we would insist on obtaining more information from the authority himself. That resulted in some larger initiative to demand for further information. Normally this would all be channeled through the authority itself. We didn't go into any other—I don't recall investigating an agency through another agency. I don't think we ever resorted to—.*

**IYER:** An individual through another agency, yes.

**PIQUET:** *We never went into the information service.*

**IYER:** But did it require, for example, a certain amount of cooperation in the sense that—so you never investigated without—essentially you never obtained

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documents concerning the individual from another agency without the individual's knowledge. Is that generally the case?

PIQUET: *No, I think we normally obtained that from—.*

IYER: The individual.

PIQUET: *Whoever was under examination.*

IYER: Would you like to take a five-minute break before I continue?

PIQUET: Yes.

*You can look into the website of the commission. There is one new resolution concerning procedures. That was done by the current president of the commission.*

IYER: [José Paulo] Sepúlveda [Pertence]?

PIQUET: *Did you meet him?*

IYER: I have emailed him a couple of times but unfortunately I have not been able to meet with him.

PIQUET: *He was a former justice of the Supreme Court. It is—today I would say that the commission is a little more formalistic from the legal standpoint. Because the composition is essentially composed of lawyers or people with legal background. It's natural when you have this kind of combination that people tend to a more legalistic viewpoint. In our time we had economists, we had a diplomat. We had political scientists. So it was more varied.*

IYER: Related to that, can you describe, if you feel comfortable, the personalities of the first commission? What was the main—who were the—say what were the—what was the niche that each individual on the commission fit in?

PIQUET: *Let me see.*

IYER: Did you specialize essentially? Did each individual—was each individual responsible for something different? Was there an informal specialization?

PIQUET: *[Indecipherable] that's precisely the guy I was talking about. Let me see where the—for some of the resolutions I have all the names. I think the people who were—I'm going to mention names that weren't only the first—Throughout the five years I was there. I think in the beginning the intellectual contribution of people like Celina [Vargas do] Amaral Peixoto was very important, of—do you recall all the names I had on the first—?*

IYER: Lourdes Sola?

PIQUET: *Oh, Lourdes Sola was a political scientist who also made very important intellectual contributions.*

IYER: [Célio] Borja [Bogéa?]

PIQUET: *Well, the next one who was very much engaged in producing results was Camilo Pena, João Camilo Pena. He was such a—did you meet with him? No.*



IYER: I don't have his e-mail address. I could not find his contact information.

PIQUET: *How long are you staying in Brasilia?*

IYER: I'm staying until Tuesday, then I go to Sao Paulo on Wednesday morning.

PIQUET: *So you're not going to Belo Horizonte [capital of the State of Minas Gerais] at all?*

IYER: No.

PIQUET: *Because to talk to Camilo Pena I would suggest you do it in person, because he is too old. Then you would have to go to Belo Horizonte. I think Roberto Teixeira da Costa was also—I think the whole commission, the whole initial commission was very much engaged in the work. Of course not to the extent that myself as the president was.*

*Here it is, Miguel Reale [Júnior] was for a short time. So he was very active the time he was there but then he became the minister of justice. So Celina [Vargas do Amaral Peixoto], Camilo Pena, were—and Lourdes [Sola], were very, very present. Later on, Roberto Teixeira da Costa still was very, very active in the decision-making process. He always brought an outsider's view because he was a man from the business community.*

*The other one who was very, very engaged was Marcílio Moreira, for a short time. He is a hardworking person and he reads everything, a very interesting person. Did you meet him personally?*

IYER: Yes, I met him in New York City, we had lunch together and I interviewed him there.

PIQUET: *Yes, you told me. Then when the two Partido dos Trabalhadores [PT, Workers' Party] members came into the picture, Maria Victoria [Benevides] and [Antoninho] Trevisan—they were both very active, very active. Routinely what happened was that we would have a reporter doing the summary and bringing the summary into the meeting. Normally this was the case. When we had a draft of a resolution I would do the first draft, then submit it to the members. Marcílio [Moreira] always had contributions to make, towards clarity of the text. So depending on the subject there was more involvement.*

*You're going to see Celina [Vargas do Amaral Peixoto], in Rio?*

IYER: I'm going to have a phone interview with her actually.

