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Rousseff Corruption Crackdown Risks Brazil Inflation Fight as Allies Balk

By Alexander Ragir - Jul 26, 2011

Brazilian President [Dilma Rousseff](#)'s crackdown on corruption will likely appeal to middle-class voters who are growing in political importance. It also risks undercutting the fiscal discipline needed to cool inflation by disrupting her coalition.

Rousseff has forced out more than a dozen officials from their posts at the Transportation Ministry this month, including Minister Alfredo Nascimento, over allegations of overbilling and kickbacks. Nascimento is a member of the Party of the Republic, which is allied with Rousseff.

The president's move to clean house in a ministry whose budget rivals the size of [Paraguay](#)'s \$18 billion economy, and is central to preparations for the 2014 World Cup and the 2016 [Summer Olympics](#), has roiled members of her [coalition](#).

"Every day the press [reports](#) that another corrupt official was forced out, without having a right to defense," said Lincoln Portela, leader of Nascimento's party in the lower house, in a telephone interview.

The tensions could complicate the task of passing Rousseff-supported legislation and blocking moves to boost spending, said political analyst Rafael Cortez, of Sao Paulo-based Tendencias Consultoria.

"Dilma's motives seem to be making management of the state more efficient, but it's going to have political implications," said Cortez. "The big question is what happens when corruption charges hit the big, core parties of the coalition."

Rousseff's Workers' Party, or PT, lacks a majority in Congress, so the president relies on support from 15 other parties to approve [legislation](#).

Coalition 'Stress'

Portela said Rousseff's handling of the crisis in the Transport Ministry "adds stress" to the government coalition in Congress, though his party won't abandon its support for the president.