

London School of Economics and Political Science

Department of Government

Constitutional Public Management Reforms in Modern Brazil 1930-1998

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**A thesis submitted in partial fulfilment of the requirements for the degree
of Doctor of Philosophy in Political Science**

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DECLARATION

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ABSTRACT

The Brazilian state apparatus consists of a patchwork built upon a cascade of reform attempts over a span of sixty years. Multiple layers of legislation have produced a complex and inconsistent institutional landscape that has made policy change a difficult task. Four major public management policy reforms resulted in significant constitutional changes in the form of constitutional provisions, and they reshaped the modus operandi of the federal administration.

The approach adopted here is comparative because it is oriented towards identifying similarities and differences among four different cases that occurred in Brazil during the 20th century. The pattern of these cases is intriguing because the frequency, variety, and speed of the reforms followed a zigzag course, and thus do not correspond to the gradual long-term and cumulative transformations that took place in many developed countries.

Each case study corresponds to a specific historical episode. The material is organised and analytically narrated around interconnected events that took place within the episode. The events were significant in themselves and they clearly highlighted aspects of the means-ends chains.

The framework adopted for the analysis was developed by Kingdon to explain pre-decisional and decisional stages of the policy-making process. The reason for this is the Brazilian context, characterised by fluidity, unclear technologies, chance, temporal sorting, and attention allocation. Policy change effectively took place when events in the political, problematic and policy streams converged to generate windows of opportunity, during which times public entrepreneurs pushed their policy solutions through the upper echelons of decision-making arenas.

The investigation is centred on the dynamics of policy processes. The main conclusion of the thesis refers to the essential role played by entrepreneurs in getting the reforms approved. The reformers' influence in establishing the default implementation model varied in the four cases because of problems of political feasibility, rotation of reformers, policy discontinuities, inconsistencies in transitory legislation, and lack of top-down political support.

DEDICATION

To my mother, Inah Lopes Gaetani (+), to my father Paulo Gaetani (+), and to my wife Júnia Santa Rosa, and our families. They paid dearly for this personal enterprise and I am deeply indebted to them for everything they did to support this Ph.D. project.

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ABBREVIATIONS AND ACRONYMS

ANL	Aliança Nacional Libertadora (National Liberation Alliance)
ARENA	Aliança Renovadora Nacional (National Renewal Alliance)
ASESTRA	Assessoria de Estudos Técnicos para a Reforma Administrativa (Technical Studies Advisory Board for Administrative Reform)
BC	Banco Central (Central Bank)
BNDE	Banco Nacional de Desenvolvimento Econômico (National Bank for Economic Development)
CEPA	Comissão de Estudos e Projetos Administrativos (Commission for Administrative Studies and Projects)
CEPAL (ECLAD)	Comissão Econômica para a América Latina e o Caribe (Economic Commission for Latin America and the Caribbean)
CERAF	Comissão para Reforma Administrativa Federal (Central Commission for Federal Administrative Reform)
CFSPC	Conselho Federal do Serviço Público Civil (Federal Civil-Service Council)
CISE	Conselho Interministerial de Salários das Empresas (Interministerial Council on wages in SOEs)
CLAD	Centro Latino-americano de Administração para o Desenvolvimento (Latin-American Centre for Administration and Development)
CLT	Consolidação das Leis do Trabalho (Consolidated Labour Legislation)
COMESTRA	Comissão Especial de Estudos da Reforma Administrativa (Special Commission for Administrative Reform Studies)
CONSPLAN	Conselho Assessor de Planejamento (Advisory Planning Council)
COSB	Comissão de Simplificação Burocrática (Bureaucracy Simplification Commission)
DASP	Departamento Administrativo do Serviço Público (Department of Administration and Civil Service), renamed Departamento Administrativo do Pessoal Civil (Department of Administration and Civil Personnel) in 1967
DSN	Doutrina da Segurança Nacional (National Security Doctrine)
ENA	<i>École Nacional d'Administration</i> (National School of Administration)

ENAP	Escola Nacional de Administração Pública (National School for Public Administration)
EPEA	Escritório de Pesquisa Econômica Aplicada (Applied Economic Research Bureau)
ERA	Escritório da Reforma Administrativa (Administrative Reform Office)
ESAF	Escola de Administração Fazendária (School for Government Financial Affairs)
ESG	Escola Superior de Guerra (War School)
FENAP	Fundação Escola Nacional de Administração Pública (Foundation for the National School of Public Administration)
FGV	Fundação Getúlio Vargas (Getúlio Vargas Foundation)
FJP	Fundação João Pinheiro (João Pinheiro Foundation)
FIESP	Federação das Indústrias do Estado de São Paulo (São Paulo State Industrial Federation)
FUNCEP	Fundação Centro de Formação de Servidor Público (Civil Personnel Training Foundation Centre)
GERAP	Grupo Executivo da Reforma Administrativa (Executive Group for Administrative Reform)
IADB	Inter-American Development Bank (Banco Interamericano de Desenvolvimento)
IAPI	Instituto de Aposentadoria e Pensões dos Industriários (Industrial Workers' Social Security Institute)
IBAM	Instituto Brasileiro de Administração Municipal (Brazilian Institute for Municipal Administration)
IMF	International Monetary Fund (Fundo Monetário Internacional)
INPS	Instituto Nacional de Previdência Social (National Social Security Institute)
IPEA	Instituto de Pesquisa Econômica Aplicada – Instituto de Planejamento Econômico e Social (Institute for Applied Economic Research)
IUPERJ	Instituto Universitário de Pesquisas do Rio de Janeiro (Rio de Janeiro University Research Institute)
LIDER	Liga Democrática Radical (Radical Democratic League)
MARE	Ministério da Administração e Reforma do Estado (Ministry of Administration and State Reform)

MDB	Movimento Democrático Brasileiro (Brazilian Democratic Movement)
NCA	National Constituent Assembly (Assembléia Nacional Constituinte)
NGO	Non-Governmental Organisation
NPM	New Public Management
OS	Organização Social (Social Organisation)
OSCIP	Organização da Sociedade Civil de Interesse Público (Civil Public-Interest Organisation)
PAEG	Plano de Ação Econômica Governamental (Economic Governmental Action Plan)
PDS	Partido Democrático Social (Social Democratic Party)
PDT	Partido Democrático Trabalhista (Democratic Labour Party)
PED	Programa Estratégico de Desenvolvimento (Strategic Program for Development)
PETROBRAS	Petróleo Brasileiro S/A (the federally-owned oil company)
PFL	Partido da Frente Liberal (Liberal Front Party)
PMDB	Partido do Movimento Democrático Brasileiro (Brazilian Democratic Movement Party)
POSDCORB	Planning, Organisation, Staffing, Direction, Coordination, Reporting, and Budgeting
PSD	Partido Social Democrático (Social Democratic Party)
PSDB	Partido da Social Democracia Brasileira (Brazilian Social Democracy Party)
PT	Partido dos Trabalhadores (Workers' Party)
PTB	Partido Trabalhista Brasileiro (Brazilian Labour Party)
SAF²	Secretaria de Administração Federal (Department of Federal Administration)
SEDAP	Secretaria da Administração Pública (Public Administration Department)
SEMOR	Secretaria de Modernização e Reforma Administrativa (Department for Modernisation and Administrative Reform)

² Ministerial Status.

SEPLAN-PR	Secretaria de Planejamento da Presidência da República (Planning Department of the Presidency)
SEST	Department for SOE Control
EP (SOE)	Empresa Pública (State-Owned Enterprise)
SRH	Secretaria de Recursos Humanos (Human Resources Department)
SUCAD	Superintendência de Construção e Administração Imobiliária (Supervisory Department for Real-Estate Construction and Administration)
TCU	Tribunal de Contas da União (Supreme Audit Agency)
UDN	União Democrática Nacional (National Democratic Union)
UNESCO	United Nations Educational Scientific and Cultural Organisation
USAID	United States Agency for International Development
WB	World Bank

GLOSSARY

Direct Administration	Includes all ministries and the Presidency (all function under Public Law)
Indirect Administration	According to Decree-law 200, Indirect Administration includes all Autonomous Government Agencies, Foundations and State-Owned
Autonomous Government Agencies	are characterised as Legal Personalities of Public Law with exclusively administrative capacity, under the guardianship of the Ministry related to the issues handled by the respective agency. The hiring regime for their civil servants has been statutory since 1988, when the Constitution prohibited such servants to be hired under the CLT.
Regulatory Agencies	Considered autonomous government agencies in special regimes, for they were set up with the purpose of regulating and disciplining certain activities.
Foundations	Institutions of indirect administration characterised as a non-profit legal entities of private law, established by legislative authorisation for carrying out activities that need not be conducted by organs of the direct administration. In 1987, Decree-law 200 established the figure of Public Foundations, as part of the 1988 Constitution. Foundations have administrative autonomy and the Federal Government is responsible for their costs. They are subject to public accountancy and under the Statutory Personnel Regime.
Executive Agencies	Such Agencies are set up by acts of the President regarding Autonomous Government Agencies or Public Foundations that have working plans for institutional restructuring and development, and that have signed some partnership contract with the related ministry.
State-Owned Enterprise	An organisation of the indirect administration characterised as a legal entity of private law, supported exclusively by federal funds in order to explore an economic activity for the needs of public administration. Their employees are short-listed through public competitive selection process and their labour contracts follow the rules of the CLT.

- Social Organisation** Private organisation qualified by the ministry of its respective field and by the Planning, Budgeting and Management Ministry. They are public, but not profit-oriented organisations. Their relationships with the parental ministries are regulated by performance agreements.
- Civil Public-Interest Organisation** A privately controlled non-profit organisation having legal personality under private law. This figure was introduced in 1999 and may carry out only social activities. After establishing a partnership with some governmental organ, a Civil Public-Interest Organisations is entitled to receive public resources.
- Consolidated Labour Legislation (Labour Code)** This code was enacted by decree-law in 1943. It regulates individual and collective labour relations and ensures the rights of workers and labour unions.
- Single Juridical Regime** By means of statutes, the Single Juridical Regime established a single regime for the civil servants of the Federal Government, the autonomous agencies, including those under special regimes, and federal public foundations, through which public positions are set up by law, with their own specific names. Salaries are paid from the public coffers, either as registered employees, or as commissioned personnel.

**Constitutional Public Management Reforms in
Modern Brazil 1930-1998**

Part One

CHAPTER 1

Public management policy change

Comparing cases of constitutional reform in Brazil

1.1. Introduction

The Brazilian state apparatus today is a patchwork quilt with layers of regulations built over a cascade of attempts at reform over a span of sixty years. Nine major reform attempts have been made since the 1930s. This list includes: the Readjustment Law and the New State Reform in 1937, the attempt to promote an Administrative Reform in 1952-1953, the proposals of the Commissions for the Simplification of Bureaucracy and the Administrative Reform of 1956, the proposals of the Peixoto Report in 1963, the reforms contained Decree-law 200 in 1967, the De-bureaucratisation Crusade of 1979-1982, the Democratising Reform of 1988, the Downsizing Reform in the early 1990s, and the so-called Managerial Reform of 1995-1998.

Reforms, however, cannot be considered routine. Comprehensive administrative reorganisation has been a recurrent phenomenon (March and Olsen, 1983) and virtually all Brazilian presidents engaged in major reform initiatives as soon as they took office. The theme moved up and down the national agenda during two dictatorships (1937-1945 and 1964-1984), during the democratic interval between them, and even afterwards, and is still alive today. Some proposals never reached the decisional agenda but a few initiatives got to the implementation stage, but with different results. Initiatives have moved in different directions and expressed an intriguing variety of

scopes and orientations. Four major public management policy reforms resulted in constitutional changes³ and these are the objects of this thesis.

The first case – 1937: a case of construction of a National State – included civil service, organisational design, budgeting, and procurement. These reforms occurred during the Vargas Constitutional Government (1934-1937), between the period when he was President-in-Chief of the Provisional Revolutionary Government (1930-1934), and when he became Dictator of the “New State” (1937-1945). The reforms came in two waves. During the first wave (1934-1936) the main policy resulted in the establishment of a Federal Civil Service Commission – inspired on the American model – and legislation for public employees. The result was The Readjustment Law – which paved the way for the organisation of the Brazilian Civil Service. In the second wave (1936-1937) an overall central department with extraordinary executive powers was set up and placed under the Presidency in order to implement the “New State” reforms.

The second case – 1967: launching the bases for a developmental State – was the only case that presented policy change across the entire range of public management policies, including organisational design, planning and budgeting, control and auditing, civil service, and procurement. This reform took place during the first administration of the authoritarian military regime (1964-1984), when General Castelo Branco was president (1964-1967). The new legislation established new planning, programming, budgeting, financial, and control systems in the Executive. A dual administrative structure – direct and indirect – was set up. The competencies and modus operandi of the Supreme Audit Agency were redefined, as their control activities became external and ex-post. The Presidency was restructured, the functions of planning, administration, and control were

³ However, the Brazilian law-making system requires the enactment of ordinary legislation to detail general constitutional provisions. The decision-making process therefore includes the drafting of legislation – not necessarily consistent – in two stages.

transferred to the Ministry of Planning and Coordination, and the procurement legislation was updated. Two proposals were left open – the institutionalisation of a Ministry of Administration and the setting up of a Senior Executive Corps in the Direct Administration – but neither was pursued in the aftermath of the enactment of the new legal framework.

The third case – 1988: the reestablishment of a standard public bureaucracy – involved changes in organisational design and civil service. The reforms occurred in the context of the transition from the authoritarian regime to democracy, during the Sarney Administration (1985-1990).⁴ They resulted in the empowerment of the direct administration and the adoption of a classic public bureaucracy based on the constitutional provisions enacted by the National Constituent Assembly (1987-1988). These reforms also aimed at establishing a career structure inspired on the French model, which included the training of a civil service elite to keep the federal administration operating. These professionals were to be trained at a National Public Administration School.

The fourth case – 1998: the so-called managerial reform – also brought about changes only in civil service relationships and in the forms of organising the public sector. The process took place during President Cardoso's first term of office (1995-1998), in a democratic context and after the successful implementation of a macro-economic stabilisation plan that put an end to the hyperinflationary process that had characterised the previous decade. These reforms abolished the Single Juridical Regime established by the 1988 Constitution and enabled the new forms of public-sector organisations to be set down, such as executive agencies and social organisations (public but not state-owned institutions).

⁴ Fernando Collor took office only in March 1990.

The four cases have two distinctive features in common: they all produced outcomes in the form of Constitutional provisions and they reshaped the modus operandi of the federal administrative apparatus in subsequent years, although they did not necessarily “update” former institutional arrangements and practices. The result was a juxtaposition of layers of distinct institutional frameworks. The ambitions of reformers was usually aimed directly at redefining the constitution according to their view⁵ in the hopes that implementation would somehow follow.⁶

Therefore, three of the four cases occurred within the context of changes in regime. The 1937 case occurred during Vargas’s precarious constitutional administration of 1934-1937, sandwiched between two dictatorial periods (Levine, 1970). The 1967 case took place during the authoritarian military regime that lasted from 1964 to 1984. The 1988 case occurred during the transition to democracy that followed the military rule. The contexts of these three cases were inevitably and dramatically influenced by contemporaneous events at the political level – to be explored in greater detail as the cases are discussed, one by one.

This present chapter is divided into 12 sections. The first section is this introduction. The second section focuses on the object of the thesis, namely, processes of public management policy change that produced constitutional change. The third section refers to the justification of the thesis: why it was written. The fourth section explores the reasons why the thesis was organised the way it was. The fifth section details the empirical evidence used in the thesis. The sixth section explains how the empirical evidence was treated and modelled. The seventh section summarises the substantive

⁵ A sole exception was the experiment carried out by the Ministry of De-bureaucratisation in 1979-1982, which goes beyond the scope of this investigation. That reform attempted to promote a behavioural revolution in the public sector with minimal interference through legislation (Oliveira, 1984).

⁶ Brazilian political culture follows the American tradition “Politics becomes the struggle to translate social and economic interests in law (...) Dissatisfaction most frequently takes the form of trying to force a new and more favourable interpretation of the Constitution” (Katznelson and Prewitt, 1979: 38).

historical claims underlying the Brazilian experiences investigated. The eighth section explores plausible alternative approaches for investigating the same object. The ninth section clarifies themes that are not dealt with in the thesis, even though potentially related to the investigation. The tenth section identifies the limits of the thesis. Finally, the eleventh section summarises the key issues raised by the comparative case studies discussed in the thesis. The chapter ends with the twelfth section, which describes the structure of the thesis.

1.2. What this thesis is about: four cases of public management policy processes that led to changes in the Brazilian Constitution

The main purpose of this investigation is to analyse and explain public management policy change in modern Brazil over the last six decades. The research was carried out in the field of public management,⁷ a sub-discipline of political science. The central subject addressed is the description of the policy process that led to reforms in public management reform. It includes analysis of the dynamics of the issue, the rise of the issue to the governmental and decisional agenda, the way problems were defined, the specification of policy outcomes, the decisional processes, and the role played by entrepreneurs in these processes. Contiguous and background stories related to regime change and other policy sub-systems,⁸ such as planning, are also relevant to this analysis, but they are incorporated into the investigation insofar as they intersect with the main narrative.

7 Public management is conceived of as a “process through which policies are formulated, resources allocated, and programs implemented, rather than a policy issue in its own right” (Barzelay, 2000: 7).

8 Baumgartner and Jones (1993) used the term *policy subsystem* to designate a “definable institutional structure responsible for policymaking, together with formal arrangements and informal relations that influence participation in the venues where decisions are made” (Barzelay, 2000: 57).

The objects of analysis are four Brazilian historical experiences of public management reforms, all of which resulted in broad constitutional changes affecting substantive aspects of organisation in the public sector. Descriptive explanatory methods (Barzelay et al., 2002) are adopted, as well as a process-oriented framework (Kingdon, 1994), to analyse the four cases. The former type of method presents empirical evidence of the central story in the form of an ordinary narrative that provides grounds for the latter by offering coherent analytical explanations for the phenomena observed.

For the purpose of this investigation, administrative reform⁹ is understood as a comprehensive effort toward public management policy change at the constitutional level including such areas as organisational design, employment relationships, budgeting and public expenditures, control and auditing, and procurement. “Public management policies are constituted by a cumulative flow of authoritative decisions and means intended to guide, constrain, and motivate the public service as a whole” (Barzelay, 2000a: 10; and Barzelay, 2000b: 16). At least three cases took place before the expression “public management”¹⁰ had been disseminated. The earlier expression was administrative reform,¹¹ and it is still often used today.

Historical understanding is a preliminary concern regarding all four cases. It is a requirement for analytically grounded analysis, and is also essential for the development of “an ability to envision the future course of action based on an understanding of the past” (Nonaka and Takeuchi, 1995:156). Chapters three, four, five, and six focus on the

⁹ Administrative reforms have been defined in several different ways, such as “the induced systemic improvement of public sector operational performance” (Caiden, 1991: 1), “a directed change of main features of an administrative system” (Dror, 1970: 4), and “an organisational, instrumental, or program-related change of government and the public sector to meet environmental demands and requirements” (Siedenporf, 1982: xi).

¹⁰ See Lynn (1996) and Kelman et al. (2003) for an up-to-date discussion of the definition of the field of public management.

¹¹ Although the Oxford English Dictionary makes no distinction between the terms “management” and “administration” (Lynn, 2003: 22), there are more than nuances involved. Lynn (1996) provided a rich analysis of the evolution of the public administration, policy sciences, and public management communities.

historical accounts required for an understanding of what happened during the four episodes. They provide the elements and links for modelled explanations. The misunderstandings, insufficiencies, and instability of interpretations made in the past must be addressed to enable scholars, practitioners, politicians, and society in general to understand what happened, how it happened, and why things happened in a given way. “Issue history can help to define the future” because it highlights previous experiences that map “limitations on some future possibilities” (Neusdadt and May, 1986: 236).

This dissertation focuses on the explanations that account for the policy process which culminated in public management change in each of the four cases. “Reform is about content and process” (Toonen, 2003a: 466). The thesis focuses on process, and the analytical foundations used in order to explain all policy processes were drawn from Kingdon’s framework regarding agenda setting, policy specification, and decision-making processes.

1.3. Why this thesis was written

The long history of Brazilian public management reforms is unknown partly because the critical junctures¹² during which the most important institutional changes occurred have not been studied, and partly because the dilemmas involved in the public management policy process in question were not fully explored.

The four cases in question have never undergone analytical treatment or systematic comparisons. Some have never even been adequately described. Few cases have been

¹² Critical junctures are brief moments characterized by the appearance of opportunities for institutional change. The “critical” dimension derives from the fact that at the respective moments new institutional arrangements took different paths with a certain degree of stability (Pierson, 2004: 134-5).

the object of any sort of analytically grounded approach – especially those of 1937 and 1998. Two cases – 1967 and 1988 – have been neglected in terms of the study of their causes, significance, and consequences, even in descriptive terms.

The scope of the reforms is not the same in all four cases, referred to hereinafter by the year of the constitutional change. The cases present different geometries in terms of the scope of the proposals involved. Only organisational design and civil service policies are present in all four.

The initiatives moved in different directions and expressed an intriguing diversity of orientations. Some of the reforms provided a variety of innovative approaches – in terms of originality, scope, and context, and the political circumstances and external influences were intriguing and original. The role played by individuals was decisive and particularly surprising given the broad character of these reforms.

The path taken by the reforms did not follow a linear pattern typical of western democracies, which evolved from patronage to professional bureaucracies and then to new public-management types of arrangements. This problematic premise was adopted by the last reform analysed (Mare, 1995). The reforms of 1937 and 1988 can be generically referred to as bureaucratic while the reforms of 1967 and 1998 can be labelled as managerial.

The frequency of the reforms is also impressive, especially when more structural types of transformations usually take decades or even centuries to occur, as was the case with the developed Western democracies. Moreover, the pace of the reforms was hectic, a symptom of the relentless general dissatisfaction with the solutions presented over time or of the problems involved in the proposals presented.

The thesis explains what happened at the critical junctures of public management policy changes, and why and how these changes occurred. The thesis thus dissected the turning points in public management policies over six decades, an approach that was necessary in order to provide a broad investigative project.

1.4. Why the thesis was set up the way it was

The questions addressed by this study are: why the four sets of reforms occurred, what explains the variety of proposals in the cases in question, how they reached the decisional agenda, and what role public entrepreneurs played in making them feasible. In spite of the frequency of attempts at reform, they cannot be considered routine matters, each reform having had its own specific evolution.

The investigation includes an analysis of the issue definition, the projection of an issue image, the issue's career, the rising of the issue to the governmental and decisional agenda, the status of the issue over time, the way problems were defined, the specification of policy alternatives, the decisional processes, the establishment of a default implementation solution, and the role played by entrepreneurs in these processes.

The choice of the above-mentioned research questions led to the adoption of Kingdon's framework to model the answers to these questions and to the specific research questions in each chapter. Each policy change is investigated in four different ways: a) as a critical juncture of problems, solutions, and cognitive aspects, b) as an issue career through institutional settings, and special political and economic circumstances, c) as a policy construct and a reaction against the previously established constitutional

provisions in place for organising the public sector, and d) as an issue pushed through by entrepreneurial action by both individuals and the institutions that provided the locus for their activity.

The strategy adopted in this thesis – the focus on comparative case studies in order to solve puzzles and answer research questions formulated at the meso- and micro-levels – meant that the investigation be developed according to previously defined time-intervals. Comparative analyses intensively grounded in given historical periods imply the risk of being pushed into another sort of theoretical framework: historical institutionalism (Mahoney and Rueschmeyer, 2003). But this would be the case only if the major focus of the thesis were policy contents – seen from a long-term perspective – and if the comparisons were not based on a specific theoretical model.

The design of the research and the theoretical frameworks allowed comparability over time. The methodological orientation follows Ragin's (1987) concern with the search for multiple overlapping conditions capable of relating specific contexts and processes to policy outcomes. The international literature on public management increasingly encourages cross-country comparisons regarding such themes as governance (OECD, 1993), political traditions (Knill, 1998 and 1999), and public management reforms (Peters and Pierre, 2001; Pollitt, 1990). But comparisons between public management policy changes must be limited to the present time, for two reasons. First, plausible comparisons of processes are not necessarily carried out during the same historical period. Second, longitudinal comparisons do not necessarily become obsolete, simply because many public-management problems do not change substantively over time: they come and go.¹³

13 This statement should be taken in relative terms for policies affected by radical technological change, severe shocks, or slow cumulative transformations that lead to "irreversible" outcomes. (Pierson, 2003).

The research design was based on a comparative case-study approach in order to afford an effective dialogue between ideas and evidence. The methodology used was qualitative, case-oriented and comparative (Ragin, 1987). It was qualitative because it makes use of primary sources – such as interviews, files written by unknown authors, and unpublished historical documents – that are not based on quantitative data, which are usually not available for this sort of investigation. The design was case-oriented because it focused on selected critical cases.¹⁴ It was comparative because it dealt with a few critical cases that occurred at different historical moments, and seeks to provide an account of similarities and differences among them. The intention was not to provide universal generalisations, but coherent structured narratives capable of capturing the essence of the phenomena investigated.

The aim was to improve understanding and limit historical generalisations (Ragin, 1987)¹⁵ related to the topic of public management reforms. Studies based on very few case studies can provide good explanations even if they are not designed to forecast what will happen and under what circumstances (Rueshmeyer, 2003).

1.5. How the thesis was developed in empirical terms

This thesis makes use of primary sources, such as interviews, files written by unknown authors, and unpublished historical documents. The information regarding the different historical periods of the cases was recorded in different formats. Microfilms were checked to recover information from the Vargas period. Personal files were consulted to

14 By using the term *case studies* to address public management reform processes I am adopting a different approach from Stake's (1995), who suggests that case studies should be employed only for the study of entities (Barzelay, 2000b: 14).

15 Ragin (1987: 31) refers to "modest empirical generalisations about historically-defined categories of social phenomena."

recover intermediate discussions related to all cases, but especially those of 1967 and 1988. Recourse to newspapers and magazines was reduced to a minimum because of their low levels of reliability. Government documents – drafts of proposals, internal memos, classified documents, unpublished studies, suggestions for legislation and excerpts from proposals for legislation, because they contain the justifications for the laws in question – were intensively explored, specially in order to allow the reconstitution of the processes that culminated in the decisions made in each case.

Most of the historical evidence explored in this investigation consists of the contents of interviews held in 2000. Sixty-one interviews were conducted with participants, observers, and analysts of the four cases. Interviewees included civil servants, politicians, scholars, consultants, judges, and ministers. A coded list of them can be found in Annex 1 to this document.

The longitudinal character of the comparisons allowed some interviewees to be heard regarding two different episodes. In these cases the interviews were divided in order to clarify the participation of the interviewee in each episode. Given the sensitivities involved in most of the situations, the interviewees' names are not mentioned regarding specific quotations.

Triangulation was frequently explored – especially regarding the establishment of the facts – in order to clarify the sequence of the events. Most of the interviews were relevant for indirect reasons: they reproduced the atmosphere of the context, provided information about the unwritten alignment of actors and positions, and introduced information about personalities, beliefs, and premises beyond straightforward rational approaches. But they were especially important in orienting the investigation.

The fundamental criterion governing the choice of interviewees was their involvement in the public management policy-making processes related to one or more of the four cases. Some interviewees were at the political, juridical, and economic periphery of the main events, but nevertheless played some role in the process as a whole. In three cases it was possible to directly interview the entrepreneurs involved in the public management policy-making process. In the first case, these were persons who were contemporary to the main policy entrepreneur. Information from his personal archives complemented the data. The annotations and recorded tapes of the interviews, when authorised, are available for consultation in special cases. Transcriptions of interviews from other archives were also consulted for one case because of the rich material made available by the Getúlio Vargas Foundation.

Interviews were conducted with a semi-structured format. A general list of questions was read to the interviewees, and they usually commanded the conversations, except when the researcher felt the need to reiterate questions or bridge gaps. The greatest difficulty in this sort of procedure was to have the respondents answer the questions and – especially – to avoid distortion of the facts while retaining the benefit of hindsight. But, fortunately enough, this problem was more frequent regarding only the last case, which enabled further confrontations of views and corrections of information on the basis of secondary sources. The use of semi-structured interviews also enabled the interviewees to talk about important issues that the researcher was not aware of. Most of the “surprises” of the interviews came to the surface without being part of the previously defined script.

1.6. How the evidence was modelled and presented

The approach taken in this thesis was processual. This term¹⁶ means that time, history, contexts in motion, and the mechanisms¹⁷ that shaped the dynamics of the processes are in the centre of the cases studied. A processual analysis aims at “accounting for and explaining the what, why, and how of the relationships among context, processes and outcomes” (Pettigrew, 1997: 340). The interplay between actors, problems, ideas, solutions, events and contexts give the thrust that makes processual dynamics move forth. Processes are embedded in contexts and related to outcomes within temporal dimensions in which other potentially related events are also occurring.

The processual approach (Pettigrew, 1997; Barzelay, 2004) has its roots in classical papers by political scientists such as Kingdon (1994), Lindblom (1990), March (1994), and March and Olsen (1989). A processual approach is compatible with the three variants of “new institutionalism” (Hall and Taylor, 1996) as Barzelay and Gallego (2004) argued. This thesis takes the strong affinities with its sociological variant¹⁸ as a starting point, although it recognises the potential benefits of complementary contributions from historical institutionalism.

Barzelay (2003) developed a systematic comparative analysis of the processes of policy-making and public-management policy change in selected cases of public sector reforms. He integrated three frameworks¹⁹ in order to account for the occurrence,

16 Process is defined “as a sequence of events that describe how things change over time.” (Pettigrew, 1997: 338).

17 Elster (1999) defined mechanisms as “frequently recurrent ways in which things happen”. Hall (2003: 388) suggested that social mechanisms were “constructed as basic forms of human behaviour or recurrent forms of collective action that are constitutive components of the causal chains leading to broader political outcomes”.

18 Barzelay and Gallego (2004: 18-20) argued that “institutional processualism” seeks to understand “how change happens,” while new institutionalism focuses on structural opportunities for change. They also state that sociological institutionalism did not focus “on beliefs, values and identity”.

19 The three theoretical frameworks are multiple streams (Kingdon, 1994), punctuated equilibrium (Baumgartner and Jones, 1993), and organisational learning (Levitt and March, 1990).

direction, and stability of public management reforms. In a more recent piece of work, Barzelay (2004) identified the concepts of social mechanisms and contextual factors as key ingredients of the theoretical framework he developed to analyse processes of change. Interactions are contextual, temporally constrained, subject to the appropriateness of logics (March and Olsen, 1989) and pervaded by the operation of social mechanisms. The contextual factors – frequently responsible for the activation of social mechanisms as well as for their *modus operandi* - are described in the initial sections of the chapters referring to the case studies. Social mechanisms connect context, actions and beliefs. Kingdon's framework includes several mechanisms within the context of agenda setting, policy specification and decision-making processes.

The unit of analysis of the case studies is a stream of activities related to public management reform policy changes that occur within a given context – historical, political, economic, social, cultural, and technological. Each reform occurred in a given conjuncture comprised of “interactional effects between distinct causal sequences that become joined at particular points in time” (Pierson, 12).

The study of the four cases seeks to pinpoint patterns and mechanisms that impel the processes related to the episodes studied. The reforms gravitate around public bureaucracies, according to the meaning given by the terminology coined by Evans (1979, 1992, and 1995) that assumed as Weberian types of public bureaucracy those based on public competitive selection processes, promotion by merit (not seniority), career systems, competitive remuneration, and public respect and prestige. The adopted method reduces complexity through the research design of a phenomenon derived from multiple causes. As Tilly (1984) emphasised, “the pursuit is for proximate, not final causes” (Pettigrew, 1997: 341).

Description in this investigation was defined as “a set of logically consistent propositions that describes the causes and consequences of policy actions” (Dunn, 1981: 84). Hence, there was an assumption that by means of description it would be possible to narrate, understand and explain the four cases in a consistent and comparable way.

“For whatever else a science may be, it is also a practice which must be as critical about the way it describes its objects of study as it is about the way it explains their structures and process” (White, 1984: 1).

In the present investigation, explanations were given through historical accounts, and later systematised through comparative analyses.

Theoretical reduction was pursued through historical and analytical narratives. Essentially, historical narratives²⁰ should be capable of improving the historical understanding of past phenomena, while analytic narratives should account for mechanisms capable of explaining the specific episodes investigated. Historical narratives (White, 1984) were used to register relevant past events and to trace meaningful processes for the purpose of the analysis. They “aim to provide a chronicled account of an historical experience” (Barzelay, 2000b: 10).

The process of policies leading to public management reform is the central subject of both the historical and the analytical narratives, although some contiguous stories,²¹ usually related to the political and economic domains, are incorporated into the investigation.²² Analytic narratives are built on historical evidence in order to explain²³

20 Chapters 3, 4, 5, and 6 were written in terms of historical narratives enriched by evidence provided by interviews and primary research sources.

21 There are at least three other stories, referred to from time to time, that deserve special attention: regime change, economic development, and planning policy domain organisation.

22 Chapter 7 provides a comparison of the four cases modelled in terms of Kingdon’s theoretical framework, plus secondary theoretical angles such as policy reversals and policy transfer.

23 “The primary aim of the analysis is to understand a policy problem rather than solve it” (Dunn, 1981: 80).

relevant actions and activities through theoretical models (Barzelay, 2000b), while analytic narratives provide the explanation. They enable comparability and differentiation between the ideograph and relevant theoretical aspects of the investigation.

Each case study²⁴ was organised on the basis of narratives that assembled and gave shape to the empirical evidence related to the research questions used in the investigation. Diagrams with the narrative structure of each case study can be found at the end of the introductions to Chapters 3-6. These narrative structures are constructs of events that configure the experience studied. Since “policy processes are composed of parallel and serial events” (Barzelay et al., 2002: 24), the modelling must address events along a time line.

Each event can be broken down into component events or sub-events in order to better clarify their dynamics. There are several types of events to be considered: prior, contemporaneous, related, later, and simple events, which are the constitutive elements of the episodes studied. The origin of the events studied is located in their relationships with prior and contemporaneous events that contain the causal sources for their occurrence.

The events included in the cases were selected on the basis of their analytical significance. The research questions related to specific events within a case were formulated and answered in the corpus of the corresponding chapters, and required intra-event or cross-event analysis in order to be answered. Intra-event analysis concentrated on how individual events evolved. Cross-event analysis concentrated on how events were affected by one another and their causal relationships. Some questions

24 “A successful case study provides answers to research questions about the experience studied and insightful statements about types of phenomena of scientific or practical interest” (Barzelay et al, 2002: 21).

are keyed to more than one event. The questions regarding broader policy debates were answered in the corresponding chapter. Intra- and cross-event analysis constitutes intermediate steps that link historical evidence to causality chains. They provide the intermediate steps required for generating broader explanations for the outcome of the policy involved in the case.

Behind the structure of an analytic narrative there is a scheme by which the different types of events are listed and de-aggregated. Research questions are keyed to events or to connections between events. The schemes constitute the algorithm of the narrative structures, and are shown in Annex IV for each of the cases studied.

1.7. The substantive historical claims underlying the Brazilian experience

This thesis analyses and broadens the understanding of the historical development of public management policy change in Brazil. It deals with a field dominated by linear long-run narratives of public management policy change, as was the case in the United Kingdom, France, Germany, Japan, and the United States. It is also meant to be a contribution to the general debate on reform processes while focusing on a new interpretation of four Brazilian cases. In this sense, it fills in a gap in the academic literature, which is poorly developed and predominantly descriptive, regarding the four episodes²⁵ referred to above. It applies recently developed research methods such as analytic narratives and well-known frameworks such as multiple streams. It also amplifies the literature on the Kingdon model at the same time as it reveals some of its shortcomings. Finally, this dissertation provides an account of an important set of

²⁵ The main exceptions related to the field of public management are the works of Rezende (2000), Rinne, 2001), Siegel (1966, 1967), Graham (1968), Evans (1992, 1993, 1995), Schneider (1987, 1991, 1995, and 1997), Barzelay (1986), Geddes (1994), Hagopian (1996) and Schmitter (1971).

factors to be taken into consideration in any attempt to renew reform initiatives. Peters (1992: 220) argued that, given the features of public administration, “analysts postdict, rather than predict, outcomes in the public sector”, a statement that is particularly germane to the purposes of this investigation.

In spite of the frequency of reform attempts, they cannot be considered routine, and each one had its own specific evolution. Brunsson and Olsen (1993) present a different argument. They suggest that administrative reforms acquire the status of governmental routine. This cannot be said of Brazil, however, since the frequency of attempts at reform can be seen as a symptom of the lack of social stability regarding the problem.

“The political history of institutional reform is not a history of sustained political attention or concern” (March and Olsen, 1989: 83). Contingent fluctuations, problematic access, and degrees of attention were intrinsic destabilising factors in all cases. Therefore the dynamics of the reforms “were like garbage cans, highly contextual combinations of people, choices, opportunities, problems and solutions” and the ambiguity of these notions only reinforced the difficulties.

Public management reforms involve bargains over issues related to reorganisation that are “sensitive to contextual fluctuations as well as to short-term changes in political attention” (Zahariadis, 1999). Circumstantial combinations of actors, choices of opportunities, problems, solutions and forgetfulness are re-created from time to time. The occurrence of policy change depends on the synchronicity of factors that include, but also transcend, the design of the policy proposal in question.

The approach adopted in this thesis is closer to the variant presented by March and Olsen (1981, 1983, 1989) and by Kingdon (1994), given its suitability to the Brazilian context: unstable, fluid, complex, and subject to different sorts of shocks. This

investigation, however, is more sensitive (and attributes more analytical importance) to the role played by reform entrepreneurs, without whose presence it would be difficult to m it is difficult to imagine the occurrence of these episodes. “Different participants act on the basis of different definitions of the situation” (March and Olsen, 1989: 81).

The four reforms occurred thanks to the convergence of political problems and policy factors catalysed by the action of public entrepreneurs (Kingdon, 1994). The issue career extended to the decisional agenda thanks to a combination of contextual factors and the entrepreneurial activities of a handful of individuals committed to the policy solutions. The variety of these reforms can be understood from different angles. The first angle consists of an examination of the specificity of the definition of the problem and alternative specification processes. This investigation revealed that each reform took the former one as the starting point for the process of defining its issues, including the perception of the problems and the failures attributed to the previous attempt. A complementary angle comes in via the assumption that the reforms constituted policy reversals (Hood, 1994), each one seen as a distinct, asymmetrical, and opposing answer to the legacy and the perception of the problems and failures attributed to the previous one.

The thesis also argues that public entrepreneurship (Kingdon, 1994; Roberts and King, 1996) was a key explanatory element in all of them.²⁶ A surprisingly small number of entrepreneurial individuals – not political parties or professional bureaucracies played decisive roles in all the changes made. This is an intriguing point, in view of the proportions of the transformations. Individuals strategically located in reform-driven institutions and motivated by different reasons played key roles in making these reforms feasible.

²⁶ This investigation does not adopt an exclusive actor-driven approach but it recognizes their decisive role in catalysing policy change under a variety of forms.

Entrepreneurs proved to be decisive in three cases where it would have been impossible to analyse the reforms without their individual participation. Like the others, the 1988 case required the influence of policy entrepreneurs, but their entrepreneurial functions were fulfilled in an unusual and heterodox way. Other entrepreneurs – working in different streams and policy sub-systems – complemented the role of the main policy entrepreneur, even after this latter had left centre stage.

During these processes different sorts of social mechanisms were activated (Barzelay, 2004). Agenda congestion, focus events, policy entrepreneurship and policy-spillovers are examples of social mechanisms inherent to the multiple-stream model. Other social mechanisms – belief formation (Hedstrom and Swedberg, 1998), actor certification (McAdam et al., 2001), bandwagoning (Scheling, 1978), and the effects of policy interference (Baumgartner and Jones, 1993) – will be included in the comparative analyses farther below.

Policy transfer²⁷ also took place, but in different forms, in all four episodes. Reformers were engaged in policy dialogue with the United States (the first and second cases), France (second and third cases), and the United Kingdom (second and fourth cases). All four reforms were informed by the *Zeitgeist* of their times (Peters, 2004: 1). The 1937 case was strongly influenced by the Brownlow Report, the Budgeting and Accounting Act of 1921, and the Pendleton Act of 1893, all of the U.S.A. The 1967 case was influenced by the dissemination of ideas regarding Planning, Programming, Budgeting, and System (PPBS), by debates that later resulted in the Fulton Report, as well as by the *modus operandi* of the French *fonction publique*. The 1998 case benefited from a structured international dialogue with practitioners involved in the implementation of

²⁷ The proper expression should be “policy dialogue” considering that there were no institutional processes of policy transplant in any of the cases. But the dynamics, the intensity, and the quality of the dialogue varied because of the different forms they took and because of the way foreign ideas influenced each of the reforms. The comparisons are related to policy learning and the lessons drawn are organized according to the frameworks suggested by Levitt and March (1990) and Rose (1993).

the Next-Step agencies in the UK and from the dissemination of new public management ideas around the world. Only the 1988 case was dissociated from international trends, although it was in tune with efforts carried out by a supranational institution – the World Bank – in an important neighbouring country (Argentina) to overcome long-standing problems.²⁸

1.8. Plausible alternative approaches

Brazilian public management policies have been the object of analysis from different theoretical approaches, alternative analyses having focused on specific cases.²⁹ However, none has produced sufficient evidence to refute the arguments presented in this thesis, in spite of undeniable compatible complementary elements. Common explanations for the reforms have been based on functionalist³⁰ arguments (Piquet Carneiro, 1988, 1990, and 1991) as to its essentiality and adequacy. But several more sophisticated analyses also deserve mention.

One interesting approach was developed by Nunes (1997) in his formulations of the four political grammars that shaped Brazilian administrative culture. Nunes (1997: 105) suggests that the original characteristic of Brazilian

“bureaucracy is not the pervasiveness of clientelism, but the effectiveness of attempts to insulate a few techno-bureaucratic agencies of the economy from clientelism.”

²⁸ There are indications that could classify the 1988 case as similar to that carried out by countries that created Senior Executive Services in the late 1970s and early 1980s (Halligan, 2003), but the evidence for a broader connection is scanty.

²⁹ See, for example, Siegel (1967), Dias (1968), Piquet Carneiro (1988), Marcelino (1988), Martins (2003), Santos (1997 and 2000), Bresser Pereira (1997 and 1998), and Rezende (2000).

³⁰ A functionalist view presumes that the presence of a phenomenon can be explained by its consequences, as a sort of “requirement” (Hall, 2003: 377).

By insulation he was not referring to achievements that were free from political pressure, but to the fact of giving the organisation the capability of maintaining a certain level of integrity and policy delivery capacity. Insulation means a condition that is able to mobilise resources in response to top executive command.³¹ Nunes' work, however, failed to explain the processes of policy change, despite the adequacy of his analysis.

Although this thesis takes culture seriously, it does not take a cultural-deterministic approach.³² Culture-driven typologies are useful to highlight certain developments in the Brazilian State during certain periods but, in the way they are formulated, they cannot account for policy change.³³ Aspects of Brazilian culture are important to explain how mechanisms of social choice operate, but there are no claims to support the idea of any exceptional character of the unique context in Brazil, or mono-cultural explanations, despite their important contribution to the understanding of path-dependent elements of the analysis. But neither does this dissertation share the context-free approaches of supranational institutions as the most adequate explanations for policy change.³⁴

Punctuated equilibrium is used to analyse long-term process as characterised by turning points, at different moments, which modify the direction that policy change takes. The framework combines the analysis of both change processes and moments of "policy stability". The problem in the Brazilian cases is to associate the idea of stability with

³¹ Insulated agencies and SOEs – which acquired a reputation as policy and economic performers – were directed by appointed officials closely connected to the authoritarian regime during this entire period. Some of these organisations became known as "pockets of efficiency" or "islands of excellence". At the same time, one of their most revealing characteristics was that, given "their economic success, until recently at any rate, they tended to legitimate the notion that government actors need not, and perhaps even should not, be publicly accountable" (Nunes, 1987: 105).

