INNOVATIONS FOR SUCCESSFUL SOCIETIES

INGRAINING HONESTY, CHANGING NORMS: GOVERNMENT ETHICS IN BRAZIL, 1995 – 2004

SYNOPSIS

During the 1990s, conflict-of-interest scandals in Brazil weakened public trust in civil servants. Cronyism, nepotism, and special interests made processes like procurement, privatization, and employment inefficient. In 1999, President Fernando Henrique Cardoso created a Public Ethics Commission to confront those problems. Led by João Geraldo Piquet Carneiro, a Brazilian lawyer, the commission developed and implemented the Code of Conduct for Senior Government Officials. Piquet first focused on the upper echelons of the civil service: public sector managers and highly visible presidential appointees. For the first time in Brazilian politics, specific rules set public standards on conflicts of interest. Within 10 days of taking office, senior civil servants had to agree in writing to adhere to the code and submit forms detailing personal and family assets. Piquet and his team developed procedures for detecting and addressing violations. The commission avoided a backlash by walking a tightrope between being a watchdog and working with senior civil servants to help separate personal and public interests. By the end of Piquet's tenure, in 2004, the commission had set a precedent. According to interviewees, norms in the upper echelons of Brazil's federal government had changed, and senior government officials no longer enjoyed impunity. However, critics noted that the commission's success hinged on presidential support, as the commission had lost much of its momentum under the administration of Cardoso's successor, President Luiz Inácio Lula da Silva.

Deepa Iyer drafted this case study based on interviews conducted in Brasilia and São Paulo, Brazil, in September 2010. Case published March 2011. Case revised and republished in March 2013.

INTRODUCTION

In February 2001, Brazilian newspapers noted a change in Rio de Janeiro's annual Carnaval celebration. The samba dancers, costumes, and floats were as colorful as ever, but the public officials who had traditionally populated corporate boxes were no longer present in their seats. In the past, those high-profile officials had received VIP treatment. For instance, private beer companies paid for their airfares, meals, and reserved seating.

The difference in 2001 hinged on Brazil's year-and-a-half-old Comissão de Ética Pública, or Public Ethics Commission. A few months earlier, the commission had published a rule that clarified the kinds of gifts, if any, senior civil servants could accept. The commission deemed such perks unacceptable because they could bias politically sensitive decisions.

The rule irked powerful individuals in both the private and public sectors. Invited officials had to reject corporate sponsors' offers. The media exposed three officials who flouted the rule by accepting box seats owned by Brahma beer. The commission reviewed their cases, requested explanations, and issued warnings that discouraged future violations. The officials then apologized, issuing written promises to obey the rule in the future. The rule and its enforcement earned public support, with one newspaper survey indicating a 98% approval rating.[1] Senior officials now had to think twice before accepting such perks.

Changing ingrained political behavior was no easy task. After Brazil emerged from decades of dictatorship in 1985, pervasive conflicts of interest undermined government accountability and undercut democratic values. *Politica de favores,* or the politics of favors, had traditionally rendered hiring, procurement, and privatization efforts uncompetitive and inefficient. Special interests had permeated Brazilian political culture, hindering service delivery. Officials had accepted bribes thinly disguised as gifts and gave jobs to relatives as a matter of familial allegiance. Without a formal system of government ethics, doing the "right thing" was usually considered foolish, impolite, or offensive.

In Brazil's fledgling democracy, those conflicts of interest took on greater significance in the public eye because the traditional practice of giving and accepting political favors clashed with the core values of an elected representative government. Frequent scandals involving nepotism and influence peddling weakened public trust in government officials. Tales of misdeeds publicized by the media embarrassed successive administrations.

Although the constitution of 1988 set stringent limits on civil servants' behavior and harsh penalties for violations, the rules were not publicized among civil servants and were rarely obeyed or enforced. The government provided few specific guidelines on how officials should deal with the daily temptations of their public lives, and if officials had any qualms about what to do in a questionable situation, they had to improvise. Even the presidency was affected: The 1992 impeachment of President Fernando Collor de Mello for his blatant involvement in an influence-peddling scheme jarred the Brazilian public.