PIQUET: *Celina was, I think is a lovely person. But she is very pessimistic. At all times she was "oh, this is going to be a failure and so on." But she participated in everything. I used to joke with her because she was critical of the way we did the debureaucratization work. That's okay, you think it could be much better but nobody did it. So we did a little bit so that's better than nothing. We did a little bit about ethics and certainly it was better than nothing. At least we created a background reference that is still important today.*

IYER: Related to that—actually I have one last question related to the code of conduct. Do you remember, we were mentioning that clause essentially where when you enter office you have to fill this out in order to enter office. You have to comply with the code and you have to submit a declaration of your financial assets. My

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question was how difficult was it to institutionalize this? I mean, was there sort of—who came up with this idea to make it conditional essentially on—to make it mandatory and sort of conditional—to make even entering office conditional on complying and filling this out? Who came up with that mechanism?

*PIQUET: I think that was a consequence of the nature of the code itself. I believe this involved the very first replacements in the Cardoso cabinet. I think Pedro Parente took the initiative of adding the undertaking to comply with the code. So now it appears in a formal piece of paper. The guy signing that paper, whenever he reads it—the public speaker who is announcing the appointment, he will read it. We thought that was important because if we needed later on to resort to the undertaking, to the commitment it would be easier than a general thing that is written nowhere. It is only assumed.*

*That little addition may be very important because if you want to, if the president wants to fire someone and there has been a breach of the conduct code, he has the political argument, he doesn't need anything else.*

IYER: So Pedro Parente was responsible for the institutionalization.

*PIQUET: Yes, he was the one who introduced it.*

IYER: Was there any opposition to your knowledge?

*PIQUET: Nobody really. We may have had some people feeling uncomfortable, but not to the point that there was opposition. They might not like it; I don't think anybody likes to be subject to a code of conduct because it is something—one more item that you have to pay attention to while you're in office. So pleased or displeased was not anything that we would pay much attention to.*

*We would notice those who were reluctant to comply. Then we would apply force a little bit to obtain what we needed, particularly the declaration. Sometimes the declaration was too brief and we needed some further information. We just would ask. Ultimately the information would arise. That gave a good sign of the disposition of senior officers comply from then on.*

*For instance the minister of justice, the first minister of justice of Lula was the man who—the first who adopted and spontaneously adopted, the blind trust for his investments, was Márcio Thomaz Bastos.*

IYER: What do you mean by blind trust?

*PIQUET: Blind trust is a mechanism that is known in the American system. If you have assets of large value, particularly if we're talking about money, you hire someone, a bank, a banking institution, and this banking institution will assume the obligation to manage your funds, invest them, does investing, without your knowledge. You cannot interfere with the decision. Very few cases in the United States have succeeded. We had this isolated initiative that was a Brazilian bank, a well-known bank, that undertook to invest Bastos' financial resources, and the obligation was to present annual reports. The guy must pay taxes and fill out his tax form. That was one case.*

*A slightly different thing we did with [Henrique de Campos] Meirelles in the Central Bank.*

IYER: Was he the only individual—

PIQUET: *He would be a nice guy to be interviewed.*

IYER: Who?

PIQUET: *Meirelles, the governor of the Central Bank.*

IYER: Was the minister of justice the only individual who volunteered to—

PIQUET: *Maybe he was—.*

IYER: —the blind trust or were there others?

PIQUET: *Well we had another one, the minister of industry and commerce who was a shareholder of a major industrial company and he also undertook—that's not exactly a blind trust. He undertook the obligation not to dispose, or further invest in his company during his period in office. Then with another case—Meirelles I have mentioned already.*

IYER: What was the minister of industry's name?

PIQUET: *Minister [Luiz Fernando] Furlan, he was very [Indecipherable].*

IYER: I'm now going to ask some questions generally about how you'd assess the results of the commission overall. What do you feel are the commission's major successes have been during your tenure?

