



# Political leverage

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## Abstract

A political ‘clean-up’ operation in Brazil reveals interesting mechanisms where *leverage* was used to achieve results that are usually difficult to reach.

## 1 Introduction

Leverage<sup>1</sup> has been of tremendous importance since the time of Archimedes, first in physical terms<sup>2</sup> and then in a metaphorical sense — e.g. to act or exert pressure (on someone or something) to do and/ or achieve something. The general objective of leverage is the effective control of a given system, whether simple or complex — e.g. from a balance or a pulley to a city, state, or enterprise. Accordingly, ‘leverage points’ are special elements<sup>3</sup> of dynamic systems where a small change is capable of bringing about a great change in everything else (Meadows, 1999).

Some leverage points<sup>4</sup> affect the system behaviour more than others, but even so their identification (e.g. by experience, explicit knowledge, or even intuition) and verification (e.g. by numerical sensitivity analysis or qualitative simulation) involve significant uncertainty (Sterman, 2000, p.830). Identifying the leverage points in a system is challenging enough in physical systems, which can count on research and experimentation, but political systems are particularly obscure — to some extent due to ‘sensitive’ information that cannot be revealed (according to the the stakeholders who may suffer damages), and also due to the non-systems thinking tradition in these matters.

A specific article of investigative journalism, referring to the *lava jato* operation in Brazil (Watts, 2017), presents exceptionally clear documentation and insights to mechanisms of leverage in a political context, worth considering from the point of view of effectiveness and ethics<sup>5</sup> in the following sections.

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<sup>1</sup>From *lever* [F], to lift.

<sup>2</sup>‘Give me a place to stand on and I will move the earth’ — Archimedes (Heath, 1920).

<sup>3</sup>These are also known as parameters, variables, or — more abstractly — ‘places’ or *loci*.

<sup>4</sup>Known as ‘key’ or ‘high’ leverage points.

<sup>5</sup>In a sense of continuum, the concluding part of Aristotle’s *Ethics* (Aristotle, ca. 350a BC) serves as an introduction to his *Politics* (Aristotle, ca. 350b BC).

## 2 Campaign finance

As is the case in Brazil, multiplicity of political parties indicates a tendency towards direct democracy, but also vote-scattering that hinders the formation of a ‘majority’ government (Watts, 2017). Party coalitions are a commonly-used leverage point, creating a balancing feedback loop ( $B_1$ ) that resolves the issue without having to repeat the elections — Figure 1, from START to END.

Party coalitions involve negotiations, which may range from sharing the government duties proportionally, to exchanging duties for favours or money. In the latter case, a coalition may incur costs for the major party — Figure 1. The jagged lines indicate *normative* causal relationships (Perdicoulis and Weiss, 2013), resulting from the creativity of the political masterminds who conceive such mechanisms.