In 1994, President Itamar Franco issued a code of conduct for all public servants. However, like the provisions in the constitution, the code was never actively enforced, as it lacked an organization to enforce it. Additionally, the code failed to address the legal gray area between private and public interests. "Conflicts of interest," said Lourdes Sola, a political science professor and member of the Public Ethics Commission from 2000 to 2003, "were and are the most sensitive and subjective issue in Brazilian political culture."

In the mid-1990s, the administration of President Fernando Henrique Cardoso launched a new government ethics initiative. Already spearheading modernization, privatization, and government reorganization programs, Cardoso's administration looked to change norms of behavior in the civil service. "We felt that Brazilian society was changing with modernization and was no longer willing to accept such behaviors," said former Cardoso chief of staff Pedro Parente.

Internal scandals related to privatization efforts had rocked the Cardoso administration's first term. The Brazilian press termed the privatization program *privataria,* or piracy. Many of the scandals pointed to unseemly behavior by senior government officials, including ministers, public sector managers, and other presidential appointees.

At the start of his first term in 1995, Cardoso appointed Luiz Carlos Bresser-Pereira, a well-known Brazilian economist, to head the Ministério da Administração Federal e Reforma do Estado (MARE, Ministry of Federal Administration and State Reform). MARE was part of a broader civil service reform effort focused on softening the human resources rigidities of the

1988 constitution. Intent on widespread public sector reform, Bresser-Pereira attempted to reorganize several aspects of the civil service and create regulatory agencies.

Bresser-Pereira formed the State Council of Reform in May 1995 to devise options for public sector reorganization. Cardoso appointed 12 people to the council. João Geraldo Piquet Carneiro, a lawyer from Rio de Janeiro, was one of the earliest members. Piquet had lived and worked in Brasilia, the hub of Brazilian bureaucracy, since the 1980s, when he left his law practice to join the federal government. A former minister in charge of the large-scale *desburocratização* (debureaucratization) effort in the 1980s, Piquet also engineered the creation of small-claims courts in Brazil. He believed that proper official conduct produced results.

Piquet approached like-minded members on the council and quickly brought onto the agenda the issue of officials' conduct. Within eight months, he had formed a smaller team within the council and crafted a code of conduct aimed at the upper echelons of the civil service.

In 1999, Cardoso formed the Public Ethics Commission to implement the code, with Piquet as its first president. The commission represented a targeted effort to improve public sector performance by gradually changing behavioral norms, an approach that was less aggressive than widespread downsizing, additional hiring, or remuneration reforms. Those who worked with the commission under Piquet's leadership said success hinged on developing flexible, realistic procedures that separated officials' public and private interests.

THE CHALLENGE

Piquet and his team on the State Council of Reform faced a daunting task when they sat down in 1997 to draft a code of conduct. First, they sought to create a code that could reach and influence a large number of public officials at a reasonable cost. At the time, Brazil's civil service consisted of nearly 600,000 people.[2]

Second, the team members realized they would have to set guidelines for situations in which officials' personal interests clashed with their public roles. Historically, such decisions had been left to individual judgment, and no monitoring or control mechanisms existed. Any attempt to tamper with such freedom might be construed as a negative appraisal of individuals' ethics, thereby engendering mistrust and causing backlash. Senior civil servants, accustomed to significant freedom in decision making, were likely to offer the most resistance. Complicating matters, the media closely watched higher-level civil servants, in a competition to publicize transgressions. Although some ministers bridled at what they considered to be invasions of their private lives, others welcomed the clarity the code would provide. Several public officials informally told members of the drafting team that they wanted an official excuse to point to when presented with a lavish gift or when dealing with family members' appeals for jobs or other favors. Piquet and his team thus faced the task of developing an understandable, easy-to-use way to handle conflicts of interest.