PIQUET: *I think the most important of all is that we introduced a new way of looking at the responsibility of senior officers that didn't exist. That was—there was an assumption that whoever was appointed to such an important office would behave morally and appropriately independently of any specific code of conduct. So by applying it to the senior officers we were innovating because not having a code meant that everyone, every single individual in that office, or those offices, only guided themselves from a moral standpoint, by their own principles.*

*Our idea is that there are general principles that are inherent to the office itself, to the responsibility of the office, that cannot solely be based or complied with by the goodwill of the holder of that office. I think that makes a big difference. You may have, if you think historically—maybe today this is not the best example of how successful these moral standards have been absorbed by the political world, but if you look, you may have not followed in the last few days the problem of the resignation of the minister of—the chief of staff. Behind that are all the rules of impediments and conflict of interest that were raised by us. There may have been illegalities in specific cases, but the overall frame of reference is in the code of conduct. That was—well it was not mentioned directly but it was indirectly mentioned when she consulted the commission.*

IYER: What is her name?

PIQUET: *Erenice [Alves] Guerra is the one who succeeded the presidential candidate, Dilma Rousseff. This is a big thing that is going on these days. I think that makes a difference. Because of the existence of the code we now have a specific code for the presidency that is a little more strict than the general code of conduct. You have, as I mentioned the other day, maybe 80% or more of government institutions adopting codes of conduct, specific codes of conduct.*

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- IYER: Was the presidency code also drafted by you?
- PIQUET: *No, that was an initiative of Pedro Parente. We, of course—we contributed. It follows the same pattern of the code of conduct but it is more specific. For instance, people who are assigned to offices in the presidency cannot have any other source of money from work. Basically you can't work outside the presidency. You have to live on public salary.*
- IYER: I'm sorry, I interrupted you earlier. You had said the major successes were—not the major successes but the other things that had emerged from the commission were this code and the fact that over 80% had adopted codes of conduct and you were continuing. Do you remember what else you were going to say then?
- PIQUET: *You mean on which agency? For instance, you take all the regulatory agencies created in the late '90s and early 2000s have adopted and have enforced their specific codes of conduct. Of course the directors of these agencies, they are also subject to the general code. But the important thing is that by adopting these codes they also create auditors, internal auditors to make sure compliance with their code is secured.*
- IYER: Did the idea for these internal auditors come from the commission originally?
- PIQUET: *Well it came—not the auditor himself, the functional auditor was a creation of [Indecipherable]. We need to have in any situation someone who is responsible for enforcing the code and receiving complaints and answering, weighing every situation that may involve a breach of the code. So auditor is a general name. You will find auditors or ombudsmen in a variety of organizations.*
- I'm sure that all of the agencies have their auditors for the specific purpose of complying—maybe not solely with the code of ethics, but with their norms, legal norms applicable to that agency.*
- The other thing that I think was an accomplishment is in the overall customs of how authorities deal with private persons. This is—we never wrote—we wrote that you should not—an authority should not have informal meetings with people interested in their decisions. But today this has become second nature to any government authority. There is no need to force compliance. You open, go to the site of a minister. There you will see his agenda, what he is going to do, who is going to see, the names of the people who are visiting—.*
- IYER: Why do you feel these customs have changed in such a way essentially?
- PIQUET: *Why changed?*
- IYER: Yes.
- PIQUET: *Because it was beneficial to the authority because it became clear that he would feel—he would be safer if he would divulge his agenda and his other sources of income. For instance, if a minister is making a speech somewhere and he is receiving any money for that, he will put that in his agenda, on his site. I think that's a change of habit that is important. Before that, it wasn't considered improper. If you had a good lobbyist he would set up a meeting with the minister or a lunch or a dinner. So now it became customary. I think that's the best way to be. You adopt rules of conduct that have become common and accepted by everybody.*

IYER: What do you feel that, conversely, the commission's major obstacles or failures have been? What do you regret? What would you have done differently if you could come back?

