

Brazil President Dilma Rousseff Marshals Backers Against Impeachment Bid

Administration moves to line up lawmakers to block motion for impeachment made by Speaker Eduardo Cunha

Brazilian President Dilma Rousseff is trying to stymie efforts to have her impeached. ENLARGE

Brazilian President Dilma Rousseff is trying to stymie efforts to have her impeached. PHOTO: EVARISTO SA/AGENCE FRANCE-PRESSE/GETTY IMAGES

By REED JOHNSON And PAULO TREVISANI

Dec. 3, 2015 1:20 p.m. ET

0 COMMENTS

BRASÍLIA—Brazilian President Dilma Rousseff marshaled supporters on Thursday in an effort to discredit the impeachment proceedings opened against her on Wednesday as a partisan sham aimed at toppling a democratically elected leader.

Brazilians appeared to be divided over whether a move for impeachment would end the political gridlock that has prolonged Brazil's painful recession, or would deepen the sense of crisis and inertia, especially if the process drags on for months.

Ms. Rousseff's administration wasted no time lining up lawmakers to block the motion for impeachment made Wednesday evening by Eduardo Cunha, the speaker of Brazil's lower house of congress. The impeachment request alleges her administration cooked the government's books in 2014 and 2015 to disguise a growing budget gap, allegations she repeatedly has denied.

At a Thursday afternoon news conference in the nation's capital, Jaques Wagner, Ms. Rousseff's chief of staff, said the government will fight the proceedings in congress and in the Supreme Court and "show what the facts are."

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Mr. Wagner accused Mr. Cunha of using the threat of impeachment to divert attention from his own legal woes and as a means to hang onto the speakership as a house ethics committee ponders whether to strip him of his post. Prosecutors allege Mr. Cunha pocketed millions in bribes in connection with a graft scandal centered on oil giant Petróleo Brasileiro SA, or Petrobras. The speaker has denied the accusations against him.

Mr. Wagner said the political confrontation between the rival political camps had entered a new stage. "We are leaving the backstage and moving on to the main stage," he said. "That puts an end to blackmailing."

Congressman Paulo Pimenta, a member of Ms. Rousseff's leftist Workers' Party, or PT, told reporters that a group of lawmakers will soon file a request at the Supreme Court to nullify the impeachment proceedings. They intend to argue that charges that Ms. Rousseff breached the country's fiscal-responsibility law are baseless.

Speaker Eduardo Cunha spoke during a news conference on the impeachment request in Brasília on Thursday. ENLARGE

Speaker Eduardo Cunha spoke during a news conference on the impeachment request in Brasília on Thursday. PHOTO: ERALDO PERES/ASSOCIATED PRESS

Mr. Cunha, of the center-right Brazilian Democratic Movement Party, on Thursday said that by levying impeachment charges, he was fulfilling a constitutional role. He played down speculation that his and Ms. Rousseff's well-known and long-running personal feud played a part in his decision to launch impeachment proceedings, while acknowledging that he and the Workers' Party "live in constant friction."

Mr. Cunha said he would call a vote Monday evening to make a final decision on who will be on the special committee that will conduct the first phase of the impeachment process.

Parties were discussing Thursday who they would name as candidates for the committee, which could include as many as 65 representatives. The committee will gather information, hear Ms. Rousseff's defense and produce a final report that will go for a vote by the entire Chamber of Deputies. If two thirds of the deputies agree, the case would move on to a trial in the Senate, at which the head of the Supreme Court would preside.

If the impeachment proceedings go forward, they would be Brazil's second since the nation returned to democracy in 1985. In 1992, then-President Fernando Collor resigned as an impeachment proceeding appeared set to remove him from power.

Markets responded positively to the prospect that the unpopular Ms. Rousseff could be ousted. The Brazilian real strengthened against the dollar, and Brazil's main stock index surged 4.2% on Thursday.

Brazil's economy shrank 4.5% in the third quarter from a year earlier, and the government is wrestling with rising unemployment, high inflation and soaring deficits. Standard & Poor's in September downgraded the nation's credit rating to junk, and there are fears that other credit-rating firms will follow. Investors and economists blame Ms. Rousseff's big-spending policies and government intervention in the economy.

With her personal approval ratings hovering near all-times lows at around 10%, and several high-ranking members of her Workers' Party ensnared in the Petrobras dragnet, Ms. Rousseff has been unable to garner congressional support to pass economic reforms that could help shore up Brazil's shaky finances.

But some business interests fear that the impeachment process will prolong Brazil's economic woes by sowing more political turmoil and financial uncertainty.

"2016 is already a lost year, and depending on this process, how long it will take, we also can lose 2017," Lawrence Pih, departing president of Pacific Mill, one of the nation's largest wheat processors. "Now it's a matter of time to have a rating cut by Moody's and Fitch."

Luciano Rostagno, Latin America strategist at São Paulo-based Mizuho Bank of Brazil, rated the odds of impeachment at 50-50, and said the process would distract congress' attention from fixing the economy.

"I do not see Dilma having a government turnaround, since the population has lost much confidence in the current government," Mr. Rostagno said.

Political analysts and government officials also differed on the likelihood of Ms. Rousseff ultimately stepping down from the presidency.

Mailson da Nóbrega, a former Brazilian finance minister and partner in the consultancy Tendências Consultoria of São Paulo, said that Ms. Rousseff could emerge strengthened from the process, which could enable her to rebuild her power base.

"The chances of survival of Dilma of this process of impeachment are great because the arguments against it are very fragile," Mr. Nóbrega said.

—Rogerio Jelmayer contributed to this article.