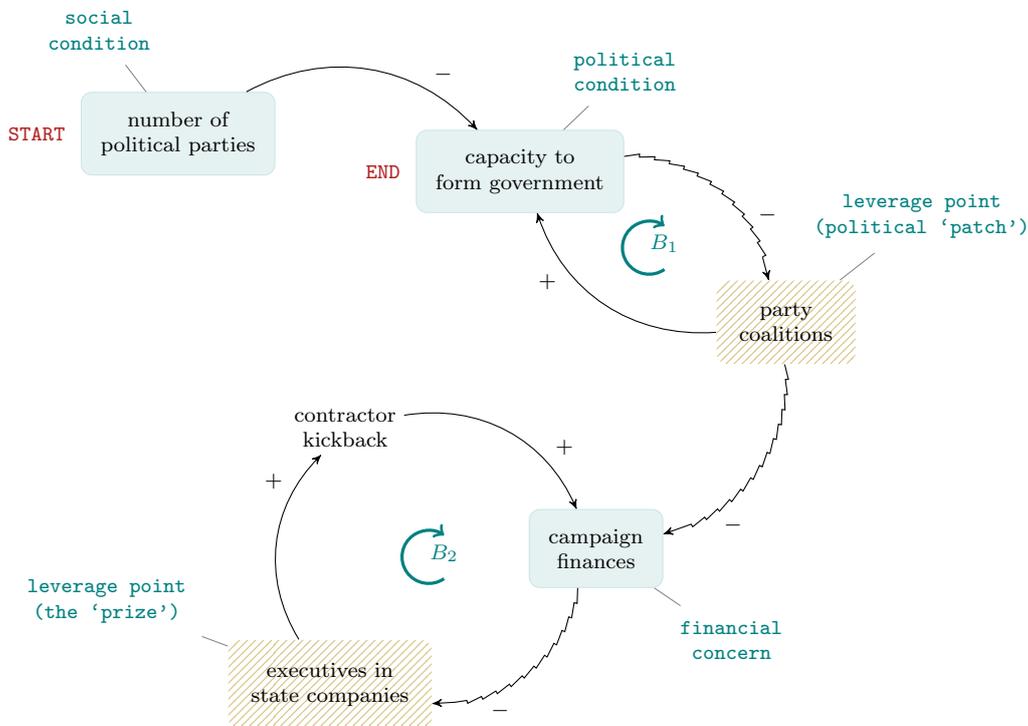


FIGURE 1 Financing a political campaign by the return of favours (Watts, 2017)

The second leverage point plants carefully selected executives in state companies, who then go on to do favours to contractors, who then make payments to the campaign finances (Figure 1). The acts from this leverage point to raising money through favours are generally considered illicit — e.g. wrongdoings, or even crimes. It is also worth observing that the secondary balancing loop  $B_2$  is set up to bring in the necessary cash for a single operation, but in principle the cycle may be iterated *ad libitum* — for instance, towards future campaigns, or other ends.

At least in theory, a political campaign may be financed by less controversial means, such as crowdfunding, donations, government allowance, or subscription fees to the political parties. Hence, the illegal aspect of the Brazilian situation is largely due to the nature of the chosen funding involved in the feedback loop  $B_2$  — Figure 1.

### 3 Coalition loyalty

After winning the presidency in 2002, the Workers' Party, led by Luiz Inácio Lula da Silva, was stuck with a minority in Congress. His chief of staff bought the support of minor parties through a scheme known as *mensalão*<sup>6</sup> (Watts, 2017), involving a self-sustained fund to secure the continuous loyalty of the smaller coalition parties — Figure 2. Although the Workers' Party achieved much through the scheme until it was revealed in 2004, those achievements were based on feeble premises, both ethically and legally.

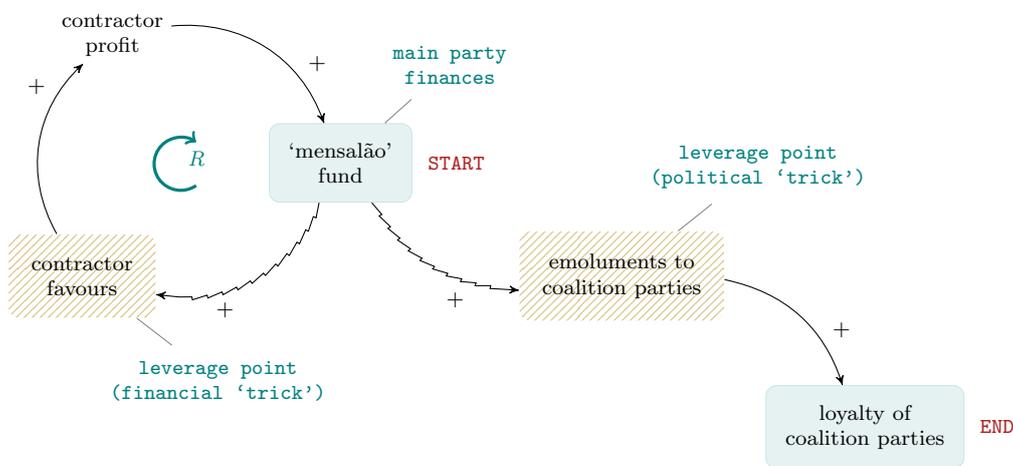


FIGURE 2 The self-sustained *mensalão* mechanism (Watts, 2017)