PIQUET: *The idea of a code of conduct for the senior officers was done on purpose because codes were various. What we thought, if we had one for the most senior officers, we would be creating a precedent that would spread below the senior officers. I think that has been accomplished. When you have every single ministry or a government company or a regulatory agency where there are all codes of conduct, then we really support it because the idea of a centralized code was, for us, very inconvenient.*

*So I think these accomplishments have been achieved. But that's limited, entirely limited to the executive branch, it didn't contaminate the political—the Congress, the parliament. They don't have to follow that.*

*Some states have persisted. I think São Paulo has rules of conduct that are pretty much like the federal. I think Rio de Janeiro also has its own code of conduct for the senior administration. So it is becoming a trivial thing; it is no longer a big issue.*

IYER: In that—I guess the question is, looking back, if you could do it all over again, what would you do differently? Yes, essentially, what do you feel you would do differently if you were—?

PIQUET: *I would fight more for resources. I think we are timid in demanding for resources and that's a bad thing because really it's not—I don't think it is a proper attitude for the commission of ethics to be afraid of demanding resources to accomplish its fundamental objectives. But either because I was not strong enough or didn't have enough support, or the idea was still too young to be channeled into a demand for more resources—I don't know today whether the resources are sufficient or insufficient.*

*There is one agency in France—I think it deals with communications, which is part of the French democracy's preoccupation with freedom of the press and so on, that has unlimited budget and is outside any budgetary control. I don't think we need to go that far, but had we had a little more money we would have been much more efficient and faster, because time is essential for something like this.*

*It took five years. Maybe we could have done more things, achieved the same thing in three years if we had had more resources, if we could have hired a specialist. Evidently there is a limitation because you don't find specialists in public ethics work so often. A man like [Indecipherable] is a guy who became a specialist, and he became a specialist because we had the commission. Today he is an opinion maker. But that was because he was, he has the talent and he developed the knowledge and made all the necessary research.*

*We could have hired other people. Generally we work on-site with people from other organisms or part time, which is not the best way to do it but that was what was feasible. But I would insist a lot more on having more funds to hire projects and to develop projects and have the contribution of people of high education coming from public administration.*

IYER: In terms of measuring impact, how did the commission monitor results in general?

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- PIQUET: *I don't—.*
- IYER: For example, what measurements, formal or informal, did you use to determine what worked and perhaps didn't work so well? From what I understand—.
- PIQUET: *To evaluate the—.*
- IYER: Yes.
- PIQUET: *The results of the work?*
- IYER: I can give you a very specific example if you need one. For example I know that the confidential declaration of information changed over time. I know that there are three resolutions related to that and that sort of expanded each time to essentially cover more ground.
- PIQUET: Yes.
- IYER: It seems like there was definitely a sort of experimentation/perfection process going on, no?
- PIQUET: *Yes, definitely.*
- IYER: To tamper with it—not tamper with it, you know what I mean, perfect it over time. I was wondering if this—what informal measurements were used to fuel that perfection process you could say?
- PIQUET: *Well, I think you'll have a detailed answer for that from Mauro Bogéa. What I would say is the process of improving what we had was the consequence that we were creating new things, new ideas, new rules. The first declaration of confidential information was conceived without—we were really drafting things. Do you think this will be sufficient? We don't know. So we issued the first draft, the first form.*
- Then we tried to improve the form by adding more information or changing the way we asked the question.*
- IYER: Did you seek input from people who had filled out the form, if they found it user friendly?
- PIQUET: *Definitely yes. I wouldn't remember who contributed more. I'm sure that our staff was in touch with the guys who had to fill it out. The best way to learn something like this is when the guy who is filling a form calls you up and say: "How do I answer this? I don't know exactly what you're asking." So we used that information in our perfecting process. Something like this, very simple, not a big deal.*
- IYER: Two final questions. Going back to the problem of conflict of interest in Brazil, political conflict of interest specifically. Do you have any examples of how a political conflict of interest may have hijacked a public policy or directly impacted public policy in some way? I'm trying to, I guess, get at the linkage between conflicts of interest and the performance of government officials.
- PIQUET: *Conflict of interest as an abstract principle was already contained in the law that governs public functions and you have that for professional activities. For instance, when I was appointed to a government office, I could no longer practice*