Third, the code needed to specify reasonable parameters of behavior when the issue involved shades of gray. For example, when it came to the acceptance of gifts, at what monetary amount and for which motivations was a gift considered improper? If at a conference an official received a pen—whether an expensive Montblanc or a plastic ballpoint—from a private company, would that be a problem? When a government official left for a position in the private sector, how much time should elapse between the posts, given the existence of privileged information?

Fourth, the code required an enforcement mechanism. Piquet and his team knew their establishment of an adjudicating body was necessary, but details involving structure, functions, and mandate were problematic. Establishing an advisory body within the presidency could limit enforcement powers and require constant involvement by the president and his chief of staff. Conversely, creating an organization with broad investigative and enforcement powers would require substantial financial resources and support by Congress, which might balk at a potentially controversial issue.

FRAMING A RESPONSE

Piquet's team within the State Council of Reform consisted of individuals with administrative and regulatory backgrounds. The drafting group included, among others, Roberto Teixeira da Costa, an experienced businessman and founder of Brazil's Securities and Exchange Commission; Lourdes Sola, an Oxford-educated political scientist; Celina Vargas, a sociologist and granddaughter of Getulio Vargas, founder of Brazil's civil service system; Miguel Reale Júnior, a well-known criminal lawyer and professor; and João Camilo Penna, a technocrat who headed up various government rural-electrification programs. All were unsalaried volunteers.

At the time, only Piquet, Penna, and Teixeira da Costa had government experience. Piquet believed that a team without direct ties to the Cardoso administration would earn credibility for being unpartisan. The team members came from all across Brazil. Only Piquet lived in Brasilia, and meetings shifted between Brasilia, São Paulo, and Rio de Janeiro, a procedure that continued after the Public Ethics Commission was formed in 1999.

In crafting the code, Piquet prioritized clarity, flexibility, and enforceability. He drew from his prior experience in creating small-claims courts, constantly pressing for ways to transform ideas into reality. "The entire process … was not about morality," Teixeira da Costa said. "It was about common sense."

Faced with a civil service of 600,000 workers and a limited budget, Piquet and his team decided on a tight focus, targeting only senior government officials: presidential appointees, ministers within the Civil Cabinet, managers, and directors of public organs and companies. Because those officials held political power, they historically had been shielded from accountability. Acknowledging that fact in an interview in 1998, Cardoso stated, "I'm so tired. . . of impunity in Brazil." [3] The drafters felt that such senior officials could set an example for the government and the public as well. From them, ethical change could trickle down to their organizations, with the potential to improve public opinions of senior civil servants over time.

The group studied codes of conduct in France, the United States, the United Kingdom, and Canada, concentrating on the issues they considered most pertinent to Brazilian politics. The final code contained 19 articles that set guidelines for receiving perks, reporting assets before entering public office, making investments while in office, maintaining shareholder stakes in companies while in office, leaving public office for private positions, and publicizing conflicts of interest in negotiations. The code also specified the actions the commission could take in response to violations.

Throughout the process, the team consulted civil servants from throughout the government, discussing the code extensively to identify focus areas and make refinements. The drafters recruited a small team of informal consultants—mainly lawyers with an interest in the subject—and arranged meetings with ministries to explain the code's purpose and to test the code's reception. Piquet assigned each member of the drafting group to a sector of civil servants in order to gauge reaction to specific aspects of the code. For example, Sola recalled meeting with several finance-related public officials to determine how to dispose of gifts or of stipends paid to public officials invited to private sector conferences. The team established parameters through a process of elimination, checking, and educated guesswork. Gifts (broadly defined to include perks) were acceptable only as souvenirs addressed to a group (as opposed to an individual) and that did not exceed a commercial value of 100 reais (approximately $60). Gifts with higher values were to be forwarded to charities.

During the drafting process, the team began to work on an enforcement strategy. Piquet proposed that the team host a seminar, inviting officials from the civil service and international organizations who could share ideas and assess country case studies. Held in December 1997 under the sponsorship of MARE, the seminar produced insights that formed the groundwork for the Public Ethics Commission's structure. To identify features that could work well in Brazil, seminar delegates reviewed the models of several countries that were members of the Organization for Economic Co-operation and Development (OECD).