³² Almost all those persons interviewed for this dissertation revealed a serious concern for the context of their actions as if they could not be understood out of those circumstances. However, historical generalisation, albeit limited, is pursued exactly to transcend these specificities and particularities.

³³ Meachan (2000: 133) suggested that a structural-functional approach was the most adequate do address Latin-American reality because it took into account "national cultural peculiarities and the changing nature of political power on policy-making and policy implementation."

³⁴ For an interesting discussion regarding the topic see Dimitrakopoulos and Passas (2003).

intervals of policy change. A better understanding of implementation during the intervals between reforms is required. There were many attempts at affecting change, and stability frequently represented a merely failed or partial implementation process, rather than a situation of equilibrium.

Rational explanations for the choices made help highlight the dimensions of one case – 1988 – but fall short in explaining the three other cases under examination because they attribute excessive protagonist powers to the actors' self-interest³⁵ and to the (economic) efficiency principle. The institutional analysis made by Geddes (1994), and Haggard and Kaufman (1995), have helped bring to the surface neglected dimensions of State-reform studies. Geddes (1994) developed a rational choice argument³⁶ to explain the evolution of the political-bureaucratic relationships³⁷ in Brazil in the post-World-War-II period. Democratic competition should make it possible to implement rational decisions in favour of the adoption of a merit system.³⁸ Geddes (1990) argued that authoritarian regimes may play a decisive role in building Weberian bureaucracies and that competitive clientelism might also sometimes play an important role in building benign

³⁵ The multiple streams model does not deny the importance of self-interest, even in the entrepreneurs' actions, but avoids its reductionism.

³⁶ Johnson and Libecap (1994) adopted a rational choice approach based on a transaction cost analysis to explain the evolution of civil service in the United States during the last century. They argued that the expansion of bureaucracy was a "result of conscious decisions by successive politicians" and that "the system was put into place incrementally" (1994: 3). They recognize, nevertheless, that in a context marked by interest-group politics and weak hierarchy, economical and efficient civil-service reforms are difficult. The adoption of market-type incentive structures would demand stronger hierarchical control in order to allow more discretionary powers to reward and punish. They identified attempts in this direction from time to time, such as financial incentives for better performance. However, circumstantial interest coalitions involving civil servant's labour unions, congressional suspicion of executive strengthening, and reluctant politicians all successfully blocked such steps (Johnson and Libecap, 1994: 185-186).

³⁷ "Civil Service reforms generally include two kinds of provision: requirements for merit-based hiring and promotion, and guaranteed job security for employees, fair treatment, union representation, and so on. In unequal or fragmented party systems, elected officials have been reluctant to increase the number of jobs included in the merit system since each new inclusion reduces the resources available to politicians in their struggle with other politicians" (Geddes, 1993: 126).

³⁸ According to Geddes (1993: 46), "The competence of bureaucratic personnel depends on two factors: the availability of trained people in the society from which to recruit, and a recruitment process that selects among potential employees on the basis of merit rather than partisan or personal loyalty. Political activists accustomed to distributing jobs in return for political support, and employees who got their jobs that way, and whose status is threatened by the change to a merit-based system, can prevent the upgrading of human inputs even where an adequate pool of competence and expertise exists (...). Insulating the agency from that traditional exchange of favours for political support that may be necessary in order to improve the quality of agency personnel."

state-business collaboration. In the first case, not even Vargas implemented successful and enduring PPA reforms. With respect to the second argument, Hagopian (1996) argues convincingly that instead of competitive clientelism, Brazil is a case of “transformism”³⁹ of the traditional political elite.

Haggard (1995: 12) centred his attention on the balance of power between the Executive Sphere and the Legislature, and saw administrative reform as "a process of re-writing the contract between elected politicians and bureaucratic officials". Enduring equilibrium can be taken as a synonym for “consolidation”. Haggard and Kaufman (1995: 2) see it as “processes through which acceptance of a given set of constitutional rules becomes increasingly widespread, valued, and routinised.” The reform of the civil service and the setting up of economic decision-making agencies resistant to particularistic demands have constituted a problematic historical imperative regardless of the developmental strategies pursued.

“If both economic reforms and democracies are to be consolidated, executive authority must eventually be depersonalised and integrated into a broader framework of contestation and accountability” (Haggard and Kaufman, 1995: 9).

In spite of their relevance, the explanatory power of these frameworks is not particularly suitable for addressing the four cases in question. According to Geddes (1994) the dynamics of clientelism can also function differently as the different sorts of Brazilian governments have shown since the 1930s.⁴⁰ At least two of the cases studied (1937 and

³⁹ By transformism I mean the process of metamorphosis required for the maintenance of the existing structure of power relationships.

⁴⁰ The more politicians installed their protégés in the public sector apparatus through a variety of appointment mechanisms, the better were the chances for temporary public employees to be incorporated through administrative or political measures. The more they became civil servants, the more grateful and loyal they were to those who provided them with this chance. Since the major political parties played by these rules, there were no endogenous vectors in the political system to push merit-based bureaucracy.

1967) do not fit in with the permanent failure model in Kaufman's terms. To enable proper comparisons, however, a more detailed analysis of the implementation processes would be required.

1.9. Brazil today: a brief for beginners

Brazilian politics is currently characterized by weak parties and fragile political institutions because of the combination of proportional representation and open-list candidate selection. The political competition is personal, especially within the same party, what makes individuals attributes and patronage capabilities key political assets. (Hunter,1997:17). Presidents in a fragmented multi-party system outmanoeuvre parties thanks to the executive power and resources basis and to govern above parties, even at expense of splitting them in case of necessity. Short term political expediency is the norm, what makes long-term collective solutions a permanent challenge.

Although the focus of this thesis is not on Brazilian regime change, the events on the political domain were decisive to trigger the reforms that resulted in Constitutional Change of public management issues, except in the 1998 case which can also be considered as a further development of the Constitutional Review process that did not occur as scheduled.

Four conventional spheres of democratic institutional building like the system of government, the party system, the electoral rules, and the Congress dynamic remain controversial. First, in spite of the political debate being sealed with the 1993 plebiscite, critics of Brazilian presidentialism had their arguments strengthened by a decade marked by instability and crisis during Sarney, Collor, and Franco mandates, presidents who tried to outmanoeuvre and to govern above parties. Mainwaring (1993) suggested

that Brazilian presidentialist instability derives from the executive difficulties in building enduring coalitions in the government. O'Donnell (1994) labelled Latin American neo-patrimonial unaccountable presidential systems "delegative democracies" because these countries became "a type of democracy which rests on the premise that whoever wins the election for the presidency is entitled to govern as he or she fit." Linz (1990) argued that presidentialism could increase the likelihood democratic reversals because of the rigidity of fixed terms and the plebiscitarian and winner-takes-all nature of presidentialism.

These interpretations were challenged by Figueiredo e Limongi (1996: 19) studies that revealed that presidents had successfully articulated party support for their coalitions. By the same token they demonstrated that "minority presidents possess the means to obtain legislative support through negotiations within the parties" (1996, 33). However, further empirical research revealed the existence of three other processes that operate simultaneously within the relationships between the executive and legislative that challenged Figueiredo and Limongi's conclusions based on roll-call votes: the decree game (Power, 1998), the appointment game (Amorim Neto, 1995), and the patronage game (Ames, 1995). Therefore, there is not a clear cut unique pattern of executive-legislative relationships that could be generalized but multiple on going simultaneous processes.

Second, the electoral system based on open-list proportional representation incentives political competition within the party as well as inter-parties at the same time that exacerbates individual personalities (Mainwaring, 1991). Politicians are not bounded by party programs and move freely from one party to another accordingly to their personal conveniences and a loose electoral legislation facilitates transient coalitions at the time of the elections that provoke even more distortions in the system because the implications they produce over media access before the polls. Few barriers to entrance

allow the emergence of expedient small parties (parties for rent, usually) and encourage personal politics. In spite of all the problems related to the present system, politicians hesitate in changing it because of the uncertainty aspects related to political reform, collective actions difficulties, low position in executive priorities, and imposing losses problems over those who benefited from the system . The problem is aggravated by the artificial and disproportional distribution of seats in the Chamber of Deputies that downplays absurdly Sao Paulo quota (misrepresented in almost fifty deputies) while over-represents small states of the North .

Third, the political party system is marked by extreme party weakness as Mainwaring and Scully (1995) argued when they ranked Brazil as the lowest case of party system institutionalization in Latin America. The rank criteria combined stability of competition rules, depth of party embeddedness in society, perception of the government legitimacy by the parties, and cohesiveness of party organizations. The permissive electoral system favours the emergence of a fragmented party system, weak party organizations, and parties based on parochial and particular interests. Hence, the combined and mutually reinforcing features of the electoral and party systems contribute to generate a “pervasive personalism and segmentalism ” and to “impede the emergence of universal parties” (Weyland, 1996: 44). The fragmentation of society and state systems favours entrenched elite interests and makes imposing losses harder. Potential beneficiaries of equity-enhancing policies face difficulties in overcoming vetoes derived from established patterns of organizational fragmentation within a separation of powers regime. Therefore, there are not adequate conditions for “the emergence of encompassing interest associations, broad-based social movements, and minimally program-oriented catch-all parties that could effectively press for equity-enhancing reform” (Weyland, 1996: 17-18).

Fourth, Congress dynamics – a product of the three institutional features previously mentioned - remained perceived as inefficient as well as an unpredictable source of permanent dissatisfaction between politicians, voters, and the executive. While the executive had focused on macro economic stabilization, the legislative favoured enacting social issues but had to decide about both. The executive priorities had taken precedent in the agenda conflict (Figueiredo and Limongi, 1995a) except during the NCA period when a power duality was evident. Congress needs to face three challenges to recover its importance: overcome collective actions problems within Congressmen (Ames, 1995b) and counter balance the executive capacity of influence the legislative calendar (Power, 1998) as well as the president capacity in getting what he wants to (Figueiredo and Limongi, 1995b)

Brazilian democracy is considered to be a consolidated democracy today but also an informally institutionalised one. It is consolidated because the regime internalized democratic routines that are already internalized and embedded behaviourally , attitudinally , and constitutionally , in the country political culture. But it does not have yet fulfilled the fourth of the five interdependent conditions listed by Linz and Stepan (1996): a usable bureaucracy adequate to the consolidation of a new democratic regime and a functional state. If democracy is not just a classification of regime but an “interacting system” as Linz and Stepan (1996: 21) state, the functioning of the system cannot not prescind from the adequate support of all five previously mentioned arenas.

Public management reforms are just one condition – and a not very popular one – of many questions that the country has revolved around in his recent democratic period. Institutional building between 1985 and 1998 did not produce enduring solutions for the bureaucracy’s dysfunctional problems of most government institutions because of reasons that include over-reaction against institutions established in the authoritarian period, dismal macroeconomic performance (Power, 2000: 32). The institutional

package of polyarchy takes for granted professional merit based bureaucracies as well as formally institutionalized public sector governing rules. It is difficult to believe that Brazil can overcome its heritage formed by inequality, clientelism, and corruption problems without solving its public reform challenges in an enduring and democratizing way.

1.10. What this thesis is not about

This thesis is located on the fringe of the literature on state autonomy (Hecló, 1974; Krasner, 1978; Nordingler, 1981; Evans, 1995) extensively developed in recent decades. Authors such as Stepan (1978), Schneider (1991) and Trimberger (1978)⁴¹ have focused on the role played by leading cadres – military and civil – on state development. The focus of this thesis is on a particular policy: public management. As Krasner (1978: 58) stated, “There is no reason to assume a priori that the pattern of strengths and weakness will be the same for all policies.” Other previously mentioned studies revealed how the country achieved success in several policy areas at different periods in time. The causes of the variations in policy areas and the unevenness of capacities across different areas are not analysed in this thesis, except in the investigation into how public management policies were initiated during the four episodes.

This thesis focuses on the process of policy change in the State apparatus, understood as the federal Executive Branch. It does not go into other complex debates frequently associated with the object of investigation such as changes of regime, federalism, political system, models of development, or patronage.

⁴¹ The concept of autonomy in Trimberger (1978) implies a sort of merit-based recruitment for constituting the vanguard cadre and establishing independence from the interest groups usually connected to power structures.

The first debate mentioned above refers to change of regime (O'Donnell, 1973; Linz Stepan, 1978). Three of the four cases occur within the context of regime changes. The 1937 case occurred during Vargas's feeble constitutional administration of 1934-1937, which occurred between two periods of dictatorship (Levine, 1970). The 1967 case took place during the first administration of the authoritarian military regime that lasted from 1964 to 1984. The 1988 case took place during the long transition to democracy that followed the military rule. Therefore, the contexts of these three cases were inevitably and dramatically influenced by contemporary events at the political level.

The second debate, on Federalism, is an issue that has pervaded Brazilian history since the days of Independence almost two centuries ago. The debate was marked in the past by traditional views such as those propounded by Couto e Silva (2003) who made use of the systole- diastole metaphor, and by Camargo (1999), but it has also been the subject of more contemporaneous analysis by Brazilian scholars such as Abrucchio (1998) and Souza (1997). Public management reforms at the federal level affected the states and municipalities on a top-down basis. There were also bottom-up influences – although marginal – in the cases analysed, such as in 1967, but they were only indirect.

The third debate, the political system, refers to the role played by the relationships between the Federal Executive Branch and the remaining two branches of government, the Legislative and the Judiciary. This angle is important, especially in the aftermath of the 1988 reform, early in the Collor Administration (Rinne, 2001), and in the decision-making process of the 1998 reform, when the proposal transited in Congress for almost three years (Melo, 2002).

The fourth debate is about the broader role of the State in the economy, intimately associated with discussions on planning.⁴² The literature regarding Brazilian models of development and the planning process in Brazilian development goes beyond the scope of this investigation. The only literature related to the issue taken into account here refers to those authors that discussed the Brazilian economy with an eye to the issues of state capacity and bureaucratic autonomy (Evans, 1995; Schneider, 1991).

Last but not least, the thesis does not focus on the persistent problem of clientelism and patronage. There is no doubt as to the weight and persistence of these phenomena in Brazilian politics, as demonstrated by Carvalho (2000), Martins (1995), Santos (1997), Guerzoni (1995, 1996) and Gaetani (1998). However, the incapacity of Brazilian scholars to anticipate and analyse the public management policy changes that took place in multiple windows of opportunity over time has contributed to the reification of the object of analysis, rather than untangle it. To a certain extent, some of the progressive attempts in public administration to promote traditional administrative reforms have been self-defeating, exactly because of their incapacity to deal with a phenomenon that the reformers were perfectly aware of but not necessarily capable of avoiding.

The above caveats are necessary for two reasons. First, the relationships between these five above-mentioned debates and this investigation are fragile – with the exception of the last, regarding patronage, which will be dealt with at the end of the thesis. In addition, they do not warrant special treatment among the case studies. This does not mean that these questions did not exist or did not demand attention during those periods. It simply means that they will receive no special attention here. Second, the focus on the process of public management policy change requires some delimitation of borders.

⁴² Regarding planning, a further clarification is necessary. Planning and budgeting are public management sub-policies. Therefore they are eventually incorporated into the analysis of the cases – as in the 1937 and 1967 episodes – but within the context of the package of public management policies in question, rather than as detached objects of analysis.

Scoping the cases demanded selective treatment of the events to be analysed, as described in the research design section.

1.11. Limitations of the thesis

Four snapshots, i.e., four episodes of history, cannot account for a long-term process.

The investigation opted for a systematic examination of processes that unfolded over limited periods in a long-term process: the evolution of the federal public apparatus. The deliberate choice of treating the four episodes as comparative cases means that questions related to long-standing issues are not addressed in this thesis.

The possibility of adopting other theoretical frameworks should not be set aside, however. Historical institutionalism, in particular, provides an interesting line of investigation to analyse why some things in fact were so hard to change over this period (Hagopian, 1996) and how they changed in a more subtle way than perceived (Evans, 1992 and 1995).

Hagopian (1996) argued against Piquet Carneiro's (1988 and 1991) assumption that clientelism tends to expand under democratic regimes and retract under authoritarian cycles. Clientelistic mediation played a key role at both regional and local levels⁴³ during the authoritarian regime when the State faced unprecedented expansion. Hagopian shows in her analysis how the traditional elite survived and participated in regime changes in Brazil – to and from authoritarian regimes.⁴⁴ The thrust of her argument – referring to the 1964-1984 period – is that, in the absence of a democratic

⁴³ "Politics everywhere entails patronage, but in the Brazilian interior it involves little else" (Maybury-Lewis, 1968: 161) quoted by Hagopian (1996: 14).

⁴⁴ According to Hagopian's conceptualisation (1996: 16) "traditional politics implies a system of political organisation that is authoritarian in the sense that political power is narrowly concentrated, access to decision making is restricted, channels of political representation are arranged hierarchically, and political competition is strictly regulated". Clientelism, regionalism, and personalism were combined in different variants in different regions during the authoritarian regime to provide it with political support.

regime, the military found political legitimation via the co-optation of regional and traditional political elites. Given the competence of traditional politicians to operate State clientelism on a large scale in Brazil, they were the natural allies of the military in the process of pursuing electoral victories in partially controlled elections around the country, thanks to their “amalgam of private networks of local bosses, state oligarchs”, and political machines. Thus, clientelism needed to adapt to the regime change at the same time as the military had to abandon their anti-patronage discourse in order to guarantee a legitimate basis for their national role.

Evans (1992 and 1995) pointed out that "embedded autonomy" was a key explanation for the emergence of the developmental State in Brazil. The embedded features of Brazilian technocracy provided "institutionalised channels for the continual negotiation and re-negotiation of goals and policies" (Evans, 1992: 164) between the State and its private partners. It provided a different solution to the shortage of capacities. However, the concentration of expertise in the State elite did not occur through a merit-based bureaucratic structure but via career patterns based on a system of appointees taking on executive positions. According to Evans (1995: 179):

"Embeddedness is assumed to have value only in the context of autonomy. In the absence of a coherent, self-orienting, Weberian sort of administrative structure, embeddedness will almost certainly have deleterious effects. (...) It is the combination of embeddedness and autonomy that works, not either on its own (Evans, 1995: 179)."

Evans' argument is plausible regarding Brazil because when the economic crisis effectively hit the country in the early 1980s, collusion as well as rent-seeking

behaviour began to spread at the same time that the power of dictatorship was weakened.

Both cases dealt with specific time periods – the 1960s in Hagopian’s case and the decades between the 1950s and the 1980s in Evans’ case.⁴⁵ But they brought up causal explanations that went beyond the time frame they focused on. In order to pursue the analysis of a longer historical period they would have to build upon empirical material related to other periods, that is not yet available.

Another alternative is to take the infant route of institutional "processualism" (Barzelay and Gallego, 2004) but with a deeper look into the “institutional” side of the expression. The approach adopted in the thesis shares a concern with “institutional construction of change in time” in a way that is “less random than the garbage can models of James March and others” (Orren and Skowronek, 1994: 313). As the compatibility analysis developed by Barzelay and Gallego suggested, a pertinent theoretical and methodological dialogue could be pursued with Hood’s public service bargains regarding the relationships between politicians and bureaucrats. Hood had provided a rich framework for analysing public sector reforms through the concept of public service bargains (Hood, 2000, 2001)⁴⁶ among senior civil servants and other relevant actors engaged in establishing the rules of the game in the public sector. He argued that different public service bargains marked the starting point for the evolving patterns of distinct historical bureaucracies. He focused particularly on dual bargains

⁴⁵ A major problem in the Brazilian case has historically been the embeddedness of informal power mechanisms, which operate in the grey areas of formal institutions. These mechanisms are not immediately visible to scholars or analysts, in spite of their being deeply embedded in the political culture of the country. Evans discerned the weakness of the embeddedness of Weberian type of structures in the Brazilian public sector, with few exceptions in the pockets of excellence in the indirect administration. Hagopian discerned the embeddedness of the clientelist practices in a context where they were explicitly denied.

⁴⁶ The concept of public service bargains was borrowed by Schaffer (1973: 252) but expanded and defined as “any explicit or implicit understanding between (senior) public servants and other actors in a political system over their duties and entitlements relating to responsibility, autonomy, and political identity, and expressed in convention or formal law or a mixture of both.” (Hood, 2000: 8)

between principals and agents, and the possibilities for triangulation that incorporate the legislative (like Congress in the USA) or contractual executive arrangements (as in the UK after 1989).

In the Brazilian case Hood's framework would have to incorporate a further player: political appointees – invisible actors in the literature of public management reforms with few exceptions (Pffeiner, 1987; Hecló, 1977). Appointees have been the key factor to explain power relationships inside the Brazilian bureaucracy, and were the thrust of the informal system (Schmitter, 1971) that shaped the elite's behaviour during that period.⁴⁷ In fact, “appointments [are more important] than organisations, structure power and incentives within the State” (Schneider, 1991: 8). But the framework could help one understand the complex institutional arrangements that deeply affect Brazilian public policies.

This thesis presents an underlying issue: cumulateness, also known as institutional layering (Orren and Skowroneck, 2000: 20). New institutional arrangements did not replace pre-existent ones. They were juxtaposed alongside the old ones to the extent that greater numbers of public functionaries were absorbed into the civil service and new forms of public sector organisations were set up without the suppression or phasing out of those already in existence. The Brazilian case showed how a country operates with organisational structures in different historical periods, each one within the context of a legal framework. The intriguing puzzle is how the legal system made possible the coexistence of different public institutions belonging to distinct policy cycles. Because the content and the direction of the public management reforms are not the major focus

⁴⁷ Political appointments set up the informal coalitions that operated among the direct and indirect administration. A dense network of collaborative and collusive relationships was built on a facilitating basis of discretion, flexibility, lack of accountability, and impunity. “Bureaucratic rings” (Cardoso, 1975) around key appointed officials became the dominant form of articulation of interests (Schneider, 1987).

of this thesis the aforementioned shortcomings in the research are hopefully understandable.

The thesis does not provide an analysis of the implementation processes that followed each reform. The investigation is restricted to aftermath events that to a certain extent “belong” to the main episode. The cases usually included the period following the decision-making processes and the default situation after the reform, although in some cases it took more than a year for its definition to be reached. The investigation offset this deficit by offering an in-depth exploration into the initial situation of each case study and the corresponding problem definition process. But by no means does the author intend to suggest that the narrative replaces the need for empirical investigation into reform implementation processes.

A similar argument is valid for the absence of evaluations regarding the four cases.

“The evaluation of the reforms is by far the weakest developed step of all the public sector and administrative reform programs both from a Policy Analysis and a Public Administration perspective” (Toonen, 2003b: 473).

The investigation bypassed normative and prescriptive judgments regarding the reforms because they do not belong to this analysis. The quality and the success of the designs and decisions are not the focal points of this investigation.

1.12. Key issues raised by this comparative historical analysis of the Brazilian experience

This thesis shows that while many attempts at promoting changes were made, little was done about a number of issues. Five such issues emerged from the investigation: 1) the difficulties Brazilian society faced in defining its public administration problems and generating adequate policy solutions, 2) the decisive but insufficient role played by entrepreneurs in the decision-making processes and in the default implementation processes, 3) the resilience of clientelism despite all attempts to curb it, 4) the challenge of building the State's capacities, and 5) the propensity to adopt hybrid policy solutions.

First, unless a society comes to terms with the previous experiences of its history, the past of a policy keeps returning, and generates ambiguities as to its status. It remains alive in the present and gradually shapes the emerging future (Pettigrew, 1997: 341). Regarding public management reforms, Brazilian society has not yet come to terms with its beliefs and preferences with respect to the theme.

“Public administration merely reflects the many contradictions and dilemmas which are inevitably [related to] the interactions of market, State, and society” (Wright, 1997: 12).

Fads change without necessarily being followed by solutions of old problems or by the exhaustion of previous solutions.⁴⁸

The case for public management reform is yet to be built within Brazilian society.

⁴⁸ Incidentally, the malleability of Brazilian organisational structures deserves mention. It is a sign of the weaknesses of the institutional arrangements set up, especially during democratic periods (Andrade and Jaccoud, 1993).

“Policy making is a form of collective puzzlement on society’s behalf; it entails both deciding and knowing.” (Heclo, 1974).

The last two cases took place under democracy, over a span of ten years. But the political appeal of the theme has never been so low, despite the persistence of the problems that demand combinations of old and new policy solutions. There has been a process of reform fatigue.

Second, the role played by entrepreneurs in effecting changes in public management policy in the four cases should be clarified and differentiated. Public management reforms did not occur without the engagement of entrepreneurs. But the overwhelming problems and complexities faced by them suggest that the reforms demanded more political capital than the entrepreneurs were able to mobilise. It is hard to envisage how reforms will be sustainable without political support capable of transcending the impetus provided by their champions. Public management reforms can be fought on a politicised or a more technical basis but the choices embodied in this dilemma should be carefully considered.

The analysis of the four cases also revealed that entrepreneurs were not equally successful in the various stages of the episodes. They were all successful in different scales in setting agendas and promoting alternative specification processes. However, their capacity to influence the decision-making process oscillated significantly. Policy entrepreneurship and political entrepreneurship emerged as distinct roles. Another relevant difference refers to the role of entrepreneurs in the default implementation stage. Only in the first case was the entrepreneur kept in the process. The main consequences of the replacement of the entrepreneurs within the context of the aftermath of the decision-making process were the change in direction of the reform

(1967 and 1998), the introduction of new ingredients into the transitory legislation (1988), and the shift in emphasis from the main elements of the reform (1967, 1988, and 1998) to other directions.

Third, there is no doubt as to the importance and persistence of clientelism and patronage in Brazilian politics. Evans (1993) mentioned that a distinctive point of the developmental State was the establishment of merit-based civil services capable of rewarding long-term perspectives and, therefore, establishing commitments and alliances oriented towards developmental projects supported by the State.

“The distinguishing feature of the merit system is that it restricts the ability of legislators to hire, fire, pay for, and promote their administrative systems” (Horn, 1995: 97).

These statutes and norms in Brazil had not been consolidated in a merit-based way. Instead, patronage systematically returned in a variety of forms that were not correctly identified or taken into account.

The literature on mainstream Brazilian political science regarding this topic is marginal and weakly grounded. This thesis has sought to avoid the self-defeating normative approaches to public management reforms based on literature that focuses its analysis on the patronage aspects of Brazilian political culture. Most of the literature based on processes involving cultural theory (Martins, 1985), history (Carvalho, 2000), old institutionalism (Santos, 1997, 2000), and new institutionalism (Santos, 1997) has been so obsessed with the persistence of clientelism and patronage in Brazilian administrative practices that it has ignored several significant attempts to overcome and circumvent the problem. These approaches were conducive to fatalistic and deterministic attitudes

towards the phenomenon. The exception is the literature on bureaucratic autonomy and embeddedness (Evans, 1992, 1993, 1995; Ross-Schneider, 1991, 1997, and 2003).

Symptomatically, Brazil has not been the object of systematic analytical research as have other regions in the world.⁴⁹ Only in recent years did the Inter-American Development Bank take the initiative of commissioning a series of studies in other countries⁵⁰ but without a common theoretical approach, such as that adopted in investigations into reward structures in Western industrialised democracies (Hood and Peters, 1994) and in Asian countries (Hood and Peters, 2003). The advantages of the approach towards top echelons seem promising because they are more focused, more policy promising and less risky politically (Nuremberg and Welcoltt, 2003). Not surprisingly, the same approach was intuitively pursued in 1967, 1988, 1998 and, more recently, in 2000 (Heredia and Gaetani, 2002).

The fourth theme raised in this investigation refers to the seductive but elusive debate on State capacities, always returning to the international academic literature on public management (Schick, 2002; Peters, 2004) and development studies (Fukuda-Paar at al., 2002; Lopes and Theishon, 2003). International indicators on Brazil are usually presented as entirely independent from issues related to the capacity of the State. After over a decade of structural adjustment, Evans' propositions⁵¹ are still disturbing, but have been neglected. The predictable consequence is a tendency to what Luhmann (1982: xxvii) calls the "institutionalisation of precariousness".

⁴⁹ See for instance the research program derived from Bekke, Perry, and Toonen (1996) that led to publications regarding Central and Eastern Europe (Verheijen, 1999), Western Europe (Bekke And Meer, 2000), Asia (Burns and Bowornwathana), and Anglo-American (Halligan) countries.

⁵⁰ <http://www.iadb.org/int/DRP/esp/Red5/transparenciadocs.htm#ReformaServicio>

⁵¹ "Capacity implies organisations capable of sustained collective action. (...) Enhanced state capacity remains a requirement of effective economic policy, including sustained structural adjustment" (Evans, 1992: 176 and 181),

Public management reforms can be analysed, for instance, according to three key capacities, as suggested by Weaver and Rockman (1993: 6): “to innovate when old policies have failed”, “to be able to impose losses on powerful groups” and “to ensure policy stability so that policies have time to work”. While Weaver and Rockman concentrate their analysis on first- and second-tier⁵² influences on governmental capabilities and policies, an alternative possibility is to focus on third-tier influences, which consist of the public management domain, namely bureaucratic strength and autonomy. This is a more pertinent approach to the discussion on reform capabilities in Brazil than that recently adopted by Knill (1998, 1999, and 2001) when analysing Britain's and Germany's administrative reform capacities in the European context.⁵³

Knill (1999: 116-119) contrasted high reform capacities with countries dominated by instrumental bureaucracies, and low reform capacities with countries where autonomous bureaucracies prevail. The starting point of his analysis, however, is the comparability of the British and German bureaucracies – both professionally merit-based but with important differentiations. The public management reforms in Brazil did not begin from the same position and did not present similar result patterns. The comment obviously does not invalidate Knill's analysis but exemplifies the difficulties in comparing countries with very different developmental parameters, institutional settings, and political cultures.

⁵² The first tier consists of the potential influences derived from the distinction between parliamentarism and the U.S.A. presidential system. The second tier includes electoral rules and party systems that respond for different government configurations. The third tier consists of institutional (federalism, judicial review and autonomy of bureaucracy) and non-institutional factors (civic culture and political cleavages) (Weaver and Rockman, 1993: 445-6).

⁵³ According to Knill (1999, 116) “The capacity for fundamental administrative reforms can be expected to increase to the extent to which the political and administrative spheres reflect separate areas which are characterized by distinctive interests and rationalities. If the distinction between both spheres is less pronounced, given a broad overlap of both areas, it seems rather unlikely that political leaders will either be motivated or able to push through fundamental administrative reforms against the bureaucracy.”

The fifth theme that this thesis deals with is hybridism, especially regarding employment relationships. The Brazilian bureaucracy simultaneously developed under-bureaucratisation and over-bureaucratisation pathologies in both the direct and the indirect administrations. In the direct administration the same law that regulated the merit system in federal service determined its demise – via provisional contracts – due to political pressure, the fear of unemployment, and because the Executive Branch itself needed greater flexibility in eliminating and creating public jobs.

The hybrid arrangements, originated in the 1936 Re-Adjustment Law,⁵⁴ combined with inadequate data, made it very difficult to interpret the problems and the history (and the corresponding causality chain) in subsequent years. Brazil never had a perfect “spoils system” because each new administration replaced some appointed positions – usually at the top – while it “padded” public administration with a new wave of political appointees and provisional employees.⁵⁵ From time to time they were all reclassified as civil servants. Therefore, there was a paradox in all the reform attempts that took place until the 1990s. These occurred at the same time as contradictory practices were demoralising reform efforts, especially in the area of civil-service employment relations. From time to time constitutional or ordinary legislation⁵⁶ recategorized public sector employees recruited in different ways into permanent civil servants.

In the indirect administration the problem of hybridism took place with respect to the theme of human resources and, specially, agencification. Regarding human resources,

⁵⁴ Since the 1930s the law created a new juridical figure, the “function”. “Positions were created by the Legislation, while “functions” might be created by Executive decree. In consequence, occupants of “functions” (called supernumeraries) were not subject to the same set of rules applicable to occupants of “positions” (called “functionaries”). In short, supernumeraries were not subject to entry examinations by the constitution. An entirely different terminology was then invented for the new category, so as to set up a parallel, independent group of employees.” (Nascimento, 1966: 429-30).

⁵⁵ The Constitution did not require entry examinations for employees hired on a provisional basis, the “supernumeraries”. An entirely different terminology was then invented for this new category, creating a parallel, independent group of employees” (Nascimento, 1966: 429-30).

⁵⁶ Medeiros’s (1970: 47) list of legislation included the 1946 Constitution (as well as the Constitutions of 1934, 1937, and 1967), the 1952 Statute of Civil Servants, and Laws 2284 of 1954, 3483 of 1958, 3966 of 1967 of 1961, 4054 of 1962, 4069 of 1962, and 4242 of 1963.

some autonomous government agencies and foundations made use of discretionary powers to enhance merit-based procedures, which transformed them into islands of excellence until 1988. But the majority of the indirect administration used the same discretionary mechanisms to promote patronage and clientelism. Regarding agencification, it should be recalled that despite its novelty in Developed Western Countries (Pollitt and Talbot, 2004), this debate did not produce the same impact in Brazil – or even in the United States (Peters, 1997: 256) – because of the familiarity the country had with indirect administrative structures. The terms of relationship between the direct and indirect administrations had never been institutionally regulated in the past – for instance between 1967 and 1988 – but discussions such as that on performance agreements took place in the 1980s, and in the late 1990s with respect to SOEs.

The layer added by the legal framework of the 1998 reform did not undo the previously existing set-up. The government currently has an impressive range of alternatives for delivering new public services that began in a ministry and ended up in the private sector. But between the two extremes there are myriad possibilities that include autonomous government agencies, executive agencies, public foundations, social organisations, private foundations, and social organisations of public interest.⁵⁷ The watchdogs have increasingly reiterated their concerns with problems of accountability and corruption involving this situation, but without effective resonance.⁵⁸ Hybridism helps create a fluid environment that makes way for particular short-term policy solutions without necessarily being the most suitable on the long term or from a broader perspective – in the sense that it is too short-term oriented and does not favour cohesiveness.

⁵⁷ This later arrangement was created in 1999. These are not public-sector types of institutions, and clearly belong to the third sector. For a detailed analysis see Ferrarezi (2000). They have been employed as a public alternative in some controversial cases.

⁵⁸ E3L/Br/58, E1H/MG/52, and J1H/Br/29

The first theme – the recurrence of reform attempts – was treated within the context of the analysis of issue definition and alternative specification process. The second issue – the role of entrepreneurs – was explored in all dimensions of the pre-decisional and decision-making processes. The problem of clientelism shows up in all problem definition processes but the reasons why it has persisted are not clearly explored in the thesis. Building and developing State capacities are underlying issues in all four cases but the theme is not the focus of the questions this thesis intends to answer. Hybridism shows up recurrently in policy specification processes but it is treated in the context of Kingdon’s framework.

1.13. The structure of the thesis

This thesis is structured on a multiple-case research design. Therefore, the process of replication logic (Yin, 1988: 44) was pursued by patterning the historical and analytical narratives under similar broader categories provided by Kingdon (1994). “Historical explanation is a normal type of causal explanation” that

“involves at least an implicit appeal to regularities and recurrences and is similar in its fundamental logic to explanations anywhere else” (Frankel, 1957: 138-140).

The narratives are centred on the flow of policy choices over time. The linking points in the narratives are provided by their terminal consequences,⁵⁹ focus events,⁶⁰ and entrepreneurial behaviour and decisions. The key criteria that governed the selection of

⁵⁹ Terminal consequences (Frankel, 1957: 149) are the public management policy reforms that resulted from the four cases.

⁶⁰ By focus events I am referring to events where decisive choices are made and which have relevant consequences for the central subject of the narrative: public management policy change.

these elements were their explanatory value, analytical significance, relevance to the central subject in question, and the connections with points of intersection within the streams and between them and entrepreneurial actions and activities.

The thesis consists of three parts. The first includes this introductory chapter and a review of the literature on the theoretical framework adopted in the investigation. The first chapter mostly provides basic information about the thesis, placing the investigation in relation to the literature on the subject, and describes the methodological approach adopted. Chapter 2 provides a systematic view of the potentialities and shortcomings of Kingdon's model and a justification for its adoption to investigate the types of cases in question.

The second part contains the four case studies. Chapters 3 to 6 are organised in a standard format: an introductory overview containing a diagram of the main events of the case, the specification of the questions intrinsically embedded in the episode, a description of the events that comprised the episode and the connections between them, and a conclusion, where the previous questions are answered.

The third part contains the comparison of the case studies and a conclusion. Chapter 7 provides a comparison of the four cases on the basis of standard questions related to the framework – agenda setting, alternative specification and decision-making – and to the previously listed research questions that motivated the investigation. Chapter 8 contains a conclusion where the main results of the investigation are reviewed.

There are four annexes; they are not essential but may be helpful. The first contains a list of the interviewees and their assigned codes. The second contains the schematics of each case study with detailed events and research questions. The third contains two tables showing the evolution of civil service legislation and the evolution of the

organisational location of the areas of public administration and planning over a span of sixty-years. Finally, the fourth annex contains a chronology of the main events that occurred during each period.

CHAPTER 2

Agendas, streams, and entrepreneurs

2.1. Introduction

This chapter contains nine sections, including this introduction. Section two reviews the concept of streams in Kingdon's framework and its parentage with the garbage can model. The third section reviews the concepts of time, attention, and ambiguity – key categories in investigations that adopt the garbage can model. The fourth section discusses the importance of problem definition – an essential stage in pre-decisional processual analysis. The fifth section focuses on the dynamics of the policy process within the context of the multiple-streams framework. The sixth section refers to politics – the events that take place in the political arena that affect the issue career and that are influenced by the policy process. The seventh section focuses on the convergence of the streams and on the manner by which the streams are coupled. The eighth section refers to the role played by entrepreneurs in change processes. The ninth section discusses the critiques faced by the framework adopted. The conclusion reviews some limits to Kingdon's model regarding this thesis.

2.2. The kaleidoscopic streams

The choice of Kingdon's framework to model the analysis of the four cases was a consequence of the research questions formulated initially. The investigation is centred on the process of change in public management policy during four historical periods.

Comprehensive administrative reorganisation has been a recurrent and persistent phenomenon in Brazil as in many other countries (March and Olsen, 1983). The design⁶¹ of bureaucratic structures has been the ultimate goal of most Brazilian governments concerned with institutional building, aimed at enhancing the State's capacity.

The processual theoretical framework is the agenda-setting model for generating and establishing public policies formulated by Kingdon (1994). The framework is particularly useful in accounting for minor policy changes (Barzelay, 2000: 55) where temporal sorting plays an important role. The approach also incorporates contributions from the Baumgartner and Jones (1993) and Jones (1994) models of issue definition and decision-making. The multi-stream approach offers an alternative logic, based on simultaneous processes to deal with cases characterised by complexity, fluidity, attention problems, and fuzziness (Zaharadis, 1999). Kingdon's model is centred on the pre-decisional stages of the policymaking process namely, agenda-setting and policy-specification processes.

Agenda setting is a key concept in the model (Kingdon, 1994: 3-4). The governmental agenda is the list of subjects that draw the attention of office incumbents and high officials. Specialised agendas are theme-specific, around which certain interest groups and policy communities gravitate. Decision agendas refer to shorter lists of subjects that are ready for conclusive decisions by the government. Also relevant is the concept of formal agenda (Jones, 1994: 18), which introduces the notion of scheduled items subject to decision, within predictable time intervals, such as budgeting. Multi-stream models explore how some issues capture the Executive sphere's attention while others do not; how they move from a broader systemic agenda towards the governmental decisional

⁶¹ When referring to design I follow Roberts and King (1996: 3) in being "concerned with drawing causal connections between a problem and its solutions so as to shape a policy outcome".

stage; why certain ideas attain national scrutiny; when this happens; and how policy proposals are developed.

Kingdon's framework is an adaptation of the garbage can model (March and Olsen, 1981), which perceives organisations as organised "anarchies" – "loose collections of ideas rather than coherent structures"⁶² – characterised by problematic preferences, unclear technology, and fluid and unstable participation (Cohen, March and Olsen, 1972). These are all features of Brazilian political and public policy panorama. The variables of the garbage can model are streams of problems, solutions and the amount of energy expended by the participants. The garbage cans are choice opportunities shaped by the intersections of these variables that may or may not lead to policy outcomes. Choices are not necessarily made in accord with the participants' intentions. Processes are the driven-force of garbage can explanatory efforts, as is the case with Kingdon's model. The multiple lens framework is processual and contextual but not necessarily historical,⁶³ and need not obey public policy stage heuristics.⁶⁴ Kingdon redefined them around problems, solutions, politics and the coupling role of entrepreneurs.

Three distinctions separated Kingdon's model from the original garbage can model, besides giving a more structured focus to the decision-making process (Van Gestel, 1999: 153). First Kingdon attributed permanent attention to what happens at the political level. This, in fact, was why he created a stream for politics. Second, Kingdon did not take choices or decision opportunities as streams. They occur either within each stream or when the streams are coupled. Third, Kingdon does not treat participants' activities as separate developments, distinct from the other streams. Rather, he considers them as potentially intervening in all streams. Both models share common elements,

⁶² Kingdon (1984: 85).

⁶³ Barzelay (2000: 54) borrowed the term *processual* from the management domain (Whittington, 1993). My observation as to its possible a-historical character refers to the omnipresent time-line dimension of history, while random processual approaches, for example, necessarily obey the same logic.

⁶⁴ Zahariadis (2003: 160).

such as the logical structure of the process, marked the flow of the streams through a system.

Initial preferences are usually ill-defined and not necessarily internally consistent, being a kind of loose package of generic ideas. Actions are not based exclusively on previous preferences. Preferences are revealed through action, i.e. they are socially constructed. Participation is intermittent as is the amount of time and effort allocated. Key actors come and go in contexts marked by high turnover. Boundaries of decision structures change, as well as the audiences of decision-making processes. Technologies are not available on policy shelves, and collateral difficulties – such as capacity deficits, jurisdiction conflicts and cognitive limitations – make developing them, borrowing them or importing them a serious challenge. Even ordinary processes are not necessarily understood by those involved in their operation. Trial-and- error procedures and the residue of what was learned from past experiences tend to play a major role.

The contents of the can consist of problems, solutions, participants, and choice opportunities. Outcomes emerge from this mix of garbage:

“People work on problems only when a particular combination of problem, solution, and participants in a choice makes it possible”

(Kingdon, 1984: 86).

Problems are not necessarily solved on the basis of variations in load and complexity. Decision-making, problems and solutions track each other through opportunities of making choices.

The agenda-setting process must be deconstructed into its three major streams: problem recognition, the formulation and refining of policy proposals, and the political stream.

Garbage can models presume that the streams flow independently of one another. The discernment of the streams is an analytical resource, albeit debatable.⁶⁵ An opportunity occurs when the convergence of the three streams at a critical junction provides the possibility of an issue being included in the national political agenda. Policy entrepreneurs are decisive in coupling problems, policies and politics in order to promote change.

2.3. Time, attention and ambiguity

Time imprints a certain type of order in any context, especially in those marked by flows of complex interactions among problems, solutions, actors, and choice opportunities (March, 1994: 198-199). Policymakers interact under time constraints, usually of the log-glass type. Temporal sorting is relevant because it operates as a needle that sews simultaneous threads in a tapestry whose pattern is not necessarily known in advance.