The reinforcing feedback loop (*R*) of Figure 2 does not feature a ‘cap’ — contrary to the state of the ‘campaign finances’ of *B*<sub>2</sub> in Figure 1 — so it has the inherent capacity to keep on growing. Similar to § 2, the choice of financing through favours is controversial.

Despite its controversial nature of the funding, the *mensalão* mechanism (Figure 2) has a noble end: the loyalty of the coalition parties. In pure politics, this loyalty would be expected to have been achieved through admiration to the capabilities (e.g. leadership) or the value of the ideas (e.g. analyses, arguments, plans) of the main party. However, the chosen leverage point of distributing emoluments to the coalition parties crossed the line to illicit territory.

### 4 Unfolding and clean-up

In March 2014 the Brazilian government launched an operation to ‘clean-up’ money laundering in small businesses such as petrol stations and car washes, aptly named *lava jato*<sup>7</sup> (Watts, 2017). The operation ended up going in much more depth than initially expected, and featured four innovative leverage points that allowed for surprising outcomes such as the prosecution and incarceration of public figures and — perhaps most strikingly — abundant information through confessions. The leverage points and the dynamics of the operation are presented in Figure 3.

<sup>6</sup>Translated as ‘generous monthly allowance’.

<sup>7</sup>Translated as ‘car wash’.