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*law. So that's a rule that comes not from us but from the lawyers' law, the code of practice of lawyers. Basically, what we had to do was to make it more explicit. That's why I mentioned to you that this specific regulation concerning conflicts is important. It gives people—it shows them how to evaluate their own situation because they may have—for instance, they may have shares in a company but they cannot hold a managerial function. That's the law.*

*But sometimes you have an advisory board. Can you be a member of an advisory board, or is that inconsistent with public function— an advisory board in a private company. These are situations that fall in the gray area. I think when we give—we show the basic limits or reference points that should be checked before you conclude that you don't have or do have conflict of interest has been very helpful.*

*When you look at the—and I don't think that there have been many conflicts of interest during the last five or ten years. We may have had people who behaved improperly for other reasons, but not because of professional or economic conflict of interest.*

IYER: Just to press you on that a little bit—I mean, I feel like you said the opposite when I spoke to you two days ago. You said that a lot of the time appointees to—presidential appointees coming in are inherently—they inherently have conflicts of interest because they often—.

PIQUET: *Well, take nepotism. Nepotism, is that a good word? Cronyism. That's part of the Brazilian culture. But in the federal administration the number of situations have been reduced dramatically. Go outside the government or the federal administration, in the judiciary, this has been decreasing substantially. They have adopted their own norms and we've, in our—during the first five years, there were a few situations brought to our attention, of people who were hiring relatives. What I may have mentioned to you the other day is that we have, today, a concrete situation that is entirely out of the curve.*

*You have one particular lady who has hired her whole family to occupy offices in the presidency or outside the presidency or through political prestige in the government of the city of Brasilia, in the federal district government. But that's far from the standard situation. We don't have that as a normal situation in the executive branch. If you go legislative power, to the congress and to the—.*

IYER: Would you say it is rare in the executive branch because of the preventative nature of the code of conduct? Would you say there is a causal link there?

PIQUET: *Yes, there is, but we didn't innovate on that. What we did was to make it easier to apply, more functional, through the code. This is all in the Estatuto do Funcionário Público, the code for civil servants or civil service. We have—you cannot look at the federal administration as one single block. You have entities which are absolutely modern with strong moral, ethical principles and routines. They are highly professionalized, like Central Bank, like the Revenue Service, like the national treasury. These are entities that have high standards.*

IYER: Pockets of excellence if you will.

PIQUET: *Big pockets—they really run the business. You move into other areas like the post office company. That's a disastrous example of misconduct. Why? Because it is outside the economic managerial exclusion that was made. Some 25 years ago the newly elected President decided that all the economic areas of the*

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*government would be excluded from any political negotiation. Political not in the party sense but in the—you have a quota of the members so-and-so to be placed within the economic area. So that has been protected. Now I'm making a little bit of the political analysis of the scenario that we are operating under. However, during the last twenty years, we had—fifteen years at least, we had a good revamping of public accounts. Inflation has been reduced.*

IYER: A lot of fiscal responsibilities.

PIQUET: *Yes. You didn't have much problem with putting anyone running the Ministry of Mines and Energy because they had a big budget but they couldn't spend the money because there was no money to be spent. So you put the guy there, he stays for five years, he may have hired a few friends and relatives but he didn't—he couldn't really manipulate funds. When the economy was—when economic stability was reached, then you had a different situation. We have a situation where you're putting political appointees in places with a lot of money so the risk of corruption increases accordingly. This has nothing to do with the code of conduct; it is beyond that. It is entirely about the political framework and political managerial aspects.*

*So it is not surprising at all that you would have several scandals around a single company like the post office. If you look back—I think I mentioned this the other day—In the study that the commission made in 2003, the post office was considered number one in risk of corruption.*

IYER: Which study was this?