“In a garbage can model, problems, solutions, and decision-makers are connected less by their causal relevance than by their simultaneity”
(March, 1988: 13).

There is no concern with consequential actions or linear sequences. The “time-dependent confluence of events” (Bendor et al., 2001: 88) is the assumption underlying the policy-making process.

⁶⁵ Bendor, Moe and Shotts (2001).

“Problems, solutions, and participants are joined together more by the timing of their arrivals than by other attributes” (March and Olsen, 1986: 12).

In decision-making processes, the role played by the temporal order is usually more important than causal orders.

Decisions do not occur at a single moment in time. Choices are taken and renewed – sometimes a decision regarding renovation is repeatedly negative (Jones, 1994). Processes of choice are anchored in events that may or may not occur simultaneously. Events occur at different times and within different content constellations, not necessarily in “batches”. Nested choices are made over time; choices are not necessarily irrevocable. In fact, choice reversals are frequent within a process. There is interplay of decisions until a final policy outcome emerges. Some choice opportunities are closer to others, depending on a variety of possible reasons: time, logic, same actor, common locus, consensus, emergency pressures, shocks, networks of individuals, institutional connections and others. Temporal proximity can often be more significant than causal connections between interdependent decisions. Time patterns of available energy also play an important role.

Attention, as well as ambiguity, uncertainty, and satisfaction play a decisive role in choosing among multiple stream models, a heritage from bounded rationality⁶⁶ that affects garbage can models. Garbage can models do not presume that the world is governed by deliberations based on clear intentions and rational choices. “Choice opportunities collect decision makers, problems and solutions” (March, 1994: 200). But while individual processing capacities are serial, attention from the system is – or can be

⁶⁶ Bounded rationality points out aspects such as the limitations of cognitive and information-processing capacities and the complexity of the surrounding environment as inevitable constraints in any attempt to make pure decisions.

– parallel (Zaharadis, 2003: 7). “Paying attention to attention” is important because it highlights the issue of temporal choice, i.e. how choices are made over time, frequently without the need for logical consistency.⁶⁷

Attention is probably the scarcest resource of top decision-makers. The process of allocating attention is fundamental to understand agenda-setting and decision-making processes. Arousing attention, keeping it focused, and concentrating it on the policy-making process depends on multiple factors in different domains (political, institutional, and individual). Allocation of attention is problematic and sequential (March, 1988: 5). Awareness of the limitations of attention influences decisions in a way that favours decisions based on search behaviour, at the expense of choices among alternatives. Problem-oriented search for satisfactory alternatives tends to acquire primacy over analysis of distinct courses of action. The “bottleneck of attention”⁶⁸ pervades policymaking processes. Continuous or at least persistent attention is even more relevant in the absence of a clear range of alternatives, when preferences are confusing, when the definition of the problem is conflictive, and when competing scenarios are not easily predictable. The ecology of attention⁶⁹ points out the importance of aspects such as “timing” and “mobilisation”, given the simplification of the requirements of decision-making processes. Decision-makers reduce complex decisional processes into manageable options that have been limited to the minimum possible number of alternatives, even if this means a reduction in the quality standards of the choices made.⁷⁰ Attention is rationed and the quality of the attention is influenced by factors such as information availability, the executive background of the decision-makers, familiarity with the problems, span of attention, concentration, and framing skills.

⁶⁷ Jones (1994: 13) and Elster (1992).

⁶⁸ Moray (1970).

⁶⁹ Decisions are a function of circumstances, chance intervening elements, simultaneous competing appeals and other related possibilities (March, 1994: 24).

⁷⁰ To a certain extent there is not such a thing like the poor attention management problem. It will always happen. It is just a matter of degree.

Ambiguity can be understood as the “state of having many ways of thinking about the same circumstances or phenomena” (Feldman, 1989: 5). According to March (1994: 178) “ambiguity refers to lack of clarity or consistency in reality, causality, or intentionality”. Given the potential contradictions involved in these different perspectives, conflicts, vagueness, misunderstandings, and confusion are expected to arise when ambiguity dominates. Uncertainty is associated with predictability of future events given a certain amount of information, and can stem from lack of information or imprecision (March, 1994: 18-9). While providing more and better information can reduce levels of uncertainty, this is not necessarily true for reducing ambiguity. Ambiguity in the causal-effect connections is not necessarily driven by the logic of causality. March (1988: 12-15) lists four types of ambiguities: about preferences, about relevance, about history and about interpretation, and all play a role in the cases at stake.⁷¹ Satisficing emerged as an alternative concept – or decision concept – to rational maximising. While a maximising procedure aims at the best possible solution to a problem, a satisficing approach looks for the minimally bearable alternative. Later the meaning evolved from a decision rule to a search rule, i.e., a specification of conditions required to trigger or stop searching.⁷²

⁷¹ Preferences are not static. The more unclear the choices, the more volatile they are. The more unstable the preferences, the more easily they will be influenced by interaction between among the policy and the political processes. Relevance lies in the judgment of causal connections. Ambiguities in the causal connections among events, reasons, and means-ends relationships suggest that their concatenation is less straightforward than the logic of causality might imply. Ambiguity about history is almost a redundancy. Historical causality poses a recurrent challenge for learning processes because lessons may be drawn from different – and often conflictive – understandings of past events. Ambiguity regarding interpretation derives from aspects like symbolic meanings that frequently play a more decisive role in decision-making process than do presumably informed and organized policy choices.

⁷² The starting point for search is failure or at least the perception of failure. A satisfactory alternative is one that attends some criterion, objective, goal or target sufficient to stop search or comparison processes. The continuous comparison between targets and performance provides the control elements for searching (March, 1994: 27).

2.4. Problems: The importance of defining the problem

The problem stream is mainly about problem definition, “the process of characterising problems in the political arena.”⁷³ It focuses on the ingredients that affect the perception of a problem by interest groups, politicians, and governmental structures, and refers to where attention is allocated in the first place. Attention-catching events, public opinion mood, or external shocks, for instance, are decisive in dramatising a theme as well as pointing out what is at stake.

A useful starting point for analysing the recurrent attempts to solve public management problems is dissatisfaction. A more detailed framework based on theories of attention and search in decision-making process was further detailed by March (1994), who centred his analysis on the problem of allocation of attention in a context where alternatives, consequences, and preferences are imperfectly known. According to March (1994: 24) an “ecology of attention”⁷⁴ must be incorporated into decision-making analysis because of problems of time, attention, and information management (and overload), in order to deal with recurrent problems of intermittent attention, thus satisficing search rules. Satisficing makes it possible to activate search behaviour, its timing, and its limits. Dissatisfaction, however, is a negative motive for action because it does not provide positive guidance but only rejection of certain solutions (Rose, 1993: 51). The searching process⁷⁵ has a limited scope because it does not go far beyond the rejection of the previous reform attempt as a starting point.

⁷³ Rochefort and Cobb (1994: 3).

⁷⁴ By ecology of attention, March (1994: 24) is referring basically to questions related to “who attends to what, and when.”

⁷⁵ The parameters of search are the expectations derived from a comparison between performance and targets. When performance falls below the expected targets, search increases; when performance goes beyond expectation, search decreases (March, 1994: 27). March’s search model is complemented by three premises: aspirations change over time; search is affected by success and failure; and search depends on the market of “supply of” and “demand for” information.

There are different routes for problems emerging within the policymaking process. First, focusing on events such as crises and disasters traditionally captures the attention of decision makers when they occur. Second, indicators point out the state of affairs concerning changes and produce feedback messages. Feedback messages arise from monitoring and policy evaluation routines, informal channels or persons in charge of the implementation process.⁷⁶

Problem definition is the moment when the whole of the policymaking process is defined, even though it occurs in the early stages. It includes finding something to blame, or dramatising or downplaying situations (Rochefort and Cobb, 1994: 3). It highlights the early stages of career problems, i.e., its emergence, its attention-gathering motives, its framing, and its process of winning over a certain amount of public legitimacy, until it triggers off governmental responses. It is a process marked by moments of transition points, through which the issue career is made. The way an issue is defined affects the “type of politicking” triggered off, the chances of reaching the governmental agenda, the probability of a favourable outcome, the audiences mobilised around its discussion, and the sort of filters it will have to go through in order to reach a decisional stage (Petracca, 1992: 1).

The positive or negative issue tone (Baumgartner and Jones, 1993) affects the mutually influential interaction between the definition of a problem and its institutional framework. In fact, both the topic and the tone of attention are mutually related, and the resulting dynamics will affect the way the issue makes its career through the multiple streams. New frames of reference related to the way problems are defined may float around for some time before they “catch on”. The tone adopted may or may not help for the definition of a problem to take off.

⁷⁶ Problems in public management policies were recognised via new presidents at the beginnings of their terms of office. The way they were defined, however, varied from case to case.

Problem definition is about causal understandings, which lead to certain (and not to other) solutions. A variety of ways in which problems are socially understood will affect and condition policy processes, policy outcomes, and entrepreneurs' behaviour. The perspective of a problem is frequently important because "an orientation locates the problem's causes and recommends a solution" (Best, 1989: xx). The career of a problem to the point at which it receives a policy and a political response is influenced by its initial establishment. However, different "selection principles" will be adopted by distinct public arenas in order to address distinct problem definitions (Hilgartner and Bosk, 1988). Problem definition is also about the degree of authority that must be activated to deal with it as well as the volume and type of resources it requires. The issue of "problem ownership" (Gusfield, 1981) is relevant in individual and institutional terms for entrepreneurial and jurisdictional purposes.

The way an issue for administrative reform is defined (and blocked, depending on the moment) is a central concern. "Issue definition is a purposive process (...) intimately related to agenda processes" (Baumgartner and Jones, 1993: 22). Thus, the issue of definition process includes its emergence, the generation of policy alternatives, decision-making, implementation, recession, and learning (when it occurs). Baumgartner and Jones (1994: 50) pointed out that different definitions of issues generate distinct cleavages, a problem aggravated by the fact that "only some parts of an issue become salient at any one time". Since different actors will benefit differently, according to the dominant face of the issue, the debate on problem definition will decisively influence, and be influenced by, both the policy process and the political context. Therefore, the way an issue draws attention to a policy and the tone of this attention can generate different implications for both the policy process and the outcome

of the policy.⁷⁷ By the same token, agreements among key actors around the definition of an issue enable (or do not enable, as occurred in most of the cases) consensus as to what should be done.

2.5. The policy process

The policy stream encompasses alternative generation and policy specification processes. "The definition of the alternatives is the supreme instrument of power" (Schattschneider, 1960: 68). It incorporates the factors that affect the policy ideas that are gravitating around the events, as well as the capabilities of formulating policy trade-offs and proposals. The policy definition process involves the career of the issue from a diffused systemic societal agenda to the narrow governmental decisional agenda. In order to move upstream "an issue must acquire a clear definition and a sense of urgency" (Barzelay, 2000: 56). The march of the issue is marked by the occurrence of focal micro-events that push the issue towards government attention.

The problem definition stream does not necessarily precede the policy stream. More often than not, solutions spur on problem definitions. Wildavsky (1979: 42) argues that "a problem is linked to a solution: a problem is a problem only if something can be done about it." A problem is taken seriously when there is a proposed course of action; if not a first attempt at a solution, at least attached to it (Rochefort and Cobb, 1994: 24). The availability of solutions predetermines the way problems are defined as well as their causal explanations. Therefore, "policy makers seeking policy outcomes attempt to

⁷⁷ The clashes between Hélio Beltrão and Teixeira Dias during the 1967 Administrative Reform, Aluizio Alves and the economic team in 1988, and Bresser Pereira and the Chief of Staff Minister in 1998 are illustrative of this argument.

redefine issues to suit their needs, taking advantage of circumstances as they can” (Baumgartner and Jones, 1994: 54).

Kingdon (1994: 19) compares the emergence of a policy proposal from a “policy primeval soup,” with a Darwinist natural-selection process. In principle the winning proposals should be those capable of overcoming barriers of scrutiny, including technical feasibility, value match, national mood, budget workability, anticipation of future developments (including gains and losses), and political support. However, the availability of solutions precedes questions of acceptability and affordability (Rochefort and Cobb, 1994: 15). Policy gestation can be fast or gradual. Policy solutions are not necessarily available on the shelves, as some of the cases will demonstrate. Sometimes they must be engendered in the form of problemistic searches.⁷⁸ New policies are not necessarily new and rarely appear as the result of structured and coordinated policy development efforts. Competing alternatives confront one another in the dynamic interaction.

Policy survival also requires perfect matches between value patterns and the content of the policy proposal. Kingdon suggests that policy proposals capable of addressing the three components of a value pattern are most likely to make their way through decisional processes. Such components are the view of the State and the principles of equality and efficiency. All three components must be taken into account in two ways: in terms of the content they represent and in terms of the communication challenge they pose. The closer the connections between the policy proposal and the value components embedded in the surrounding environment, the greater the probability of pro-policy decisions.

⁷⁸ A problemistic search can be distinguished from both random curiosity and the search for understanding. It is distinguished from the former because it has a goal, and from the latter because it is interested in understanding only insofar as such understanding contributes to control. Problemistic search is engineering rather than pure science” (Cyert and March, 1963: 121).

When consensus building occurs, it is through persuasion in the policy stream. Testing certain proposals in order to bring about consensus is another frequent part of the specification of policy proposals. It includes softening-up thick proposals, conducting inclusive discussions in order to incorporate changes from the very start of the process. Floating trial balloons is a common tactic to pave the way for a policy to rise to the decisional arena. There is also a tendency to search for solutions “near” the known stock of policy alternatives (Jones, 1994: 68). However, as it will be shown, the Brazilian cases did not fit well into these two caveats because the debate tended to be quite narrow, given the deficits in critical mass regarding the issues.

The policy venue of each reform – the institutional locations where authoritative decisions are made on a given issue (Baumgartner and Jones, 1993: 32) – also deserves attention. Given their consequences, policy venues are relevant to all stages of the decisional process. Jones (1994: 23) emphasises the path taken by political issues: “Where they come from, how they are selected for serious consideration, how they are framed to attract support, and how they influence the policy process.” Administrative reform is the outcome of a series of metamorphoses that need to be established to provide a clear perspective of the factors that explain its occurrence.

A complementary model of policymaking to be incorporated into the analysis of the policy stream is Barzelay’s (1986) framework, based on the ideas of conflict generation/resolution and competition over the structures of authority and assignment, an expansion of the so-called “neo-Weberian synthesis.”⁷⁹ Conflict⁸⁰ gravitates around policy issues, while competition is centred on battles for jurisdiction. Competition over

⁷⁹ See Simon, 1973 and Cyert, R. M.; March, J.G., 1963.

⁸⁰ Conflict refers to the battle over policy, and can be split into two dimensions: conflict generation and conflict resolution. Conflict arises when governmental agencies with overlapping jurisdictions disagree about policies, a frequent situation in the Brazilian cases. An important complementary concept here is “quasi-resolution of conflict”, a label used by Cyert and March (1963) to designate processes that result in precarious near-finished outcomes, a very common situation in the public sector.

jurisdiction occurs with respect to productive control and regulatory control.⁸¹ Production control refers to production and delivery processes, while the regulatory control is associated with authority over regulatory arrangements⁸². All four cases were marked by disputes classifiable as competition. While conflicts played a minor role, if any, they are little more than a sign of the dominance of political aspects within the public management policy-making process.

There is a plausible connection between the distinction between conflict and competition, and the process of consensus building for experts and politicians. The debate among experts gravitates around substantive policy issues, while, in politics, coalition-building processes do not necessarily take into account any of the ingredients of the policy proposals (Van Gestel, 1999: 156). And when this happens via negotiations and concessions that affect the proposal, the reason frequently lies elsewhere, not within the borders of the policy debate. Disagreements over policy contents assume proportions of conflict. Interactions among politicians are closer to the notion of competition for political gains.

2.6. The political arena

The political stream focuses on politics, on what is going on in the broad political sense. “Policy (...) necessarily involves politics, since, in the pitiful words of Harold Wilson,

⁸¹ Barzelay (1986: 105) correctly emphasizes that when the granted attributions refer to exclusive productive control the distinction blurs because of the amount of implicit regulatory control attached in this case.

⁸² Barzelay uses the concept of segmentation to describe a situation in which the competition becomes more intense because of an increase in the number of governmental agencies with overlapping statutory or de facto authority over a given issue-area. By issue-area Barzelay (1986: 107) means a set of interrelated policy actions. Three issue-area characteristics affect the level of the competition over jurisdiction: complexity, age, and size.

‘policies without politics are of no more use than politics without policies’.⁸³ (Chapman and Greenway, 1980). So far, “policies matter to public solving and politics influence policy”. (Weaver and Rockman, 1993). The sequence is debatable because sometimes the reverse is true: policy influences politics (Lowi, 1964).

Even though I am giving ordinary treatment to public management policy, as so many other authors in the sectorial sphere have done, this is not the most correct procedure, strictly speaking. Public management policies are government-wide⁸⁴ institutional rules and routines, usually with pervasive impacts on the public sector (Barzelay, 2000). Thus, public management policy can also be taken as a systemic policy that affects all others (Kliksberg, 1990). Therefore, any effort related to the adjustment of state structures and modus operandi is highly sensitive to the political environment. Administrative reform is not an explicit political activity but “it necessarily involves political elements of various kinds” (Greenway and Chapman, 1980).

Political developments on policy making are affected by three distinct components: public mood, organised political forces, and national mood regarding government is an elusive concept although in recent decades opinion polls and public opinion surveys have provided more elements for understanding how interest groups and society, more broadly considered, react to facts, news, images, and political decisions. Kingdon assumes that public mood can simultaneously influence and be influenced by the policy agenda and policy specification processes.

Policymakers usually monitor the balance of forces between organised (and disorganised) political forces that have interests at stake. Any status quo has its clientele

⁸³ Wilson (1977).

⁸⁴ Public management policies do not include ministries or agency specific change processes.

to oppose change and many policy proposals have no self-evident beneficiaries to push them through the risky political battles, not to mention through institutional veto points.

Policy decisions are taken within governmental borders mainly by politicians and bureaucrats. The distribution of power between these two groups determine their capacities to exert influence. Change in policy priorities frequently occur simultaneously with the election of new incumbents or with new appointments to key decision-making positions. Competition for jurisdiction is also part and parcel of the political game, given the propensity of politicians and bureaucrats to fight turf wars in order to gain political capital (regardless of whether they are represented by budgeting, employees, visibility, claims, responsibilities or even problems!).

The political stream encompasses institutional and non-institutional factors. Institutional factors include constitutional provisions, the political system, the political regime, party-system dynamics, electoral outcomes, bureaucratic capabilities, federalist issues, and veto points. Non-institutional factors involve economic fluctuations, national mood, the emergence of new ideas, systems of values and beliefs, cultural practices, and external shocks. The impact of events (Chapman and Greenway, 1980: 209) on either institutional or non-institutional dimensions in a country's life interferes, at the same time, with policy processes and outcomes.

Consensus building in the political arena does not usually suffer from the snowball effect typical of experts' debates within policy communities. Negotiation, not persuasion, is the dominant feature. After an initial period when politicians are only vaguely aware of what the negotiation is about, negotiation takes place until the imminence of compromise provides a final impulse towards an agreement. Fluctuating attention can lead to inconsistencies in policy choices (Simon, 1983: 18). Non-policy

elements are eventually incorporated into final decisional stages although the critical mass about a policy issue tends to be domain specific.

Administrative reforms in Brazil have occurred in accordance with the swings of the political system. Reform attempts frequently occurred simultaneously with broader regime changes or changes in administrations, when the power avenues are presumably more open. Policy decisions have often been made under conditions of ambiguity, during which public management decision-making processes were particularly difficult. During such periods, “solutions become joined to problems, and both are then joined to favourable political forces” (Kingdon, 1994: 20). Not surprisingly, these moments coincide with the windows of opportunity, through which entrepreneurs push policy proposals up to the governmental decisional agenda.

2.7. Coupling the streams

Policies change via entrepreneurial actions⁸⁵ by linking the political problem and policy streams when “windows of opportunity”⁸⁶ appear. Timing is critical because when the window of opportunity opens,⁸⁷ influenced or not by entrepreneurial action, the policy entrepreneurs⁸⁸ must take action. Otherwise, the opportunity is lost and the entrepreneurs must wait for the next one to come along. Policy entrepreneurs must be not only persistent but also skilled at coupling. They must be able to attach problems to solutions and find politicians receptive to their ideas. The chance that a given issue will

⁸⁵ Kingdon focuses on the actions of entrepreneurs. Nevertheless entrepreneurial functions can also be performed by organisations, even if they operate as extensions of entrepreneurs’ powers.

⁸⁶ “Policy windows are opportunities to realize initiatives” (Van Gestel, 158).

⁸⁷ Political events, rotation of decision-makers, compelling problems, outside shocks, and seasonal predictable opportunities are examples of keys for opening political windows. They are usually, but not necessarily, episodes of short duration.

⁸⁸ Kingdon defines policy entrepreneurs as individuals committed to investing “time, energy, reputation and money to promote positions for anticipated future gain in the form of material, purposive joint benefits” (Kingdon, 1994: 179).

gain prominence in the agenda is enhanced when problems and solutions, or solutions and politics, are joined together. The chances for a given issue increase dramatically when all three streams are joined in a single package. Therefore, environmental elements as well as serendipity and chance are incorporated into the analysis, which also reserves a protagonist role for entrepreneurs.

There are subtle distinctions among what changes in the different streams affect what moment in the policy process. Kingdon (1994: 168) suggests that agenda setting processes are more influenced by what happens in the problem stream and the political streams, while alternative generation is more sensitive to events in the policy stream. This is the reason for more frequent occurrence of problem and political windows than of policy windows. Policy windows rarely open, and provide unique opportunities for greater policy shifts (Kingdon, 1994: 166). A problem window is opened, for instance, by compelling problems, while a political window, for example, is opened by changes in administrations. Problems can become compelling regardless of whether they arise unexpectedly, such as price crises or natural disasters, or occur via gradual accumulation over time until they explode. New administrations come into power through elections, new coalitions, coups d'état and other routes.

Coupling opportunities occur for short periods⁸⁹ during which either a policy change takes place, or nothing at all happens. A similar point is made by Downs's emphasis on quick and timely interventions when opportunities arise – as in the proverb, “Strike while the iron is hot” (Downs, 1972). Windows remain open for only short periods, for five reasons. First, participants frequently decide that a problem has been solved and

⁸⁹ “Once the window opens, it does not stay open long” (Kingdon, 1994: 169). This premise will be challenged in all four cases, albeit for different reasons.

decide to move on.⁹⁰ Second, people sometimes fail to take action for various reasons. (skills, attention, resources, chance or other). Third, the events that contributed to the opening of the window lose importance and attention is shifted to other issues. Fourth, turnover of key people can abort policy or political developments, especially when these people were involved in the events that prompted the window. Fifth, windows sometimes close because of the absence of adequate, feasible, credible or sustainable policy proposals (Kingdon, 1994: 169-170). What characterises the opening of a window varies, but timing management is essential if the moment to push through potentially successful policy proposals is to be seized.

Coupling is not a synonym for controlling or conducting. The concept sometimes incorporates the notion of coping because entrepreneurs who are coupling the streams must stay on board and defend their presence in the decision-making process, while disruptive forces press to separate the streams. Coupling assumes that “the effects of the streams are interactive” (Jones, 1993: 9) and therefore require congruent management, in spite of the unpredictability of its success.

Kingdon’s streams involve theorising the broader systemic level, which means that choice is perceived as a product of the intentional and/or non-intentional convergence of various factors and multiple causes. The multiple streams model, however, is distinct from the system theory in three ways. First, the multiple streams model dissects what happens in terms of agenda setting and policy specification processes via clarifying what occurs in the politics, problem and policy arenas, instead of taking the decision-making process as a black box. Second, the multiple streams model incorporates elements of randomness at the junction of the streams, while perceiving the system as

⁹⁰ The most typical example is the approval of legislation that is followed by a period where attention declines and enforcement fails to take place. The capacity to mobilize attention to implement a policy is usually weaker than and different from that required to push a proposal through a decision-making process, in which case the expectation of outcome tends to catalyse attention.

well as the streams as wheels in constant movement consisting of a dynamic element that dispenses with the notion of equilibrium (Kingdon, 1994: 219). Third, the factors grouped within each stream affect the policy dynamics in “analytically distinct ways” (Barzelay, 2000: 55)

Efforts are made to couple streams, which tend to be more successful in some contexts than in others. The first is when there is the perception that the policy proposal is a solution to avoid a problem defined as a loss. Second, the presence of the entrepreneur in the top decision-making circle allows him to timely and effectively couple the streams because of his access to key actors and moments. Third, crisis favours opportunities for pushing through solutions or presumable alternatives presented as escape routes for deadlocks. Fourth, salami tactics⁹¹ are frequently used to improve the chances of getting a policy proposal approved via agreement in steps and with minimum risk.

Some of the basic features of the multiple streams model are particularly suitable for the Brazilian political culture (Martins, 1995) as well as for cases of administrative reform (March and Olsen, 1989). The sense of a somewhat “organised anarchy” is a common political image associated with the country’s political culture, which considers improvisation as a value related to creativity in dealing with scarce resources. The three properties associated with the concept – fluid participation, unclear preferences, and unclear technology – are embedded in the Brazilian political system (Evans, 1995), as are the categories of ambiguity and uncertainty. In the case of administrative reforms, the difficulties begin with problem definition, a controversial, shifting and misleading meaning, as the case narratives will reveal. In this context, coming to terms with the

⁹¹ Salami tactics can be defined as “strategic manipulation of sequential decision making” (Zahariadis, 2003: 15).

problems to be addressed means sharing viewpoints and understanding the reality to be transformed (Weick, 1979: 175).

2.8. Entrepreneurs as catalysts and synchronisers

‘Entrepreneur’⁹² means someone who ‘gets things done’ in the original French conceptualisation of the term. Entrepreneurship⁹³ plays a key role in Kingdon’s multiple streams model. Entrepreneurs⁹⁴ must be prepared to seize opportunities and to couple the streams, i.e. to perform the function of bringing together previously separate streams (Kingdon, 1984: 182). This present investigation attributes analytical importance to the role played by reformist entrepreneurs, without whom these episodes could hardly have been carried out. It is important “to understand the personalities involved that actually cause the events to be explained” (Dowding, 116: 1994). Contrary to Brunsson and Olsen’s (1993) presumption that reforms can eventually dispense with individual protagonists, this dissertation intends to show how they played an essential role in changing institutional frameworks and institutional capacities. These activities and insertion modes include establishing the nature of the problem, defining hypothetical causes, creating momentum, platforming efficiently, designing institutions, employing

⁹² In his classical conceptualisation of entrepreneurship Schumpeter (1934) emphasised the innovative combination of elements as its defining characteristic as an entrepreneurial stage. Schumpeterian typologies (Schumpeter, 1934) related to entrepreneurial behaviour and entrepreneur motivations usually went beyond the narrow conception of *homo economicus* (Schumpeter, [1946] 1991: 408), which encourages a broader use of his concepts.

⁹³ Given the context of this investigative analysis – the public sector and political arenas – I opted for Jarillo and Stevenson’s (1990: 23) definition of entrepreneurship: “Entrepreneurship is a process by which individuals – either on their own or inside organisations – pursue opportunities without regard to the resources they currently control.”

⁹⁴ In analysing entrepreneurial roles I also used elements borrowed from Hayek’s (1972), Mises’s (1963) and Kirzner’s (1997) understandings of entrepreneurship, which are distinct but complementary to Schumpeter’s approach. Hayek focused on the novelty and unknown aspects and their disclosure through the entrepreneurial process. He pointed out the importance of practical knowledge – concrete ordinary knowledge – in the context of a discovery process. Mises’ and Kirzner’s notion of ‘entrepreneurial errors’ – perceived as opportunities for another entrepreneur to take action – is important for an understanding of the policy learning process in each of the four cases.

rhetoric, building coalitions, brokering interests, choosing venues, developing strategies, and learning with experience and analysis.

March and Olsen (1989: 81) recognised the role of individuals but almost incidentally: “Different participants act on the basis of different definitions of the situation.” Circumstantial combinations of actors, choice opportunities, problems, solutions and forgetfulness are recreated from time to time and generate windows of opportunity. The occurrence of policy change depends on the synchronicity of factors that include but transcend the design of the policy proposal at stake. Individual characteristics matter and play a decisive role in shaping policy outcomes.

Entrepreneurs also play a key intermediate role within the political, policy, academic, governmental, and power arenas. Mobility is the driving force that cross-fertilises (Greenway and Chapman, 1980: 200) the spheres and pushes the issue from the systemic to the governmental agenda. At the same time, entrepreneurs network and build up support from different areas in coalition advocacy and coalition building processes that are able to provide support for the policy proposal at stake.

Kingdon (1995: 179-181) uses the term entrepreneur to designate an individual who is willing to invest “time, energy, reputation, money – to promote a position for anticipated future gain in the form of material, purposive solidarity benefits.”⁹⁵ There are three important qualities in an entrepreneur’s success. First, entrepreneurs have “some claim to a hearing,” regardless of expertise credentials, representative status or authoritative decision-making position. Second, entrepreneurs are basically well-connected politically and endowed with negotiating skills. Third, they must be persistent. Regarding motives, Kingdon (1995: 122-124) moves beyond standard

⁹⁵ Another view is presented by Kanter (2000: 185) who lists three basic commodities that are mobilised in entrepreneurial processes: resources (“funds, data, space, time”), information (“data, technical knowledge, political intelligence, expertise”) and support (“endorsement, backing, approval, legitimacy”).

rational choice explanations, despite incorporating them in his analysis. For him, there are three motives for entrepreneurs to engage in policy specification processes: promotion of personal interests, promotion of values (or making a difference in a given public policy), and passion for the policy game (the case of policy groupies).

Public entrepreneurs⁹⁶ engage in the policy process at different stages and from a variety of angles. In Kingdon's (1995: 180-181) terms coupling involves matching problems and solutions by taking into account distinct actions and acting from variable entrepreneurial and strategic positions. They move through different arenas and push the issue through distinct venues. At critical moments, represented by the policy and political windows of opportunities, entrepreneurs seize a chance and "clinch" policy outcomes thanks to decisive political support.

Public entrepreneurs operate by manipulating policy monopolies⁹⁷ and issue jurisdictions (Baumgartner and Jones, 1993: 6). The way entrepreneurs manipulate institutional jurisdictions enables coupling and conditions for policy outcome. "Policy subsystems are continually being set up and destroyed" (Baumgartner and Jones, 1993: 6). But public management policies are problematic because they encompass distinctive policy sub-domains, such as civil service, organisational design, budgeting, planning and others. Changes did not occur in all of them equally throughout the four cases. Public administration and planning operated in conjunction in two cases but apart in the other two. Planning and budgeting issues did not change in the latter reforms but they could have been key partners in both.

⁹⁶ I am not using North's (1990: 83) notion of entrepreneurs as agents of change responsive to incentives expressed by institutional frameworks, because in this perspective they are usually efficiency driven, in economic terms.

⁹⁷ Baumgartner and Jones (1993: 7) listed two defining characteristics of policy monopolies: an institutional structure which restrains access to the policy process, and a positive supporting idea capable of mobilizing and galvanizing support around it.

Entrepreneurial action is decisive in coupling the political, problem and policy streams with receptive audiences within each of the streams. In all four cases most of the entrepreneurs were important political players as well as policy formulators and campaigners, and they became engaged in the political game.

“Entrepreneurs whose purpose is to couple the three streams will occasionally bend ideological proclivities in order to take advantage of fleeting opportunities” (Zahariadis, 1999: 77).

Well connected, resourceful, and persistent entrepreneurs who are members of multiple arenas or institutional venues (Baumgartner and Jones, 1993) can influence the location and mobility of an issue through different convenient venues. In the policy specification stream the way entrepreneurs drew lessons from other spatial and time contexts is particularly important.

Public sector entrepreneurship was intensively exercised during all four cases. Entrepreneurship is similar to a practical enterprise (Swedberg, 2000: 7).

“The key defining characteristics of public sector entrepreneurship are the promotion, adoption and implementation of new combinations of policy, process and/or organisational innovation” (Ioannou, 1992: 166).

Multiple overlapping roles were played during this period: policy intellectual, policy advocacy, policy championship, and policy administration (Roberts and King, 1996).

The role of entrepreneurs as reformers poses the intriguing question of why they persist in the face of constant setbacks (Caiden, 1982: 223). There are four tentative answers to this question. First, belief formation is an important mechanism that links the actions of entrepreneurs to politics and policy change (Hedstrom and Swedberg, 1998: 28). Desires and beliefs influence policies as well as windows of opportunities.

Entrepreneurs are usually determined people and accustomed to persisting in their endeavours. Second, governmental reorganisation and administrative reforms are inherent to governments. If the role of the reformers should not be underestimated, neither should it be overestimated. Governments are constantly being reformed in search of legitimacy. Reformers contribute to these processes and there is no shortage of this type of position. They seize opportunities that are generated from time to time. Third, they are protagonists of values broader than their own. Collective beliefs push their actions, which, to a certain degree, make them promoters of ideas available in society. Therefore, if such values still exist, society will find a way of producing their champions from time to time. Fourth, they see the chance of making a difference through their actions. Plausibly, past failures operate as an incentive to make them try where others have failed. Eventually, they may incorporate lessons previously ignored. The greater a challenge, the more likelihood there is of its mobilising ambitious reformers to face it.

An important extension of the argument here is that “the entrepreneur need not be a single person, but may also be an organisation (...)” because “what matters is the behaviour, not the actor” (Swedberg, 2000: 17). Roberts assumes that “the process of public entrepreneurship can also be understood in terms of institutional requirements of innovation that dictate the sequence of development” (Roberts, 1992: 67). In this case one could explain the entrepreneurial process on the basis of its institutional requisites – “A certain sequence of activities and a set of procedural rules that satisfy the prerequisites for an innovative outcome.” It means considering the process of public entrepreneurship in terms of “the functions, goals, or forms that are necessary to achieve and sustain an innovation” (Poole and Van De Ven, 1989: 64). The entrepreneur performs “a functional role which is not necessarily embodied in a single physical

person.”⁹⁸ The entrepreneurs of all four cases treated here worked through organisational platforms (Bardach, 1998) that operated as their extensions and operative arms but beyond their individual capabilities.

Functional perspective is controversial due to its sequence of stages and its propensity to be analysed on the basis of hindsight. Policy and political events do not advance in steady, progressive steps. As Kingdon (1984: 215) states, “Participants do not fit into problems and then seek solutions for them; indeed, advocacy of solutions often precedes the highlighting of problems to which they become attached.” Innovations are solutions to problems. In the Brazilian case, however, policy innovation frequently provided solutions to problems and political streams. As Ioannou (1992: 163) observed:

“The absence of effective central political control and coordination – leading to fragmentation and significant departmental autonomy and discretion – not only made public entrepreneurship possible but to some extent necessary” (Ioannou, 1992: 163).

The events of Brazilian administrative reforms strengthen Ioannou’s assumption that “public sector entrepreneurship may be a functional need in fragmented political systems.” This is a further explanation for the administrative reform processes in the segmented Brazilian public sector (Barzelay, 1986).

2.9. The multiple streams model and its critics

Until recently the multiple streams model has been only mildly criticised in the literature on political science. The lack of attacks on the model may be seen as a sign of

⁹⁸ Blau (2000: 83).

its qualities, or even of its weaknesses, but it may also represent a lack of recognition. Processual models like those generated by March and Olsen's, and Kingdon's models share the absence of concern with outcomes and the concentration on the dynamics of the policy process (Dowding, 1994: 110).

“Parts of the new institutionalism are challenges to (...) [the] primacy of outcomes. Through politics, individuals develop themselves, their communities, and the public good” (March and Olsen, 1984: 741).

The main critiques of the garbage can and Kingdon models refer to their indeterminate character, their lack of predictive power, their absence of verifiable propositions, their looseness, their a-temporal character, the under-specification of causal drivers, their concentration on situational and temporal factors at the expense of institutional concerns, their descriptive emphasis, the ad hoc role of entrepreneurs and the doubts about the unmistakable incrementalist character of the policy specification process within the policy stream.

The *first* critique, indeterminate character, refers to a quality flaw of the model: its indeterminacy and fluidness. The “cloud-like” character of the multiple streams framework is responsible for this aspect: Mucciaroni (1992) points out that the model focuses on temporal sorting and situational factors at the expense of more concrete structural factors, such as institutions. Kingdon incorporates elements of chance in his analysis but he argues “that neither the dynamics within each stream nor the connections among the streams are essentially fortuitous or random. Everything cannot be connected with everything else” (Kingdon, 1995: 222).

Bendor et al. (2001) also pointed out the macro-level of the explanations offered by garbage can models and criticised the absence of any underlying theory of individual

choice. But Kingdon's model does not preclude the role of individuals in the process. On the contrary, it places entrepreneurs in a strategic function and does not dismiss rationality as a choice criteria. It does not presume, however, that rational choices are the exclusive or determinant factors in decision-making processes. Kingdon provided an improvement on March and Olsen's anti-individualism when he introduced the entrepreneur responsible for coupling the streams. However, the entrepreneur performs the role of catalyst in the process of producing policy change, but not necessarily in the process of specifying the policy outcome.

The *second* critique refers to its lack of predictive power. The model does not say much about why certain problems and solutions are chosen instead of others and under what types of conditions. In fact, an important point of the coupling process is "the unpredictability and the inability to monitor the events at the moment that they occur" (Van Gestel, 1999: 159). To a certain extent decision-making is an uncontrolled process in garbage can models. The outcomes are not necessarily those intentionally pursued by the main protagonists. However, Kingdon's as well as March and Olsen's ideas do not intend to provide predictive insights. They are more concerned with explaining processes than anticipating how they will occur in the future because, given their premises, there is no standard explanation.

Third, the model does not lead to a testable proposition related to the direction of policy change (Sabatier, 1999: 272), but it does not intend to do so. It does not address policy outcomes as it addresses the process of generating them. As a consequence of its fluidness, the model is not very helpful with anticipations. Things depend on situational combinations. Things happen, but their contents and their direction are not relevant for the model's mechanics.

Mucciaroni (1992) and Sabatier (1999) argue that there are problems in the various specification procedures adopted by Kingdon. The former questions the independent variables of Kingdon's model – problems, policy solutions and political climate – because they are too abstract. The latter demands clarifications of what the dependent variable might be: the policy alternatives or the process of choosing an alternative. The problem lies in the case-oriented approach that Kingdon adopts instead of a variable-oriented research design. There are methodological difficulties in organising the multiple-streams approach on a variable-oriented basis. This is a characteristic of the model, although some authors see it as a flaw.

Fourth, there is the problem of the looseness and independence of the relationships of the three streams.⁹⁹ Bendor et al. (2002) especially questioned the lack of a logical connection between solutions and problems as well as the decoupling of both in streams.¹⁰⁰ According to the critics, they are too “gross and encompassing”¹⁰¹ and not easily discernible. However, the independence of the streams is a useful analytical device that does not exclude interactions and intertwined developments of the streams. Kingdon refers to Sabatier's advocacy coalition framework, for instance, as

“[P]artly an attempt to see these streams, particularly the policy and political streams, as more closely related than I have portrayed them.”
(Kingdon, 1995: 228).

Mutual interdependence of the streams can add value to the model.

Fifth, Bendor et al. (2001) argued that the garbage can model is not historically grounded, even though it attributes disproportional importance to the present. Weir

⁹⁹ Sabatier (1999: 272).

¹⁰⁰ The authors did not even accept the premise that solutions can chase problems, a source of what they call ‘a definitional distortion’.

¹⁰¹ Mucciaroni (1992: 464).

(1992) and Mucciaroni (1992: 465 and 471) made the same point because of the model's lack of concern with historical patterns and cycles. The multiple streams model, however, is different because it is deeply context-driven. What is important is the context and the way people embedded¹⁰² in this reality perceive the arrival of new proposals. The role played by temporal sorting within the coupling process is also essential. Context indeed does not mean the same thing as history. However, "nothing excludes examining the impact of historical antecedents or of embedding particular agenda changes into broader, underlying historical patterns."¹⁰³

Sixth, the lack of specification of causal drivers is not a problem in Kingdon's terms but a solution, i.e., a way to keep the model flexible and applicable to different situations, with different causal drivers. Events are not necessarily driven by a previously known cause structure (Bendor et al., 2001). But what critics present as problems, users of the model consider advantages. In other words, the multiple-streams model allows comparisons among cases explained by different causal drivers. The focuses of the comparisons are the dynamics of the processes, and not the causal drivers.

Seventh, Van Gestel (1999) pointed out the minor role attributed to institutions and organisational structures in garbage can models. The pure garbage can model is basically institution-free, or its structure is treated as exogenous. Bendor et al. (2001: 173) made a similar point by suggesting that garbage can models provide "a theory of short-run dynamics that fails to account for how structure would adjust over time to garbage can processes flowing within." Indeed, "The pure garbage can model is basically institution free, or structure is treated as exogenous" as Olsen replied in the same journal. But there is nothing in the framework that prevents organisational

¹⁰² By embeddedness I mean the nested relationships between the persons and the specific structures of a context (Granovetter, 1992: 60) that influence what happens in a contingent contextual way.

¹⁰³ Mucciaroni (1992: 474).

structures from being incorporated into the explanations. However, the framework does not consider them determinant in the general formulation.

Kingdon's model emphasises fluid situational factors as explanations for policy change.¹⁰⁴ It does not focus on the continuity or deep transformation of less visible structural elements capable of pushing or constraining policymaking processes. Institutions are important but not only in situational terms. Structural factors are political, social, cultural, and technological.¹⁰⁵ They are susceptible to Kingdon's triggers of change, such as political turnovers and swings in public opinion, *ma non troppo*. The dynamics of changes in structural factors is not necessarily determined by situational elements.

Eighth Bendon et al. (2001: 187) questioned the descriptive character of garbage can models and their explanatory validity. But in refusing to accept descriptive explanations, their critiques disregard important traditions of political history, as Olsen (2001) argued in his rebuttal in the same journal. This point was also made in the first chapter, which explained the research design.

Ninth, there are doubts as to the ad hoc intervention of policy entrepreneurs. Entrepreneurs, responsible for coupling the streams, are an ad hoc element in Kingdon's model. It is analytically exogenous to the streams' dynamics. This is plausible and possible, but not likely. Entrepreneurs usually operate within the streams, especially policy and political streams. They are more likely to be endogenous to the policymaking process, but not to ad hoc couplers.

¹⁰⁴ The exception is political culture (Kingdon, 1984).

¹⁰⁵ Mucciaroni (1992: 464-5).

Finally, *tenth* Durant and Diehl (1989) call attention to the possibility of non-incremental developments in the policy stream via “sudden, unexpected and far-reaching changes” (Van Gestel, 1999: 160). Kingdon describes policy specification processes as incremental but he does leave room for alternative paths, as his critics recognise.

The critiques directed at the multiple streams model are plausible and have contributed to enrich its application as well as the understanding of the limits of its use. Some of these critiques – such as concerns with organisational and situational elements, historical insertion, stream distinctions, policy incrementalism and entrepreneurs’ role – refer to insufficiencies of the model that can somehow be incorporated into it. Others, such as those related to fluidness, lack of predictive power, causal drivers, indeterminacy and design – have methodological roots. They can be portrayed in the context of the debate between different research traditions. They are thus absorbable into the model and may contribute to its improvement, a topic to be taken up briefly in the conclusion.

2.9.1 Theoretical contributions

The main theoretical contributions of this thesis concern the limits of Kingdon’s multiple-streams framework. As the analysis of the cases revealed, the framework performed well regarding its quality parameters: explaining the process of public management policy change. But this thesis also evidenced three shortcomings of the model when applied to objects of the analysis, namely Constitutional Brazilian public management reforms.