"Given the traditions and realities of the Brazilian political system, we wanted to see what could be adjusted and innovated for Brazil from international experiences," Sola said. The work of the Committee for Standards on Public Life in the United Kingdom—also known as the Nolan Committee, an advisory panel established in 1994 to examine standards of conduct for public office holders—most impressed the drafting members. Piquet also borrowed heavily from the Canadian code of conduct, which he felt was the most user-friendly because in addition to using straightforward language, the government provided versions in both English and French. After the seminar, in early 1998, the team submitted to the president and the Civil Cabinet its proposals for the code of conduct and the commission.

For most of 1998, the code and the idea for the commission remained dormant within the Civil Cabinet, stalled by political infighting between Bresser-Pereira and Chief of Staff Clovis Carvalho. The drafting team, however, continued to hone the code. In January 1999, Cardoso appointed a new chief of staff, Pedro Parente, but the issue remained on the back burner due to bureaucratic inertia. The media, however, had not forgotten. In early 1999, during a television interview, a journalist asked Cardoso what had happened to the code of conduct. Cardoso, caught on the spot, replied that a group led by Piquet was still working on it. The next day, Piquet received hundreds of phone calls from newspapers. "I think they were interested because it was genuinely something new in Brazilian politics," Piquet said.

The sudden media interest was sufficient to move the code and the commission back to the front burner. After consulting with Parente, Piquet and his team decided to create the commission before issuing the code, so that the adjudicating framework would be in place. But Piquet and Parente disagreed on the commission's structure. Parente said the commission should be created by legislation, a move that he thought would formalize its authority. Piquet and several team members were wary of that approach. They believed that Congress was likely to change the code and the implementation plan during the legislative process. Piquet also felt that rigid legislation would reduce the flexibility the commission would need to operate effectively and enforce its policies. He espoused a softer approach based on mutually beneficial agreements that would resolve infractions. "We avoided, as much as possible, creating a law to institutionalize this," Piquet said. "We suggested to leave it the way it is. It's a code. Let it gain internal and external respect with time."

Piquet and his team said an informal structure, such as an advisory body within the presidency, might work better than a formal institution by tempering resistance from civil servants. Moreover, existing statutes that dealt with corruption required the full right of defense and due process, which slowed the response to transgressions. The onerous nature of that process prompted Brazilian society to discount those laws. "Denunciation is not within Brazilian culture," said Piquet. "Nobody denounces, because it's such a headache to deal with it once it happens. Brazil is a compromising society, which was a variable we took into account in the structure of the commission."

In May 1999, Presidential Decree 1171 established the Public Ethics Commission as an advisory body for ethics-related issues. The commission comprised six unsalaried individuals—all of them appointed by Cardoso—who were prominent Brazilians unaffiliated with the administration in power and who enjoyed reputations for integrity and efficiency. Taking on commission duties in addition to those of their regular jobs, they met on a monthly basis—and more often when needed.

Piquet, named to preside over the new panel, wanted to keep the members of his drafting team. He submitted their names to the president, subjecting them to a potential veto. Five of the six members of the original drafting group, including Piquet, stayed on as members of the commission, appointed to two- and three-year renewable terms. The sixth member appointed was Celio Borja, a retired justice minister. In August 2000, another presidential decree established the code of conduct. Piquet and his team now faced six tasks: developing institutional capacity, communicating and publicizing the information among civil servants, monitoring whether individuals were following the code, establishing procedures and consequences to deal with violations, facilitating clarity and understanding of the code by translating it into a series of specific resolutions and rulings, and developing a system of ethics that would extend beyond coverage of high public officials.

GETTING DOWN TO WORK

The members of the new Public Ethics Commission quickly recognized the need for staff support. The six commissioners lived in all parts of the country, with only Piquet in Brasilia, and monthly meetings were not sufficient to enforce a code intended for all senior civil servants. After interviewing several candidates for the crucial, full-time position of executive secretary, the commissioners selected Mauro Sérgio Bogéa Soares, whom Piquet had invited.