PIQUET: *A study we did. We didn't do it ourselves; it was an academic analysis of the risk of corruption within the administration. That study—it's not in this book, it's in another collection.*

IYER: Do you remember who headed up this study?

PIQUET: *Yes, this was a famous one. The guy is a professor at the Universidade de Brasília (UnB), the University of Brasília.*

IYER: Claudio [Reis?]?

PIQUET: *I don't recall. Ask Bogéa; he has the study and he will—that's a very interesting study because what he did was to develop a formula of calculation of risk. He would take an agency and look at the amount of money it manages, the power of the—the regulatory power of that agency. There you have the things that increase the risk of corruption—money and regulatory power. But you compensate for that if you have instruments of detection, correction and prevention. So the same study makes a balance of the main organs of the federal administration. Number one in risk was the post office as an entity, because it had money, it had the monopoly of the post office business, and didn't have anything to offset that power, to control that power. So one of the last things I did when my term ended was to deliver a copy of that analysis to the chief of staff and to the minister of justice.*

*Two months later came the first scandal of the post office, and the same scandal has been repeating itself until today because there is too much money and too little control.*



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*Now you go to a different company. You go to Petrobras: huge, huge company, enormous regulatory power. Doesn't have the monopoly on oil exploration any more but still it is powerful in itself. But it has mechanisms of control, self-control. It's not as simple to appropriate monies from Petrobras as it is in the Correios, the post office.*

*That guy developed a model. So when the model was applied, by coincidence, it happened that this company, the post office company was the first—top of the—the first hit. I didn't mention this to you before?*

IYER: No.

PIQUET: *That's the most incredible story we have to tell. We had a ranking of possible corruption in government.*

IYER: Oh.

PIQUET: *That was not our specific business. It occurred that the work we are doing around the code of conduct and its implementation attracted people with interest in the subject. That's one—we didn't ask for that study; the study was given to us by this gentleman who devised this fantastic formula. The formula has never been criticized or taken into much consideration. Maybe it is imperfect, but still it was quite a coincidence.*

IYER: Would you say it put the issue on the map essentially?

PIQUET: Yes.

IYER: Finally, what do you feel makes the Public Ethics Commission specific to the Brazilian political context, and what do you feel other countries can learn from the Public Ethics Commission?

PIQUET: *Well, we really didn't invent anything. When we drafted the first code, or the origins of this code, we looked into other countries' experiences. The first one I looked at—we in the commission of public performance, that study.*

IYER: The state council.

PIQUET: *We looked into the British code, the U.K. (United Kingdom) code that had been recently approved. The Nolan Report from England, very interesting. Then we focused mainly on the Canadian code, because of the language. It was simple to read and in two languages. So you could read it in French or in English. The funny thing is that there were differences between the two languages in details, not in general terms. So we used that as a format.*

*Then we—well, well this was all altered by successive reviews done by the chief of staff's office, Pedro Parente and his advisors, until we came to the final version. But that's the way it was. We didn't invent anything. I think other countries have all adopted similar things. If you look into the old Confidential Declaration of Information [CDI] rules, they pretty much ratify what we are trying to accomplish.*

*What I think has substantially changed in this whole political scenario—in Brazil we haven't reached that point because we are right in the middle of the problem of becoming aware—realizing the size of the corruption disease in government. But if you look at European countries, they had been extremely corrupt,*

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*particularly in foreign investment until the end of the '90s. In 1997 the German tax law allowed for classifying the bribes paid in underdeveloped countries as a deductible, as expenses for tax purposes. So there was a whole culture that facilitated that. That's only 13 years ago.*

*Today you look at the new British, U.K. foreign anti-corruption act and it's incredible how severe they are. Other countries in Europe are adopting that; that's a change in culture. So paying bribes in a foreign country is as complicated now as it never was before. That doesn't mean that you don't have it any more, but I think the culture has changed. I think it will be reflected in Brazil as well. That's well beyond the ambitions of this modest code. We are trying to work—we had these discussions a lot. You keep worrying about very simple things, that not comparable to other scandals in Brazil as well. But if you have a government function—if you don't establish, you don't regulate the gray areas, your area of contamination becomes a lot bigger.*

*I think that regardless of how effective or not the current commission is, which is a political fact, it has proved correct throughout the years and today that the political culture has changed. Today you have classes of ethics in government. It is a routine subject in various universities, at several entities, working specifically on conduct, ethical conduct.*

IYER: That concludes our interview, thank you so much. I guess before we finish is there anything you feel that we should have covered? Any anecdotes?