Firstly, the windows of lasted for surprisingly long periods. Contrary to Kingdon's views, in no case did the issue acquire a sense of urgency, except at the end of 1990, when the NCA approved the Single Juridical Regime, with Congress by-passing all legislative stages in order to ensure voting of the law. The analysis of all four cases clearly demonstrated that the window remained open for quite a long time, measurable in years.¹⁰⁶ This observation does not invalidate Kingdon's framework. On the contrary, it suggested that it can be used in more expanded contexts of policy change. But the key concept here may be that of a political window represented by a President's term of office, not a policy window within competitive decision-making processes.

Secondly, there was no such thing as a singled-out decision within the decision-making process (Jones, 1994). "Kingdon's approach was not particularly designed to account for serial decision occurrences" (Barzelay and Gallego, 2004: 15). No decision took place at a single moment in any of the cases. Not even the decisions translated into constitutional provisions meant a default status for the implementation process. Transitory measures, subsequent ordinary legislation, and controversial interpretations followed constitutional changes. As such, they contributed to shape an environment marked by continuous modifications regarding issues such as employment relationships in the public sector and organisational forms of public-sector institutions.

Thirdly, even if it may seem a paradoxical critique to a processual approach, Weir's objection to the a-historical character of the multiple streams seems pertinent, especially if a long-term view is taken.¹⁰⁷ Weir criticises Kingdon's formulation to explain policy change on the grounds of its a-historical character. She suggests that these streams have a previous story and may have been related over time, as was the case of earlier policies,

¹⁰⁶ The articles published from the Symposium organized by the Special International Public Management Journal (2003) were also based on cases that adopted Kingdon's framework to model episodes of policy change in periods of time roughly equivalent to political terms of office.

¹⁰⁷ Bendor et. al (2001) made a similar point when they referred to garbage can models as theories of short terms dynamics.

structured balances of power, problems, and perceptions. Patterns of bounded innovation favour some ideas at the expense of others in a pre-existing reality. Context is not necessarily historical enough in certain circumstances, as in the cases analysed. The problem of defining processes was embedded in their contexts but they frequently presented shortcomings – notably in 1988 and 1998 – because they were not grounded in a broad enough understanding of the historical processes of the problems they aimed to at specifying. Contexts are time-bounded in ways that frequently disguise the roots and origins of problems that current actors and institutions are dealing with. It was no coincidence that the reforms coincided with the time of presidential terms of office, a clue for further analysis.

Part Two

CHAPTER 3

Building the National (Administrative) State

3.1 Introduction

The early 1930s were characterised by major political upheavals and continuous administrative change programs with a single goal: political centralisation. This period of multiple attempts at administrative reforms offers an ideal example for studying agenda-setting process, policy specification processes and public entrepreneurship in public management policy making. Lopes was the main policy entrepreneur of the period from 1934 to 1937, although Nabuco played an important role at the beginning of the policy specification process, and Vargas was a decisive political entrepreneur during the entire period.

President Getúlio Vargas made a paradoxical and insightful speech a few weeks after Congress had appointed him President in July 1934. He had succeeded himself as President, and he was the leader of the so-called Provisional Government that had put an end to the Old Republic (1889-1930) with the Revolution of 1930.

“The dictatorship was, overall, a school of public administration. Fortunately, the promoters and executives of the revolutionary achievements understood that the greatest problem in Brazil is the correct organisation and solutions of administrative issues” (Vargas, 1934).

This quotation – a summary of the Provisional Government – was consistent with the President’s initial concerns when he seized power. Therefore, Vargas was not at the end of a policy cycle but on the verge of initiating the most widespread set of public administrative transformations that Brazil was to see in a century. Administration, then, was alleged to be the root cause of the country’s political problems, and an alibi for disrupting the constitutional order. The setting up of numerous national institutions contrasted with the institutional stagnation that had marked the Old Republic. Right from the beginning, Vargas’s personal attention had been turned to management problems, since he considered that they were the cause of the administrative anarchy that had triggered off the revolution itself.¹⁰⁸ Basic functions of the State such as taxing, collecting tributes, and borrowing resources abroad were at risk. “The bureaucracy’s main function was not to render services to public, but to private interests” (Geddes, 1994: 45).

Two major series of reforms took place between 1934 and 1937.¹⁰⁹ The first round produced the “Readjustment Law,” which set up a merit-based personnel system, the Federal Civil Service Commission (CFSPC), and the Efficiency Commissions. The second round was marked by the introduction of a super central agency¹¹⁰ known as the Department of Administration and Civil Service (DASP), and included in the 1937 Constitution. The reform consisted of a cascade of political and policy events that resulted in the radical transformation of national governance structures.

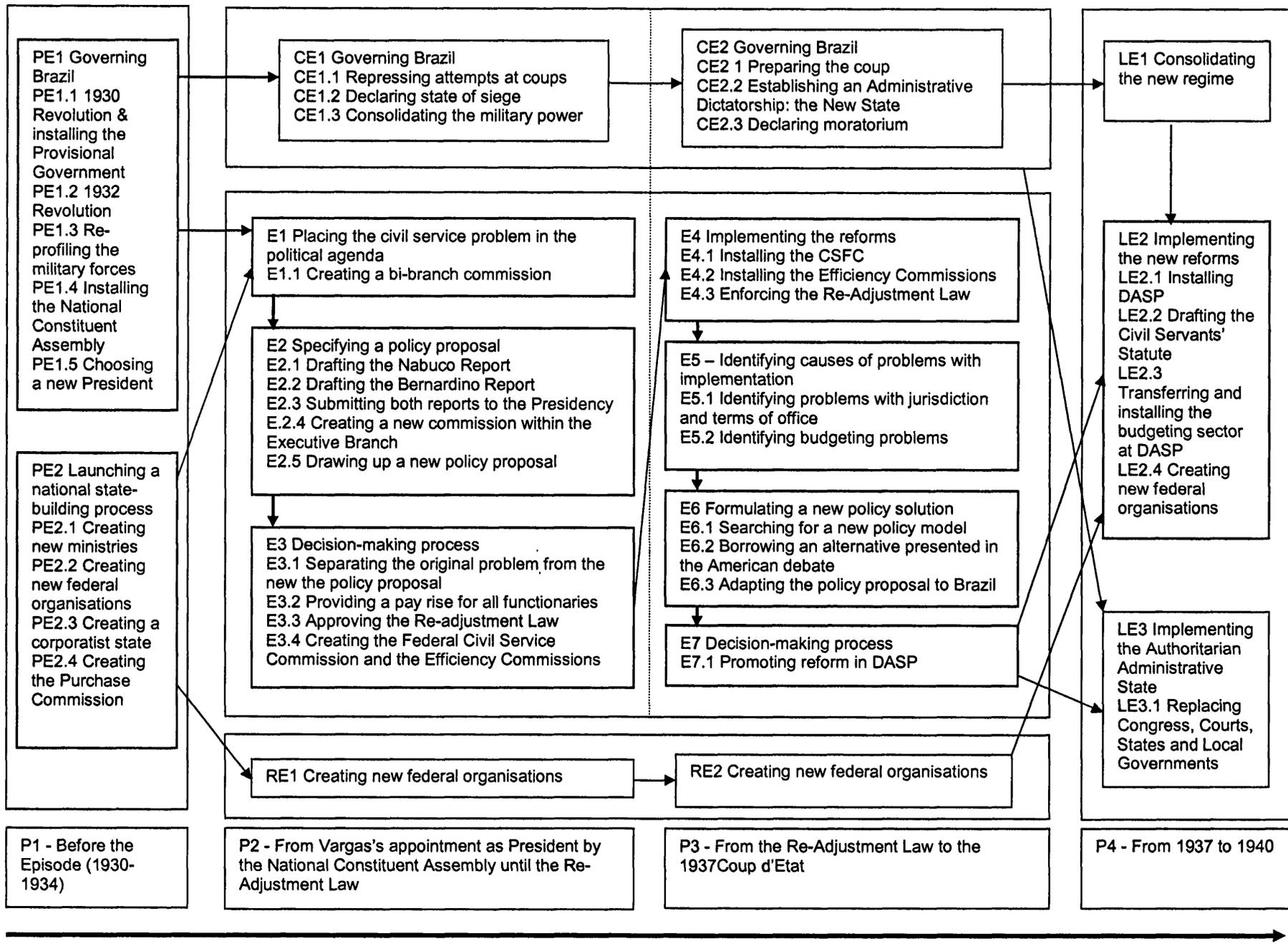
¹⁰⁸ “Overall, Brazil’s problem is an administration problem. The errors and faults derived from administrative anarchy were the main and direct causes of our larger problems and decisive factors that triggered the revolutionary movement” (Vargas, 1931: 124).

¹⁰⁹ In fact, it is difficult to refer to “one” reform because there were several rounds of reforms once he was President for four periods in different circumstances: first as the leader of a revolutionary movement (1930-1934), second as a President chosen by a Constitutional Assembly (1934-1937), third as a dictator (1937-1945) and fourth as a constitutionally elected president (1951-1954).

¹¹⁰ The term super central agency refers to a Department with ministerial status, located at the Presidency, with multiple coordinative functions such as budgeting, personnel, organisation, modernisation, procurement and control.

This chapter is organised into eight sections – including this introduction. Diagram One provides a general overview. The second and third sections provide a base line in terms of the general and administrative context of the country in the early 1930s. While the second part focuses on the general picture, marked by political turbulence, the third describes the situation of the Brazilian federal public administration that was beginning to change. The fourth section focuses on the beginning of the first public management policy cycle of the episode that ended with the approval of the 1936 reforms. The fifth section describes the contemporaneous events in the political arena that became intertwined with the second group of reforms. The sixth part of the chapter deals with the second public management policy cycle that led to the establishment of DASP when the coup d'état occurred. The seventh section describes the events immediately following the establishment of the new regime, while the last section presents an analysis of the episode according to Kingdon's framework. It provides a modelled explanation of a case based on the analytical categories used in all the other cases.

The research questions related to the episode, to be answered in this chapter, were the following: a) How did the civil service reform issue reach the governmental agenda (E1)? b) How was the problem defined by the leading reformer (E2)? c) Why did the president support the reforms (E3)? d) What were the main influences that led to the setting up of the CFSPC (E3)? e) Why did a second wave of reforms take place (E5 and E6)? f) What were the main ideas that influenced the setting up of DASP (E6)? g) How can the setting up of a single super-central department be explained (E6)? h) What was DASP's default modus operandi (E7)?



3.2. Starting a transition between regimes

The “Old Republic” (1889-1930) was characterised by the combination of an ultra-provincial presidentialism with a federalist provincialism (Abrucio, 1998: 36-7). Federalism¹¹¹ primarily meant autonomy of the states, not their coalition around a national project or their subordination to a national instance of a supra-state Federal Government. The governors¹¹² were the key links at national level for policy and majority coalitions in Congress, and at regional and local levels for their relationship with the “colonels”¹¹³ and local urban bases. As a result of these institutional arrangements, state parties of the most populated provinces rarely lost elections and completely dominated their respective regional politics.

The regional political oligarchies governed on the basis of their command over the local politics of rural areas (“political localism,”¹¹⁴ intergovernmental patronage, and tight political control of voter bases). The period was known as “politics of governors” or “coffee with milk”¹¹⁵ because of the effectiveness of the alliance forged by the States of São Paulo (coffee) and Minas Gerais (milk), which had the strength to control Congress. Clientelism continued to be the key political task during the Republic, as it was during the monarchy. Not surprisingly, even the so-called reformers could not resist its appeal, given its embeddedness

¹¹¹ There was a clear hierarchy among the states and an informal – but effective – agreement as to the internal control of state politics by their own regional elite without federal interference. The state republican parties were political monopolies that never lost elections (Lamounier, 1999). There were no nationwide parties, and coalitions in Congress were built on the basis of regional alliances.

¹¹² The state governors had two instruments to strengthen their power: the regional security forces and appointed positions. In fact, the entire public sector except the army was controlled through appointed positions.

¹¹³ The term “*coronelismo*” [“colonelism”] expressed “the political dominance of the landowners and their allies, so-called because major landowners had historically been granted the rank of colonel in the National Guard (during the Empire, which lasted from 1821-1899). *Coronelismo* expressed a “distinctive pact” (Cammack, 1985: 55) by which local bosses supported state or federal candidates in exchange for appointments for provincial allies and resources allocated to that region.

¹¹⁴ Page (1991) defined political localism “as the influence that political elite have in national decision-making arenas so far as these affect the locality”.

¹¹⁵ The change to the Republican in 1889 gave the states almost dictatorial executive powers. The incumbent governors were named “state presidents”. In São Paulo and Minas Gerais the majority parties held power for decades.

and effectiveness as a mechanism for governance (Carvalho, 2000). Since they failed to develop alternative forms of institutionalising an impersonal State and played the game according to the rules in effect, they sanctioned the perception that the “real and persistent function of the State was to provide jobs and distribute positions” (Graham, 1968: 347-8). Dominant interests were always protected through the maintenance, reproduction and metamorphosis of the clientelist system, which was the main link between State and society.

The basis of the “Old Republic” eroded after World War I, with the emergence of the urban classes, the campaign for secret vote, macro- economic policy centralisation, and modernisation of the military. The combined impact of crisis (political and economic), class conflict (urban classes, meaning workers, middle classes and entrepreneurs) and increasing complexity (development of productive forces and the scale of national problems) brought about the erosion of the dominant oligarchic system (Skowronek, 1982: 10). Four distinct forces undermined the dominant arrangements: corruption under increasing pressure from the military forces, the new classes related to the urban and industrialisation processes,¹¹⁶ the stock-market crash of 1929,¹¹⁷ and the impact of the new alliances forged among the governors of Minas Gerais, Rio Grande do Sul and Paraíba.¹¹⁸ The conflicts culminated with

¹¹⁶ New social groups were emerging at that time: middle classes (liberal professionals, industrial employees, military officials, urban businessmen and tradesmen), urban employees, industrial workers and industrial entrepreneurs. Their interests included elements of ideologies from abroad, such as fascism, anarchism, and socialism (Faoro, 1959: 247). None of them, however, carried any weight in the dominant rural power coalition.

¹¹⁷ The 1929 stock-market crash dramatically affected the country’s economy, which was based on coffee exports. Prices fell sharply after the crash and the international trade market retracted considerably. The impact on public finances was dramatic, especially because the public deficits and the maintenance of costly political alliances had already taken a heavy toll.

¹¹⁸ The political equilibrium then prevalent began to be broken with the forging of the Liberal Alliance, a coalition between Minas Gerais, Rio Grande do Sul, and the Northeast. Washington Luis, a politician from São Paulo and then incumbent President of Brazil, chose Julio Prestes, Governor of the same State of São Paulo, to be his candidate as next president, tantamount to declaring him the winner, due to the power of the political machines of the oligarchies. That decision caused political collapse of the alliance coalition. Minas Gerais broke the stability prevalent until that time in terms of presidential succession and supported Getúlio Vargas as candidate. Julio Prestes, the Governor of São Paulo, won the election against Vargas, governor of Rio Grande do Sul and candidate of the Liberal Alliance. The result was contested because of claims of corruption in the election.

a coup d'état that placed Getúlio Vargas in the Presidency of a Provisional Government, with strong military backing.

The Provisional Government's first concern was to consolidate power. A broad alliance had supported Vargas and the immediate task was to accommodate all these political forces. After dissolving Congress, the State Legislatures, and Local Councils in November 1930, Vargas formalised the Provisional Government and used his powers to strengthen those loyal to the national federal executive sphere in the states. Vargas recognised the need "to extinguish politics within the military to enable military policies" (Carvalho, 1999). Military reforms were systematically and gradually pushed through with a broad range of measures¹¹⁹ (Camargo, 1999; Carvalho, 1999). Such measures were aimed at creating a modern and professional army at the same time that they ensured military loyalty to the president. Meanwhile the administration took immediate steps to ingratiate itself with the urban working class by creating the Ministry of Labour.

Two years after the Provisional Government was installed, leadership succession problems arose in São Paulo¹²⁰ aggravating regional dissatisfaction with the Federal Government that had already weakened the hegemony the most powerful state held over national politics. Thanks to the pressure of the liberals, the democratic conquests were materialised in a new electoral code¹²¹ approved in February 1932,¹²² followed by the establishment of the electoral

¹¹⁹ The set of measures included the re-establishment of compulsory military enlistment (which had been repealed by the 1891 Constitution), the setting up of special military service for members of the middle class and the elite (removing the long-standing feelings of social inferiority by the army, and co-opting from the upper classes), the empowerment of the military hierarchy (via strengthening the position of officials and holding back promotions from the lower ranks), the discriminatory adoption of elitist recruitment and training practices, the re-equipment the national army, and the dismantling of the provincial militia.

¹²⁰ Four intervenors were successively appointed in less than two years, an indicator of the Federal Government's difficulties in stabilizing the political situation

¹²¹ This set of laws created two important mechanisms to empower the Federal Government: proportional and professional representations. The former ensured minority participation in Congress, always a potential ally if a

court system¹²³ and by the convocation of a National Assembly in May. Both manoeuvres helped Vargas mitigate São Paulo's broader national political claims and undermine the opposition's potential alliances. Even so, São Paulo rebelled in July 1932 with some support from high-ranking military officers. Vargas successfully quelled the revolt by claiming that São Paulo was trying to re-establish its regional hegemony over the country. After two months of siege and naval blockage, the so-called Constitutional Revolution was defeated with the decisive support of middle-rank officials at the expense of the commitment to convoke a National Constituent Assembly and re-establish democracy.

Vargas had successfully surrounded himself with close allies after the purges and promotions¹²⁴ that followed the 1930 Revolution and the 1932 rebellion in São Paulo. Military loyalty proved to be decisive in supporting Vargas's transition to a constitutional government. The military leaders' strategy of holding a monopoly on the military force matched Vargas's political project of a strong centralised Federal Government. Another decisive source of support was the political representation of the recently established corporatist sectors (labour unions, production associations, liberal federations, pension institutes and others). Corporatism was another face of the emergent rational and administrative State, set up to deal with the uncertainty derived from social conflicts and

regional government controlled comes under the control of opposition forces. The latter introduced a quota of deputies per professional category, a corporatist representation inspired on fascist models.

¹²² The conquests in terms of democracy were impressive: secret vote, extension of suffrage to women and adults age 18 and over, and of an Electoral Court System. However, illiterates were not allowed to vote (Bettel, 1994: 7).

¹²³ The Electoral Code was established by Decree 21076, 24 February 1932, and the Regional Offices by Decree 21371, 6 May 1932.

¹²⁴ "By the end of 1933, 36 of the 40 generals in active duty had been promoted to that rank by the new government" (Fausto, 1972: 211).

political instability (Nunes, 1997: 36-39). It became the mechanism forged by the State to control and regulate labour and capital relationships.¹²⁵

Vargas was chosen president for a four-year term, scheduled to end in January 1938, after which time presidents would be elected directly. The National Constituent Assembly (15 November 1933 to 16 July 1934) declared itself the first Chamber of Deputies with powers to choose the president by indirect election. In July 1934 the new Constitution was approved, based on Germany's Weimar Constitution (Fausto, 1972: 206).

The new Brazilian political map incorporated two further novelties in Brazilian politics: organised leftist¹²⁶ and rightist¹²⁷ movements: “the first national political movements with sharply ideological orientation” (Skidmore, 1967: 21). While “the left tended to associate liberalism with the oligarchies” and did not hide its disdain for formal representative democratic procedures (Fausto, 1972: 210), the right was supportive of a “conservative modernisation” view, centred on centralised authoritarian state interventionism.

3.3 Dealing with a fragmented State

The Brazilian national State was not a concrete entity during the “Old Republic”. The country was an archipelago of provinces, and the nation's capital (Rio de Janeiro) had no real influence over the individual states. Nationwide communications systems were minimal and

¹²⁵ In contrast to universal procedures typical of bureaucratic or market structures, corporatist schemes provided co-optation of professional clienteles on normative bases kept under strict State bound control. The detailed labour legislation, basically the same then as today, was a hallmark of the Vargas era and provided political support and a release for class pressure for decades.

¹²⁶ A popular front movement – the National Liberation Alliance (Aliança Nacional Libertadora - ANL) was organized under the communist leadership of the charismatic ex-lieutenant Luis Carlos Prestes.

¹²⁷ A fascist movement based on Italian and German methods of social mobilisation was organized under the name of “*Integralismo*” at virtually the same time as the ANL.

regions like the Amazon and the Northeast had very little contact with the South-eastern triangle consisting of São Paulo, Rio de Janeiro and Minas Gerais. The military¹²⁸ – the only nationwide institution – had lost political influence since the installation of the Republic. Governmental structures were poorly organised and badly equipped to attend to the country's needs. Provincial police forces, such as those subordinated to the governments of Minas Gerais, Rio Grande do Sul and São Paulo, were relatively stronger than the federal forces.

Appointed positions, temporary contracts, and provisional jobs had always been important currency in political competition throughout Brazilian history. The dominant traditions of the Brazilian patrimonial State were characterised by patron sponsorship, management on a case-by-case basis, preferential and discriminatory treatment, dominance by the oligarchy, inequality, weak capacity for goal accomplishment, personalism, and lack of qualified skills and professionalisation (Siegel, 1966: 29).

Clientelistic practices were the rule.¹²⁹ Given the fact that national politics were built upon local and regional agreements, the monopoly of the contacts with the external world conferred enormous power and prestige to local bosses (Nunes, 1997: 27). Exchange relationships between bosses and clientele also included temporal arrangements that involved subjective and objective debts from the past, as well as expectations about future behaviour. The patterns of personal relationships provided the basis for political loyalty, on which mutual and convergent interests made the links of interdependence strong and durable.

¹²⁸ The military perceived themselves as the only organised force capable of moralising politics representing the entire nation, and, most importantly, defending the public interest.

¹²⁹ Direct personal contact, asymmetric power, informal connections, and interdependence marked the relationships between peasants and their landlords. On the one hand the bosses, originally the landowners, held command over the resources from which the communities depended, mainly access to the land, the supply of different forms of paid work, and the overall stability of the environment. On the other hand, the community functioned as a political clientele basis of power.

From his very first moment in power Vargas presented himself as an administrative figure. He developed an increasing appetite for administrative modelling because he had a very clear perception of the political potential of administrative measures. Vargas used the state apparatus increasingly and continuously as a platform for expanding and consolidating his personal power base. The period from 1930 to 1934 was characterised by the setting up of several new organisational bodies within the structures of the new ministries, including pension funds¹³⁰ by category of workers (Wahrlich, 1983: 16-22). The rhythm of setting up and reorganising administrative structures was fast because of the discretionary powers at the disposal of the Executive Branch. Modernisation and rationalisation were the leitmotiv of the Provisional Government.

The President's personal office took the first steps towards solving the civil service problem during the first year of the Provisional Government. The theme of organising a national civil service was already present in the Liberal Alliance Manifesto.¹³¹ Vargas personal files show that the president commissioned an investigation on civil servants' wages as early as 1931 (CPDOC, 1931). The workforce was classified into three groups according to age: younger than twenty, between twenty and forty, and older than forty. In spite of the absence of reliable statistics, the report suggested that the public sector workforce be reduced to one third of the existing number. The measures taken in order to achieve this goal were mainly compulsory retirement and dismissal of civil servants. There was an explicit concern, with the need to rejuvenate the public sector workforce. The shortage of resources and the absence of a social security system were identified as bottlenecks that blocked an immediate solution to the problem.

¹³⁰ At the end of the Provisional Government there were 176 Pension Institutes organized by labour and capital categories.

¹³¹ Aliança Liberal (1930) and Vargas (1938: 33-34).

The Foreign Affairs Ministry was re-structured via two processes: the absorption of the functions of international trade – previously performed by the Ministry of Industry and Trade – and professionalisation.¹³² The Ministry of Finance also underwent a sequence of minor reforms that included the setting up of a Treasury Section (in London) and the establishment of a Budgeting Commission in the Ministry and Budgeting Sub-commissions in each ministry.¹³³ There was a major reform in 1934¹³⁴ in order to lend consistency to the new structures and, particularly, to enable functional specialisation in financial affairs. The utilities sector went through a major reformulation as well. Near the end of the Provisional Government, Vargas approved the Mines, Water and Forest Codes,¹³⁵ another set of major reformulations that would stay in place for decades. A great number of administrative measures regarding procurement and accounting were also taken at that time.

A few months after becoming president,¹³⁶ Vargas established a Commission on Standards and a Central Purchasing Commission¹³⁷ both being organs of the Ministry of Finance. The material and purchasing sector was characterised by the lack of specifications, bidding procedures, and regular price quotations. As might be expected this commission faced numerous problems, especially in terms of establishing accountable and acceptable procedures. The former failed because of its ambitions for excessive specification ambitions. The latter achieved importance given its modality and importance for military purposes. In 1935 it was transformed into a permanent agency, and later absorbed by DASP (Siegel, 1966: 38-40). The systematisation of procedures for purchasing office supplies was gradually

¹³² The organisation of area of Foreign Affairs on the basis of merit, was detailed in Decree 19.926 of 28 April 1931. Decree 24486, 28 June 1934 created capacity programs for the diplomatic cadres.

¹³³ 22060 of 9 November 1932 and 23150 15 October 1933.

¹³⁴ 24036 of 26 March 1934.

¹³⁵ Decrees 24642 of 10 July 1934; 24634 of 10 July 1934 and 23793 of 23 January 1934, respectively.

¹³⁶ Decree 19512 of 20 December 1930.

¹³⁷ Decrees 19587 of 14 January 1931; 19709 of 15 February 1931; 19799 of 17 March 1931; 20290 of 12 August 1931; 20460 of 30 September 1931 and 23 December 1931.

improved and the levels of corruption and political intrusion were reduced. Vargas's persistence in improving this sensitive area, traditionally marked by corruption, was an indicator of his own rational and modern concerns and his sensitivity to military demands.

During the period of the Provisional Government (1930-1934) practically all ministries suffered successive waves of organisational reforms but all were implemented without any kind of global or coordinated perspective. The intensive administrative activities were marked by prolific but, paradoxically, qualitatively insufficient legislation. The number of administrative norms was impressive but the number of decrees reveal neither a global strategy nor an overall sense of direction (Wahrlich, 1983: 25).

There was no consensus as to the effectiveness of the new legislation, as the successive changes in presidential acts revealed. The obvious critics were politicians concerned with Vargas's propensity for resorting to discretionary powers. But the reformist impetus was also characterised by a self-defeating perfectionism (Wahrlich, 1983: 65). It endogenously generated the need for more legislation, continuous refinements and further reformulation, a problem derived from the country's incipient administrative culture that would become worse with time. The successive appeals for reformulations were also an alibi for continuous demands for centralised power.

3.4 Initiating a public management policy reform

Vargas resumed his concerns with public administration in February 1935 when his administration sent a bill to Congress for a pay-rise for the military. The military continued to be key supporters of Vargas's Presidency, now within a democratic context, in spite of his

having been elected directly by Congress. Congress returned the bill to the President with unexpected modifications in the wages of public functionaries in general. Vargas vetoed the new aspects of the bill and approved the law according its original spirit – basically a matter of resources. In it he set up of a Commission of ten members – five appointed by Congress and five appointed by the Executive Branch – to deal with four themes: taxes, public expenses, national finances and the payroll of both military and civil functionaries.¹³⁸

The law made an explicit reference to the principle of isonomy: the same payment for corresponding functions and responsibilities (Wahrlich, 1983: 82). The justifications for the veto included concern with finding a way to reduce the number of federal employees combined with better wages within career cadres (Vargas, 1935). The 1934 Constitution had made general references to the merit system and to the need for a Civil Servants' Statute in its Articles 169 and 170, but none of this was mentioned at that time.

The initial decision to set up a commission having members indicated by the two branches was a surprising answer to the problem of military wages because Vargas framed it in broader terms and included the problem of public-sector employees in the agenda. He was interested not only in the immediate and sensitive problem of the military, but also in the need for a long-lasting solution for federal employees. The disorganisation and fragmentation of the state apparatus was identified as one of the main difficulties faced by the Presidency in managing the State. The political power of the Presidency lacked the corresponding governmental structures, as Vargas had already realised.

However, the Commission was unable to reach a consensus on the personnel problem. First, there was a sub-commission in charge of this problem, chaired by Maurício Nabuco

¹³⁸ Law 51, 4 May 1935.

(appointed by the Executive Branch), who had been the Foreign Affairs Minister until the National Constituent Assembly. Nabuco's perception of the civil service problems was deeply affected by the career of his own father, Joaquim Nabuco,¹³⁹ who had been a champion of the campaign against slavery. Joaquim Nabuco had also been Brazil's Ambassador to the United States, where he became familiar with the increasingly popular progressive ideas championed by Woodrow Wilson.

Maurício Nabuco was born in London and lived in the United States for five years. Later he would be a travelling adviser to Theodore Roosevelt in his trips to Brazil before the First World War. Wilson and Roosevelt were central actors in the progressive saga of the US civil service. Given his international background as diplomat, Nabuco had also had contact with Taylor's and Willoughby's ideas in the 1920s (Wahrlich, 1983: 128). His commitment to progressive civil service reforms *a la Americana* in public administration was not new. As a polemist and politician he had published articles in the press during the 1920s and his performance in the Foreign Affairs Ministry was clearly oriented to pursue a reformist agenda. He was responsible for pioneering efforts to consolidate career structures in the Foreign Affairs Office, the main reason why he was designed to head the Sub-commission set up by Congress in 1935 to deal with federal payroll problems.

Nabuco's view of administrative reform was also influenced by his own experiences abroad as a member of a cosmopolitan elite, as a managerial minister, and as a politician from a one of the most patrimonialist and clientelist regions of the country, the Northeast. He did not believe that a rupture with the dominant political and social structures was possible. He was concerned about the excessive adoption of norms for controlling administrative behaviour. In

¹³⁹ Nabuco explicitly attributed to his father the pioneering ideas on civil service reforms in Brazil and indeed these ideas were present in Joaquim Nabuco's speeches in the 1870s and 1880s (Wahrlich, 1983: 129).

his view, such a course of action was risky because it was in conflict with the demands of the social and political system (Siegel, 1966: 49). A civil service career system would have to be set up gradually and progressively. According to his perspective, politicians could not be suddenly and completely excluded from the public sector's personnel arrangements.

The Sub-commission diagnosed a chaotic situation and suggested a consistent course of action in order to rationalise the confusing reality of the functionaries at that stage. They presented a proposal¹⁴⁰ containing three cadres of personnel – special nature, federal and regional – to be analysed by the whole Commission in September 1935. They opted for a classification based on public functionaries (instead of public organisations) and on positions (instead of functions) in order to adapt the new legislation to the merit principle established by the 1934 Constitution (Art. 170). Payment tables should be realigned according to personnel, not organisations. People should be classified according to their positions rather than their functions, which tend to vary. Nabuco's report proposed the adoption of open selection processes for public posts and the setting up of a Federal Civil Service Commission (CFSPC) to take charge of public competitive selection processes and personnel mobility within the public administration.

The Nabuco Report was inspired on scientific management techniques used in the U.S.A. and on his own successful passage through the Foreign Affairs Ministry. Nabuco tried to accommodate professional values with patronage practices by proposing an objective means of selection as a requirement for appointees. Once a person entered the career no more intrusions from patronage would be accepted. Nabuco believed that some type of accommodation was necessary since, “traditionally, the President of the Republic and

¹⁴⁰ Comissão Mista de Reforma Econômico-Financeiro.

Congress co-operated on patronage for their mutual benefit” (Siegel, 1966: 44). His report reflected a pragmatic view, with emphasis on accommodation procedures.

The Finance Minister – from the State of Rio Grande do Sul, as were both Vargas and Lopes – was concerned exclusively with the financial aspects of the proposed career structures. He not only vetoed the propositions but also kept them from being published due to the increasing pressure from militant civil servant movements and the military. The report was rejected and all two thousand copies of the text were destroyed, as instructed by the President of the Commission, the Ministry of Finance (Wahrlich, 1983: 94). This censorship was considered a scandal and capitalised in Congress by Nabuco, resulting in an embarrassing situation for the administration.

The lack of a solution did not make the problem disappear. Another Sub-commission, chaired by José Bernardino, who had been appointed by Congress, was set up and a new report submitted in January 1936. Bernardino adopted a piecemeal approach to the problem and submitted each point of Nabuco’s report to the Commission and the President for approval. The final result was an inconsistent piece of legislation characterised by amateur and poorly written amendments. Economic concerns prevailed over consistency. The Bernardino proposal was designed to produce less impact on public finances because it took a more restrictive approach towards functionaries hired on provisional bases who had not been previously classified. The final solution was ambiguous – and typical of Brazilian politics. Both reports were sent to the President who decided to give a provisional bonus to all public functionaries and a long-lasting solution was postponed.

Vargas decided to tackle the problem in this way because he realised that the solution adopted was neither conclusive nor sustainable. A new commission was set up – later known

as the Re-adjustment Commission entirely appointed by Vargas. The President chose a group of direct advisors to formulate a feasible proposal under the coordination of Luiz Simões Lopes.¹⁴¹ Their task was to conciliate the political, finance and administrative needs of the interest groups involved in the process. The Re-adjustment Commission adopted a prudent approach, submitting three alternative courses of action to the President before detailing the corresponding proposal.¹⁴² Vargas opted for the most complex alternative, inspired by the Nabuco Report but with more pragmatic and economically absorbable transition rules.

Lopes's relationship with Vargas was quite close, as three episodes will attest. First, Lopes's father – Ildelfonso Lopes – was a Congressman and member of the same party as Vargas in Rio Grande do Sul. When Vargas moved to Rio de Janeiro to become Finance Minister in 1926, he called Lopes – then a young agronomic engineer – to introduce him into the life in the nation's capital. Second, Ildelfonso Lopes had been the fundraiser for Vargas's campaign for Presidency in 1929-1930. Thirdly, both father and son were involved in an incident in Congress when Ildelfonso Lopes killed a Congressman who had attacked his son with a knife during a political debate. It turned into a brawl. Lopes was a kind of son to Vargas, who gave him the affectionate nickname of “Zinho” in private situations.¹⁴³

Under the Readjustment Law, civil service was organised as a hybrid mix of position system and career system (Wahrlich, 1983). But it also placed the provisional functionaries in a special class – the supernumeraries. Careers were grouped according to the similarity of positions and the nature of each job but it did not differentiate degrees of complexity and

¹⁴¹ After the 1930 Revolution Simões Lopes had served as a trusted advisor of the President in administrative matters and frequently travelled abroad, notably to Europe and the U.S.A. Another key member was a young lawyer and diplomat – Briggs – who had been strongly influenced by Maurício Nabuco's ideas in the Foreign Office Ministry.

¹⁴² The alternatives were: a) a classification of personnel based on payment by function, b) scheduled pay rises each five years regardless of promotions, and c) adoption of a readjustment policy according to a career system combined with wages corresponding to functions.

¹⁴³ “Zinho” is a derivative of Luizinho, a common nickname for Luiz, which was Simões Lopes first name.

difficulty, a step that was planned to be taken later. Only seniority and merit were taken into account as criteria for promotion within different classes. The new legislation rejected Nabuco's proposal to create a market reserve for positions to be occupied by career civil servants and letting all higher positions be occupied by free appointment (including both civil servants and political appointees). The multiplication of appointed positions and the high value attributed to chief positions did not strengthen the career system. On the contrary, it weakened it.

The bill was sent to Congress in August and where approved in October with practically no modifications and with a minor presidential veto. The so-called Readjustment Law¹⁴⁴ – as it became known – was the first general classification of positions and salaries in Brazilian national civil service and remained in place until 1960,¹⁴⁵ when it was updated. It also set up two types of bodies in charge of implementing the career system: the Federal Civil Service Council (CFSPC) – explicitly inspired on the U.S. model – and Efficiency Commissions¹⁴⁶ in all ministries. Vargas was briefed constantly, due to his close relationship with Lopes. Meanwhile, a solution for the functionaries who had been hired on provisional bases was provided in July, and this facilitated the specification of an alternative¹⁴⁷ consensual policy.

Another battle began immediately. The jurisdiction over personnel, organisation and questions of methods was not enough to ensure control over the management of human resources. Lopes identified a source of distortions in budgeting processes and intrusions in personnel management. He set out to change this situation, constituting a series of conflicts

¹⁴⁴ Law 284, 28 October 1936.

¹⁴⁵ Law 3780, 12 July 1969.

¹⁴⁶ The Efficiency Commissions as well as some of DASP's prerogatives regarding standards were explicit influences of Taylor's ideas, that had been disseminated in Brazil since 1931 by the Institute of Rational Labour Organisation, created specifically for this purpose

¹⁴⁷ Decrees 871 and 872, of 1 June 1936 basically established parameters for hiring and paying functionaries on provisional bases.

that eventually led to a defeat sustained by the Finance Minister regarding the format of the budget. Given his close contact with and influence over the President in administrative matters, the budget of 1937 was prepared according to Lopes's view. Each ministry would have a limit for expenditures on personnel.

3.5 The “critical years”

On the political front, oscillations on the national level bypassed traditional regional politics and ended up being political forces for de-establishment during the fragile Constitutional Government. Strikes by workers broke out on the political scene and there were major riots on the streets between fascist and anti-fascist groups. Congress, increasingly intimidated by political explosions outside the traditional arenas, approved a National Security Law in March 1935. The launching of the National Liberation Alliance, a front led by communists and radical lieutenants, received widespread popular support that culminated in a reaction by the Federal Government. In response to rhetorical excesses claimed for popular insurrection, Vargas approved a second National Security Law that allowed the Federal Government to repress the movement and suspend its activities. On 1 May Góis Monteiro resigned as Minister. The overconfident revolutionary wing of the Brazilian Communist Party opted for popular insurrection. The uprising began in the Northeast, but due to poor coordination, the Federal Government was alerted and clamped down on the rebellion in Rio de Janeiro. The “subversive” threat provided Vargas with a pretext for declaring a state of siege, thus demobilising civil society and consolidating the national State through gradual measures to centralise power.

At the end of 1936 politics as usual seemed to have resumed, with the presidential election – scheduled for late 1937 – on the political horizon. The two main political forces were the Brazilian Democratic Union, championed by São Paulo State Governor Armando Salles de Oliveira, and José Américo de Almeida, a former revolutionary of 1930 from the North-eastern State of Paraíba. The right wing was represented by a third candidate, Plínio Salgado, the fascist leader of the Integralists, strengthened by the repression of the communists during the two previous years and subtly stimulated by the President. At the time Vargas was pursuing a strategy comprised of three simultaneous movements. First, he kept up all appearances for the maintenance of the electoral calendar, suggesting that he would support José Américo de Almeida. Secondly, he isolated and repressed political opponents through “surgical” interventions in reluctant states in a move to disarm any potential opposition. Thirdly, he consolidated his indispensability and moves that placed him as the natural solution above all other political forces in the conflict.

Congress perceived Vargas’s movements and ambitions. For the first time, it turned down a request to renew the state of siege in June 1937, already extended four times during 1936 (Skidmore, 1967: 23). Vargas reacted surprisingly, releasing left-wing political prisoners. This was the first act of a well-engineered scheme. In September, right wing fascist officials exposed a forged communist plot, known as the Cohen Plan, to the military. The denunciation exacerbated the communist threat in the eyes of the military, many politicians, and an increasingly frightened middle class. Thanks to this pretext, Vargas was given constitutional powers by Congress to suspend political rights. At the same time, the president commissioned studies for a new constitution based on the corporatist fascist models of Portugal, Italy, Germany, and Poland.

The situation was mature and the coup d'état, applied by the president at the final stage of the electoral campaign, occurred in November 1937, two months before the scheduled presidential election, virtually without resistance. Congress was shut down and the political parties were dismantled on the grounds that they were administratively inefficient and that there was need for a strong cohesive government to pursue the country's national objectives. The epilogue was the repression of an improvised predominantly "fascist" insurrection in May 1938 led by right-wing military groups that resented the demobilisation of their political movement with all the others.

Varga's successful divide-to-rule strategy during the period that ran from 1934 to 1937 was complete. The New State was, to a certain extent, a creation of Vargas's personal political genius, even though he borrowed some of his ideas from European authoritarian and fascist regimes. A centralised Brazil emerged. During the initial years of the Provisional Government the empowerment of a central federal executive was a reaction against the corrupt and decentralised Old Republic. In 1937 the justification was the need to improve on an inefficient and fragile democracy. The contradictions of the commitments between the two main forces responsible for the movement in 1930 – liberal constitutionalists and authoritarian nationalists – were finally settled with the victory of the latter. The coup put an end to one transitional phase and began a new one: the consolidation of a centralised project based on social welfare and economic nationalism, under authoritarian tutelage (Skidmore, 1967: 30-31). During the New State all elections were suppressed and the opposition repressed. Vargas became Chief-of-State and its very personification.

3.6 Moving a step forward: new public sector reforms for a “New State”

The CFSPC¹⁴⁸ was responsible for initiating the civil service reform immediately after it was set up. It played two central roles: interpretation and application of the Re-adjustment Law – related to classification of positions and definition of the corresponding salaries – and the organisation of the national administrative structures. The implementation of a merit system began de facto during that period. Twenty open nationwide public competitive selection processes were carried out in two years, an impressive performance given the complexity of the tasks involved and their innovative character. Promotions were also regulated. Performance management was already perceived as a problem of public management. The solutions suggested were based on scientific ideas of management, but the systems never worked properly because of bureaucratic heterogeneity, excessive formalism and generalised resistance.¹⁴⁹

The Council was directly subordinated to the President, and was located in the building of the Presidency. Vargas appointed Lopes president of the CFSPC. Lopes then brought in Briggs, another member of the Readjustment Commission, who was a lawyer and diplomat, to be his deputy. At the same time, Efficiency Commissions were set up in each ministry, as extensions of the Civil Service Commission.

The CFSPC underwent three important innovations during its lifetime. The first was the institutionalisation of a personnel system that included open public competitive selection

¹⁴⁸ The numbers concerning its activities during the period of its existence – twenty months – were impressive: 20 national public competitive selection processes, 182 meetings, 2966 resolutions, 66 administrative acts, 6116 justifications and technical notes, and 32 presidential memos (Wahrlich, 1983: 1342-133). A journal was published to be a vehicle of dissemination of reformist ideas, with translations of international articles, debates, jurisprudence on useful information for top officials and a briefing regarding the implementation of the reforms.

¹⁴⁹ The cross-fertilisation of scientific management ideas and a tradition of administrative law worsened the federal administration’s tendency towards bureaucratisation.

processes. The second was a job classification plan that introduced a minimum level of rationality and consistency to career structures. The third was the development of preliminary studies for a welfare institute for public employees.

Two other major contributions also deserve mention. One was the establishment of a merit-based personnel system. This measure included a distinct set of rules to deal with temporary personnel and the establishment of a welfare system that extended “to temporary personnel the benefits of assistance that the State had formerly granted only to titled functionaries”. This practice that would become increasingly popular in the future (Siegel, 1966: 53). Another initiative of the CFSPC that indicated the importance attributed to the flow of ideas was the founding of the “Civil Service Journal”, which quickly became the main vehicle for the diffusion of the ideas and achievements of the administrative reform, including contributions from foreign sources.

Lopes and Briggs were deeply influenced by Nabuco’s ideas and immediately initiated an ambitious technical cooperation program with the United States Government. Groups of young professionals were sent to study in the United States, from the moment the CSFC was set up. Nabuco’s enthusiasm for the U.S.A. and the ongoing administrative debate during the 1936-1938 period absorbed his attention completely. There were no doubts as to what other country should serve as Brazil’s role model.¹⁵⁰

The cooperation program had the objective of training high-ranking Brazilian civil servants in public administration techniques. The United States was considered the promised land of “administrative continuity”, the impossible dream of this small group of Brazilian reform champions. Efficiency was the policy image of American Public Administration (Silva,

¹⁵⁰ E1M/RJ/7.