Soares, a former tax auditor and public servant, had extensive experience in managing fiscal-reform projects for the Ministry of Finance. His working style was characterized by zealous attention to detail and standardized procedures. "He had common sense in abundance. Any successes we had … were mostly due to him and to Piquet—and a very motivated board," said Teixeira da Costa. Several former commission members agreed that Piquet and Soares, the two members based in Brasilia, were the soul of the commission.

Soares started by conducting an informal count of the officials covered by the code. He solicited information from ministries and public agencies on their recent and past hires, sifting through computer records. To find newly hired individuals whose positions were covered by the code, Soares meticulously read the *Diário Oficial da União*, the daily government gazette, which listed the latest employment information. Within two months of his appointment, Soares had identified 787 officials.

"We had to establish certain routines due to a very practical problem," Piquet recalled. "We had several extant ministers, around 700 authorities who had to adhere to the code. It was a difficult period to manage, as people were not yet accustomed to it."

Piquet and Parente devised a compliance plan. Civil servants who were already in office were to sign and submit the code within 30 days. (If they failed to do so, the commission automatically assumed that they had agreed to the code and held them to account.) Incoming hires had to submit the signed code within 10 days of their appointments. Failure to comply could result in the commission's recommending their removal by the president and chief of staff.

With the blessing of the commissioners and help from Piquet, Soares set about publicizing the commission's goals and providing copies of the code for ministers and officials. Piquet and Soares met with ministries to explain the commission's work, portraying it more as a source of guidance than as a regulator of behavior. The commission also met with private sector companies to explain certain rules regarding private sector hires of public employees who possessed sensitive information.

The commissioners courted the media cautiously. Although they decided not to let opinions expressed in the media affect their decision making, the commissioners decided to publicize their rulings and resolutions. They also issued explanations and resolutions that explored details of the code of conduct. Resolutions covered specific issues like gifts, participation in conferences, and political and electoral activities, as well as general conduct guidelines.

Soares and Piquet also publicized high-profile cases of code compliance. One such case involved Arminio Fraga, respected president of the Central Bank of Brazil. Because Fraga had advance knowledge of economic indicators like inflation and exchange rates, his position was fraught with potential conflicts of interest.

Fraga volunteered to transfer management of his financial assets to an independent third party. He and the commissioners examined his assets and jointly agreed on ways he should safely use and manage his money. Fraga then wrote a formal letter to the commission, explaining what he would do. The commission approved the agreement and publicized it. The public display of a high-profile financial management agreement set a standard for the ways economic decision makers could separate their public and private interests by transferring their wealth management to third parties. It was the first time in Brazilian history that a high-profile public official had discussed the management of personal assets with an agency like the commission.

After extensive consultations with Fraga, Teixeira da Costa, and other civil servants versed in finance, the commission devised ways to enforce the code. Sola noted that senior government officials, who were typically presidential appointees, brought "private sector baggage" with them when they entered office. Many were former chief executives of companies or public banks or political leaders with vested interests, and they found it difficult to cast off their past associations upon assuming public roles. The Declaration of Confidential Information, included in the Code of Conduct for Senior Government Officials, required officials to submit details of their finances with the signed code within 10 days of appointment. The declaration required officials to disclose their financial assets, their investments, the way they managed those assets and investments, their personal relationships, and their professional and partisan activities. The declaration was comprehensive enough to detect existing and potential conflicts of interest between the officials' public positions and their asset management. If such a conflict arose, the commission would work with officials to untangle their private and public interests. "It was incredibly detailed, probably the first in Brazil," said Teixeira da Costa.

Soares and a staff of four individuals studied the declarations meticulously. They became adept in detecting conflicts of interest, which were defined extensively in commission resolutions. They also uncovered attempts to subvert the process. For example, if an official indicated that a large percentage of his assets were in cash, Soares and his staff examined his records more closely. Reading through thousands of declarations and engaging in consultations to untangle public and private interests enabled the commission to improve the process over time. And the commission modified the process to become increasingly straightforward and comprehensive.