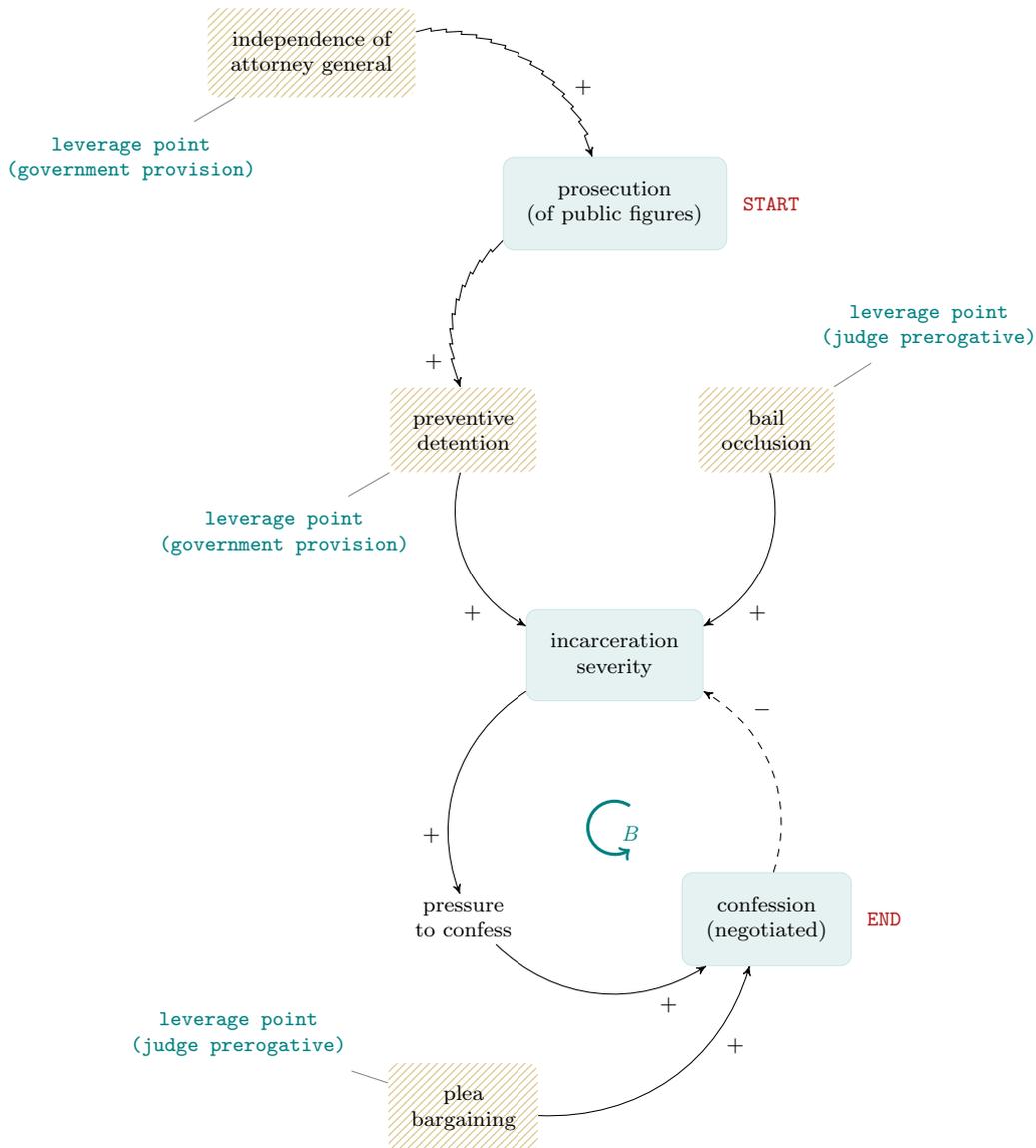


FIGURE 3 The effective multi-leverage setup for extracting information on corruption (Watts, 2017)

The prosecution of public figures (START) was made possible by the first leverage point, establishing the state independence of they attorney general. Preventive detention aggravated the prosecution, and so did the possibility for bail occlusion — both of which meant that the suspects could find themselves in prison even before any trial was even scheduled.

The pressure put on the suspects by the severity of incarceration had one escape, created by the fourth leverage point: plea bargaining. Handled individually by the judges, plea bargaining functioned as ‘priming’ to the balancing feedback loop (B) that produced the ‘end result’: the confession — Figure 3. The only concern with this technique was that information obtained through plea bargaining was not considered trustworthy, as it was obtained ‘under pressure’ (Watts, 2017) — not a total surprise for an operation called *lava jato*.

## 5 Discussion

The mechanisms or schemes<sup>8</sup> presented in § 2 through to § 4 — illicit or not — were conceived by people and have functioned at least for some time. With further study, the parts of the mechanisms that are against the law or ethics could be substituted by legal alternatives, and this poses a challenge to political ‘designers’ until all solutions are socially acceptable, legal, effective, and elegant.

In system design or re-design, leverage points are merely starting points: sometimes they are used in the wrong way, and sometimes it is their ‘counter-intuitive’ use that is the right way (Meadows, 1999). They can be conceived by methodic study, understanding of dynamic systems, and creative thinking. Breaking the tradition of the political context, leverage points and their effects can be formally tested by simulation before they are introduced — in the same way as Figures 1 to 3, but *ex ante* and most likely in a qualitative mode (Perdicoulis, 2014).

## 6 Challenges

One of the grater challenges in political thought is to break the tradition. Instead of endless debates with ignored dynamics and hidden assumptions, politicians can take the time to make a formal system analysis, gain understanding, identify the underlying mechanisms, think of leverage points, and patiently simulate the likely outcomes of the interventions. Between the Brazilian politicians and the investigative journalists (Watts, 2017), this has been reached — which begs the second challenge of ‘clean politics’. If no legal alternatives appear in view, a deeper change is to be sought, with an even wider-scope within which to seek the mechanisms and leverage points.

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<sup>8</sup>A secret or dishonest plan; a plot — from σχῆμα [Gk], shape, figure, diagram, outline.