1938). These programs were institutionalised and the School of Public Affairs at the American University, in Washington, D.C., was the main international reference for these connections. A human resources policy was formulated and legally approved, and involved sending students to the U.S.A. and bringing in American experts.¹⁵¹ Lopes began to monitor the ongoing debate about administrative reform in order to catch up with the Americans, but also to find opportunities for leapfrogging.

The option for a super central agency organised according to departmental principles did not simply fall out of the blue as its juridical weirdness might suggest.¹⁵² There were two sources of influence that pushed Lopes in the direction he pursued: Willoughby's ideas and the Brownwood Report. Lopes had been influenced by the thinking of Willoughby – an important participant in the discussions on budgeting reforms almost two decades earlier. Willoughby believed in administrative principles that could be applied universally. He developed his ideas in one of his most influential books *Principles of Public Administration*, which treated of the importance of specialising functions by creating departments. In the U.S.A. the Executive Branch was conceived as an administrative instance while the Legislative branch was designed to be the political instance of government. In order to perform his functions, the chief executive – the President – needed the support of a General Administration Bureau (Willoughby, 1927) that would be responsible for functions of norms, coordination and control.

Departmental principles were already known to most Brazilian government decision-makers (important administrative reform had been already carried out in the Ministry of Education

¹⁵¹ E1M/RJ/7.

¹⁵² DASP was a strange juridical body operating under a Constitution designed according to continental juridical principles adopted by Francisco Campos and explicitly inspired on the models of Italy, Germany and Poland. The figure of a “Super Department” did not fit in with a federal administration organized into ministries.

and Public Health). The scope of the reform was impressive and it was the first case of the application of Willoughby's "departmental" ideas in Brazil.¹⁵³ The reform was extensively discussed in Congress, under the command of Minister Gustavo Capanema, an intellectual who argued convincingly, based on technical documentation, in favour of the reform (Wahrlich, 1983: 168-192). DASP's intellectual formulators originally expected that the super central agency would be an the instrument to free the line ministers from housekeeping tasks related to personnel and budgeting (Silva, 1942), a task that the Efficiency Commissions were not capable of fulfilling.

Lopes was aware that Roosevelt had set up the Committee on Administrative Management in 1936 with the explicit mandate to analyse the problems of managing the Executive Branch's administration and issue a report on the reorganisation of this branch, to be submitted to the President and to Congress. The Brownlow Report had been commissioned by Roosevelt and then sent to Congress in January 1937. The report emphasised aspects such as the importance of providing the Presidency with high-level technical support, the need to develop managerial capacities over the Executive Branch, the need to strengthen the merit system, the urgency of reviewing the fragmentation of executive bodies, and the transformation of the controlling body into an ex-post auditor in order to strengthen presidential accountability to Congress.

At the same time, the Senate, and later on, the Chamber of Deputies, commissioned the Brookings Institution to produce an alternative report – with a broader scope – to be used in

¹⁵³ Willoughby was explicitly mentioned in the *Diário do Poder Legislativo* of 15 December 1935, p. 9041. The role of Willoughby's ideas is especially recognised as being more extensive than the influence of Taylor, Weber, and Fayol. Willoughby's "theory of the general management department" suggested that there should be a department responsible for activities related to coordination, control, and norms. This Department of General Administration should not be involved in operational matters and should be positioned close to the top authority. Willoughby's ideas included clear adherence to the principle of separation between politics and administration, and a strong belief in administrative principles that should be applied on a universal basis (Willoughby, 1927).

an Investigation of the Executive Agencies of Government. The proposals of the Brookings Institution¹⁵⁴ proved more conservative than those of the Brownlow Report because, while the former – as it had been ordered to do – produced global analyses of administrative organisational matters of executive agencies, the latter focused on strategic elements of Presidential engineering.¹⁵⁵

When the debate came to Brazil, those involved in monitoring the discussion filtered it to suit the country's political moment. The reform was intended to be the cornerstone of the enhancement of the capacities of an increasingly authoritarian State. Meanwhile, in the U.S.A., the Brownlow Report suggested that an administrative reform was needed to improve the efficiency of the administration to enhance the Presidency and, therefore, to preserve democracy (Short, 1938). Incidentally, the report was rejected on the grounds that its recommendations risked giving the Presidency dictatorial powers. Both initiatives aimed at strengthening the Presidential administrative powers, but for different purposes: authoritarian in Brazil and democratic in the U.S.A.

In a few months Lopes arrived at two conclusions: a) a civil service statute was required to complement the efforts initiated by the Readjustment Law, and b) there was no way to implement a merit-based system founded on principles of rationality without taking into account budget limitations. The next move was to search for a policy solution capable of overcoming these problems and in line with the President's political project. Lopes realised

¹⁵⁴ Shaffer (1973: 89-92) points out that the Brookings Report provided distinct alternatives to the decision makers of that time: a concern with complexity, a cautious approach to simplistic rationalisations, a more gradualist piecemeal perspective (instead of doing things once and for all), and a more pluralist contingent orientation. As Clay and Shaffer (1984: 1) later emphasised "here are usually others alternatives over the table; there is inevitable required solution. "Different policies could be chosen. There is room for manoeuvre."

¹⁵⁵ For a more detailed analysis of the contrast between these two reports, see Roberts (1995).

that if he wanted to implement a human resources policy he needed powers beyond his jurisdiction.

The concept of a central agency oriented towards a combination of personnel, procurement, and budgeting matters gradually took shape in Lopes's mind. But the powers of the Council were too limited to carry out the actions Lopes saw as necessary for an effective administrative reform. The CFSPC provided a transitional platform for overcoming the bottlenecks already diagnosed. Lopes presented a revealing argument regarding the destiny of the CFSPC: the overwhelming demand by employees within the context of implementing the merit system absorbed the commission's energy at the expense of its organisational functions. A central agency with broader functions – personnel, organisations, budgeting, and procurement – was required to carry out the tasks demanded by the President. As a result, Lopes himself suggested that the CFSPC be replaced by with a central agency invested with a broader mandate to implement the administrative reforms he deemed necessary. This foregone conclusion led him to fight the Ministry of Finance for the control over the budget (initially only expenses on personnel, but later the entire budget). A few months before the coup Lopes suggested that the Council be disbanded and replaced by a new agency, with empowered functions.

The concept of a central agency had matured enough to be incorporated into the 1937 Constitution, as the result of Vargas's coup d'état. The authoritarian character of the constitutional text¹⁵⁶ was evident, given the ideological views of its intellectual author, Francisco Campos. Campos was committed to designing a National State defined as

¹⁵⁶ The 1937 Constitution was labelled "*A Polaca*" ("The Polack") because of its authoritarian nature. It was a mosaic of foreign influences due to its combination of labour aspects from the Italian *Carta del Lavoro*, its American administrative influences and its anti-liberal biases (clearly inspired on German, Polish and Italian experiences).

authoritarian in order to promote modernisation (Medeiros, 1978). In 1938, DASP was set up, consisting of a legal spillover from the prescriptions contained in the 1937 Constitution introduced by Lopes.

A powerful and visible institution at the top of the federal administration was set up to pursue the policy of structuring a national civil service and a budgeting department. DASP was a super central agency directly subordinated to the President that absorbed the functions of the CFSPC and was the equivalent of the Office of Management and Budgeting in the U.S.A. DASP was given an unprecedented monopoly over policies, an experience that would never be repeated.

DASP corresponded extraordinarily with the needs of the moment and with Vargas's ambitions. The project for administrative reform had been increasingly adapted to Vargas's need to consolidate his power. He encouraged the development of a policy solution that would empower him in the name of a project to build a National State. The super-agency was destined to become the symbol of the Presidency, a policy icon of Vargas's personal will, because DASP concentrated normative, organisational, regulative, executive, and control roles without parallel since the Republic was established in 1989.

According of the constitution, DASP consisted of five sectors: organisation; civil servants; supernumeraries; training and selection; and procurement and budgeting. By budgeting the constitutional text meant drawing up and monitoring the execution of the budget. But it was only in 1940 that the Budgeting Commission was set up in the Ministry of Finance,

subordinated to DASP.¹⁵⁷ And only in 1945 was the Division of Budgeting formally installed at DASP.¹⁵⁸

In November 1937, when Vargas presented the new Constitution, he delivered a revealing speech to the nation in which he explained the fundamentals of the “New State”. His discourse was straightforward.

“The governmental apparatus established by the 1934 Constitution does not suit national imperatives. On the contrary, it constrains the needs of the executive administration. State efficiency has been severely inhibited (...) The Legislature has proved to be a paralysing force (...) The budgeting process has never obeyed the legal deadlines (Vargas, 1937).

The installation of a new governmental apparatus was a policy event, fruit of an incremental process geared to imposing a national modernisation and developmental project. In fact, the “New State” equated government with administration. It represented a political fusion, opposite to the tradition of Wilson’s classical dichotomy. Scientific management was adopted as a substitute for politics.

3.7 Taking advantage of the momentum: the aftermath

In his inaugural speech as President of DASP Lopes made three significant statements during a brief retrospect of his experience of working with Vargas since the 1920s (Lopes, 1938). First he confessed to being an ordinary diligent man, not specially qualified in administrative

¹⁵⁷ Decree-law 2026, 21 February 1940.

¹⁵⁸ Decree-law 7416, 26 March 1945.

affairs, in charge of pursuing the President's will to implant an efficient administration but frustrated with the constraints of Brazilian political regimes. Secondly, he recovered the gradual cascade of measures since 1936 by setting up a central agency capable of empowering the Presidency, which was hampered by democratic constraints and political interference. Thirdly, he referred to the course taken from the CFSPC towards DASP as the most important pacific revolution that the government had masterminded in order to promote an "active" State, which, for him, meant the "New State".

DASP was designed to be the head of the Ministerial Bureaus of a General Administration System. Such a department had existed only in the Ministry of Education and Health, and only until 1938. DASP's modus operandi suggested that all ministries should have a kind of standard format, an organisational straightjacket (Wahrlich, 1983: 852). In the period between 1938 and 1943 Ministerial Bureaus of General Administration were set up in the Ministries of Foreign Affairs, Agriculture, Labour, Justice, and Infrastructure. The decentralisation initiatives implemented by DASP were de facto an extension of its oversight powers, not an instance of delegation. The Efficiency Commissions and, later, the ministries' General Bureaus were DASP's eyes and ears, and, by extension, those of Getúlio Vargas (Siegel, 1964: 319).

The first Civil Servants' Statute was approved two years after the coup. DASP favoured the statutory thesis – as defended by jurists influenced by French and Italian ideas – rather than the contractual thesis – presented as a more rigid, individual-rights conception. Admission of employees to the public sector should take place through public competitive selection process, and promotion should occur according to merit. Retirement should be based on each employee's full current salary. Tenure was guaranteed. In a nutshell, DASP enabled the

design of a professional legal framework for Civil Service, although it was not put into practice because of the persistence of clientele practices.

Governmental activities were centralised through administrative empowerment in two different ways. First, many functions previously performed by the states¹⁵⁹ and local governments were federalised, i.e. transferred over to federal jurisdiction.¹⁶⁰ Regional “intervenor” and federal organisations carried out the process of unifying the country administratively. DASP took over the administrative functions that supervised the states’ administrations. Second, Federal Governmental activity was expanded towards new social and economic areas, namely economic infrastructure, social welfare, and labour-union organisation (Skidmore, 1967: 33-4). Both movements gave the federal executive unprecedented patronage powers in terms of jobs and policy favouritism, given the administrative powers centralised in the President’s hands.

According to Lopes, the creation of DASP represented the evolution of administrative principles in discussion in the U.S.A. The absorption of the CFSPC and the Permanent Standardisation Council¹⁶¹ was regarded as a desirable improvement.¹⁶² In view of the delay in implementing the Budgeting Division, DASP assumed the role of Civil Service Controller (Briggs, 1938). Traces of the British Civil Service were recognised because of Nabuco’s influence, although American Civil Service was considered the closest explicit model. French and Italian influences could also be identified via constitutional and administrative

¹⁵⁹ The important symbolic dimension of the New State was emphasized by a ceremony presided by Vargas at which the state flags were burned as a sign of the new times (Skidmore, 1967: 37).

¹⁶⁰ The nationalisation of taxes, especially export taxes, was a key change in tax jurisdictions revised by the 1937 Constitution.

¹⁶¹ Decree-law 579, 10 July 1938.

¹⁶² The contrast could not have been more significant. In the U.S.A. the establishment of a civil service system was a direct challenge to patronage to the Jacksonian spoil principles and in order to be successful the reforms were historically presented as a democratic conquest – “as a way for the common man to participate in government.” (Lutton, 2003: 172).

law. Similarities with the structure in Germany were seen in the conception of the entire structure.

Two other functions attributed to DASP – to support the analysis of proposals for legislation in order to enable presidential decision-making, and to oversee the execution of public services – brought about severe collateral effects that emerged later. The former was, in practice, a substitute for a legislature while Congress remained closed by the dictatorship. The latter exacerbated DASP's tendency to control in a closed regime (Wahrlich, 1983: 193). DASP's affinity with Vargas and the authoritarian regime caused inevitable identification of the organisation with both the regime and the dictator.

The tendency toward centralisation operated simultaneously with changes in foreign policy. The cohesive support of the military forces to the "New State" coup was guaranteed, thanks to governmental support of their nationalist objectives of modernisation and even at the expense of international financial commitments.¹⁶³ Brazilian foreign policy had oscillated between the U.S.A. and Germany since the early 1930s. The United States filled in the vacuum left by the collapse of British hegemony accelerated by the 1929 stock-market crash. Great Britain was Brazil's most important economic international partner after the U.S.A., thanks to the ongoing modernisation process of the army. Vargas manoeuvred supporters on both sides in order to obtain maximum gain from the country's option for the U.S.A. at the end of the 1930s. The military establishment's sympathies for Germany, together with the ideological affinities between the New State and the nazi-fascist movements in Europe were not enough to block Vargas's choice, in view of his need to eliminate the fascists from the political scene.

¹⁶³ Brazil declared moratorium at the end of 1937 and defaulted on its foreign debts until the beginning of 1939, when economic agreements with the U.S.A. allowed the country to re-establish its international credibility.

DASP's role in expanding the State apparatus, especially for purposes of economic development, was impressive. The list is self-explanatory. Between 1937¹⁶⁴ and 1945 DASP participated directly or indirectly in the setting up of councils (National Oil Council in 1938, National Economic Mobilisation in 1942, the National Fuel Commission in 1941, and the Commission for Industrial Electrical Material in 1944), autonomous government agencies (Executive Commission on Fishing, Fruit and Manioc in 1942, Merchant Marine Commission in 1941, Amazon Navigation Services in 1940, Port of Pará in 1940, Rio de Janeiro Port Administration in 1940, National Salt Institute in 1940 and National Pine Institute in 1942) and state-owned companies (Departments of *Banco do Brasil*, such as the Agricultural and Industrial Section, and the Export and Import Department in 1941), Brazilian Social Security Institute in 1939, São Francisco Hydroelectric Company in 1945, Cooperative Credit Bank in 1943, Rubber Credit Bank in 1942, Rio Doce Valley Company in 1942, and National Steel Company in 1942).

The New State generated an administrative machine protected by a reformist rhetoric that, in fact, generated a need for continuous expansion on the grounds of its need to control itself. The dominant feature of the emerging State was not the growth of a merit-based civil service but the multiplication of politically appointed positions and a significant expansion of the so-called "supernumeraries," two clear proofs of the resilience of the patrimonialist State that the 1930 revolution was expected to have overcome.

"Avoidance of responsibility, corruption, and inefficiency had continued to be endemic in the bureaucracy, in spite of the regulations designed to eliminate them" (Geddes, 1994: 52).

¹⁶⁴ The External Trade Council (1933), the National Coffee Department (1933), and the Brazilian Lloyd (1937) were created before DASP further reorganized by DASP actions and legislation.

Vargas progressively balanced the exercise of patronage powers to his own benefit with the gradual construction of a merit-based bureaucracy, paradoxically also identified with his project. But in spite of all rhetoric associated with a progressive administrative reform involved in establishing it, only “token efforts were made to set up a career track where merit was the basic qualification for entry” (Fausto, 1999: 225).

Brazil's entry into the war¹⁶⁵ triggered a new dynamics within the New State because it revealed the contradictions involved in having a semi-fascist dictatorship support the Western democracies. The first to be influenced by ideas of democracy were the members of the liberal opposition to the regime, such as students and intellectuals. More important, however, was how the war affected the military involved in it and in international relationships with Brazil's allies, especially the U.S.A.

Pressured by internal politics and having sided with the allies in Vargas assimilated aspirations for re-democratisation and began a new political move aimed at preparing the country, as well as his own populist political basis, for the reestablishment of democracy. First, the approval of successive pieces of national welfare legislation¹⁶⁶ was sure to win political support from urban workers. Second, a national labour structure tutored by the State was implanted in order to equip "*trabalhismo*" (labourism) with clientelist powers to win over political support and co-opt dissidents. Vargas ensured a successful bureaucratisation of the new corporatist structures by institutionalising union dues that would guarantee the new labour machines with solid funding. Third, Vargas stimulated the setting up of a labour party

¹⁶⁵ More than 20,000 men were sent to the campaign in Italy in June 1944, as members of the Brazilian Expeditionary Force. The death in combat of 454 soldiers and contact with high military authorities of the Western democracies deeply affected a number of Brazilian officers who were to play leading roles in subsequent Brazilian politics.

¹⁶⁶ The main measures destined to build Vargas's populist basis with the working class were the determination of the minimum wage, the establishment of the Labour Court System, the setting up of social security institutes, and the approval of progressive labour legislation.

based on the political corporatist machine and on the unions dominated by the government, whose role was to struggle for economic nationalism and social welfare. When Vargas was ousted from power in October 1945 – in a smooth operation conducted by his military ministers – he had already paved the way for his eventual return, under democracy, five years later.

3.8 Explaining the cascade of public management policy changes

Capturing the President's attention was not a problem for the reformists of that period. The concern with administrative reform was already present in Vargas's speeches during the 1930 presidential campaign. Since then, the "functionaries' problem" had already been classed as an appealing and sensitive political issue. Vargas's awareness of progressive public administration themes was reiterated in two annual speeches to the nation in 1931 and 1932 (Vargas, 1931 and 1932). But his ideas about civil service were postponed because of other initial priorities pressing for building the State. In many areas there were no organisations or public structures to modernise. They had to be set up first. The political instability of the Provisional Government also absorbed the President's attention. The setting up of governmental structures, such as in the welfare and commodities areas, absorbed part of the President's attention allocated to administrative matters.

Initially the civil service reform issue rose to the governmental agenda through pressure from another pivotal interest group: the military forces. Their demands were presented to the Legislative and Executive Branches after the beginning of the new constitutional government. The first move to be highlighted was Vargas's decision to deal simultaneously –

and in the same political package – with the military’s demands and the situation of the public functionaries. The second move was to search for a solution through a bi-branch procedure: a commission formed by persons appointed by the Executive and by the Legislature. With this, Vargas achieved three objectives: a) he put problems of the military and civil service in the same policy framework, b) he shared the responsibility with Congress for finding a solution for the problem, and c) he bought time in terms of financial pressure.

The Bi-branch Commission was the first “issue station” of the personnel management problem. The entrance of Nabuco on the political scene marked the opening of a new phase in a practically virgin policy arena. He brought new ideas to the discussion and projected an image of a policy solution for the problem of the public functionaries. He specified a policy proposal that – in spite of its vagueness – provided general principles for organising a national civil service. Moreover, he fuelled a conflict around possible solutions without neglecting pragmatic concerns related to demands of clientele.

The expansion of the conflict attracted new players and contributed to the re-definition of the issue. At the beginning there was only the need to accommodate military demands for better wages. Later on, other public employees were included and the discussion of recruitment, provisional employment arrangements, job classifications, extension of appointing powers and other related themes were brought to the discussions within the bi-branch commissions. The debate gained political status. In fact, it made room for policy entrepreneurship in defining the problem and formulating policies.

The impasse in the Bi-branch Commission was not necessarily a problem for Vargas. On the contrary, the problem returned to him because both the official Bernardino Report and the minority Nabuco Report were submitted for his consideration. The main antagonists involved

in the debate – Souza Dantas, the Finance Minister, and Maurício Nabuco, his ex-Foreign Affairs Minister – were both comrades of his. Specification of the policy was within the President's political domain. Therefore, when Vargas decided to take care of the issue at Presidential level he had already envisioned the opportunity of opening up discussions related to other sorts of demands. The issue had gained critical mass and new policy alternatives had been drafted.

The setting up of a new commission subordinated to the Presidency marked a substantial change of attitude by the President with respect to the issue. The President had become proactive and interested in the specification of a policy solution for the problem. In appointing Lopes to chair the new commission, Vargas signalled his personal engagement in the process. By bringing in Briggs to participate in the commission, Lopes signalled the option to slip Nabuco's ideas back into the debate.

Lopes's view of the administrative reform was intimately associated with the need for strengthening both the State and the Presidency. He had had contact with the American literature on scientific management and saw federal public administration as a unified structure. The entire governmental body should be organised following the departmental principles of division of labour. Work differentiation should be set up in line with the nature of the individual tasks and their level of responsibility. All these concerns reflected the influence of ideas that were being discussed in the U.S.A. at that time. The conclusion was straightforward: the United States was the country from which to draw lessons with respect to civil service reforms.

The decision-making process did not take place at the final stage of the proposal formulation. In contrast to his predecessors' Bi-branch Commission, and influenced by concerns of

legislative politicians, Lopes briefed the President continuously about what was going on. By this self-reversed monitoring process, the definition and expansion of the issue were being achieved while also incorporating the President's views and anticipated approval. The strategy had four advantages: it involved the President in each stage, it allowed the correction of courses of actions with minimal tensions, it incorporated his views along the process, and it generated an opportunity for the reformers to gain the President's support for further proposals.

In a well engineered move, the demand for pay rises – which was the origin of the policy process – was met separately. An across-the-board bonus drained the political pressure that surrounded the discussions related to the civil service issue. In splitting issues that had initially been linked to one another, Vargas paved the way for a smoother discussion on the civil service problem. The proposal passed in Congress with minor modifications.

The policy specification process was influenced by a policy transfer process (Rose, 1993), an idea Lopes borrowed from the U.S.A. for the CFSPC. The American model was seen as a modern and suitable answer to Brazil's needs, as opposed to the French alternative, perceived as excessively formal.¹⁶⁷ The CFSPC provided Lopes with a policy platform to implement the Re-adjustment Law through the Council and its instruments – the Efficiency Commissions. The implicit view of the arrangement was systemic, a novelty at the time. It was also mutually reinforcing in terms of the centralisation process underway.

The installation of the CFSPC was a step ahead in the agenda-setting process: the issue moved from the generalised systemic political agenda to a formal agenda to be “scheduled by a policymaking body” (Cobb and Elder, 1983). An institutional platform was set up as a

¹⁶⁷ E1H/RJ/33.

consequence of the momentum generated by the commissions' work. Personnel management would be the object of permanent analysis from that time on. Given the fact that "the scarce factor is usually attention" (Simon, 1981: 167), the CFSPC represented the institutionalisation of an issue that had not yet been properly defined. The initial political issue – pay rises – evolved into another issue – job classifications. But the final outcome was an even broader civil-service policy.

Lopes evaluated that implementation was problematic because the financial instruments required were beyond the CFSPC's mandate and jurisdiction. The problem of personnel management and a career system were diagnosed as inevitably related to the personnel budget, until that time under the control of the Ministry of Finance. Empowered by his appointment as President of CFSPC and by his physical, political and personal proximity to the President, Lopes installed the latent competition problem that had been anticipated in the Bi-branch Commission. Control over the budget replaced personnel as his major concern because budget control was essential for solving the problems of personnel. Because Vargas, Lopes and Dantas were all from Rio Grande do Sul, the competition was kept under Vargas's control, who gradually tipped the balance in favour of Lopes.

An amazing aspect was the fact that Lopes expected to leapfrog the American model by setting up DASP, therefore anticipating an administrative proposal that Americans were reluctant to adopt. The model adopted by Vargas, after implementing the dictatorship, was closer to Willoughby's concepts than to those of the federal public administration in the U.S.A. (Furtado, 1946). But the level of centralisation imposed by DASP had no precedent or similarity with the structures of the American administrative State. Nor did Willoughby (1927: 54-57) suggest the fusion of the Bureau of the Budget (his main concern) and the

Civil Service Commission. He also had in mind a bureau of general administration close to the Presidency but without executive powers (1927: 52-54). The context of his proposals oriented to empower the Presidency was a struggle against the restrictions that Congress imposed on expanding executive capabilities.

The influence of the Brownlow Report was also fundamental in the way the reformist elite projected an institutional platform for administrative reform. An efficient democracy was the broader appeal. The Committee Report's main argument was that the survival of a modern democracy depended on the government's capacity to promote efficient administration. Empowering the presidency, by authority and by advisory means, was considered the best way to accomplish that goal. Consent to democracy and good management were the critical factors recognised as essential for governmental efficiency. The major recommendations were to empower the presidential staff, encourage the merit-based system,¹⁶⁸ and modernise the budget system,¹⁶⁹ in the best tradition of Luther Gulick and the POSDCORB principle. Under DASP's responsibility the budget was organised in line with this framework.

Concern with the Budget Bureau's modernisation and staffing was plainly absorbed by Vargas. However, he suppressed his being accountable to Congress by establishing a dictatorship. Unlike the budget reforms of the 1920s and 1930s in the U.S.A., placing the budget under DASP's jurisdiction meant empowering the Executive at the expense of democratic accountability. The new budget system combined the need for a central personnel agency and a budget bureau in the same organisational solution – DASP – a personal

¹⁶⁸ DASP was supposed to be the concrete manifestation of the American ideal, but with two exceptions. First, Vargas would encourage the adoption of the merit system in the period after 1937 but always kept an important stock of positions to be filled directly by the President. Second, he reclassified the holders of all positions into civil servants, a recurrent practice that would continue until the 1980s. Thus, even while this new arrangement was being installed, Vargas maintained substantial discretionary powers, centralising and incorporating a legion of grateful followers incorporated into the State.

¹⁶⁹ "The Bureau of the Budget was set up as the right arm of the President for the central fiscal management of the vast administrative machine (...)." (Brownlow et al., 1937: 16).

governmental machine.¹⁷⁰ The identification of the President with the chief of the administration was borrowed from United States presidentialism (Briggs, 1941), although Vargas removed the democratic dimension of this system.

Brazilian public administration developed on the basis of American administrative theory, which was highly prescriptive and, at the same time, emphasised the machine image of the state apparatus. The combination of these two elements with the rise of an authoritarian project magnified DASP's hypertrophy (Graham, 1968: 38-41). American public administration theories were the main source of policy influence in Brazil, especially Willoughby's General Bureau Theory and Taylor's Scientific Management ideas.¹⁷¹

American experts who visited Brazil in the years that followed the setting up of DASP made favourable comments on the reform attempt although usually made caveats regarding the implementation of the merit system, the replacement of CFSPC's collegial decisional style

¹⁷⁰ The machine metaphor in the Brownlow report (1937: 3) was explicitly mentioned: "Real efficiency (...) must be built into the structure of a government just as it is built into a piece of machinery." By machinery of government the authors meant "the organisation of those branches of government, and generally national as against local government, other than primarily legislative and judicial sections: the structure of executive administration" (Schaffer, 1973: 77).

¹⁷¹ Wahrlich (1983: 290-312) tracked the influence of Taylor's and Fayol's ideas in the cascade of policy proposals that emerged in the 1930s. Taylorism had arrived in Brazil in the 1920s. In 1931, the Institute for Rational Organisation of Work, a think-tank that would diffuse Taylor's ideas in Brazil, was created. The Civil Service Council's decisions and acts, the Purchasing and Standards Commissions, and DASP's activities would be strongly influenced by concepts such as efficiency and standards, typical of the scientific management movement. Fayol's ideas were basically oriented to private business, in contrast to Willoughby's concerns with public affairs. Fayol prescribed education in administration as an essential requirement for the diffusion of administrative techniques and principles, seen as the main sources of increased productivity. His ideas would result in the basic justification for the human resources development functions that DASP would assume and carry out in the 1940s. The setting up of the first programs in administration as a degree were explicitly inspired on Fayol propositions, as well as on the American and British experiences in the field (Wahrlich, 1983: 298). The principles of coordination, unity of command, division of labour, and functional specialisation were recurrently evoked in the late 1930s as essential requirements for solving sectorised administrative reform initiatives.

with hierarchical departments,¹⁷² and the challenge of delegation and decentralisation (Reining, 1945).

Public entrepreneurship¹⁷³ was intensively exercised at the time. By scrutinising the main policy events of the period, it was possible to track the policy initiation (Polsby, 1984) process of administrative reform in the 1930s. The policy process included specifying policy alternatives, gaining adherents to the proposal, building an institutional platform for its development, and transforming it into a plausible program.

Multiple overlapping roles were played out during this period, including policy intellectuals, policy advocates, policy champions, and policy administrators (Roberts and King, 1996). Maurício Nabuco was the policy intellectual who introduced the new ideas that started the process. He also played an important policy advocate role for the public in general. Simões Lopes played a similar role oriented to government's the internal system, especially the Presidency, and advanced the process of designing the proposal. His success in advocating and championing the policies adopted by Vargas was decisive. All these roles referred to the entrepreneurial activities that enabled the timely combination of political, problem, and policy streams.

Many of the new ideas put into practice were not unprecedented. Their origin can be traced to the scientific management movement and mainly in United States history. However,

“[T]he newness, or innovativeness, of an idea is defined by the context in which the entrepreneur is embedded. (...) A new idea is innovative to the

¹⁷² Morstein-Marx, F., 1941.

¹⁷³ “The key defining characteristics of public sector entrepreneurship are the promotion, adoption and implementation of new combinations of policy, process and/or organisational innovation” (Ioannou, 1992: 166).

extent that individuals involved in the context perceive it to be” (Roberts, 1992: 57).

In other words, it is the context and the way people embedded in this reality perceived the arrival of new proposals that counts.

Public entrepreneurship¹⁷⁴ was present virtually during the entire period. Lopes was constantly engaged in the search for a design solution for multiple political and administrative problems through a variety of angles in the policy process. These activities and their insertion modes include establishing the nature of the problem, defining its hypothetical causes, borrowing ideas, creating momentum, efficiently platforming, designing institutions, employing rhetoric, building coalitions, choosing venues, developing strategies, and learning from experience and analysis.

The functional perspective is the object of controversy given the sequence of its stages. Policy and political events do not unfold in progressive and synchronised steps. Innovations are solutions for problems. In the Brazilian case, however, policy innovation provided solutions to the problem and political streams. As Ioannou (1992: 163) observed regarding Zambia:

“[T]he absence of effective central political control and coordination – leading to fragmentation and significant departmental autonomy and discretion – not only made public entrepreneurship possible but to some extent necessary” (Ioannou, 1992: 163).

¹⁷⁴ “The key defining characteristics of public sector entrepreneurship are the promotion, adoption and implementation of new combinations of policy, process and/or organisational innovations” (Ioannou, 1992: 166).

The facts about the period from 1930 to 1937 support Ioannou's assumption that "public sector entrepreneurship may be a functional need in fragmented political systems", another complementary explanation for the administrative reform process in the period. Vargas's and Lopes's efforts were vectors of coordination and centralisation within a context of a seriously fragmented country.

Vargas's charisma (Eisenstadt, 1968) was developed while he managed to overcome successive political crises during a period of social instability and the establishment of institutions. His leadership emerged as a social cohesive factor that lent a personal face to the regime during the "New State". Vargas accumulated multiple personal characteristics that included conciliation, mediation, negotiation, pragmatism, and a brilliant capacity for calculation. Under his leadership a new political deal was established. A centralist nationalised State replaced regionalism as the main dynamic force of Brazil's political organisation (Camargo, 1999).

The setting up of DASP produced intended and unintended consequences. Academic experts identified administrative dysfunctions typical of the mechanical view of a closed perspective of government – an intrinsic characteristic of authoritarian regimes – in its first years of existence. Such distortions included excessive formalism, disregard for informal elements of Brazilian administrative culture, concentration of attention on means-activities at the expense of ends-activities, and lack of flexibility to deal with change processes. DASP was caught in the worst situation – a trap of inflexibility – because it combined the rigidity of administrative law with the mechanical distortions of Taylorism, within the context of an authoritarian State where the President had great interest in being involved in daily administration.

Henry Reining – invited to develop a report on Brazil in 1943 – observed that the setting up of DASP followed Willoughby's suggestions dating from the period when the Budgeting Accounting Act of 1921 was under discussion. The subject was later undertaken in Willoughby's 1927 book on the centralisation of administrative functions in the Bureau of General Administration (Reining, 1943). It is interesting to note that while DASP was set up as subordinated to the Presidency, the U.S.A. Bureau of the Budget was subordinated to the Finance Ministry. Roosevelt only transferred it to the Presidency in September 1939. Lopes had intuitively anticipated this move.

Politics at the top might well have played a role in the overwhelming power concentration process that DASP triggered off. Speculations about other possible solutions instead of the creation of DASP highlighted a political issue: Vargas's inner circle was short of reliable collaborators to take charge of heavy responsibilities (Wahrlich, 1983: 840). Lopes was an extension of Vargas's political power but, unlike other key allies, had no political ambitions. The concentration of power in the hands of a person whose unquestioned loyalty favoured the concentration of power, roles and attributions in DASP.

Another point is the possible lack of a clear evaluation of the meaning of the connection between personnel and budgeting in administrative terms. Given the novelty regarding the budgeting debate it is plausible to infer that Vargas and Lopes may have underestimated the overwhelming proportions of the super-agency tasks as well as the potential collateral effects of such combination on the long run. But DASP was their instrument of political power. It is hard to see how they could have avoided the over-centralisation trap under the circumstances.

Finally, in 1937 neither Vargas nor Lopes could anticipate that DASP would eventually replace Congress, technically speaking, as the legislative body of the country, subordinated

to the Presidency. “There was more governing to be exercised in regimes that dispense with popular consent” (Wahrlich, 1976: 30). The attitude favoured by the 1930 reformers was imposition, not guidance or deliberation. Emphasis was placed on control, not on the delivery of public services. It is hard to see how DASP could have been saved from its own constitutive genes. The authoritarian biases of Lopes’s team were self-serving and, in the long-run, self-defeating. The accumulation of roles and the consequences of the concentration of authoritative powers generated a deep distrust toward DASP when re-democratisation took place in 1945.

3.9 Conclusion

The regime change opened a political window for multiple policy changes – labour, social security, public management and others – starting with the very installation of the Provisional Government. The main changes in public management policy took place during the second phase of the broader process of regime change, during Vargas’s Constitutional Government, between 1934 and 1937.

The convergence of problem, policy, and political streams opened a window of opportunity for successive public management policy changes in 1936 and 1937. In the first round, the policy outcome was new legislation followed by the setting up of the CFSPC, an office in charge of implementing a civil service reform. In the second case the policy outcome was a constitutional provision that foresaw the establishment of a super-agency in charge of personnel, budgeting, organisational and procurement matters, and responsible for promoting a nationwide authoritarian organisational form of bureaucratic rationalisation.

The political stream was led by Vargas's own personal history and gradual commitment to Lopes's proposals. Vargas's own ideas were compatible with the scientific management movement and Weberian bureaucratic ethos. His political skills became progressively evident, first in piloting a revolutionary movement, secondly in leading a Provisional Government, thirdly in serving as an indirectly elected president, and finally, in being self-confident enough to be dictator. Step by step, Vargas built his power basis and adopted an organisational bureaucratic rationalisation model as a solution for his own problems of leadership.

The problem of the military salaries plus the problem of the situation of federal functionaries were compelling enough to initiate a career issue throughout the governmental agenda, first in Congress and later within the Executive Branch. The former was a strategic interest group and the second was a promising constituency. Congress – the same group of Congressmen that participated in the National Constituent Assembly – was sensitive to the issue because it had already been dealt with in the Constitutional text.

The development of the policy proposal that resulted in the introduction of the Re-adjustment Law and the setting up of the CFSPC obeyed all the elements mentioned by Kingdon: technical feasibility, political appeal, suitability to government requirements, and political support from the top. The only problematic element was budgetary workability, diluted in another time frame in order to be tackled later. Not surprisingly the fight for the control of personnel budget became the immediate consequence of the installation of the CFSPC.

The problem was initially defined as a matter of financial resources. Thanks to Lopes's entrepreneurial action the issue was expanded, split, and eventually redefined as the setting up of a national civil service. A policy solution for a new problem emerged only to be

handled by an opportunistic political force. The continuous refinement of the proposals was pursued at the same time that Vargas became gradually involved in the process of redefinition of the issue. Vargas perceived that the setting up of a national civil service converged with his own political purposes, and he backed the idea.

Progressive American public administration ideas were becoming increasingly influential among the reformist elite. More surprisingly, the evolution of Brazilian reforms took a route grounded on the debate in the late 1930s in the United States, but diverse from the trajectory of the Roosevelt administration, strongly influenced by the Brownlow Report. Willoughby disappeared in the vast gallery of academics of American public administration, but his ideas became the main source of inspiration for Brazilian reformers, who adapted his proposals and those presented in the Brownlow Report to Brazil's context and political moment.

The problem of defining and expanding was processed in a way that made administrative reform become the motto of the regime installed in late 1937. The self-denominated "New State" represented the decisive rise of administrative reform on the national agenda because it was indistinguishable from the regime itself. In fact, administrative reform became the Federal Government's agenda and Vargas became the personification of the State. A progressive public administration policy was no longer associated with the improvement of democracy, but with an authoritarian instrument. In the future, rather than being remembered as a product of democratic politics, it will be remembered as its substitute.

The definition of a policy venue for administrative reform evolved from the program of the Liberal Alliance to campaign speeches and to piecemeal executive initiatives in the period between 1930 and 1934. In the fragile democratic interval between 1934 and 1937, the successive commissions headed by Nabuco, Bernardino, and Lopes would incrementally

expand the issue. The venue changed in this period from the Executive-Legislative field (before 1936) to direct attention, by the executive sphere first informally, and later in institutionalised form via the CFSPC. The last policy venue, piloted by a policy entrepreneur closely positioned to the president, provided the platform for launching the project of the DASP. This new super-agency would be a policy venue, self-sufficient enough to deliver the policies that were its *raison d'être*.

The policy image of the administrative reform was gradually associated with the main strategic goals of Vargas's political project and personal characteristics. In the first case the institutional building of a civil service system enabled the Executive Branch to implement policies for modernisation, welfare, and development. In the second dimension, bureaucratic insulation was a proper form of representation and projection of his rationalising, authoritarian, and controlling tendencies. These contradictory images, intimately associated with each other, rendered the distinction between creature and creator impossible, a connection that would later explain the success and failure of the 1937 Administrative Reform.

Lopes linked the streams throughout the period. He ignited the process and translated proposals into policy venues capable of supporting the performance of his entrepreneurial roles. He also operated as Vargas's extension, in close and permanent contact with the President's orientations. The periodical convergence of the problem, policy and political streams was recurrently catalysed by his action. He also continuously redefined the issue and implementing of a great number of measures consistent with his ultimate goals.

CHAPTER 4

“The mother-reform of all other reforms”¹⁷⁵

A reform oriented towards national economic development

4.1 Introduction

After thirty years on a long-standing agenda, administrative reform produced results. It was the last structural change put forward by General Castelo Branco's Administration (1964-1967), a period marked by impressive macro-economic adjustments and by the launching of multiple social welfare initiatives.

On becoming President in April 1964, Castelo Branco listed the priorities that were to be immediately pursued by his Extraordinary Minister of Planning and Coordination, Roberto Campos. Administrative reform was among his major concerns. Administrative reform was seen as a prerequisite for promoting the country's economic development, although the government was aware that it should be carried out in the company of several other important economic, social and institutional reforms. Castelo Branco's initial concerns were vague: the re-establishment of administrative morality, the modernisation of instruments of bureaucracy, and the implementation of planning techniques.

¹⁷⁵ The expression was created by Beltrão to designate the reform of 1967, after he became Minister of Planning and Coordination in March 1967.

It took three years to transform the President's priority into reality. In February 1967, two weeks before transferring power to his successor General Costa e Silva, Castelo Branco included in the 1967 Constitutional text and in Decree-Laws 199 and 200, one of the most important, widest, and most comprehensive public management reforms that Brazil had seen in the twentieth century.

The 1967 reform was the outcome of "a long-term collective enterprise"¹⁷⁶ and a rare combination of policy talents and political leadership during a period marked by economic difficulties, political turbulence, and increasing military radicalisation. The comprehensive character of the reform could be seen through the incorporation of a significant number of nested sub-areas of the public management policy. There were contributions from the most outstanding experts who had been engaged in reform attempts since the late 1930s. A subdued Congress approved the new constitutional text as well as the decrees that regulated the new constitutional provisions.

The starting point of the process was an inherited administrative reform proposal that had been sent to Congress by the preceding (and deposed) President. The issue was initially approached via a high-profile commission of experts appointed by the President to work under the coordination of the Extraordinary Ministry of Planning. The participants were chosen by the President himself,¹⁷⁷ who also personally monitored the evolution of the process, in a frequently disperse, confused, and tense environment. After an intense period of exhausting debates and persistent conflict, the outcome was a stalemate. Political instability made things worse, and the issue was left aside for some time. Definitions at the leadership succession level retrieved the stability required to resume the project. A key member of the

¹⁷⁶ E1H/RJ/67.

¹⁷⁷ E1H/RJ/67.

earlier commission – Dias – took up the challenge and finalised the policy formulation process. A comprehensive policy proposal was assembled, packaged, and submitted to the scrutiny of politicians, military officials and international experts. President Castelo Branco had the final word on sensitive problems where consensus had not been reached and impasses were established.

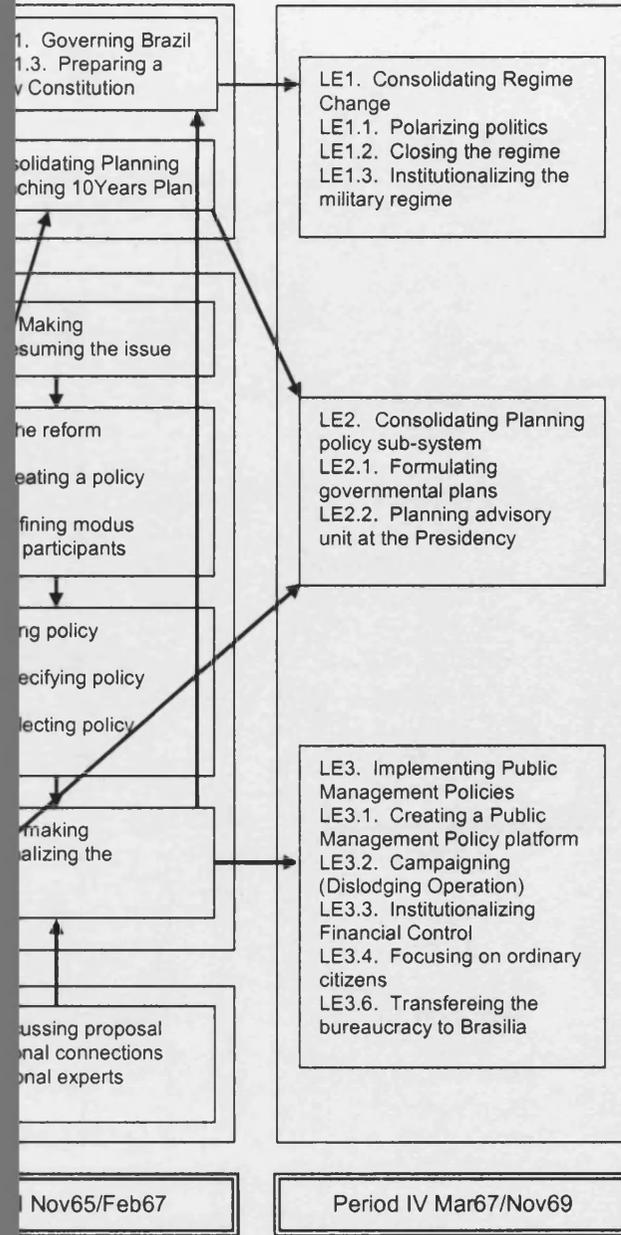
The policy outcomes of the 1967 reform were the institutionalisation of planning, budgeting, coordination, delegation, and control principles organised under innovative institutional arrangements. Core executive capabilities were enhanced in a completely different way from what had been done before. The range of public management policy changes was impressive because it covered a vast number of areas such as planning, budgeting, control, auditing, civil service labour relations, organisational design, and procurement. Decree-law 199 completely redefined the *modus operandi* of controlling activities within the Federal Government. Decree-law 200 marked the evolution of the Brazilian public sector apparatus for the next two decades, until the re-democratisation of the country.