In the beginning, informing ministers and other appointed officials about the code and the declaration was a difficult task, as some believed the new process conveyed a lack of trust in their abilities. Soares recalled, "It was terribly received. The people being informed [about the code] could not get it through their heads that the president would choose a minister who was not aware of the rules of conduct. They took it very badly." Soares remembered instances in which some ministers went directly to the president, saying, "Mr. President, there is this commission which doubts your ability to choose ministers."

Cardoso and Parente stood firm, encouraging all ministers to comply. Piquet and Soares would also meet personally with ministers who balked at the idea, explaining the consequences of failing to comply. "Going against the commission … was a very difficult public position to hold, to say that you did not want to behave in a proper manner," Sola said.

In each consultation, the commission tailored solutions separating individuals' public and private interests. Gilberto Gil, minister of culture and a well-known musician, approached the commission at the beginning of President Luiz Inácio Lula da Silva's tenure in 2003, asking how he could maintain his career as a performing artist while fulfilling his duties at the ministry. The commission drew up a detailed plan specifying ways Gil could separate his private and public roles. As part of the plan, Gil agreed to avoid giving any concerts or performances while traveling on government business.

Although the financial declarations and consultations were preventative measures, monitoring helped identify violations of the code. All six commission members and Soares watched carefully for such infractions. Soares generated a probability model, later improved by researchers at the University of Brasilia, in which he ranked public departments by their levels of susceptibility to transgression. He created a formula for calculating the risk of violation based on such factors as the size of a department's budget, its regulatory power, its degree of discretion, and its internal systems for detection, correction, and prevention. Soares kept a close eye on government agencies that earned poor rankings according to his formula. The technique was effective: The department that was ranked as the riskiest was the post office, whose heads were later implicated in the infamous Mensalão scandal at the start of the Lula administration. The scandal involved a bribery scheme in government contracting that emerged from the postal service.

Reports of infractions could come to the commission either through a complaint by an official's colleague or, more often, through the media. As soon as the commissioners discovered a violation, they collected as much information as possible on the individual's background, potential temptations, and the situation itself. They then implemented what became known as a three-strikes policy: First, the commission issued a warning notice to the official involved, requesting an explanation in writing or in person. If the official's explanation was satisfactory, the case was closed; if not, further interviews were required. According to Marcilio Moreira, former commission president and member from 2004 to 2007, "The evidence [condemning or validating them] came from their answers." If the commissioners found evidence of criminality, they referred the official to the comptroller general or the judicial system. If the situation fell within the purview of the code, the commission took disciplinary action, sometimes making an official donate to charity or reimburse public coffers for the unauthorized spending.

If the official ignored the initial notice, the commission issued a more stringent warning and informed the president's chief of staff. If the official ignored the commission a third time or simply did not comply with the commission's recommendation, the commission advised the chief of staff and the president to dismiss the offender. Presidential support was vital. The

Cardoso administration followed commission recommendations diligently, largely due to the commission's sensitivity to specific issues and the enthusiasm of Parente, the president's chief of staff.

OVERCOMING OBSTACLES

From the start, the commission faced a dilemma. If it were too strict, it would alienate civil servants; but if it were too lenient, it would lose purpose and efficacy. To keep the trust of public officials and fulfill its mandate, the commission had to balance the roles of watchdog and collaborator. "When you operationalize something, you always have to choose a path that does not go to extremes," Teixeira da Costa said. "We had to be realistic, maintain a balance. If we were too rigid, people wouldn't respect us. If we were too timid, we would be walked over and have no impact. I think we did it well, because we were systematic."

Piquet stressed the importance of building respect through a flexible, low-key approach of consultations and conciliation. "It was important for the authorities to perceive that we were not witch hunters, that we wanted them to cooperate, and in exchange, that they would have the support of the commission if something happened," he said. From a senior official's standpoint, compliance with commission recommendations could improve public image and, in the case of violations, serve as public damage control. As Sola pointed out, opposing the commission clearly ran counter to the democratic ideals of the Brazilian state—and such opposition was difficult to defend.