PIQUET: *If you need any further clarifications, call me. I really enjoyed the opportunity to review that experience at length. We had quite some time to talk. I'll be dying of curiosity to read it when it comes out.*

PIQUET: *—had most impact, immediate impact, was the discussion about gifts and what we call courtesies, we call that mordomias, things that come, the benefits that come together with the function. Because it seems that a small item, gifts—what difference does it make if it is worth \$100 or \$50 or \$10 or nothing at all? I was surprised about the amount of time we spent with that. The most difficult thing was to establish a reasonable rule that would not be merely symbolic.*

*We came up with a quite different idea from what is conventional in this area. We said no gifts whatsoever. It is not a matter of value. Then we made one exception for courtesy items. You give a pen at the end of the year with a logotype of your company provided the value doesn't exceed \$100 or is for collective distribution, not directed at an individual. That's very innovative, I don't think—the Americans don't have that, British don't have that, and Canadians do not either. We really came up with something that was a little different. The immediate result was incredible because every Christmas time you had the Palácio do Planalto [presidential residence] flooded with gifts from every site in various numbers, cases of liquor. All of a sudden this ended from one year to the other. People stopped sending gifts.*

IYER: Why do you feel that this one was so successfully compared to other ones? I mean was it because of that legal innovation or was it because it was better publicized, or was it—?

PIQUET: *I think it was very publicized. I think one good rule, and this applies not only to ethics but to other things in life: if it is a rule that applies to everybody and you don't discriminate among Group A, group B or C and say everybody is forbidden to receive gifts and everybody is forbidden to give gifts—.*

IYER: Amongst the high public officials.

PIQUET: *High government officials. But this resulted in the adoption of internal rules under these authorities that also prohibits gifts. So it became unusual to give a present to anyone in government other than a mere souvenir. It's curious, but that's the way it happened. We didn't make any study. That was a couple of years ago. There was in the Secretary's Day—we have a Secretary's Day, there was a party in the Palacio do Planalto, the presidency. One airline decided to distribute air tickets, not international, something local, as a gift to—you had to draw lots. There were ten tickets, ten secretaries would benefit from that. It couldn't be consummated. The next day the Casa Civil was the one to revoke—to prohibit the gifts. Nobody was complaining any more. But then you have to have precedents to base yourself on.*

*The next day every newspaper was saying that TAM Linhas Aéreas (TAM Airlines) gives ten tickets to the people working in the presidency. Well, the reaction was so immediate that the chief of staff probably never knew about it. He probably went to the party, didn't pay attention to that. But upon reaction, that's what they did.*

*So I think the matter of gifts is a good example, how a small thing can turn into a big change of habits. Once in a while in my own office I have to alert people that they cannot give presents any more. People who are far away from government don't know that. But that's it, that's the first amendment I make to my deposition.*

*Do you know this book? It contains—it was from 2002. I'll give you—it's interesting. You have a summary of seminars. It talks about gifts and souvenirs, conflicts, blah, blah, blah. International experience. Mauro Bogéa wrote an article about 30 countries, 30 different countries. There's one article by me. It's interesting, I'll give you a copy. You also want a copy of the code?*

IYER: Yes, thank you.

PIQUET: *I think that's the latest edition, 2006. But it still doesn't contain the procedural rules that were approved I think last year.*

IYER: Which rules?

PIQUET: *The procedural rules. Now the proceeding is more formal.*

IYER: They meet once a month? They have a certain structure at their meeting.

PIQUET: *Yes, particularly how they investigate and how they secure right of defense for people being investigated and so on.*

IYER: Thank you so much.

PIQUET: *You're welcome.*