This chapter is divided into five parts, plus this introduction and the conclusion. Diagram 2 provides a global view of the narrative of the process. The episode under analysis is found within the time frame marked by the beginning of the second period (1964-1965) and the conclusion of the third period (1965-1967). The first part (1963-1964) comprises the final year of Goulart's Presidency, after a national plebiscite that ended the fragile parliamentary experiment and re-established full presidential powers. The second part (1964-1965) began with the military coup d'état and ended with the impasses within the commission in charge of the administrative reform – known as the Commission for Administrative Reform Studies (COMESTRA). The third part (1965-1966) refers to contemporaneous events that played a

decisive role in the political arena and later on generated the conditions necessary for the policy specification process to be resumed. The fourth part began with the setting up of an organ called the Administrative Reform Advisory Unit (ASESTRA), to take up once again the discussion of the reform after the military radicalisation, triggered by the elections for state governors. It ended with the promulgation of the 1967 Constitution, and Decree-laws 199 and 200. The fifth period runs from Costa e Silva's inauguration until Beltrão's resignation from his post as Minister of Planning, when Medici¹⁷⁸ was organising his cabinet. The conclusion analyses the episode in the light of the research questions listed below.

The main questions specifically related to the episode to be answered in this chapter are: a) Why was the previous proposal initially rejected? (E1 – I), b) How did the issue reach the decisional executive agenda so quickly? (E1 – I), c) Why did the policy outcome of the experts' commission end in a frustrating deadlock? (E3 – II), d) What explains the widespread policy solution placed in the Constitutional text and in Decree-laws 199 and 200? (E2 – III), e) Why was the problem of control tackled within the context of the reform package? (E – III), and f) Why was the setting up of a Senior Corps watered down in the final format of the policy proposal? (E 3 – III).

¹⁷⁸ Medici was named President by the Military Junta to replace Costa e Silva in October 1969. The Junta governed the country between Costa e Silva's departure from power due to a stroke, in August 1969, until Medici's inauguration in January 1970.



Narrative Diagram of the 1967 Episode

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4.2. Engendering public management reforms in a regime change juncture

4.2.1. An administrative reform proposal in waiting

Administrative reform was on the governmental agenda when the military seized power in March 1964. The Extraordinary Ministry of Administrative Reform¹⁷⁹ had drafted a twenty-volume report – the Peixoto Report¹⁸⁰ – under the intellectual leadership of Lopes' team. It was written basically by Benedito Silva and José Arantes, and was designed to be the baseline of a broad administrative reform. The previous administration had sent a proposal to Congress in November 1963. The main implicit objective of Peixoto's selection had been to provide the Goulart Administration with political stability through the co-optation of his party – the largest in Congress – via the debate over the required New State structure.

The administrative reform issue did not fall out of the blue. Previous attempts at reform had occurred in 1953 and 1956, but without conclusive results. When Vargas returned to power in 1951, Lopes and his team tried to revamp DASP and update the public sector's structures and legislation. A new Civil Servants' Statute was approved in 1952 and an administrative reform bill was sent to Congress in August 1953. But it was engulfed by the political crisis that led to Vargas's suicide. A few years later, President Kubitschek (1956-1961) set up the Commission for the Simplification of Bureaucracy¹⁸¹ (COSB) under the supervision¹⁸² of

¹⁷⁹ Two important new aspects regarding the cabinet had been introduced during Goulart's Administration: the Ministries without Portfolio of Planning, and Administrative Reform. Goulart created both ministries as extraordinary ministries – without portfolio – in order to presciently obtain authorisation from Congress.

¹⁸⁰ Amaral Peixoto – Vargas's son-in-law – had been intervenor in the State of Rio de Janeiro during the New State and one of the main PSD bosses, the decisive party partner in the weak governmental coalition.

¹⁸¹ Decree-law 39510, 4 July 1954.

¹⁸² COSB was instructed to provide a report in two months to back up the President's acts in this area. The way the problem was perceived and diagnosed at that time pointed to over-bureaucratisation as the key issue. Delegation of responsibilities and simplification of routines were identified as the appealing remedies, thanks to the participation of a young public executive champion – Hélio Beltrão – who was eventually to become a leading reformer.

DASP. It was later followed by the Commission for Administrative Studies and Projects (CEPA).¹⁸³ CEPA's report¹⁸⁴ highlighted the need for strengthening executive coordination by decongesting the Presidency, an essential step in institutionalising new planning and budgeting practices, in grouping functions and simplifying structures (Beltrão, 1969).

Kubitschek's attention was focused on the Plan of Goals, however. COSB and CEPA were quickly set aside on "timing" grounds. CEPA's report was sent to the President only at the end of his term of office. The Plan of Goals¹⁸⁵ signalled a clear set of priorities aimed at accelerating industrialisation through substantial investments in infrastructure and consumption industries. He therefore opted for an ingenious "escapist" strategy: government through "bypassing". His resource to "executive groups" (Motta, 1968) was part of an evasive manoeuvre. These groups were especially set up to overcome the increasing inertia of a public sector characterised by ossification and a lack of dynamism, and to avoid the political controls and constraints typical of direct administrations.¹⁸⁶ CEPA's conclusions

¹⁸³ CEPA was presided by Simões Lopes, then president of the Getúlio Vargas Foundation. Other important members included Benedito Silva (Lopes's right-hand man), Roberto Campos, Octávio Bulhões (future Minister of Finance under Castelo Branco), Carlos Medeiros da Silva (Castelo Branco's future Minister of Justice), Moacyr Biggs (who had been president of the Federal Civil Service Council in 1936), Maurício Nabuco (one of the early reformers in the 1930s) and others. CEPA's main suggestions included the systematisation of data to improve research in the conduction of public affairs, measures to ensure coordination of the President's policies, identification of ways to reduce waste and inefficient practices, and development of studies to orient the initiation of the public sector reforms (Dias, 1968).

¹⁸⁴ CEPA's report comprised four volumes: Re-organisation of the Presidency, New Ministries, Budgeting and Financial Execution, and Summary (CEPA, 1960).

¹⁸⁵ The Plan of Goals was a developmental plan formulated by team of young economists championed by Campos. It was much more appealing to Kubitschek because it could provide timely effective political and economic results. Typical critiques of government structures at that time (1950s) were their lack of concern for performance; their orientation towards means and procedures; their penchant for rule and norms; and their disregard for enforcement of rules (Campos, 1988: 205).

¹⁸⁶ Parallelism, fragmentation, and autonomy were the typical features of the organisations that began to multiply during that period. SOEs became the government's favourite form of operation. Their responsibilities and budgets were frequently much more important than those of their parental ministries. They were functional because of the lack of control and interference, justified in terms of the need for flexibility in the decision-making processes. They were thus different from rigid, old-fashioned bureaucracies. SOEs provided ways of channelling and catalysing demands from entrepreneurial industrialist groups, guaranteeing quick decision-making processes with the participation of the President (but not of Congress), and effective implementation through means other than the transmission belt of conventional governmental hierarchy. A parallel administration was established that bypassed hierarchical structures and process-oriented behaviours.

were ignored.¹⁸⁷ Great numbers of appointments were made, powers were granted to presidential advisors and executives of task forces, and open public competitive selection processes were abandoned.¹⁸⁸

The Amaral Peixoto Commission,¹⁸⁹ as it became known, produced an extensive diagnosis¹⁹⁰ that was sent to Congress at the end of 1963. The main points of the report were the reinforcement of the need for a general law on the design and modus operandi of the state apparatus, a council to be set up with the explicit mandate to protect the merit system, administrative guidelines for the Federal District, and new rules for the purchase and supply of materials. The words of Peixoto, on the occasion of his sending his bill to Congress, revealed nostalgia of DASP's days of glory and traces of Lopes's generation of reformers.

“It is relevant to emphasise that, until 1945, the Brazilian Civil Service was in a better situation and a step further ahead than it is now. If we had persisted along the path of those previous years (1937-1945) we would now be able to support and facilitate national development” (Peixoto, 1963: 4).

The report proposed a reform based on general principles¹⁹¹ but without substantial innovations.¹⁹² There was no significant change in the reform strategy in spite of all the

¹⁸⁷ CEPA recommended the setting up Central of the Planning Department, located at the Presidency (Monteiro and Cunha, 1974: 21).

¹⁸⁸ At the end of his administration, Kubitschek approved legislation – Law 3780, 12 July 1960 – that eliminated the distinctions between permanent civil servants and provisional functionaries and extended civil servants' rights to all “supernumeraries”.

¹⁸⁹ Peixoto set up of twenty-three work groups that mobilized more than two hundred civil servants, appointed officials, experts, and politicians – a strategy that Alves would reproduce in 1985. In doing so, he expected to legitimate the report's conclusions and recommendations via participation of all relevant actors potentially interested in the issue.

¹⁹⁰ The Amaral Peixoto Report contained twenty volumes but was not in the format of a bill of law.

¹⁹¹ The general guidelines included the institutionalisation of departments, restrictions to opening appointed positions, delegation and decentralisation of executive functions, centralisation of control functions, management by guidelines, unified and centralised command, restrictions to “agencification”, simplicity, and the adoption of practices based on planning, research and control methods (Peixoto, 1963).

previous failures that resulted from persisting in the formula of DASP (Wahrlich, 1993). It focused essentially on structures, an approach already perceived at that time as being obsolete, insufficient, and below the point of a substantial administrative reform (Nascimento, 1966). The reform addressed neither decentralisation, delegation, or the enforcement problems that had worsened after the capital was moved from Rio de Janeiro to Brasilia (Unknown, 1963).¹⁹³ But the main critique was that Peixoto intended to take advantage of the opportunity to present himself as a presidential candidate instead of delivering timely results to support Goulart.

4.2.2. The rise of planning

Most of Castelo Branco's reformist impetus¹⁹⁴ derived from Campos's strategic¹⁹⁵ presence in the administration. The choice of the Minister of Planning and Coordination became the

¹⁹² The Getúlio Vargas Foundation (FGV) was the locus where the "daspian" elite came together between the 1940s and 1960s (Wahrlich, 1993).

¹⁹³ The critics (Unknown, 1963) mentioned that Peixoto adopted a traditional approach to the administrative reform that had also "transferred" the problems of the Federal Administration from Rio de Janeiro to Brasilia, making them even worse because of the lack of structure in the new city.

¹⁹⁴ On the economic front the most important pieces of new legislation included the modernisation of the income tax system, the emission of guaranteed treasury papers, the Industrial Action Law, the loosening of the regulations in Law 4357, that determined procedures for sending profits abroad, and the bank reform called for in Law 4595, 31 December 1964, which also created the Central Bank. In the social welfare sector there was also intensive legislative activism that included the establishment of the National Housing Bank, the setting up of the Education Wage, the Tenant Law, the Estates Law, and the Land Statute (this latter being meant to stimulate land reform).

¹⁹⁵ Campos's first job abroad was in Washington where he joined the Brazilian team at the Breton Woods Conference. He had taken his master's degree in economics at George Washington University in the post-war period and worked until 1949 with the Brazilian Mission at the United Nations. In June 1951 he was appointed economic advisor to the joint Brazil-United States Commission, where he worked under Simões Lopes's supervision. A year later he became the Economics Director at the recently created National Bank of Economic Development (BNDE). In 1958 Campos assumed the presidency of BNDE and worked on the Monetary Stabilisation Plan. In mid-1959 he resigned because of JK's decision to break off negotiations with the IMF. He then taught at the Federal University of Rio de Janeiro and worked for a private consultancy group. At the beginning of Goulart's parliamentary administration he was invited to go to Washington as Brazilian Ambassador. In late 1963 Campos resigned from his position, tired of sustaining positions inconsistent with Goulart's Presidency (Perez, 1999: 263-265).

most important civil choice in the cabinet in spite of the political sensitivity involving his name.

Roberto Campos was particularly suspect by the nationalist military hardliners who supported the coup. When he left the Kubitschek Administration because of the President's populism he was labelled Bob Fields – a literal English translation of his name – as a form of identifying his positions with the IMF and other international investment interests. Immediately after leaving BNDES he joined up with Jorge Flores in a consultancy firm that worked on infrastructure projects, Flores was a close friend of Simões Lopes and an important articulator of the coup d'état. Flores was one of the persons most responsible for suggesting Roberto Campos's name to Castelo Branco, and was later invited to join COMESTRA.¹⁹⁶

The reasons behind choosing Campos were fourfold. First, Campos was a champion of liberal developmental ideas identified with the emerging winning coalition. Second, he had the expertise and contacts necessary for the required economic stabilisation process. Third, Castelo Branco's own personal beliefs and values matched those of Campos. Fourth, Campos¹⁹⁷ was a close colleague of the Finance Minister, Bulhões. When the latter was informed that Campos was to be named Minister of Planning¹⁹⁸, he suspended his objections against setting up the ministry. These two men had worked together at CEPA and shared the same political and policy ideas.

¹⁹⁶ E3M/Br/19.

¹⁹⁷ Roberto Campos told Castelo Branco that he had already left the government three times, under Vargas, Kubitschek and Goulart, because of his personal convictions. He had also previously pursued austerity policies under adverse political conditions (Bieslschowsky, 1988: 284).

¹⁹⁸ Campos saw no intrinsic opposition between planning and liberal developmentalism. He explicitly mentioned in later texts that excessive interventionism occurred not because of the planners, but despite them (Campos and Simonsen, 1976: 47).

Campos¹⁹⁹ conditioned his acceptance of the job to the institutionalisation of a Ministry of Planning. From that moment until the end of Castelo Branco's term of office, the Extraordinary Ministry of Planning was the administration's policy platform set up to tackle multiple challenges in the economic, administrative, and social spheres. Administrative reform was perceived as the best way to pursue the institutionalisation of planning. Campos was far from being a supporter of big government. However, he was determined to strengthen the coordination capabilities of the Executive, combining the two policy areas – planning and public administration – in a single broad formulation. Nevertheless, when he began did not have a detailed proposal.

Historically, the administrative and planning areas had been incubated within DASP until their nested developments led to their separation. The institutionalisation of these two areas exposed DASP's shortcomings and obsolescence, and gave birth to two intertwined issues under new jurisdictions. The planning area had been latent since the early 1950s (Daland, 1967; Lafer, 1970). The third of a succession of U.S. missions to Brazil had evolved towards a more precise diagnosis of the country's development bottlenecks. A manifesto issued by the Economic Commission for Latin American and the Caribbean (ECLAD)²⁰⁰ agreed with and reiterated the claim that planning was required for a developmental policy based on industrialisation. Planning was the strategy to be adopted to focus on "germinal points"²⁰¹ that should be tackled (Perez, 1999: 98). On the one hand the setting up of the new Ministry of Planning – which was also responsible for administrative reform matters – revealed a

¹⁹⁹ Roberto Campos acquired a kind of Prime-minister status, according to both supporters and critics of the Castelo Branco Administration.

²⁰⁰ The intellectual role structuralism played in Latin America was similar to that played by Keynesianism in developed countries at that time (Campos, 1994: 242).

²⁰¹ The concepts of "germinal points", and the main principles to back up the Plan of Goals, came from suggestions by the Brazil-U.S.A. Parity Commission.

different way of dealing with public administration, planning and budgeting issues. On the other, it was a symptom of DASP's failure to carry out its core coordination functions.

4.2.3. The military turn

The military's rise to power was not a surprise. On the contrary, it was the result of a long-term process dating from the Vargas period. Brazil's involvement in World War II had changed the military's perception of their role in national politics, thanks especially to the close economic, political, and military relationships established with the U.S.A. The concept of national security replaced the notion of national defence within the context of the Cold War. An international formulation emerged: the Doctrine of National Security (Comblin, 1978). The locus of the ideology of indoctrination²⁰² was the War School (ESG), founded in 1949 by military officers who had been among the Brazilian forces fighting with the allies in Italy during World War II. Castelo Branco²⁰³ was the professional strategist as well as the natural leader of the Sorbonne military faction,²⁰⁴ given his leadership skills, widespread recognition among the military, and professional reputation.

The military gradually designed their new national development project between the late 1940s and the early 1960s. The ESG fulfilled two roles at this period. First, it supported the formulation of the National Security Doctrine. Second, it enabled the circulation of a civilian

²⁰² The military doctrines were proclaimed as apolitical but, in fact, they seemingly despised politics. The military saw themselves as a cohesive organic solution for the nation's problems. Their notion of political conflict and party dynamics were identified as damaging to the country's interests and the unfolding conclusion was that national objectives could not and should not be subject to democratic politics (Dreifuss and Dulci: 1983: 91).

²⁰³ Castelo Branco had studied at the *École Supérieure de Guerre* in France – thus, the label “Sorbonne” – and at Fort Leavenworth in U.S.A. He had also fought in the Brazilian Expeditionary Force in Italy.

²⁰⁴ Stephan (1971: 237-240) identified certain common features shared by the senior officers that made up the Sorbonne group: studies abroad, teachers at the War School, combat in World War II in Italy, and members of the leading technology sectors of the military forces.

elite in a military school aimed at training top officers. Frequent debates were sponsored with military and non-military experts invited to discuss²⁰⁵ national development perspectives, governmental priorities, and needed reforms. The result was a shared knowledge basis and vision of the main problems to be tackled by the government, beyond the ordinary military rhetoric.²⁰⁶

The relationships between the military intelligentsia and the civilian elite opposed to Goulart were established via the work of think tanks (Dreifuss, 1981) organised by the business elite worried about the risk of a pro-communist coup d'état. Many businessmen and their professional organisations sponsored these think tanks, although some projects received foreign (mainly American) funding as well.

By March 1964 there was no longer any room for a civil solution,²⁰⁷ as there had been in the political crises of 1954, 1955, and 1961. The military as an organisation capable of performing a self-fulfilling protagonist role was poised to seize power. "The succession belonged to the military" (Skidmore, 1988: 19). The military uprising took place on 31 March 1964 in what they called a pre-emptive move. The President was peacefully deposed, practically without resistance after long and complex negotiations. The military rebelled against the constitutional government on the grounds that there was need to contain communism, fight corruption,²⁰⁸ eliminate populist practices, and maintain the military hierarchy.

²⁰⁵ Castelo Branco was introduced to Roberto Campos on one of these occasions (E3M/Br/19).

²⁰⁶ The military rhetoric targets expressed middle-class aspirations. It included claims such as tackling corruption, curbing clientelism, promoting economic growth, modernizing the country, guaranteeing public order, and preserving a professional military.

²⁰⁷ "Goulart's ouster was first and foremost a military operation" (Skidmore, 1988: 17).

²⁰⁸ The National Security Doctrine included strong antagonism towards the amoral familism (Banfield, 1967) typical of societies dominated by clientelistic and patronage practices (Coelho, 2000: 180-1).

Castelo Branco emerged as the consensual solution from within the military and civilian forces that brought down Goulart. However, an unstable element – Castelo Branco’s Minister of War – was present in his administration from the start because an improvised uprising of hardliners in Minas Gerais had precipitated the coup. As a result, power became fragmented and divided among the military forces represented by the Revolutionary Command²⁰⁹ of the three military corporations, the Presidency, and Congress.

The ministerial coalition included conservative politicians, military factions, and maverick technocrats. Castelo Branco’s cabinet included ministers with much more political support, governmental experience, and military background than himself.²¹⁰ The President saw the military intervention as temporary, with a Congress that was intimidated but still active. After the coup the military promulgated an Institutional Act²¹¹ that granted the Executive exceptional powers in order to dissolve the political deadlock. Even so, the support of Congress had to be negotiated daily for each decision and legislation, partly because the President consistently refused to invest himself with full dictatorial powers (Skidmore, 1988; Vianna Filho, 1975) in spite of the exceptional authority granted to him by the Institutional Act, which gave the new regime legal coverage.

In March 1964 Castelo Branco had brought together three convergent vectors of Brazilian politics. He was the natural authority of the military, he was the leading military official who

²⁰⁹ The Revolutionary Command consisted of the top officials of the Army, the Navy and the Air Force. A key circumstantial event on the day after the coup was Costa e Silva’s self-appointment as the Army’s representative, on seniority grounds. From the very beginning of the new regime he positioned himself successfully as Castelo Branco’s successor and the guardian of unity among the military forces, with the support of hardliners.

²¹⁰ The ministers in Castelo Branco’s Administration were qualified as high-profile, technical and centrist. They all had a level of delegation unique in the Brazilian history because of the way Castelo Branco delegated powers without giving up authority and because of their own policies capabilities (Schmitter, 1971).

²¹¹ Congress’s efforts to keep constitutional legality were aborted by Institutional Act No. 1 (AI-1), issued by the Supreme Revolutionary Command, consisting of the heads of the three armed forces (Army, Navy and air Force) plus the Chief of Staff.

had contributed to the Peixoto Report, and he was also deeply engaged in the debate about the country's macro-economic stabilisation, given his connections with the think tanks that had provided ideological support for the coup d'état.

4.3. A reform surrounded by high expectations

4.3.1. Crafting and operating the Ministry of Planning and Coordination

A few months after the Extraordinary Ministry of Planning and Coordination was established, the administration launched the Governmental Economic Plan of Action (PAEG) with guidelines for the economic adjustment policy to be implemented and a general view of the ongoing social reforms that Castelo Branco intended to promote. Administrative reform was not part of PAEG because, at the time, it was considered a distinct task, to be formulated in different spheres. Macro-economic problems related to inflation control and the balance of payments were pressing concerns. PAEG aimed at reducing inflation and setting up the conditions needed to encourage the resumption of national development. A gradual anti-inflationary approach combined with a restrained monetary policy and severe wage limits constituted the main elements of Roberto Campos's strategy. Market discipline was the target that had to be pursued, but preceded by discipline in public expenditures (Lara Rezende, 1990: 214-216).

Conscious of the importance of enhancing the government's economic policy capabilities, Campos founded the government research institute²¹² at the end of 1964. This institute was

²¹² *Escritório de Pesquisa Econômica Aplicada* (Applied Economic Research Office), later renamed *Instituto de Pesquisa Econômica Aplicada* (IPEA) (Applied Economic Research Institute).

specialised in applied research in economics and would become the most influential source of ideas on economic policy during the following decades. With this step, the planning policy sub-system became endogenously equipped with a source of organisational and personnel resources to deliver articulated macro- and micro-economic policies in multiple areas.

Two governmental commissions were set up to address planning and administrative reform issues: the Special Commission for Administrative Reform Studies²¹³ (COMESTRA) and the Advisory Planning Council²¹⁴ (CONSPLAN), both of which were under Campos's personal jurisdiction and supervision. CONSPLAN functioned as a locus for testing and questioning governmental policies. COMESTRA was established to generate an administrative reform proposal to be submitted to the administration. CONSPLAN was set up not to deliberate but as an arena for public consultation. It sought to provide an impression of constructive debate, although the main objective was the legitimization of governmental actions. COMESTRA's role was to understand and process views of the historical public administration community grouped at DASP and at the Getúlio Vargas Foundation, and make the bill available to Congress as its starting point. During its six months of existence, COMESTRA held thirty-six ordinary meetings (Dias, 1968) besides numerous sectorial and related debates. In striking contrast, CONSPLAN met on less than ten occasions (Cruz, 1978: 101).

²¹³ Decree 54401, 9 October 1964.

²¹⁴ The Advisory Planning Council (CONSPLAN) was created in February 1965 and represented a defensive move aimed at providing procedural legitimization to a regime that could be characterised as "authoritarian in transition" (Anderson, 1970). CONSPLAN functioned as a "procedural instrument" (Cruz, 1978: 116-7) geared to de-politicising the debate on political economy.

4.3.2. Establishing and reformulating the administrative reform agenda

Castelo Branco had ordered Campos to address the administrative reform problem as soon as possible. The task of taking stock and briefing the President was delegated to Dias, an experienced executive who had worked with Campos at BNDE. Their major concerns were instrumental: governmental planning and programming, budgeting and financial execution, auditing and control, and the setting up of a Senior Executive Corps (Dias, 1968: 4). Both were concerned with equipping the Executive with the necessary tools to perform its functions efficiently and effectively but subordinated to a broader planning and coordinating framework. Neither had participated in drawing up the Peixoto Report, then under examination by Congress, although Campos (and Bulhões, the Finance Minister) had participated in CEPA. The other possible route to tackle the problem was via re-empowering DASP. But DASP was beyond Campos's jurisdiction. José Arantes, a close ally of Lopes, was appointed as DASP's president. Besides, Dias considered DASP ossified, obsolete and in disarray.²¹⁵

The first dilemma Castelo Branco and Campos faced was what to do about the bill in Congress. A memo was submitted to the president and the secretary of the Commission in the Chamber of Deputies, for them to decide on how to deal with the issue.²¹⁶ The commission's president and reporter were, respectively, Amaral Peixoto and Gustavo Capanema, both extremely familiar with the debate. Amaral Peixoto was responsible for the project in question when he was Minister of Administrative Reform during the Goulart Administration. Capanema was the Minister of Education who implemented the first ministerial reform based

²¹⁵ DASP had five presidents in less than two years and had organised no adequate statistics on federal administration or legislative matters, even on personnel issues (E1H/RJ/33).

²¹⁶ The brief entitled "*Algumas medidas consideradas essenciais à eficácia de uma Reforma Administrativa*" and the memo entitled "*Considerações sobre a Reforma Administrativa*" were prepared by Dias (Dias, 1968: 4-9).

on scientific management principles in 1934 and the Reporter of the Administrative Reform Project of 1953, during Vargas's comeback.

The memo incorporated the aspects previously mentioned plus a number of new additions (Dias, 1968: 4-9). First, it suggested the simplification of the proposed reform, the so-called Organic Federal Administration Law. The law was to contain only guidelines and principles, with the remaining norms being left to ordinary legislation. In other words, the law was to regulate legal, but not financial or administrative matters. Second, the project was to incorporate administrative and legal instruments to equip the Executive. The main concerns were personnel, finances, statistics, control, and auditing. All these issues demanded new institutional arrangements and effective solutions, given the impasses and deadlocks they were caught up in due to confused and inadequate legislation. Third, the concept of administrative reform had to be broadened in scope but not in detail. There was an incipient evaluation that the Peixoto bill would not be sufficient to meet the multiple expectations that had been raised. Fourth, work teams would have to be set up to deal with separate issues. This suggestion was geared to preparing the grounds for bilateral negotiations with all areas of government. Fifth, the role of the National Audit Body (TCU) required re-evaluation. The ex-ante register of government contracts was recognised as an obsolete, formalistic, and innocuous mechanism of control that had to be redefined. Finally, the document emphasised the need for updating personnel and control structures.²¹⁷ It anticipated the idea of setting up a task force to work on a new administrative reform project, which would be implemented gradually.

²¹⁷ The ideas of transforming TCU into an external control institution responsible for ex-post control and of creating a Senior Corps were also advanced at that stage by Dias.

The choices were to reformulate and amend the Peixoto proposal or give it a fresh start. Castelo Branco opted for the latter, with the agreement of the Ministry of Planning. “The initial concerns were mainly related only to the incorporation of the tripod of planning, budgeting, and financial control in the project. But the President was so enthusiastic that the government decided to seize the opportunity to promote a broader reform”.²¹⁸ The next move was the setting up of COMESTRA.²¹⁹

The reform machinery platform consisted of a commission comprised of twelve high-profile members directly selected by the President who would work under Campos’s supervision. COMESTRA was practically a cabinet. COMESTRA’s composition and attributions were revealing of Castelo Branco’s expectations. The commission consisted of twelve members – four military and eight civil – with Roberto Campos as its president. Beltrão, a well-known public champion of Brazilian public administration, was invited to be the president of COMESTRA, while the Executive Secretary was Dias, representing Campos. The political leadership of COMESTRA was delegated to Beltrão and the administrative tasks to Dias.

Hélio Beltrão was a tireless critic of all reform efforts oriented to design and legal changes. According to his views reality cannot be changed by decree or by new structures, but only through permanent persuasion (Beltrão, 1967 and 1969). Beltrão was, at that time, the Secretary of Planning²²⁰ of Carlos Lacerda, the Guanabara State Governor and main civil leader of the opposition to Goulart. He had been a national public executive champion since his entrance into civil service in the late 1930s, after becoming one of the leading "cardinals"

²¹⁸ E1H/RJ/33.

²¹⁹ Decree 54501, 9 October 1964.

²²⁰ The State of Guanabara was the former capital of Brazil, comprising basically the city of Rio de Janeiro. Its governor was Carlos Lacerda, the main civil opposition leader of Goulart. Beltrão had national visibility because Rio de Janeiro was then still the de facto political capital of Brazil.

of the industrialist social security elite.²²¹ He also had studied at the American University in Washington D.C. in the late 1940s, where he came into contact with the managerial concepts that would influence his performance from that time on. In the early 1950s Beltrão joined the group of nationalists who made up the first board of Petrobras – the largest state-owned company, which monopolised the oil sector. Later on he became a member of the COSB during Kubitshek's Presidency. In the early 1960s he became responsible for important public management policy innovations in Guanabara.²²²

Dias was a less-known professional executive with public and private experience who was working for a multinational utilities company. He had begun his professional life in the civil service in the Ministry of Infra-structure in the 1930s and later at DASP, where he represented his ministry on the Federal Civil Service Commission. In the early 1940s he had studied public administration in the U.S.A. and took classes with professionals from the budgeting and personnel areas, who were also leading civil servants in the Brazilian government. From that time on he carefully observed the evolution of United States public administration. He later became Director of Human Resources at DASP and Administrative Director of Petrobras (immediately after Beltrão left the post).²²³ In the mid-1950s he worked with Campos for a short period in BNDE. In the early 1960s he spent two years at UNESCO, in France, where he had close contact with the French and British civil services. Returning to Brazil he assumed a position in a multinational electricity company, in part due to his interest

²²¹ Hélio Beltrão had built up a technocratic elite at the Industrial Workers Social Security Institute (IAPI).

²²² Those innovations occurred in the budgeting, administration, and coordination areas. In the first group he introduced programmatic budgeting, distinctions between activities oriented to ends from those oriented to means, budgeting and financial execution, cash flow techniques and other minor changes that would later be incorporated into Law 4320 of March 1964.

²²³ These two men had known each other since the early 1950s, when they worked together on the establishment of Petrobras, the largest Brazilian SOE. Dias replaced Beltrão as Administrative Director and was surprised at how little the latter had done, since they developed a business-like solution for the problem of Petrobras's employees (E1H/RJ/33 and CPDOC, 1988).

in gaining experience in the more advanced financial and budgeting techniques then available.²²⁴

The high level of the commission was astonishing by all standards. Simões Lopes had been personally invited by Castelo Branco, and had been the champion of all previous attempts at reforming public administration in Brazil, in 1936, 1937, 1953, 1956, and 1963. Lopes was the respected senior of the group, flanked by Flores, one of his close partners at the Getúlio Vargas Foundation. Flores had played a leading role in the 1964 conspiracy as a leader in the business sector. Medeiros was a notable jurist who had participated in CEPA and was one of Castelo Branco's main constitutional advisors. Arantes – DASP's president – was one of the leading authors of the Peixoto Report, an old comrade of Simões Lopes and one of the main contributors to the Peixoto Report. Not surprisingly, the military participation in COMESTRA – one third of the members – was a reflection of the increasing military presence in the public sector. Modernisation was a key concept of the new “military managerialism” (Almeida, 1967: 110) and an image associated with the ideology of national security (Piquet Carneiro, 1988).

4.3.3. Assembling the reform machinery and generating reform proposals

The speech delivered by Campos at the opening of COMESTRA incorporated the contributions of the two men – Beltrão and Dias – who would lead the administrative reform process. The key ideas introduced by Beltrão were: understanding reform as a process, placing the emphasis on behaviour rather than on structures, the need to debureaucratise the

²²⁴ Dias personal conviction was that there was need to combine superior efficiency-oriented private administration with politically accountable public administration (E1H/RJ/33 E2M/RJ/38 and CPDOC, 1988).

government machinery, and the adoption of the principles of decentralisation and delegation at the federal level. The key ideas introduced by Dias were governmental planning, programming, budgeting, cash flow, financial control and monitoring systems, and a merit-based personnel policy (Dias, 1968: 13). The two men shared a concern with the over-centralisation of administrative matters in DASP, under the presidency.

The members of COMESTRA decided that the *modus operandi*²²⁵ should not repeat the previous mistakes of the 1953 Commission, CEPA, and the Peixoto Commission, namely, the format of a report, administrative paralysis, and excessive public mobilisation (Dias, 1968: 15). COMESTRA decided to work on a draft of a piece of legislation. COMESTRA was also intended to serve as the advisory staff for the organisational changes that could not wait for the reform to be approved, a task championed by Dias who was on Campos's staff. COMESTRA carried out its functions as a small ad hoc unit located at the Ministry of Planning, not as a political or meta-academic exercise. Organisational design issues were treated separately with each ministry in the context of a systemic approach, according to a previously agreed upon common strategy (Dias, 1968).

Given such a pool of talents the expectations for a spectacular outcome were enormous. Or maybe "things could not have worked at all given the personalities involved and the lack of meaningful data".²²⁶ The lack of data and of understandable legislation was a recurrent nightmare for reformers because of their conflictive character. They allowed problems and practices to emerge that had been kept opaque for decades in order to conceal the network of power relationships. DASP was involved in a self-defeating census of the public sector workforce that had been ordered in 1963 (Law 4242 of 17 June 1963) but which effectively

²²⁵ E1H/RJ/33.

²²⁶ E1H/RJ/33.

began in 1966 (Decree 58297 of 2 February 1966). The first results, always inaccurate and subject to doubt, were made available too late, only in 1967.

Conflicts had been anticipated since COMESTRA was created.

“How could such an heterogeneous group of strong personalities work together? Lopes was concerned with revamping DASP”.²²⁷

Initially, Dias and Beltrão intended to phase out DASP. Lopes therefore distanced himself from the process as soon as it became clear that the commission had taken another direction (Flores, 2000: 200-201). Medeiros was known for his propensity and capacity to transform anything into a piece of legislation in a matter of minutes. The military were involved in internal disagreements. The jurisdiction conflicts between the Air Force and the Navy – both historical lieutenants of the 1930s – brought about a severe crisis. Castelo Branco’s idea of creating a Ministry of Defence was defeated by a majority of the high military officials. Beltrão was obsessed with de-bureaucratisation, and Dias was worried about financial instruments and technical details. But in spite of all the problems regarding jurisdiction, competition and conflicts of ideas, COMESTRA did not cease to refine the proposal.²²⁸

The initial result was a congressional bill (which included justification and attachments), a Constitutional Amendment concerning the Supreme Audit Agency, and a bill for an Organic Federal Administration Law. Activities related to planning, budgeting, personnel, finance, accounting, auditing, statistics, and general administration became organised as a single plan, a policy system (Wahrlich, 1974: 32). (See Table 1 for an overview of the contrast between the reform proposal and the previous status quo.)

²²⁷ E1H/RJ/33.

²²⁸ E2M/RJ/38 and E1H/RJ/33.

TABLE 1 – A contrast between the 1967 administrative reform content and the previous arrangement

Topic	Previous arrangement	Proposed arrangement
Public Management Jurisdiction	DASP policy monopoly at the Presidency	Open: Ministry of Planning and/or Ministry of Administrative Reform*
Fundamental principles	Hyper centralization	Delegation, decentralization and systemic co-ordination
Organizational Design	Centralized and unified public sector co-existing with SOEs and autonomous government agencies	Split between direct and indirect public administration Decentralized organizations subordinated to ministries
Planning	There were spasmodic initiatives located at DASP, BNDE or ad hoc Councils	Centralized at the Ministries of Planning and Regional Development
Budgeting	Disputed by DASP (Presidency) and the Ministry of Finance	Centralized at Planning
Public Expenditure Programme	Non-existent	Articulated to the budget process
Auditing and financial control within the Executive	Non-existent	Creation of Finance Inspectorates to carry out the function of internal control
Auditing and financial control by TCU	Ex-ante auditing procedures by TCU	Ex-post auditing procedures to perform the functions of external control
Personnel	Unified civil service but de facto a distorted variation of the spoil systems with recurrent hiring of provisional employees.	Split between direct administration (Senior Corps consisting of civil servants and appointed officials) and indirect administration (competitive managerial basis)

* DASP had its jurisdiction narrowed down to civil servants. It was kept legally subordinated to the presidency but administratively to the Ministry of Planning and Coordination.

The main conflict was between Beltrão and Dias,²²⁹ caused by the generalist philosophical vision of the former in opposition to the detailed instrumental approach of the latter. Surprisingly, the problems were not centred on content – they had many ideas in common – but on the policy format and the degree of institutionalisation they strived for in the legislation. Beltrão conceived administrative reform as a crusade, as a campaign, as a permanent advocacy process. Dias, in contrast, was concerned with instruments oriented to enhancing the government’s capabilities. Beltrão considered Dias a bureaucrat excessively committed to norms and rules. Dias expected Beltrão to deliver concrete instrumental suggestions, not simple principles. While Beltrão was anxious to persuade the general public and the political leaders, Dias hoped to equip the Executive with new governmental tools. While Beltrão addressed the public demand for a responsive government, Dias appealed to insiders, as he was used to facing daily problems.

The third draft of the proposal was strongly criticised by Beltrão, who was invited by Campos to present amendments to a fourth version. As Beltrão saw it, the main problems to be tackled were the centralisation²³⁰ of the federal public administration and the great emphasis placed on administrative structures and legal procedures. Nevertheless his contribution was based on general principles and represented a step backward when contrasted with the third version. Given the impasse, Campos took the issue to the Ministry

²²⁹ Their combat lasted all during Castelo Branco’s Administration and undermined their personal relation, with further consequences for the implementation of the reform (E2M/RJ/38, E1H/RJ/33 E1H/Br/28).

²³⁰ Beltrão (1967, 1969) defended that decentralisation and delegation should be the fundamental guidelines of the public administration reform. Executive activities should therefore be transferred to sub-federal levels, governmental agencies or SOEs, and to the private sector. He used the concepts of delegation and decentralisation indistinctively. But “delegation could be reverted”, a point made by one of Campos’s advisors, who suggested the adoption of an approach based on redistribution of responsibilities (E2M/RJ/38). Beltrão’s concept prevailed in the final text of the legislation. However, from 1967 on, only agencification occurred. SOEs, foundations and autonomous government agencies were favoured in detriment to the private sector and the direct administration. In intragovernmental terms, the Federal Government centralized resources and functions in detriment to the sub-federal level (O1L/RJ/15 and O2L/RJ/30).

of Planning for consideration, where a fifth version was drafted under Beltrão's command in August 1965.

According to Beltrão the tendency to submit all types of decisions to higher consideration derived from: a) the Brazilian historical political culture; b) a complex and unmanageable set of laws, rules, and norms; and, c) DASP's legacies from the Vargas era. He did not link the problem with clientelistic practices, which transformed each decision into an essentially political currency for building coalition support (Beltrão, 1967 and 1969). The governmental elite of the country – especially the military presidents themselves – shared the same diagnosis because they were desperate to solve the problems of agenda congestion, resulting from excessive paperwork. Vianna Filho (1975) described Castelo Branco's impatience with the problem. The President's weekends were spent signing great stacks of documents, a habit that began to change only after 1967, contrary to the bureaucracy culture.²³¹

However, many of those involved in the process did not see the fifth version proposed by Beltrão as an improvement over the previous negotiations. Interlocutors from the ministries involved in the discussions about modernising their administrative structures were appalled. In many cases their concerns were removed from legislation, breeding anxiety, fears and perplexity. The result was a loss of momentum and a new impasse because Dias, who had been the focal aggregator of the previous discussions, had distanced himself from the process.

Other relevant conflicts involved the military and the Supreme Audit Agency. In the first case the tension was caused by disputes among the military: the unification of the three military ministries and a dispute over jurisdiction. Castelo Branco attempted tirelessly, but

²³¹ EIH/RJ/43.

without success, to set up the Ministry of Defence. In addition, the Air Force Minister and the Minister of Transportation both top military officials – could not agree on where to place the responsibility for Civil Aviation. The other source of confrontation was between COMESTRA's proposal and the Supreme Audit Agency. There was not enough consensus within the government, notably between the Ministries of Justice and of Planning, to push through the Constitutional Amendment related to the Supreme Audit Agency (Dias, 1968: 16-25). The ex-ante mechanism of contract register was a barrier to executive government and a deep-rooted formalist and legalist practice. Even the approval of ordinary legislation in March 1964, through Law 4320, which introduced the principles of planning and annual and triennial budgeting, was not enough to change the control mentality of the national auditors. The solution proposed by Dias was to "upgrade" the 1964 legislation to Constitutional level in order to establish its supremacy over the antique Accountancy Code (Dias, 1968: 27), but the Supreme Audit Agency rejected it.

The group dispersed during the second half of 1965 and the issue was temporarily shelved. Dias assumed other tasks, especially the wage negotiations involving the military and civil servants, who were treated separately for the first time since the 1930s.²³² Beltrão became the CEO of a troubled Brazilian retail store chain after the end of Lacerda's term of office. After saving the firm from bankruptcy his executive credentials gained even more recognition because of this performance in the private sector.

²³² This fact was the second relevant reason for Simões Lopes's distancing himself from COMESTRA. The first was the downgrading of DASP (E1H/RJ/33).

4.4. A new constitutional rupture: the coup inside the coup

The evolution of the political dynamics led to the institutionalisation of the authoritarian regime, despite Castelo Branco's democratic convictions and those of the majority of his ministers. The pressure from hardliners gradually reduced opposition activities, mainly via the suspension of the political rights of all those identified as enemies of the revolution. Critics of the government multiplied, partly because of the unrealistic expectations raised by the revolution. Political groups within Congress joined the hardliners and negotiated extending Castelo Branco's term of office for one more year, against his will (Vianna Filho, 1975). What is surprising about this episode was Castelo Branco's reluctance to accept the extension of his term of office.²³³ He surrendered to the argument that the maintenance of the electoral calendar would intensify all sort of conflicts, even among the military (and this was his main concern). He demanded a sole condition: the maintenance of the elections for state governors at the end of 1965. Ironically, the results caused effects opposite to those he intended.