The commission struggled to overcome skepticism about the effectiveness of its soft approach. The media often questioned whether such an approach had any value. In response, commission members pointed to their most prominent successes: both the endurance of the code and the financial declaration. Years of formalized, rigid laws had not been able to accomplish anything similar because those laws had lacked flexibility in practice.

At a 2001 Rio de Janeiro conference of the OECD on transparency and accountability, Piquet offered examples from Brazilian culture to illustrate why a conciliatory system enforced by social pressure worked better than rigid legal enforcement. He and Soares escorted OECD officials to one of Rio's most famous samba dance halls, where rowdy behavior evoked warnings from both hall officials and fellow dancers. If the misdemeanor persisted, fellow dancers ejected the offender. Such a shared enforcement system effectively suppressed misbehavior in the dance halls, whereas rigid laws failed to do as well in curbing crime in streets and alleyways across Brazil. To Piquet, the Public Ethics Commission was similar to the dance hall in its approach to compliance. The commission tried to change behavior by taking a middle path, acting as a mediator rather than an enforcer.

Much of the commission's efficacy hinged on trust, a policy that was a by-product of dealing with appointees whom the president hired based on their abilities. To work effectively, the commissioners had to demonstrate a degree of trust in officials' compliance with their recommendations regarding violations. Piquet felt that that trust-based system generated mutual respect, but critics doubted its stability, saying it created room for duplicity, yet with the support of the president and the chief of staff and by using signed contracts as often as possible, Piquet and his team largely overcame that challenge. The media served as indirect enforcers of the code in their roles as watchdogs over politicians.

A final challenge, cited by ex-presidents of the commission, was the commission's extremely low budget, especially in its early years. Given that the six members were unsalaried and met largely in each other's homes or offices or in public museums in various Brazilian cities, only the Executive Secretariat and its staff required funding. It occupied three austere, cramped rooms in the Palácio do Planalto, the presidential palace. Even a small budget increase during Piquet's tenure could have gone a long way, especially in terms of programming. For example, the commission wanted to extend the ethics code to all civil servants—not just the upper echelons.

One year, budget cuts threatened to do away with the commission altogether. The Ministry of Planning had reduced all departments' program budgets by 20%, which would have spelled the commission's demise. Piquet called then minister of panning Guilherme Dias and jokingly asked him whether he "wanted to go down in Brazilian history as the man who killed the ethics commission." Dias quickly restored the commission's budget. The limited budget was a consequence of bureaucratic inertia within the budgeting process, as opposed to a political intention, and Piquet and his team learned to make a meager budget go a long way. They prioritized events that added the most value by making the commission's work well-known while collaborating with other departments to alleviate funding issues. By 2012, the commission had benefited from increased funding. Its 2012 budget of $190,000 was more than twice its 1999 allocation of $90,000.[4]

ASSESSING RESULTS

The Public Ethics Commission set a clear precedent in the Brazilian political system. For the first time, specific standards eliminated ethical gray areas. Those in the upper echelons of the civil service were held more accountable to the public. Claudio Weber Abramo, executive director of Transparência Brasil, Brazil's most prominent anti-corruption nongovernmental organization, said, "Previously, higher public officials were not subjected to close monitoring concerning their personal behavior. The Public Ethics Commission introduced a mechanism to receive complaints about these officials, assess their import, and recommend remedial actions. Given that their recommendations are not enforceable legally but only voluntarily adopted, the relatively high rate of conformance by officials shows that this type of ethical management can work in an environment deeply immersed in the formalities of civil law."