The results of the state gubernatorial elections of October 1965 gave another thrust towards an even more authoritarian regime. The clashes within the military fractions that supported the regime were costly for democracy and almost ousted Castelo Branco from the Presidency. Castelo Branco guaranteed the recently elected governors' term of office, but at the price of the unilateral issuing of AI-2,²³⁴ because Congress resisted granting the presidency any exceptional powers. The Minister of War, General Costa e Silva, played a

²³³ Castelo Branco was divided between his anxiety to deliver the best policies from his team, which would take longer, and the risks to the regime inherent to postponing the return to power of the civil political forces. The military intervention was intended to be brief, only long enough to conclude Goulart's term of office, and the extension sounded like a consented coup.

²³⁴ AI-2's main provisions included the extension of indirect elections – via legislative – to all executive positions, the right of the Executive to suspend the political rights of opponents of the regime re-definition of the composition of the Supreme Court with an increase in the number of justices from 11 to 16, and the virtual establishment of two-party system based on a alignment of government opposition.

key role in the crisis because he guaranteed military support to Castelo Branco. Costa e Silva thus virtually guaranteed his own position as the “natural” candidate for President, capable of reducing the strife within the military forces²³⁵ a year before the presidential election.

AI-2, however, was not enough to satisfy the hardliners. At the beginning of 1966 AI-3 established indirect elections for state governors and defined deadlines for prospective candidates to resign from executive positions. The Sorbonne group was late, and limited, by Castelo Branco’s slowness in proposing a candidate (Stepan, 1971). Costa e Silva was the forerunner of the hard-liners. The presidential succession was practically defined after Costa e Silva’s tacit decision to politically and militarily support Castelo Branco’s²³⁶ administration during the latter’s last year in office.

Ironically, the longer the President negotiated for government reforms, the tougher were the measures that Roberto Campos adopted, and the more they produced dissatisfaction.²³⁷ Castelo Branco’s and Roberto Campos’s development strategy modified national development policies in two ways: by emphasising a macro-economic stabilisation policy as a requisite to recover international credibility, and by modernising the public sector’s executive machinery.²³⁸ As time passed, more and more groups became dissatisfied with Castelo Branco’s and Roberto Campos’s policies.²³⁹

²³⁵ Costa e Silva had historically been closer to the hard-liners, and the impasses favoured his projection, in spite of the opposition of Castelo Branco’s closest allies in the Sorbonne group.

²³⁶ “Only after Costa e Silva had effectively promised to continue the stabilisation program did he receive Castelo Branco’s unqualified support in the presidential campaign (Skidmore, 1967: 320).”

²³⁷ For the first time an unpopular economic policy based retraction of demand – received continuous presidential support for a period capable of generating results (Fishlow, 1974: 8).

²³⁸ The main reform of the public sector was in the Finance Ministry, with help from the Getúlio Vargas Foundation. The tax reform was followed by a modernisation of the tax collecting system, which enabled the Executive to improve federal revenues in an unprecedented way.

²³⁹ At a certain point only the President’s individual political support prevented Roberto Campos from being replaced. Needless to say, once the administration progressively gained its electoral support the question became progressively manageable, since Castelo Branco’s Administration was coming to an end.

Castelo Branco turned his attention to the issue of administrative reform only after presidential succession had been dealt with, but within the context of a broad constitutional reformulation. A new constitutional order was required in order to update the country's new regime and satisfy the military's concerns with appearances of legality. The turbulent political environment became stabilised at the expense of the institutionalisation of the authoritarian regime and of the definition of Costa e Silva as future president.

Castelo Branco dedicated his last year in office to delivering a new package of reforms; meanwhile the new revolutionary order was "legalised". The administration's final act was the 1967 Constitution²⁴⁰ that sanctioned the new regime and incorporated four institutional acts imposed by the military command, but still kept some minimal democratic precautions.

4.5. The final assembly of policy proposals and the decision-making process

Faced with the dilemma of trying harder or giving up, Castelo Branco opted to compromise so he could conclude the administrative reform. Campos resorted to an artificial administrative solution to bypass the sensitive impasse caused by the personal clashes between Beltrão and Dias²⁴¹ without hurting susceptibilities and alienating support. The

²⁴⁰ According to Ronning and Keith (1976: 231) "He [the President] is given exclusive power in the initiating laws relating to (1) financial matters, (2) the filling of public offices, functions and employment, (3) the establishment or modification of the size of the armed forces, (4) administration and judicial organisation, taxation and budget matters relating to the Federal District and the territories, and (5) federal public employees, including their tenure and the recruitment of military personnel. (...) Proposed legislation can be amended only if it does not increase the proposed expenditures. Among other things, this curbs the ability of any congressman to build up his own clientele via 'pork-barrel' legislation – unless he can do so via the presidency in the original drafting of a bill." Besides this, by resorting to decree-laws, in cases of urgency or national relevance, the President could decide on national security, public finances (and taxation), set up public organisations, and wage policies; in short he had almost dictatorial powers.

²⁴¹ Beltrão was a popular champion, a public relations phenomenon, a charismatic political figure regarded as a charming and friendly executive. His curriculum vitae and his rhetoric were impeccable. Dias was a

reform was resumed in November 1965 with the setting up of an advisory unit directly subordinated to him, named ASESTRA,²⁴² a one-man staff unit. This one individual was Dias, COMESTRA's former Executive Secretary, who had resigned from his post after Beltrão took over leadership of the process. Campos delegated to Dias the responsibility of resuming and concluding the coordination of the process. Dias was obliged to negotiate the final text directly within the Presidency because the administrative reform proposal had reached the President's decisional level.

The public management reform package was resumed on the basis of the third version. There was now a clear time horizon to be complied with and a final destination for the proposal: the new Constitution. There was also broad and consistent logic in the project. Government planning, programming, budgeting, financial execution, and organisational design had been increasingly assimilated in advance by COMESTRA partly because of its connections with macro-economic policy. There was no opposition to their additions to the proposal, but there was one point that called for special attention: the problem of governmental accountability. ASESTRA therefore turned its attention to a joint solution for the two more sensitive components of the reform, namely, the unfinished business of personnel, and control.

The public administration became formally divided into direct and indirect. The former – the ministries – were to be organised on the basis of bureaucratic civil service. The latter – the SOEs, autonomous government agencies and foundations – were to function on a managerial basis, with private-sector employment and accountancy approaches, in order to carry out business-type activities. They were to perform governmental developmental functions that were to be performed by the indirect administration (Campos, 1994: 698). Control was

professional executive operator who increasingly gained his confidence and became a recognised trouble-shooter for the government.

²⁴² Ruling 137, 18 November 1965.

divided into external and internal. External Control was to be performed by the Supreme Audit Agency on an ex-post basis and internal control was to be carried out by the Executive itself according to the principle of ministerial supervision, which subordinated the indirect administration to the ministries of their respective areas and with the support of a Senior Corps of high-ranking civil servants.

This approach towards control was innovative and controversial for Brazilian standards although it dated back to the debate in the late 1930s in the U.S.A. (Dias, 1968). According to ASESTRA, control should be addressed via two complementary proposals: the setting up of the finance inspection organisational units in the direct administration and the redefinition of the Supreme Audit Agency's role. The former was generally endorsed but the latter was the object of intense controversy because it transformed the auditing attributions of the Supreme Audit Agency into an external a posteriori process. The proposal replaced the obsolete bureaucratic procedures of a priori audits of governmental contracts with internal control audits and redefined the Supreme Audit Agency's attributions as external control. The Audit Agency resisted the new proposal as earnestly as possible. First, the amendment related to its role was held up at the Ministry of Justice, the same institutional location where COMESTRA's proposal had stopped. Second, the Supreme Audit Agency sent its own contribution to Castelo Branco in October 1965, in which its members explicitly ignored the text of Law 4320, 1964, which had updated accountancy and legal procedures related to public expenditure at state and local levels (Dias, 1968: 22-23). Third, the agency had the support of the Commission of Jurists that advised the new Ministry of Justice in charge of preparing the new Constitution between July and September 1966. Finally, they sent a final contribution to the President again, to be incorporated into the text of Decree-Laws 199 and 200, issued immediately after the promulgation of the 1967 Constitution. Castelo Branco

personally analysed these attempts but sided with ASESTRA, thanks to his full agreement with Campos's and Dias's positions.²⁴³

The personnel solution was anticipated, since COMESTRA was established.²⁴⁴ DASP was an ambiguous icon but there was no room for a super central agency in the new formulation. Therefore the acronym was kept but its meaning was changed. DASP became responsible for the civil servants, but not for the civil service. The distinction was subtle but meaningful. DASP became responsible for personnel in the direct administration. DASP's role was thus redefined and narrowed. The brand was kept but its name changed from Administrative Department for Public Service to Administrative Department for Civil Personnel. The downgrading of its jurisdiction was clear: from the management of public administration affairs to that of statutory civil servants. Moreover, although DASP kept its formal status as an agency functionally subordinated to the Presidency, it became de facto subordinated to the Ministry of Planning.²⁴⁵

Because of DASP's weakness and the vagueness of the principle of ministerial supervision, ASESTRA proposed setting up a small corps of functionaries. The "Senior Executive Corps" should perform high-level policy and control functions. The organisations of indirect administration were intended to have autonomy to hire their employees on a managerial basis on the private market. The direct administration should have its "Senior Executive Corps" of highly qualified professionals and senior positions should be occupied by several hundred permanent civil servants recruited on the basis of public competitive selection processes. Appointed high officials recruited from the private sector would complement it in the top

²⁴³ E1H/RJ/33.

²⁴⁴ This idea was in Dias's first draft presented to Roberto Campos in August 1964 (E2M/RJ/38).

²⁴⁵ Decree 61930 of December 21 1967 placed it under the supervision of the Ministry of Planning in respect to all issues concerning administrative reform (Abreu e Silva, 1970: 12-15).

political positions. The “Senior Executive Corps” was intended to function as a connection between the direct and indirect administrations. Its members were expected to be the connectors, the enforcers, and the top policy advisors of the direct administration.²⁴⁶

The proposal was an explicit hybrid²⁴⁷ inspired on successful models adopted in the U.S.A., the UK, and France (ASESTRA, 2005). The core functions of the direct administration should be performed by a small contingent of generalists, in charge of the functions of policy formulation, planning, administration, implementation monitoring and financial control. Appointed professionals, whether or not they were senior civil servants, should occupy the top positions. A structure of permanent career civil servants parallel to top appointed positions should be constituted in order to guarantee administrative continuity and policy learning. A high profile training centre should provide initial and permanent training at entrance level as well as throughout the individuals’ careers.²⁴⁸ From the British, the proposal borrowed the idea of a small core of “talented amateurs”. From the French, the proposal borrowed the human resources centre, inspired on the *École Nationale d’Administration*. From the United States the proposal borrowed a clear division of political spaces among the Senior Corps, some positions to be occupied by appointed outsiders, and some to be occupied exclusively by ordinary civil servants. “The proposal was a combination of all three models”.²⁴⁹ In early 1966 it was submitted to experts of the three mentioned countries, who strongly supported the setting up of a cluster of merit-based civil servants who were to

²⁴⁶ E1H/RJ/33 and E2M/RJ/38.

²⁴⁷ A comparative study of British and French civil service was one of Dias’s main references (E1H/RJ/33).

²⁴⁸ The *École Nationale d’Administration* and the military and diplomatic academies were the main sources of inspiration on this point E1H/RJ/33 and E2M/RJ/38.

²⁴⁹ E1H/RJ/33 and ASESTRA (1965).

gradually replace the existing public sector workforce, but in substantially fewer numbers²⁵⁰ and only in certain strategic areas.

After submitting the proposal to experts from the three countries and receiving their approval,²⁵¹ Dias thought he had an updated, suitable and feasible solution for the recurrent problem of having, high-level professional personnel in the Executive. But he was taken by surprise at the final decisional stage. The proposal was submitted to Castelo Branco and his two closest advisors, Generals Geisel and Couto e Silva, the intellectual leaders of the Sorbonne group. Both rejected the proposal on the grounds of the elitist character of the “Senior Corps”. “It is an elitist proposal and it would generate a privileged caste”.²⁵² In spite of Dias’s arguments both remained unconvinced that the proposal would fit the country’s needs. Castelo Branco decided to support the proposal but asked Dias to make it more general. “It’s a good idea but I think it’ll be better to let my successor make the final decision on this one”.²⁵³

The final proposal received a pro forma approval from Beltrão, at that time the person appointed by Costa e Silva to monitor the administrative reform process. During the second semester of 1966 Costa e Silva appointed Beltrão to the transition team, a government in waiting. Beltrão had been invited to join Costa e Silva’s administration on the strength of his liberal humanist credentials – a counterforce the dominant hardliners. Given his political beliefs as a liberal nationalist, his executive credentials, his popularity, his Rio de Janeiro

²⁵⁰ The numbers proposed for the Senior Corps varied from 700 to 900, a relatively small number of the total contingent of appointed positions available (over 10,000).

²⁵¹ See Wood (1966), Roson (1966) and Randall (1966). Their reports were supportive. The British expert, however, pointed out the need to pay attention in the executive coordination problem that the reforms might raise (Wood, 1966).

²⁵² E1H/RJ/33

²⁵³ E1H/RJ/33

origins²⁵⁴ and his connections with the military, Beltrão was invited to be Minister of Planning. The choice was made on the basis of his opposition to Campos's macro-economic policies, within the context of the political and military forces that supported the regime. Although he had not been closely involved in the process since the dissolution of COMESTRA, Beltrão was still publicly recognised as the administrative reform champion. Who better than he could be in charge of implementing the administrative reform?

Castelo Branco sent Beltrão a copy as a political gesture because Beltrão was to take charge of the reform during the next administration. Beltrão considered the project very good,²⁵⁵ in spite of the serious disagreement he had had with Dias. The text was incorporated into the Constitution and immediately became Decree-Laws 199 and 200. The "reform of reforms", in Beltrão's words (Vianna Filho, 1975: 485), was one of the last acts of Castelo Branco's Administration.

According to the generally accepted version,²⁵⁶ Beltrão managed to persuade Campos to back up his ideas, which were later fully incorporated into the Constitutional text and into Decree-law 200 (Oliveira, 1984: 60). The main points of his contributions were adopted as general principles and he later mentioned that the Constitutional text as well as Decree-law 200 derived from a compromise between his ideas and more detailed concerns of other individuals involved, notably Teixeira Dias (Beltrão, 1967 and 1969).²⁵⁷ Beltrão's amendments were fundamentally doctrinal. They focused on simplification, decentralisation and delegation. He had repeatedly argued against any over-emphasis on organisational

²⁵⁴ Beltrão was the son of a famous UDN member, Heitor Beltrão, and grew up in Tijuca, a very traditional region of Rio de Janeiro, well-known as a military neighbourhood. His "old friends" included many military men from his adolescent days.

²⁵⁵ E1H/RJ/33.

²⁵⁶ A3L/RJ/31 A3M/Br/19 and Oliveira (1984).

²⁵⁷ "There are pieces of the legislation whose authorship I do not recognize because the legislation received many amendments. (...) I am not the father of Decree-law 200, which was drafted by many hands" (Beltrão, 1969 quoted by Oliveira, 1984).

design, obsessions with efficiency, or excessive formal control. Beltrão explicitly recognised that his position was exclusively to provide guidance because he did not believe that reforms could or should be carried out on the basis of detailed objectives. He proposed only a set of philosophical principles, or general guidelines, for an administrative reform, which he saw as a permanent process.

The last act of the administration a few days before Costa e Silva's inauguration was the launching of the Ten-Year Plan for Economic and Social Development,²⁵⁸ a final contribution to the institutionalisation of planning practices. Castelo Branco and Roberto Campos had designed a government structure capable of strong autonomous action, although subject to variation in its modality. Ironically, the subsequent "mushrooming state interventionism" (Weyland, 1998: 53) was possible thanks to them, in spite of their liberal developmental convictions.

4.6. Heading towards a surprising anti-climax

4.6.1. Passing the baton

Costa e Silva did not retain any minister from the previous cabinet, in spite of his positive personal relationships with Castelo Branco²⁵⁹ and the rhetoric of revolutionary continuity.

The new president decided to prove that he was not the trouper that the Sorbonne group had

²⁵⁸ The plan contained several macro-economic projections and sectorial studies that were meant as guidelines for governmental planning. However, the plan was not used for this purpose, given the differences between the two teams and Beltrão's own ideas about the country's priorities.

²⁵⁹ Even at the most delicate moments Castelo Branco never publicly expressed the slightest criticism towards Costa e Silva. Castelo was paralysed by his duties as President, his sense of loyalty and respect for his old colleague, and above all his concerns with military unity. Some private collaborators mentioned that he had three main concerns about Costa e Silva as President: his health, his wife's ambitions, and his propensity for forceful solutions in moments of impasse (E2M/RJ/38 E1H/RJ/33 E1H/RJ/43).

labelled him, but rather the champion of a “human development” model. A few weeks later Campos reiterated his concerns: “premature humanisation can bring about future cruelty” (De Oliveira Campos, 1967: 296).

The transition from Campos to Beltrão was somewhat rough. The former’s farewell speech was emblematic. Campos warned the new administration against complacency and the risks of loose economic management. According to him there was no possible compromise in a trade-off between inflation and development. Planning should avoid the easy seduction of “false compatibility”. A balance between prudence – to deal with the facts – and the will to make a difference while avoiding fatalism were the ideal attitude.

"Everybody would like to achieve maximum development at the expense of a minimum of inflation. But anyone who becomes complacent in combating inflation because they want to stimulate development will get much more inflation than development" (Campos, 1967).

Beltrão was the liberal humanist who represented the hopes of multiple social sectors for a “relief policy”. Beltrão’s rhetoric addressed multiple audiences simultaneously: ordinary citizens, businessmen, politicians, bureaucrats, and governmental authorities. His personal charisma provided a unique opportunity for the reforms. Moreover, his presence in the cabinet brought hopes of an earlier redemocratisation process.

The choice of Beltrão as Minister of Planning was decisive for the administrative reform because he was personally and publicly identified with the issue. It seemed to be a case of the right man in the right place, a man who had solutions for a problem and for the political circumstances of the moment. Beltrão was chosen to steer the administrative reform due to

the new President's perception of his public entrepreneurial role in pushing it. But the main reason, however, was to provide a counterpoint to Campos' cool technocratic approach to the macro-economic policy. Beltrão was closer to the national businessmen squeezed by a monetarist credit policy. Finally, his position against prolific legislative activism,²⁶⁰ typical of Castelo Branco's administration, suited Costa e Silva's desire to lend a friendly face to his new administration.

The priorities of Costa e Silva's administration were exposed for public discussion only in July 1967, even though he knew a year earlier that he would be President. A few months later the government's triennial plan – The Strategic Development Programme (PED) – was publicly launched. The new administration had been benefited by the second harvest of the applied Economic Research Bureau (EPEA) that had previously prepared and launched the Ten-year Economic Development Plan a few months earlier (Alves and Sayad, 1970).

Beltrão's personal style of action – simple, direct, and frank – made an immediate public impact. Administrative reform was re-defined as a national crusade, not a technocratic construct.²⁶¹ His personal abilities allowed him to silence protests expressed by the business community. Beltrão travelled around the country to numerous conferences and gave numerous speeches in an effort to diffuse the PED plan. His explicit objective was to mobilise civil society, change the national mood in order to inaugurate a new development cycle, and tackle pathologies in the bureaucracy. Beltrão was the public relations crusader of

²⁶⁰ The waves of legislation approved at the end of the previous administration were intended to provide the country with updated legal frameworks in various areas – land, housing, taxes, and others. The perception of Costa e Silva's group was different. They thought that the Sorbonne group had tried to put a straitjacket on Castelo Branco's successor (Skidmore, 1988). Beltrão's words served to publicise a contrast between the unpopular outgoing government and Costa e Silva's newly inaugurated term of office.

²⁶¹ A2L/RJ/40.

a weak government, the main triumph of the fragile liberal forces that still had hopes that the military would re-establish full democracy.

4.6.2. Administrative reform as a political crusade

Beltrão's liberation management discourse (Light, 1998) was built up as a combination of two key principles: delegation and decentralisation. The cornerstone of his discourse was an innovative rhetoric figure – de-bureaucratisation²⁶² – which completely transformed the image of administrative reform, promoted to a national imperative (Beltrão, 1967). In doing so, he called public attention to the problems and dysfunctions involved in bureaucracy, including red tape, slowness, inefficiency, lack of responsiveness, formalism, obtrusiveness, and other common-sense adjectives that denote general frustration with public services.

The term de-bureaucratisation was not new, although there is no evidence that Beltrão was aware of its academic connotation. The term had been used to designate the subversion of requirements of the bureaucracy in order to favour interest groups²⁶³ (Eisenstadt, 1958). Beltrão's vision incorporated the first idea but in a different way. He established a slogan for a course of action that was expected to bring about a shake-up of simplification in the public sector. He also deliberately neglected organisational and functional problems, given his obsession with the pathologies derived from over-centralisation, formalism, rigidity, legalism, and other elements in the legacy from DASP.

²⁶² Although the term was popularised in 1979 when Beltrão returned to government as Extraordinary Minister of De-bureaucratisation, he had begun to use the term as Minister of Planning.

²⁶³ Eisenstadt's (1964: 270-271) concept implied two inter-related ideas: unbalancing dynamics and functionality. The former referred to the rupture with the autonomy statute of bureaucracies and their rule-bound foundations. The latter concerned the re-orientation of the aims of the organisation for personal benefits.

Beltrão's first decision was to launch "Operation Clean Slate"²⁶⁴ (*Operação Desemperramento*), according to which each ministry would set up a commission to pursue the administrative principles of decentralisation and delegation. Beltrão's main targets were centralised organisational structures and fossilised methods and procedures, especially in the areas of financial and legal control. However, at a certain point the need for some kind of institutionalisation was seen as a necessary condition for sustaining that processual type of initiative. There was a need for organisational structures, capable of channelling and mobilising resources regardless of the respective minister's direct involvement.

Beltrão did not underestimate the problem of control. The relationship between the direct and indirect administration was regulated by the vague concept of ministerial supervision, which was even more meaningless now, in the context of the authoritarian regime. Financial Inspection Bodies were therefore set up in the ministries, but without the support of a special cadre of civil servants, as Dias had originally suggested. Their main role was to take care of budgeting and finance execution under the coordination of the ministries of Planning and Finance. An organisational solution was provided, but with no mention of who would carry it out. When a subordinate of Beltrão and Dias handed Beltrão the dossier with the Senior Corps Project and International Advisors' Reports, Beltrão said, "Isn't this Dias's business? I'm not interested. I know what it's about".²⁶⁵ Moreover, when one of Campos' former advisors returned from France, after taking the prestigious Finance Inspector course at the *École Nationale d'Administration*, he did not join Beltrão's staff.²⁶⁶ A training centre was in fact set up, but with a much lower profile than that designed by Dias. Personnel were the

²⁶⁴ Circular RA-1-67. This name came from a document Beltrão had prepared for Costa e Silva when the latter was chosen Castelo Branco's successor (Beltrão, 1967).

²⁶⁵ E2M/RJ/38.

²⁶⁶ Two senior advisors of Roberto Campos were sent to ENA, but neither of them remained with Beltrão's team after returning. They were expected to work with the training institution responsible for the Senior Corps called for in Dias's proposal (E2M/RJ/38).

missing link in Beltrão's implementation strategy in spite of his personal commitment to the reform.

There was consensus among Beltrão and his main advisors – most of them old IAPI “cardinals”²⁶⁷ – that the administrative reform team should be strengthened in order to get his ideas across. Aiming at empowering reform efforts, the administration set up the Administrative Reform Bureau²⁶⁸ (ERA) to implement the reform. ERA became responsible for the Executive Office of a Central Commission for Federal Administrative Reform (CERAF). Beltrão opted for a middle-rank policy venue under his supervision, instead of adopting the other technical alternative: the setting up of a ministry without Portfolio. ERA was expected to provide technical assistance to all bodies of the direct and indirect federal administration. It also had organisational representations in the states to provide technical assistance to the state governments in implementing the reform.

Although the implementation of EPEA had successfully channelled the flow of developmental planning ideas that were becoming better known at the time, this was not true of ERA. Unlike its counterpart, ERA did not have a critical mass of a new generation of professionals in touch with the more advanced theoretical ideas in the field. CERAF had representatives in all ministries, in important high-ranking positions and with political backing to fulfil leadership roles. Under Beltrão's direct supervision, DASP was to provide executive training for all the functionaries involved in “Operation Snowball” – the dissemination of the reform principles. A massive training programme was initiated. The spillover effects were to reach all federal organs, including federal offices located in the

²⁶⁷ The “social-security cardinals” represented the elite of Brazilian civil servants until the unification of all the social security institutes in 1967 (HOCHMAN, 1990). Although Beltrão left IAPI in the 1950s, his reputation followed him for the rest of his career.

²⁶⁸ Decree 63500, 31 October 1968.

states. But ERA neither attained the influence of EPEA nor the degree of institutional consolidation of its counterpart.

The climax of the process of the mobilisation of public opinion around the public administration reform was a national workshop held in Rio de Janeiro in October 1968. The administrative reform momentum was magnified by the organisation of Administrative Reform Week, a seminar on successful experiences in administrative reform (Brazil – Ministério da Justiça, 1969). Costa e Silva's presence gave some importance to the event and signalled Beltrão's prestige as well as the President's support for his initiatives. The year ended with the choice of two "laboratory states" to test the project and the studies for the "João da Silva"²⁶⁹ project. Beltrão was obsessed with the idea of reorganising the public sector from the perspective of the ordinary citizen, as a forerunner of the customer-oriented models of public services. He relied on his own prior experiences to reform the ministries' priorities. But the political events that invaded the media in December eclipsed the achievements made.

4.6.3. Discontinuity and change

In 1968 the administration had faced a gradual increase in pressure from social movements consisting mostly of students and labour unions (Skidmore, 1988). The economic situation was unable to distribute the gains from the recessive policies of the previous years. Antonio Delfim Neto, the Minister of Finance, occupied the economic centre stage. The political

²⁶⁹ João da Silva is one of the most common names in Brazil. It was a name that had a communicational concern with meeting the needs of ordinary citizens, a typical manifestation of Beltrão's public relations and marketing gifts.

atmosphere was increasingly polarised by the main opposition forces and the government. The confrontation culminated with a speech given by an opposition congressman, which was considered unacceptable by the hardliners. In spite of Costa e Silva's insistence, even congressmen of the party in power joined the opposition, refusing permission to prosecute the rebellious congressman. This incident was the final pretext for a further hardline ultimatum. In the previous administration the authoritarian regime had acted within self-defined limits of "revolutionary legality" (Almeida, 1967: 66), which were always stretched farther out when power struggles within the military forced se required. The administration's reaction represented a further rupture because it closed down Congress and established a de facto dictatorship. Costa e Silva signed Institutional Act No. 5 (AI-5) in December 1968, and Beltrão reluctantly signed it. The return to democracy was postponed indefinitely.

The political meaning of Beltrão's presence in the administration had crumbled. The de-bureaucratisation credo no longer fit in with the political environment and the consequences of the policy quickly appeared. The administrative reform proposal lost its relative importance in view of other, proposals for, national development turbinated by EPEA's activities and the flourishing of a new economic model with military support.

The subsequent events of 1969 – the emergence of terrorism, Costa e Silva's stroke, the forces against the Vice-president. Pedro Aleixo, who was barred from assuming the Presidency, and the Military Junta – brought about Beltrão loss of interest in continuing in government. General Medici was appointed by the college of generals to be the winning candidate in the indirect presidential election, conducted in Congress. The future president invited Beltrão to remain in the Ministry, but he decided to step down in favour of his

deputy, Reis Veloso, a young Ph.D. economist who had recently returned from the U.S.A. and who had been in charge of IPEA.

Beltrão expressed his frustration and disappointment in his farewell speech at the Ministry of Planning, when he transferred position he had declined to his deputy and successor Reis Velloso.

“We were personally in charge of the reform and we put all the Ministry of Planning’s resources to work on it. But the administrative reform lost intensity and impetus from 1969 on. It did not achieve its final objectives, which were simplification and de-bureaucratisation” (Oliveira: 1984: 14).

Administrative reform remained an ever-reiterated aspiration, not a realisation, as one of their policy formulators later admitted. “The reform bureaucratized itself”.²⁷⁰

Administrative reform became institutionalised as a formal structure in the Ministry of Planning. The Department of Modernisation and Administrative Reform (SEMOR) was set up to implement the administrative reform throughout the Executive Branch. SEMOR made intensive use of contracting practices. The alleged justifications included urgency, the lack of expertise of the direct administration, and the efficient use of human and financial resources (Ochs and Pinto, 1973: 135-6).

In spite of the adverse context, DASP, now a forgotten institution – persisted with its original – now narrowed – mandate. Law 3780 of 1960 had classified all public sector employees under a single classification system regardless of whether they were civil servants recruited via merit-based competitions, functionaries contracted under private employment legislation,

²⁷⁰ E1H/Br/28.

or professionals on short-term contract bases. According to DASP, however, no more than 10% were obliged to participate in public competitive selection processes (Wahrlich, 1970: 21). A Civil Servant Administrative Reform Commission²⁷¹ was set up and resulted in a final effort to implement a policy based on functionaries' merit, by approving a new career law. Once more DASP presented the implementation of the merit system as an absolutely minimum requirement to achieve national development (Wahrlich, 1970: 8-9). The struggle for a merit system again attempted to provide the public sector with a Career Plan through Law 5645 – 10 December 1970.²⁷² This legislation was aimed at providing the guidance and legal parameters needed to position all civil services in the Federal Government and autonomous governmental agencies. However, DASP did not have the power to implement, nor was the government interested in regenerating the direct administration. The historical attempt to organise the federal civil service came too late in view of the ongoing process of state expansion through private-like organisations. To make matters worse, the salaries in the direct administration were no longer competitive within the Executive because of fiscal constraints. Government expansion occurred basically through the indirect administration, where quasi-private rules and wages governed the modus operandi of SOEs, foundations and autonomous government agencies (Wahrlich, 1974: 43). In the early 1970s it was evident that Brazil had failed once again to implement a civil service reform although the organisational landscape of the public sector had completely changed.

²⁷¹ Decree 64335, 9 April 1969.

²⁷² This piece of legislation also re-created conditions for internal vertical mobility within the public sector, as had Law 3780 of 1960. In practical terms these provisions helped guarantee a captive market for lower-level civil servants, since new open public competitive selection processes were conditioned by the exhaustion of the previous internal possibilities of internal selections (Guerzoni, 1996: 46). This possibility was eliminated only in the 1988 Constitution, thus doing away with this internal opportunistic and secret route to better positions.

4.7. Conclusion: Analysis

There was a paradox in all the attempts at reform that took place between 1951 and 1963. They occurred simultaneously with contradictory practices that demoralised reform efforts, especially in the area of employment relations in the civil service. From time to time constitutional or ordinary legislation²⁷³ reclassified public-sector employees into permanent civil servants in various ways. While the reformist efforts were typical in the first months of presidential terms of office, the needed legislation was approved only near the ends of these terms. Estimates of the number of public functionaries that had been recruited on the basis of merit never went above 10% between the 1930s and the 1960s. (Medeiros, 1970: 46).

Between 1964 and 1967 the tone of the reform was unmistakably managerial – an international novelty at the time – but engineered in terms of hybrid policy formulation. Performance management, orientation of citizens, and performance auditing were some of the elements incorporated into the policy proposal. They were innovative in terms of the Brazilian and – to a certain extent – the international debate of the times, which was still dominated by a functionalist perspective of administrative reforms.

The process of policy formulation benefited from dialogue with experts from the U.S.A., UK and France. Public management and macro-economic policies were put together in an innovative and coherent way to enable the country to overcome the economic crisis it had inherited from the previous administration.

²⁷³ Medeiros's (1970: 47) legislation included the 1946 Constitution (as well as the Constitutions of 1934, 1937, and 1967), the 1952 Statute of Civil Servants, and Laws 2284 of 1954, 3483 of 1958, 3966 and 3967 of 1961, 4054 of 1962, 4069 of 1962, and 4242 of 1963.

The political context affected the issue career at critical junctures during the process. Conflicts in policy solutions and competition for political protagonism made the alternative specification process more difficult than expected. Personal, political, and policy differences within the commission and with the military forces meant lost time in coming to a conclusion. Even more impressive was the administration's determination to insist on such a significant policy change for three turbulent years in spite of the difficulties involved in negotiating during this delicate political period. The President's attention to the issue was intermittent but constant over time. An articulated and coherent proposal emerged only when the policy specification process was centralised under the control of the Minister of Planning and his key advisor.

Beltrão had the power and the resources to pursue his strategies later (Rose, 1993: 15), but he was not particularly concerned with securing the support of experts, and preferred to keep things simple.²⁷⁴ His conceptions of the problems were indeed simple, as were many of the solutions he offered. He was chosen minister because his personal values and behaviour were easily assimilated by the President. He could not have hoped for greater political support to deliver his proposals.

In his book, published after he left the government, Dias (1968: 32) expressed his disappointment with the lack of effective pressure for reform from inside the government in spite of the steps made to reduce the number of personnel. He listed seven factors responsible for this accommodation: lack of taxpayer mentality, lack of businessmen interest in public

²⁷⁴It is important to mention that Beltrão had a choice to make at that stage. Public administration was achieving the climax of its importance at that time. Undergraduate programs were mushrooming around the country. FGV's expertise basis was expanding thanks to international co-operation programs supported by the Inter-American Development Bank and the return of the second generation of Ph.D. scholars trained abroad, usually in the U.S.A. (Gaetani, 2000). DASP and FGV were "expertise beacons" (Medeiros, 1970: 43) that Beltrão failed to incorporate into his efforts.

affairs on the part of businessmen, labour union sympathies for clientelism, absence of critical mass, politicians' attachment to patronage practices, short-termism of the media, and absence of cumulative learning over time.²⁷⁵ Therefore the reforms depended on the voluntarism of a handful of self-motivated individuals instead of a permanent concern. This was far from being a momentary evaluation.

The perspective of a policy reversal (Hood, 1994) provides a plausible interpretation of the reform regarding its content. The policy reversal hypothesis was confirmed on the basis of the combined occurrence of its four constitutive elements. The 1937 reform outcomes had already run their course. DASP's legacy had become self-defeating after thirty years of demoralised attempts to reinvent itself. New ideas were floating around, such as those regarding human relations, developmental planning, and PPBS. The political, economic, and social environment was also very different. Brazil had changed enormously in thirty years and had become a much more urbanised, industrialised and integrated country during the period, despite all its political instability. The transfer of the country's capital from Rio de Janeiro to Brasilia enabled the unification of the country's internal markets. Finally, there were changes in the dynamics of interests that expressed the new government's alliances under the command of the military. The political forces were distinct and the conflicts of interests in the case were different from those that occurred during the Vargas dictatorship in the 1930s. The country faced new political and economic trade-offs hardly comparable with the process of building a nation-state seen at the beginning of the Vargas era. Finally, the presence of skilful entrepreneurs provided a catalyst for coupling the streams.

²⁷⁵ The well-known exceptions were the armed forces and the foreign affairs area where bureaucratic merit-based careers attached to training institutions were solidly established (Dias, 1968: 33).

Entrepreneurial functions were performed not by a single individual but by a cluster of public entrepreneurs. Nevertheless, at the end of the process it took only one man to assemble the reform proposal. Once the reform had been approved, the default implementation model was then jeopardised, for four reasons. First, there were communications problems between the two main entrepreneurs responsible for the reform. The personal relationship between the public champion reformer, who took over the implementation process, and the entrepreneurial insider, who engineered the final proposal, deteriorated in detriment to a critical aspect of the package: control over the indirect administration by a Senior Corps of civil servants located at the direct administration level. Second, there was a shift of power between the planning and the financial policy sub-systems. Third, the institutionalisation of the reform vector was weak, personalised and improvised. It did not follow the robust model of institutional building adopted by the economists who were engaged in institutionalising the planning policy domain. Finally, there was a process of military radicalisation that led to the reversal of certain decentralising aspects of the reform, deemed unsuitable for the consolidation purposes of an even more authoritarian regime.

The indirect administration expanded on a private managerial basis – based on clientelism in some cases and on merit in others. The career legislation approved in 1970 was soon undermined by strong career-minded people, primarily diplomats and tax inspectors. In 1974 Decree-law 200 was amended by a law²⁷⁶ that practically removed administrative reform concerns from the government's legislation and structures. A few months later another piece of ordinary legislation nearly reduced the traditional civil service to a historical residual workforce. From that moment on, private arrangements were to be made to hire people for

²⁷⁶ Law 6036, 1 May 1974.

virtually anywhere in the entire public sector.²⁷⁷ A few months later diplomats, tax inspectors and the federal police managed to be exempted from the national career plan and set up special, specific schemes to regulate their respective areas.

²⁷⁷ Law 6185, 11 December 1974.

Chapter 5

The reform of the State in the context of re-democratisation

5.1 Introduction

The transition in Brazil from an authoritarian regime to democracy took place in the midst of a turbulent political environment. During one short period of five years (1985-1990) the country had four presidents, six finance ministers, four macro-economic stabilisation plans and a National Constituent Assembly that lasted eighteen months (from February 1987 to October 1988). A constitutional public management reform – particularly regarding civil service and organisational design – took place and immediately afterwards suffered two subsequent changes in direction as the result of political reshuffling while it was being transformed into ordinary legislation.

A Ministry of Administration without Portfolio was set up in March 1985 as part of the initial cabinet, in order to accommodate one of Neves's and Sarney's pivotal political allies. In March 1986 the Ministry was transformed into an ordinary Ministry of Administration that absorbed the National Department of De-bureaucratisation – until that time subordinated to the Presidency, the Office of Modernisation of the Ministry of Planning – at that time organised as a Department of Planning of the Presidency (SEPLAN-PR). In September 1986 the Ministry of Administration was reorganised as the Department of Public Administration (SEDAP-PR) – directly subordinated to the Presidency, as SEPLAN-PR had been. Two years later, after the new Constitution was promulgated, SEDAP-PR was phased out and absorbed by SEPLAN-PR. In March 1990, the directly elected President Fernando Collor merged

SEPLAN-PR with the Ministry of Finance and established the Ministry of the Economy. At the same time, he set up the Department of Federal Administration (SAF) with ministerial status, directly subordinated to the Presidency.

During the first two years, two commissions functioned as intermediate steps for scaling up the Public Administration platforms. In June 1985 President Sarney set up a General Commission to take charge of the Reform of the Federal Public Administration. The General Commission was further divided into six sub-commissions. State reform was the main debate in the re-democratisation process. In February 1986 the Commission was phased out, its work having resulted in the political changes introduced soon after, in March 1986, at the same time the first macro-economic stabilisation plan was launched: the Cruzado Plan.

The appointment of Marcelino – an advisor of the Ministry of Planning who had participated in the General Commission Works – to be Alves's deputy brought about a change in policy dynamics. Marcelino set a strategic plan into motion that he had designed with collaborators from the General Commission for Modernising the Federal Administration (Marcelino, 1986). Another commission was later set up, first on an informal basis, called the Inter-Ministerial Executive Group for the Reform of Public Administration. Until August the group worked assiduously to prepare a package of policy proposals that led to the setting up of SEDAP-PR in September 1986. SEDAP-PR succeeded DASP – that had existed for forty-eight years – and formally absorbed the National Department of De-bureaucratisation and SEMOR.

The General Commission issued three guidelines at that time: rationalisation and reduction of public expenditures, formulation of a new human resources proposal (progressive public administration style), and rationalisation of the federal administrative structure. The first

guideline aimed at strengthening the economic coordination capacities of the administration via the setting up of the Office of the Treasury, an organ of the Ministry of Finance. The second guideline aimed at providing the federal administration with a consistent human resources policy, and was based on careers and training structures inspired on the French model. The third guideline emphasised the need to update procurement procedures and called for the administrative reorganisation of specific public institutions (Marcelino, 1988: 52-55).

The next years were marked by other parallel events that deeply influenced the scope and dynamics of the policy proposals: the National Constituent Assembly²⁷⁸ the aggravation of the economic crisis that led to the launching of successive macro-economic stabilisation plans following the Cruzado Plan,²⁷⁹ and the rapid turnover of ministers, especially those of the economic portfolios: Planning and Finance.

SEDAP-PR became involved in several fragmented tasks related to government reorganisation. The main proposals had to wait for the Constituent Assembly to take a position. The main innovations at that time included the setting up of a National School of Public Administration to form the apex of the new careers in the civil service, and convert private foundations under state control into public foundations, a juridical concept that was not included in Brazilian administrative law.

A further cabinet reshuffle in late 1987 brought a number of experienced technocrats into the Ministries of Planning and Finance, persons who had made their career during the authoritarian regime. An antagonism with SEDAP-PR immediately set in because of the way

²⁷⁸ The Congress that had been elected in November 1986 was transformed into a National Constituent Assembly in February 1987. The new Constitution was finally promulgated in October 1988.

²⁷⁹ The Bresser Plan in June 1987, the Summer Plan in January 1989, and the Collor Plan in March 1990.

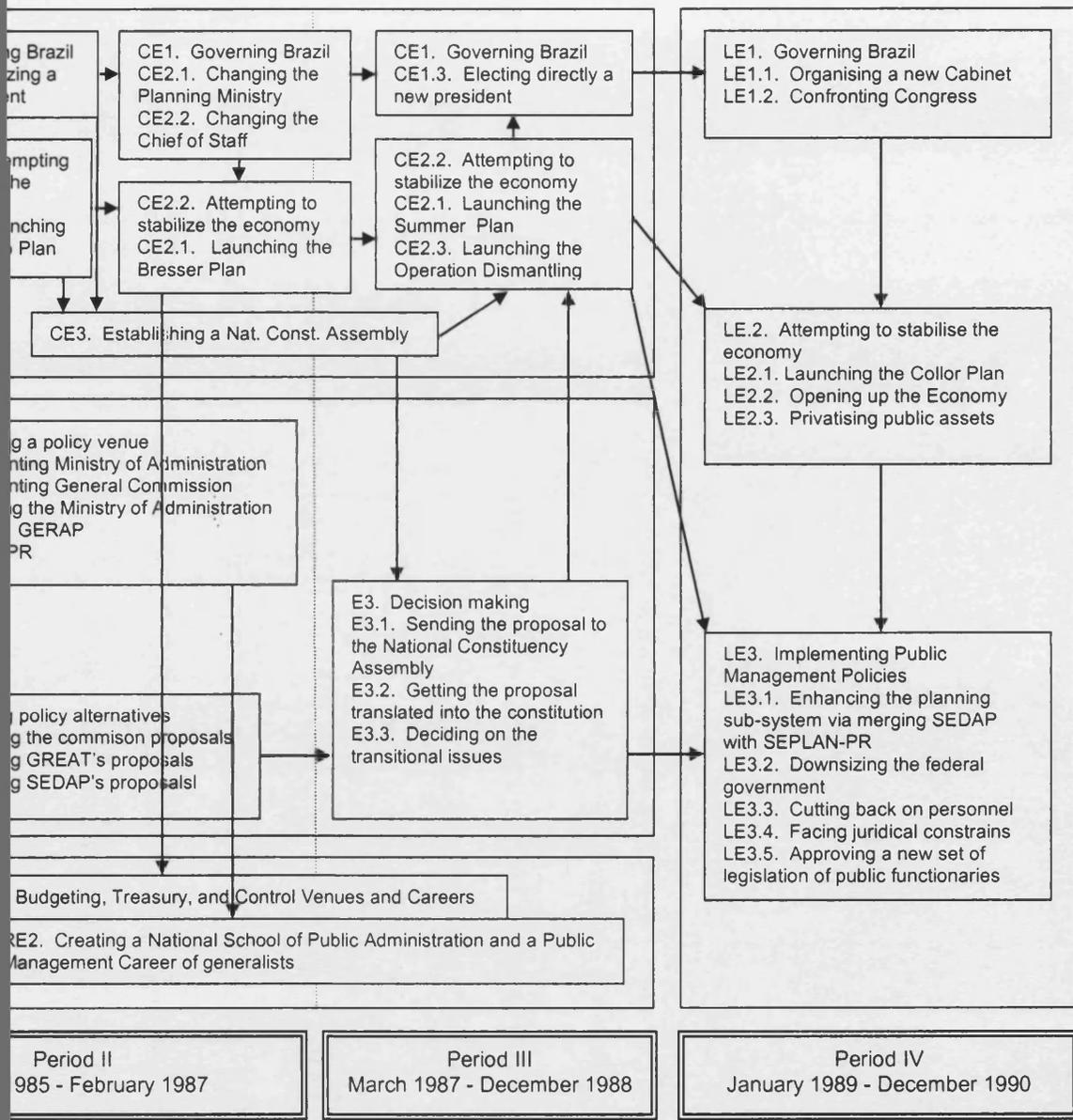
the economic team proposed to deal with the expenditures on public functionaries who faced the opposition to Alves.