Soares said he would measure the commission's success in terms of the channels of communication it opened between public officials and a watchdog authority. He, Piquet, and Teixeira da Costa agreed that the speed with which the commission reacted to resistance and the commission's quick responses to requests for consultations were important factors. For instance, during the first three months after the ethics code's adoption, over 40% of the 787 officials failed to submit their financial declarations.[5] The commissioners attributed such lack of compliance to ignorance and general bureaucratic inefficiency rather than to any desire to flout the commission's efforts. So, instead of issuing stern warnings, the commission sent multiple reminders to the defaulters and arranged face-to-face interviews with the few who had repeatedly ignored the code. Within six months, the level of missing financial declarations had fallen to a rate of less than 1%, a statistic that was sustained throughout Piquet's tenure.[6] Additionally, officials increasingly sought consultations during that period.

The commission spread ethical standards throughout the Brazilian public system by placing decentralization high on its agenda. Commission members routinely met with government agency heads to encourage them to set up their own internal control mechanisms, codes of conduct, and ethical panels. During the commission's first three years, the percentage of public sector organizations that enacted their own codes of conduct rose from 31% to 86%.[7]
Ethical behavior became the norm among the upper echelons of the civil service because of the commission's emphasis on separation of public and

private interests. Customs changed—some more than others. "Today, many aspects of the code are second nature among government officials," Piquet said in 2010. By that time, commission members, officials, and administrative-reform experts had acknowledged that Brazilian political culture frowned on gifts and perks. The media facilitated the transition by heavily publicizing transgressions of the code, sometimes ending the political careers of those who flouted commission injunctions. Fernando Neves da Silva, an electoral lawyer who served as the commission's president after Piquet, said, "The commission can really be an entity that bothers politicians, like a mosquito buzzing in your ear. It became the ethical conscience of the public organs."

REFLECTIONS

Members of Brazil's first Public Ethics Commission, most of whom served under President Fernando Henrique Cardoso, assessed their efforts favorably. "Initially, it was really no-man's-land: Nobody had ever done something like this before here," said former commissioner Lourdes Sola. "People were so skeptical. They called us absolutely crazy. On one hand, we risked irrelevance—without the power to formally punish—but on the other hand, there was risk for each of us [commissioners] in terms of our personal safety."

The commission's first president, João Geraldo Piquet Carneiro, said, "This was the first time Brazil ever had anything of this sort. We all were invested, and I think that we really had an impact." Marcilio Moreira, a retired former minister of finance and ambassador to the United States who was appointed to the commission in 2003 and later served as its president, agreed with Piquet. "The ethics commission has lots of power and no power at all. It is some kind of contradiction," he said.

While enthusiastic about the commission's overall impact and the endurance of its early successes, Moreira and several former commissioners expressed disappointment regarding its operation under Cardoso's successor, President Luiz Inácio Lula da Silva. At the beginning of Lula's tenure, the commission was still operating strongly under Piquet's leadership. After Piquet left in 2004, however, it lost momentum. It operated for nearly three years—from 2006 to 2008—with only three members (and, for part of 2008, just two members), as opposed to six or seven members. Lula told the media that he could not find people who were willing to take the unsalaried positions.

Additionally, while Lula followed commission recommendations early in his tenure, he was less supportive later in his presidency. For example, in 2008, the commission indicated that Minister of Labor Carlos Lupi had violated the ethics code by acting as president of the Partido Democrático Trabalhista (the Democratic Labor Party) while serving in the Cabinet. After Lupi ignored warnings, the commission went to the president. Lula, however, was not sympathetic. Moreira resigned in protest in 2008, reducing the commission to two members. Finally, in 2009, Lula appointed five members to the commission (four of whom were lawyers), and the commission regained some momentum.

In mid-2010, the commission began to revitalize itself. The divergence in the commission's performance between the Cardoso and Lula administrations highlighted the critical importance of a strong working relationship between the president, the chief of staff, and the commission.

Piquet offered a relatively modest assessment of the commission's impact. "We kept worrying about very ordinary things, which doesn't compare to some of the large scandals in Brazil," he said. "But if you have a government function and don't regulate the gray areas, your area of contamination becomes a lot larger. Nobody had done it before, … but we did a little bit. That's certainly better than nothing. We created a background reference that is still important today."

UPDATE: This case has been slightly revised to reflect updated budge numbers from 2012.

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