Simultaneously, the Constituent Assembly provided another route for the specification of proposals of public management policies. SEDAP-PR sent its proposals – related to the empowerment of the direct administration and to the adoption of a Single Juridical Regime for civil servants – to Congress. A new Constitution was promulgated in October 1988 and its final text reflected SEDAP's propositions. SEDAP-PR was phased out three months later and absorbed by SEPLAN-PR. A new course of action was pursued in 1989 to approximate the discussion on administrative reform to the planning tradition but the new initiative was aborted by the worsening economic situation and the extraordinarily high inflation rate, that had to be resolved by the first elected president in three decades. Collor de Mello adopted a different approach to public management reform: downsizing. But the proposal of a labour regime for civil servants had already advanced considerably and it was approved in December 1990.

The chapter is divided into five parts, including the conclusion. Diagram 3 provides a global view of the process. The period under analysis began in November 1984 and ended in December 1990, although the episode under investigation occurred between March 1985 and December 1988. The first phase – from November 1984 to March 1985 – included the events described above that clarify the beginning of the episode, and a short history of a new Ministry of Administration without Portfolio until SEDAP-PR was set up in September 1986. The second part began in September 1986 and ended in March 1990, and included the National Constituent Assembly (February 1987 to October 1988). The third period began with the new presidential term of office in March 1990 and ended in December 1990 with the

approval of the new civil-service legislation. It also included Collor's downsizing reforms.

The conclusion analyses the episode in the light of the research questions presented below.



Narrative Diagram of the 1988 Episode

The main questions to be answered in this chapter are: a) What event triggered off the process of specifying a policy proposal? (E1); b) What explains the setting up of SEDAP-PR? (E1); c) What explains the policy solution proposed by SEDAP-PR for personnel and for public organisation problems? (E2); d) What explains the setting up of an institution like the *École Nationale D'Administration* in Brazil? (RE2); e) What explains the final constitutional outcome? (E3); f) To what extent did public entrepreneurship play a decisive role in the decisional process? (E3); g) What explains the extinction of SEDAP-PR? (CE2.2); h) What explains the approval of the Single Juridical Regime in December 1990? (LE3).

5.2. Gaining terrain within the political transition

5.2.1. A fragmented picture

The public sector looked like an ungovernable archipelago in the early 1980s. Industrialisation and modernisation were successfully achieved thanks partially to the implementation of the institutional arrangements established by the 1967 Constitution and Decree-law 200 but with an unaccountable bias (Castor and Franca, 1987: 15). The government did not have a global view of its own structures because of the fragmentation of public organisations and their degree of autonomy. The direct administration had merely residual importance at that time. The Executive governed mainly through appointed positions in the direct administration and, particularly, through the “indirect administration”.²⁸⁰

²⁸⁰ The indirect administration consisted of utility companies, industrial firms (some with private shareholders), educational and academic organisations, research institutes, financial institutions, public regulatory and normative agencies, public social-security bodies, social policy institutes, cultural foundations, information

The emerging multi-party system was characterised by the resurgence of personal politics, although these practices had never ceased in the previous decades and had been more predictable under the military (Cammack, 1985; Hagopian, 1996). The atypical circumstances of the transition also allowed populism to make a comeback, under political and partisan pressure to make room in the government for all the participants in the broad coalition that had backed Tancredo Neves. This problem was solved by expanding the ministries and setting up positions for appointed outsiders across the board.

Regarding personnel, the direct administration consisted of a few careers associated with exclusive state functions (diplomacy, policy, tax inspectors, procurement, military, and judges) and by the degraded structures responsible for infrastructure and social provision. The indirect administration consisted of a mixture of structures. Even though the formal rules were the same for all sectors: one part was organised around professional principles²⁸¹ and the other was based on clientelist principles. While some institutions became known as first-class bureaucracies, others were marked by clientelism and corruption. In principle the indirect administration was hierarchically subordinated to the direct administration but there were no institutional mechanisms capable of enforcing this hierarchy, except through interference by the top executive, who controlled all appointments in both the direct and indirect administrations.

technology firms, regional development structures, as well as a number of private firms absorbed by the State when they were faced with bankruptcy (Holanda, 1988).

²⁸¹ Some of these organisations also developed a strong esprit de corps. Given the autonomy of their development they emulated classical Weberian organisations, usually incorporating elements of professional and machine bureaucracies, as was the case of the utilities, steel, oil, and chemical sectors. They were organised in such a way that the executive control depended on collective bargaining that enhanced the companies' corporate power at the expense of the government's ability to control them. These organisations felt "justified" in reinvesting profits and revenues in their employees as compensation for the government's use of them for non-commercial purposes (Martins, 1995).

The public sector was burdened down with numerous mutually aggravating problems (Piquet Carneiro, 1988: 3-4). Instead of improving performance or wages, increased expenditures on personnel added to the numbers of public functionaries and increased costs enormously. There was an increasing number of distortions in hiring processes because of the multiple mechanisms²⁸² invented to get around DASP's rigid control. Given the lack of discernment and appropriateness, internal and external control mechanisms were expanded and became more innocuous and counter-effective. Paradoxically, dynamic and profitable SOEs as well as other islands of excellence of the indirect administration saw their performance jeopardised because of the "control syndrome", usually motivated by financial concerns.

The responsibility for public management policies in the direct administration was split between three public bodies. DASP was reduced to a personnel department responsible for managing less than five percent of the public sector workforce. The Department for Modernisation and Administrative Reform (SEMOR) had become part of the Department of Planning and Coordination of the Presidency (SEPLAN-PR) since the early 1970s but its actions were no longer taken into account because of the boom in the indirect administration. The De-bureaucratisation Program – organised as a federal office – was a small sector subordinated to the Presidency, a faint reminder of Beltrão's popular Ministry of De-bureaucratisation.²⁸³ The relevant sectors in charge of public policy management issues were financially motivated, namely, the Office of Control of SOEs, in SEPLAN-PR, and the Inter-ministerial Council of SOEs Salaries, in the Labour Ministry.

²⁸² At the beginning of 1985 there were approximately 100,000 public functionaries classified 104 under special and emergency tables of positions in the Plan of Positions established by Law 5645 of 1970 (Alves, 1987: 11-12).

²⁸³ For an analysis of the history of the Ministry of De-bureaucratisation see Oliveira (1984).

5.2.2. A politically motivated choice

After Neves's election by Congress, Beltrão was invited to occupy a new ministry, set up to work on administrative reform and decentralisation because the states and municipalities were expected to assume new political, economic and social responsibilities. But Beltrão preferred to occupy the presidency of Petrobras, the country's largest state-owned company, because he was interested in protecting the company from potential political interference.²⁸⁴

Initially, the setting up of the Ministry of Administration did not have policy connotations. Neves wanted a place for Alves in the Cabinet close to the Presidency. DASP had no ministerial status and Alves's acceptance was conditioned to its being upgraded. Alves was appointed President of DASP and Minister without Portfolio, confirmed later by Sarney, his old friend and ally from the years before the 1964 coup. Alves had been a decisive actor in persuading Neves to accept Sarney on the opposition ticket²⁸⁵ and he was even closer to Sarney than to Neves.

Alves had been the youngest deputy of the National Constituent Assembly of 1946 and had belonged to the same party as Sarney from 1946 to 1964. He had also been governor of a north-eastern state and a member of PMDB in the mid-1980s. He aspired to a position in a more important ministry, such as Infrastructure, Transportation, or Mines and Energy, but, politically, his credentials and political weight were not enough for him to achieve his ambitions.

Initially, Alves's Ministry was responsible only for overseeing DASP, a training centre, and the Governmental Property Department. But the expectations regarding some sort of State

²⁸⁴ E2H/Br/13.

²⁸⁵ E2H/Br/13.

reorganisation were enormous. Alves was successful in persuading Sarney that administrative reform was an appealing theme.

5.2.3. Scaling up

Sarney's first concerns regarding the problem of public administration were a conventional script: governmental coordination and modernisation (Sarney, 1985). The theme did not occupy an important place in the President's priorities. But thanks to pressure from Alves, in June Sarney named a general commission to draw up a Master Plan for Reforming of the Federal Administration. Alves chaired the commission, which included four other members, his vice-minister, a representative of the National Department of De-bureaucratisation, a representative of the Ministry of Finance, and a representative of the Ministry of Planning.

The Commission was divided into thematic sub-groups that presented their conclusions in a disperse way in early 1986, a few weeks before the launching of a first macro-economic stabilisation plan.²⁸⁶ The suggestions included themes such as the re-organisation of the federal administration and procurement legislation, but the focal point was human resources. The proposals included the setting up of a career policy, an elitist human resources approach, a reduction in the number of appointed positions in favour of professional civil servants, the setting up of a national personnel database, and the adoption of a Single Juridical Regime for the public sector.

²⁸⁶ The sub-commissions were: Organisation of the Direct and Indirect Administration; Human Resources; Treasury Programming System; General Administrative Services; De-Bureaucratisation, Decentralisation and Simplification; and Projects and Norms. The setting up of the Office of the Treasury at the Finance Ministry was the most important outcome of the Treasury Sub-Commission's work in early 1986.

In March 1986 Alves invited Marcelino – Ministry of Planning’s representative on the Commission – to be his vice-minister, as part of a broader jurisdictional redefinition. Marcelino had been Alves’s Secretary of Planning in the State of Rio Grande do Norte in the 1960s. He was an academic at the University of São Paulo when the Ministry of Planning invited him to be the Secretary of Modernisation. The appointment of Marcelino to the position of vice-minister provided the Ministry of Administration with formulation capacities that Alves’s team lacked²⁸⁷ and, at the same time, established a strong relationship between him and the Minister of Planning, João Sayad.

Marcelino realized that governmental planning had lost importance since 1979, together with budgeting, and modernisation, as a result of the economic centralisation in the final years of the authoritarian regime. There were no coordination policies in the so-called New Republic. Regarding public management, Marcelino’s initial concerns were with reversing the processes of phasing out DASP, SEMOR, and the De-bureaucratisation program. The diagnosis made by Marcelino (1988: 46) pointed out five general dysfunctional problems: the collapse of governmental planning, insufficiency of policy coordination and implementation mechanisms, separation of planning from management, absence of modernising capacities, lack of a human resources policy, and abandonment of the personnel development area. These problems caused and reinforced escapism from the direct to the indirect administration, the demoralisation of traditional civil servants, administrative discontinuity, and a decline in the importance of the issue in public opinion. To tackle these multiple problems, the ministry set up an executive group to take further steps that required inter-ministerial support – later formalised as the Executive Group for Administrative Reform (GERAP). This organ had representatives from the ministries of Administration, Planning,

²⁸⁷ “Marcelino joined the team but he remained an outsider to Alves’s “nest” from the beginning till the end of their partnership” (E3L/Br/39).

Finance, Labour, and Chief of Staff. The group worked intensely between April and August to prepare a set of measures to be adopted by the government.

5.2.4. Building a promising but premature peak

The adoption of the first package of policy measures was announced in September 1986.²⁸⁸ The Ministry of Administration was upgraded, and became a special office directly subordinated to the Presidency (SEDAP-PR), with the same status as the Planning Ministry (SEPLAN-PR). The enhancement of the policy status was an important move within the context of a political strategy aimed at strengthening the Presidency both politically and administratively. It also aimed at expanding ministerial jurisdiction over the indirect administration.

Three axes provided guidance to the decisions taken at that time: rationalisation, human resources policy, and reduction of public expenditures. The setting up of SEDAP-PR²⁸⁹ was not an isolated political event but part of a broader package of administrative measures which also included the setting up of the national personnel database,²⁹⁰ a payroll management system,²⁹¹ auditing of personnel procedures,²⁹² the new SOEs' monitoring of mechanisms,²⁹³ the administrative routines of the national attorney,²⁹⁴ and the National School for Public

²⁸⁸ The government used the mechanism of decree-laws to launch them. Decree-laws were a mechanism left over from the authoritarian regime, consisting of laws issued by the President that needed no approval from Congress.

²⁸⁹ Decree 93211, 3 September 1986.

²⁹⁰ Decree 93213, 3 September 1986.

²⁹¹ Decree 93214, 3 September 1986.

²⁹² Decree 93215, 3 September 1986.

²⁹³ Decree 93216, 3 September 1986.

²⁹⁴ Decree 93237, 8 September 1986.

Administration (ENAP).²⁹⁵ The cascade of relevant administrative measures was followed by other important acts that involved the phasing out of four SOEs and other public organisations,²⁹⁶ governmental councils and boards, and regional offices of the Federal Government; the juridical clarification of the concept of public foundation governed by private personnel and accounting legislation (a de facto reality); the approval of new updated purchasing legislation; the reorganisation of the statistics institute and a national bank; the updating of procurement legislation,²⁹⁷ and the intergovernmental decentralisation of some SOEs via transfer of share control to the states (Pimenta, 1993).

The situation of the foundations controlled by the State but functioning according to private personnel and accountancy legislation was solved by setting up of a new juridical public sector figure²⁹⁸ – the public foundations – an innovation that the National Constituent Assembly would later suppress.

Marcelino brought in a reputed public executive, Nilson Holanda – former president of the *Banco do Brasil* and a Ph.D. from JFK/Harvard – to structure the National School of Public Administration. Holanda had diagnosed the reform of the State at that time, suggesting that it should be attacked in three fundamental dimensions: political-institutional, economic-financial, and administrative-managerial. A multi-purpose reform was deemed essential in order to simultaneously face a heterogeneous group of problems: state economic interventionism, public deficit, the low quality of public services, the gigantism of the indirect administration, clientelism and corporatism, formalism and patrimonialism, lack of coordination and public policies, absence of a human-resources policy, and managerial

²⁹⁵ Decree 93277, 9 September 1986.

²⁹⁶ Decrees 93063, 93068 and 93612.

²⁹⁷ Decree-Law 2300.

²⁹⁸ Decrees 2299/1986 and 7596/1987.

inefficiency. Marcelino shared Holanda's main concerns but was pragmatic in terms of the limits of the possibilities for reform. He was aware of the Administration's difficulties as well as of the impossibility of tackling all public management coordination problems in the presence of a nearly un-governable coalition.²⁹⁹

The Executive Branch had adopted an intensive escapist strategy in previous decades in the context of the non-democratically accountable military dictatorship (Marcelino, 1987). The legal framework of the period from 1967 to 1984 allowed for the emergence of collaborative and often collusive relationships between private enterprise and the State. But

"a relationship that enhances economic performance is probably not in equilibrium because it is subject to strong corruption temptations" (Schneider and Maxfield, 1997: 5).

In the absence of gatekeeper meritocratic bureaucracy capable of working as an obstacle against corruption, the frontiers between benign collaboration and collusion became blurred.

The Administration won the elections for governors and a majority in Congress in 1986. In the aftermath of the elections the macro-economic plan was blown up, followed by an international moratorium in February. The beginning of 1987 saw a succession of economic problems – domestic inflation, international default, and others – that distracted the Federal Executive's attention and reshaped the face of the Administration.

²⁹⁹ E1H/Br/23 and E3L/RJ/39.

5.3. Policy making in the context of the unexpected decline of SEDAP-PR

5.3.1. Turnover at the top

On the economic front two important changes took place at the end of the first half of 1987: the Minister of Planning was replaced by a traditional politician close to Sarney, and a new Minister of Finance was appointed in April 1987. Ulysses Guimarães – the president not only of PMDB, but also of Congress and the Constituent Assembly – overruled Sarney's preferences and forced the appointment of Bresser Pereira,³⁰⁰ a reputed heterodox economist aligned with PMDB's positions.

Institutional reforms had occurred in the two economic ministries – Planning and Finance – in 1987, and both were running out of staff. The ministries had often borrowed cadres from institutions such as the Central Bank, the *Banco do Brasil*, and some SOEs – an alternative that was more difficult because of administrative constraints. Most occupants of appointed positions had been hired on provisional or private types of contractual arrangements. The instability of their staffs coincided with an organised effort to untangle the institutional conditions of macro-economic policy-making regarding budgeting processes, cash flow, and the relationships with monetary authorities.³⁰¹

The two ministries also set up two careers to fulfil their needs for personnel. These careers were established through administrative procedures, i.e., by those who were working in these areas as civil servants, located in both careers. SEDAP-PR assisted both ministries in carrying out the administrative acts regarding the setting up of the new organisational forms

³⁰⁰ Bresser Pereira launched a new macro-economic stabilisation plan, but without political presidential support, popular response, and economic credibility.

³⁰¹ E1H/Br/53.

and the new careers. A third administrative career – consisting of those working in human resources and administrative matters – were unable to catch up. They were not organised well enough and were not prepared to push through their proposals. Bresser Pereira – the Minister of Finance – therefore decided not to include them in the project decided to keep them out of the initiative.³⁰²

Bresser Pereira launched a second macro-economic plan in mid-1987, but without effective presidential support the plan failed to move ahead. At the end of the year the economic team was again reshuffled. The new ministers were experienced technocrats from the authoritarian regime who did not sympathise with Alves's ideas and populist profile. In February 1988 Alves joined up with the Minister of Labour and the military forces in order to curb attempts to freeze the salaries of the public functionaries. In April he was forced to agree to a two-month freeze. A confrontation with the economic team (the Ministries of Planning and of Finance) thus arose.

During the year Alves increasingly distanced himself from the inner decision-making circle that surrounded President Sarney. The Minister of Chief of Staff, the Minister of Planning, and the Minister of Finance shared the impression that Alves was a traditional politician characterised by clientelistic practices and not committed to macro-economic stabilisation.³⁰³

Alves had also successfully introduced a thirteenth monthly wage (year-end bonus) – typical of private contracts – for the civil servants, another blow to the economic team's efforts to keep down public expenses.

³⁰² This decision suggested that the economic area lacked interest in merit principles and a self-serving view of the situation of the personnel hired on provisional bases (E3L/Br/35 and E2H/Br/36).

³⁰³ E1H/Br/53.

Accusations of corruption also arose concerning Alves, that were grouped and magnified in order to convince the President that his minister was a dangerous ally. The opportunity came after the National Constituent Assembly had concluded the Constitution ended its job. The federal executive had lost resources and competencies to states and municipalities. Within the context of the “Operation Dismantling”, championed by the economic team, SEDAP-PR was phased out and the Ministry of Planning absorbed the functions of SEDAP.³⁰⁴

5.3.2. An autonomous National Constituent Assembly

The macro-economic situation was deteriorating rapidly (the Minister of Finance had declared moratorium in February 1967). During this same period, Ulysses Guimarães, President of both the Chamber of Deputies and PMDB, convoked the National Constituent Assembly. The latent dual executive power that was put in place after Tancredo Neves died became manifest. The country’s full attention became focused on the legislature that had been elected in November 1986, and the entire juridical basis suddenly became subject to overall revision. PMDB’s formal majority was ineffective, as coalitions were organised by theme rather than along party lines.

Due to the weakness of Sarney’s Administration and the progressive deterioration of the economic situation, the President decided to adopt a “wait-and-see” attitude in view of the events taking place in the National Constituent Assembly. His only official contribution was

³⁰⁴ Immediately after being fired Alves faced inquiries by the TCU and the Supreme Court of Justice regarding procurement transactions. Sarney tried to appoint him to the Supreme Military Court but resistance was enormous. The solution was to name him an officer of a SOE under the Ministry of Energy (Abreu et al., 2001: 163). In 1990 he was again elected deputy for his state. In 1993 he became President Itamar Franco’s Minister of Regional Integration. Marcelino returned to the Ministry of Planning where he was given specific tasks.

to appoint a commission of notables³⁰⁵ to draft a Constitution. Executive pressure was exercised fundamentally on voting two critical political issues: the type of political regime and the duration of the President's term of office.³⁰⁶ The main consequence of Sarney's position was that the constitutional outcomes in general reflected the decisions made by deputies and those resulting from struggles among interest groups.

Except in a few cases, the policy outcomes of the National Constituent Assembly (NCA) generally diverged from guidelines emanating from the Executive. One rare point of consensus was the need to re-establish the bureaucratic merit system in the constitutional text – in fact to reiterate it, because it had always been there. But five other decisions consisted of surprises. The first was the adoption of the Single Juridical Regime for the entire public sector. The second was the subordination of all types of administrative changes in the Executive – only – to Congress.³⁰⁷ The third was the extension of civil service rights and benefits to all employees of the public sector contracted under private law. The fourth was that the NCA re-introduced the principle of isonomy³⁰⁸ to align salaries in the three powers. Finally, the rules of retirement for civil servants – per years worked – were reiterated.

The National Constituent Assembly was not a faceless body. Each topic had its champions. The Administration's project and the mood of Congressmen were convergent regarding the organisational design. The power of Congress over the direct administration was considered essential for the re-establishment of democratic accountability, i.e., the supremacy of elected

³⁰⁵ The resulting draft was welcomed by the Constituent Assembly but ignored. The parts of the text regarding public administration generally coincided with the final provisions: a single pro-regime court system, pro-classic bureaucracy, avoidance of hybrid types of organisations, pro-career system, etc. (Ferreira Filho, 1987).

³⁰⁶ Sarney used his patronage powers, especially in the telecommunications sector, to guarantee the victory of the presidential regime. The first draft of the new Constitution had presumed a parliamentary regime and five-year terms of office for presidents. Plans were that the six-year term of office would be reduced to four.

³⁰⁷ The fact that the Executive lost its self-organising prerogatives while Congress and the Judiciary acquired this capability was an indication of changes in the balance of power among the three branches and a symptom of the weakness of the Executive during the Constituent Assembly.

³⁰⁸ This principle of isonomy meant identical wages for identical jobs.

politicians over appointed officials and public organisations that were not part of the direct administration. Leading figures in the Judicial Branch had never agreed with setting up hybrid organisations such as public foundations, a concept that had no place in Brazilian administrative law. Neither was it an appealing theme. It had no sponsors in the debate and was therefore suppressed without difficulty.³⁰⁹

The approval of the Single Juridical Regime was a case of impressive unanimity. No one opposed the adoption of this proposal during its course through the NCA commissions. In addition, the transitory provisions made it possible to re-classify thousands of employees as civil servants (Santos, 1997; MARE, 1995). It was a popular and appealing issue,³¹⁰ and powerful lobbies were organized and sought to influence the work of the members of Congress. Moreover, champions to fight their causes were found, such as Geraldo Campos (PSDB), the most visible leader for the proposal but by no means the only one.³¹¹

Campos had been elected by Brasilia – the Federal District – that had elected deputies for the first time. Functionaries of all types formed his constituency. But there was an additional detail: he himself had gone through a similar situation during the Goulart Administration. At that time he was a union leader representing employees who had worked for private firms on the construction of the city of Brasilia in the late 1950s and the 1960s. He had also participated in successful negotiations that reclassified all these workers as civil servants. He

³⁰⁹ E1H/MG/52.

³¹⁰ The adoption of the Single Juridical Regime was particularly appealing to functionaries who had been working under private arrangements, because of the different legislations regarding tenure and retirement. The labour situation of civil servants was regulated by the Statute of Civil Servants and by the constitutional provisions that granted them tenure and full wages upon retirement. Employees in the private sector, on the other hand, could be fired and were subject to a maximum of ten minimum monthly wages upon retirement.

³¹¹ Irma Passoni (PT) and Miro Teixeira (PMDB – former Vice-minister to Alves) were examples of other important supporters of the proposal.

knew it was possible and he was aware of the fact that the more politicised the theme was, the less risk of defeat there would be.³¹²

High officials in the Ministries of Planning and Finance, as well as isolated voices from the team at SEDAP, began making noise about some of the decisions emanating from the NCA.³¹³ These zealous technocrats were concerned with the financial impact of extending civil-servants' rights to the public-sector workforce that had been contracted under the private labour legislation. According to SEDAP, in 1998 the Federal Government had 144,000 civil servants working under the 1952 Statute of Civil Service (most of them had been "transformed" into civil servants through political administrative acts such as laws approved in 1963 and 1967). The other 563,000 public sector employees were working under private employment legislation.³¹⁴

Marcelino, the Finance Minister realised that the extension of tenure and retirement rights to thousands of functionaries would represent a time-bomb for the social security budget, jeopardised by the maintenance of the right to retire on the basis of years worked, rather than on age. If implemented, the Single Juridical Regime would increase the public deficit. Marcelino was more concerned with the over-reaction against the advances of Decree-law 200, enacted in 1967, meaning the comeback of a homogeneous legalist view of the State.

³¹² P1H/Br/54.

³¹³ E1H/Br/53 and E2H/Br/32.

³¹⁴ The private legislation called for higher labour costs, subordination to the Labour Courts, collective contracts signed with unions, contributions to social security and saving accounts for housing. Although employees subject to private legislation did not have tenure in the public sector, they enjoyed it de facto. But they were not able to retire with full wages and, as mentioned above, were subject to a limit of ten times the minimum monthly wage, often lower than the average salaries in the public sector.

These warnings failed to produce effect, for three reasons: the President's posture, the dynamics of the NCA, and inflation "fog".³¹⁵

5.3.3. Loss of momentum of the reform

The year of 1987 saw a decline in SEDAP's importance. The intensification of the economic crisis forced increasing concentration of decisions in the hands of the economic team. But the political command of the country was shared between Ulysses Guimarães, the prominent National Constituent Assembly president, and José Sarney, the low-profile but true President of Brazil. SEDAP's activism and impetus slowed down and was reduced to incremental actions, especially on one front: human resources development via the establishment of the National School for Public Administration (ENAP).

By 1987 it was becoming clear that the problems caused by the reforms aimed at improving the State's capacity could not be faced. In fact, ENAP was emerging as the only proposal that was progressing in the political turbulence of the convocation of the National Constituent Assembly. It was apparently inoffensive and had political appeal. The Executive Branch had decided not to operate in conflict with the National Constituent Assembly on important matters, and preferred to wait for the new legal framework before taking the initiative.

The important legal innovation of the period was the setting up of the juridical figure of public foundations – something previously unthinkable within the juridical parameters of the country, because foundations were, by definition, private organisations. This initiative was an

³¹⁵ The inflation – at two digits per month, and rising – destroyed any possibility of meaningful economic calculations, even in the government's own accounting.

attempt to settle a long strike by teachers and employees of public universities – some of which were classified as autonomous government agencies and others as private foundations. The duality had become impossible to deal with. The hybrid solution was confusing and was not well received by the judicial community. But because the mechanism of decree-laws – inherited from the authoritarian regime – was still available, the government went on with the project. The idea was to wait for a more conclusive positioning from the NCA in order to deal with the issue in the context of a new organic law for the entire public sector.³¹⁶

The small reform team evaluated that the best way to rebuild institutional capacities in the direct administration was by adopting a fast-track recruitment process oriented to the creation of a bureaucratic elite – the “best and the brightest” approach. The model adopted was inspired on the French *enarque* model of training and recruitment of higher officials. The focus on ENAP represented an attempt to preserve the positive appeal of the public debate about administrative reform by concentrating on a promising topic. The ENAP project increasingly became the locus of multiple expectations that perceived the “new-blood” recruited elite as the instrument for implementing a new utopia. Civil Service Reform became the solution for the consolidation of democracy, equitable promotions, and public-policy implementation.

Three episodes weakened the initiative of founding the school at its earliest moments: the negative reaction from the academic community, the cynicism of the technocrats³¹⁷ regarding the initiative, and the resignation of the first director of the school. The academic public administration community in Brazil was weak but represented the higher-education establishment with great prestige within a context of transition. The failure to muster the

³¹⁶ E1H/Br/23.

³¹⁷ E3M/Br/4.

support of the few teaching and researching centres to the ambitious initiative represented a blow to the credibility of the project (Cavalcanti, 1981).³¹⁸ The technocracy in Brasilia simply did not take the initiative seriously. They could not believe in an initiative led by a populist politician who intended to transform a handful of young professionals recruited on the basis of a single public competitive selection process into the country's elite, bypassing generations of highly experienced cadres, most of them belonging the "pockets of excellence" of the country. Holanda's resignation in November 1987 meant the loss of Marcelino's closest policy operator. Holanda was a well-known technocrat with impressive academic and executive credentials, and was performing strategic functions in close interaction with Marcelino.³¹⁹ His resignation was precipitated by clashes over the controversial behaviour of members of Alves's team in traditionally sensitive areas. He resigned because he disagreed with political interference that jeopardised the credibility of the national school project (Holanda, 1989). Holanda's "departure" hurt the initiative on ethical and reputational grounds and caused a loss of momentum and impetus for the project.

In late October 1987 Alves sent his reform proposal³²⁰ to Sarney. It consisted of the setting up of a Single Juridical Regime for all functionaries of the direct administration, a proposal to reclassify functionaries hired by private autonomous government agencies and public foundations as civil servants, a draft of a civil-servants' statute, and a career plan³²¹ (Abreu et al., 2001: 163).

SEPLAN-PR backed the project that proposed the automatic reclassification of public-sector employees as civil servants on the grounds of its being a short-term cost reduction for the

³¹⁸ A3L/RJ/51 and A2L/RJ/40.

³¹⁹ Holanda (1985a, 1985b, 1986 a, and 1986b) and E3L/RJ/39 and E1H/Br/23.

³²⁰ Project of law 4058, 25 October 1989.

³²¹ Decree-law 2.403, 21 December 1987.

Executive Branch. The labour costs of active civil servants represented 5% of their wages – and were channelled to the Treasury – while the payroll of active employees under private labour legislation reached 23,5%. The justification for the proposal recognised that these “new-born civil servants” would have the right to full pensions but they would be expected to pay for them in the future, a scheme that was never put into practice. No studies were made regarding the impact on social security because, with inflation above 20% per month, the difference between a social security deficit and a huge surplus shifted from one month to the next. SEPLAN-PR did not agree with the proposal but nevertheless decided to send it to Congress, following the President’s orientation. This was Alves’s last victory. But at that stage SEPLAN-PR was already working from another perspective, with everything on the stove but leaving the final decision to the next government (E1H/Br/53, E2M/Br/21 and E2H/Br/32).

5.3.4. The country comes to terms with its new Constitution

The new institutional arrangements for the State apparatus as determined by the Constitution transformed the new constitution into a “monument to old problems” (Schon, 1973). Operational costs of the Brazilian public administration became rigid due to the new legislation, and inflation masked the costs of the decisions taken by the Constituent Assembly. The outcome was a trap of inflexibility because the legal constraints failed to match the volatile reality of the mathematics of the economy.

A structural adjustment of the federal Executive Branch became imperative after the “Citizenship Constitution” was promulgated in October 1988. The allocation of resources

among the three branches of government had changed and the 1989 budget had to express the new reality in the country. Inflation was once again skyrocketing towards hyperinflation. The government took two simultaneous moves: a deep cut in public expenditures that included reducing the number of ministries – called “Operation Dismantle” – and one more macro-economic stabilisation attempt – the Summer Plan.

SEDAP-PR was not a simple cause of Operation Dismantle. The formal argument was the extinction of all five ministries that had been established in March 1985, in order to reduce government costs. The real motive was the importance of ousting Alves from the government, as he was not aligned with the economic team’s efforts to contain public expenditures.³²² Besides, the charges of corruption against him were accumulating and on the brink of becoming public.³²³

Two protagonists emerged at that time: the Vice-minister of Planning, Ricardo Santiago, and the new President of ENAP, Antônio Octávio Cintra. Santiago was an IPEA economist who had been involved in the efforts exerted by the Finance and Planning Ministries to stabilise the economy, but he had also been involved in the initiatives that led to the setting up of the Treasury and Budgeting Departments, and their internal careers. Cintra was a political scientist who had been the President of the João Pinheiro Foundation in Minas Gerais before becoming involved in higher education policy-making. Both had taken their Ph.D.s at American Universities and both were particularly sensitive to problems related to the qualitative deficit of human capital in the Federal Administration. They also shared a public

³²² E1H/Br/53.

³²³ In fact they exploded a few weeks later and made Alves’s appointment to the Supreme Military Court impossible. The dossier was produced by an unusual alliance of control watchdogs and national information services that had served the military regime (E1H/Br/55 and E3L/Br/35).

policy view of planning and administration problems³²⁴ but with reservations regarding Alves' hopes of creating a French-style National School of Administration in the tropics.

SEPLAN-PR did not discontinue SEDAP-PR's initiatives regarding the Single Juridical Regime, the plan of careers, and the civil-service statute. Marcelino was invited to become Ricardo Santiago's deputy and continued working as a trouble-shooter for the government in administrative matters. But Santiago and Cintra decided to amend the ENAP project. The commitment to the "governmental-manager" trainees was maintained – but not on the basis that had been previously suggested³²⁵ – and three selections for new career bureaucrats for the Ministries of Finance and Planning were held. The career of governmental managers was effectively set up some months later.³²⁶

In 1989, ENAP was upgraded, and took over the training centre where it had been incubated. Public competitive selection processes were organized for the Treasury and Budgeting careers. The career for the public managers who had been selected in the previous year was then established. The course was reshaped in order to incorporate a public-policy approach in the disciplines taught. For six months the students were sent to work in public institutions as trainees. IPEA – the Ministry of Planning's powerful think tank – launched a journal that signalled the new approach, named *Planning and Public Policy*. At the end of Sarney's term of office the first class of "governmental managers" had graduated and three groups of

³²⁴ E1H/Br/53, E3M/Br/4 and E3L/Br/37.

³²⁵ The adjectives used to designate the previous project were revealing. The opinions varied from over-ambitious, unrealistic, and inadequate to irresponsible, perverse, and egocentric (E3M/Br/4, E3L/Br/37, A3L/RJ/51, A2L/RJ/40).

³²⁶ The first promotion included a national public competitive selection process that involved 70,000 candidates for 120 positions.

budget and treasury analysts were promoted, although on a more instrumental and pragmatic basis than the former group.³²⁷

At the same time, Cintra organised four national events in different regions of the country in order to discuss the implementation of the reforms approved by the new Constitution. Each seminar aimed at analysing the problems related to the implementation of a career plan and the consequences of the adoption of the Single Juridical Regime. All events reiterated the importance of adopting a career plan in order to modernise the State, in spite of a more cautious approach on the part of the organisers.

The Career Plan that Alves had sent to Congress in December 1988 was not voted on and, due to one of the transitory provisions of the new Constitution, therefore rejected by Congress. But SEPLAN-PR set up task forces for three main vectors of the Constitutional Reform: a Single Juridical Regime, a career plan, and a public administration organic law. In October 1989 SEPLAN-PR sent bills on the new civil servants' statute and a new careers plan to Congress (Bills 4058 and 4059) and left the bill for a new organic law of public administration ready for the next administration to take the steps it deemed best.

The two intellectual authors of the new legislation that emerged at the end of the process were José Maria dos Santos Arantes – former president of DASP (in 1965) who had participated in COMESTRA – and José Vicente de Paula Mendes – a professor of administrative law who had been the director of the João Pinheiro Foundation when an ENA type of project was developed at state level. Both had participated in all discussions

³²⁷ The Governmental Manager Indoctrination Program lasted eighteen months and included six months of trainee experience in the government. The Treasury and Budget Analysts' Program lasted three months.

regarding both legislations since the second half of 1985, when Alves set up sub-commissions.³²⁸

5.4. The *coup de grace*: Collor de Mello's downsizing³²⁹ of the federal executive machinery

Fernando Collor de Mello was elected President of Brazil, by popular vote, in December 1989 in a single election, unrelated to regional or local elections. His campaign was centred on corruption charges against Sarney and high-paid public functionaries – the so-called “maharajas”. The new administration's initial decisions included launching another macro-economic stabilisation plan, the reduction of the number of ministries to twelve, and the setting up of the Federal Administration Department (SAF) – subordinated to the Presidency – to be in charge of downsizing the federal public administration. All these measures were adopted thanks to the utilisation of an exceptional type of legal instrument known as provisional measures (*medidas provisórias*) (Pessanha, 1998) – which allowed the President to adopt emergency legislation to be later confirmed or not by Congress. Collor was an impressive political communicator and skilfully combined “the public's perception of inefficient public service with the powerful symbol of the ‘maharajas’” (Rinne, 2001: 76) and made his offensive against big government the cornerstone of his macro-economic stabilisation attempt.

³²⁸ A1H/BZ/45.

³²⁹ The definition of downsizing used in this thesis has no similarity with that used by either McCourt (2001) or Nunberg (1989). It is loose and vague given the improvised character of the downsizing policies adopted.

At first Congress supported Collor's initiatives but soon the lack of political support the President himself dispensed to the traditional political parties became evident. Moreover, it was the first year of the Collor Administration but the last year of the NCA legislature. It was not long before Congress began opposing the Administration in most matters; more because of the way the new president treated politicians than for ideological reasons.

One of the new President's first measures was to set the goal of laying off 360,000 public sector employees. SAF set a deadline – 18 June – for all ministries to reduce their numbers of personnel by 30%, across the board. Collor also issued a decree³³⁰ that allowed the government to place public sector functionaries on compulsory leave, while receiving wages proportional to their time on the job. But neither the Legislature nor the Supreme Court approved this decision.

“Brazil's Supreme Court overturned this decree after it was voted down by the legislature and re-issued by the President” (Rinne, 2001: 83).

The main reason for the refusal by the other branches of government was their interpretation of Article 41 of the 1988 Constitution, which states that public employees placed on compulsory leave will continue to receive their present salaries until appointed to some other position. The STF interpreted this as a full salary, contrary to the Administration's intentions.

Collor's administrative reform attempts disorganised an already unstable federal structure and produced perverse effects that lasted for years (Weyland, 1998). The numerical results were contradictory. According to government sources, 110,000 public-sector employees were laid off and another 38,000 were placed on compulsory leave. But the newspapers suggested

³³⁰ Decree 99300.

that less than 14,000 (including compulsory leaves) were actually removed from the public sector (Rinne, 2001: 82).

Still more surprising, Law 8112 was passed in December 1990, detailing the constitutional principles regarding the new civil-service statute and, particularly, the reclassification of public sector employees into civil servants. This bill belonged to Congress and the new executive area was unable to control its treatment. The Executive tried to retire the bill in June 1990, at the same time as it suggested new legislation (Bill 5504/1990), which was much simpler, re-affirming the validity of the 1952 Civil Servants' Statute. But two commissions – Constitution and Justice, and Administration and Civil Service – had already analysed and approved Law 4058 of December 1989. The third commission approved the original bill on 28 June, and in August the Chamber of Deputies rejected the Administration's request. The bill was sent to the Senate on 24 August. A week later the Administration tried once again to retire the bill but the Senate refused again. To accelerate approval of the bill, the Senate amended the Executive's proposal with the content of the original proposition. The bill returned to the Chamber of Deputies and was finally approved in November. In December President Collor sanctioned the new legislation (Law 8112/1990) with several vetoes that were later overturned by Congress in April (Guerzoni, 2000). The project for the career plan got as far as the Senate but never reached the floor, as had the proposal for the Civil Servants' Statute.³³¹

³³¹ E1H/Br/48.

5.5. Conclusion

5.5.1. The rise of the issue to the agenda and specification of the proposal

The overlapping of three agendas characterised this period: the agenda for transition,³³² the agenda of the National Constituent Assembly, and the agenda of macro-economic stabilisation process. As usually happens during regime changes and constituent processes, the problem of simultaneous reforms was inevitably a complicated issue (Elster, 1993). But “State Reform” – the slogan of the period – found its way into the governmental agenda.

The setting up of a Ministry of Administration without Portfolio had been a sign that Tancredo Neves intended to change the structure of the federal administration.³³³ The appointment of a skillful political operator to be minister was also a promising indication because Alves was an close friend of Neves and even closer to Sarney. But Alves by no means fit the image of a merit-based ENA-style political champion, and this inconsistency reduced the credibility of the project.

The installation of a commission to draw up a Master Plan in June 1985 generated an opportunity for the alternative specification process to be put in motion. The first policy outputs were the upgrading of the status of the ministry and the simultaneous acquisition of political control over the National Department of De-bureaucratisation and the Office of Modernisation.

³³² There were hopes that re-democratisation would bring about a dynamic movement of regeneration of the State apparatus, for two reasons. First, it was supposed that politicians would take over the process of allocation of resources, which, until then, had been kept in the hands of administrators. Second, politicians were expected to appoint high officials in charge of public institutions. Both reasons, however, were also present in the situation that led to the military coup of 1964. There was fear that corruption and clientelism would make a comeback (Zajdsnajder, 1984).

³³³ A1H/BZ/45 and E1M/BZ/6.

Although there was no formal blueprint, master plan or a priori global reform strategy, the commission had a clear diagnosis and sense of priority concerning the course of action to be pursued. Although it recognised the advances of Decree-law 200, the issue image associated with the state apparatus consisted of unaccountability, fragmentation, and democratic unresponsiveness. The general policy orientation included the strengthening of the direct administration, improvement of the Executive Bench's capacity to coordinate, and the putting in place of the institutional requirements to pursue the previous requirements. There was indeed a sense of purpose in the reformist attempts to revitalise and empower bureaucratic structures in the direct administration within the context of rebuilding a developmental State,³³⁴ especially at the beginning of the process when the Ministries of Planning and Administration were politically and ideologically aligned.

At the time of re-democratisation the Brazilian public administration was dominated by five obsessions: economic-sector efficiency, uniformity of control, large scale, homogeneous system approach, and modernity. Hence, at the beginning of the New Republic, the most efficient areas were facing a combination of multiple and simultaneous problems: turnover of personnel, clientelistic attacks, discontinuity of policies, inhibition in controlling, inadequate forms of control, and financial problems.

Five factors contributed to convince Alves to adopt the proposed guidelines by the Commission for State Modernisation. First, there was a clear demand for restoring democratic political accountability in the government. Neither the Executive nor the Legislative Branches had administrative and political control over what was going on in the indirect administration and this was an unacceptable situation in a democratic context. Secondly, the direct administration was identified with democratic public administration – in

³³⁴ Johnson (1982) and Evans (1995).

opposition to an authoritarian technocracy, entrenched in the indirect administration – and its core functions had been depleted and eroded over the last twenty years. Thirdly, there was the challenge of fulfilling the “heroic” progressive public administration agenda, a cycle that was never completed, even under authoritarian regimes. The thrust of this aspiration was the construction of a professional merit-based civil service backed up by an effective career system. Fourthly, greater empowerment of the direct administration was perceived as the best way to tackle clientelism and corruption, at that time attributed to the authoritarian regime rather than to Brazil’s inherent cultural traditions. Finally, all these ideas would require the empowerment of Alves’s Ministry and he had a personal solution at hand: Marcelino.

The invitation of Marcelino – the leading figure of the commission – to be Alves’s deputy changed the dynamics of policies at the same time that it sealed an alliance between the Ministry of Administration and SEPLAN-PR. Specification of a broader policy proposal was carried out by Marcelino from that moment on. GERAP’s institutional platforming process was on the march and the alternative specification process was under policy (Marcelino) and political (Alves) control. Alves’s prestige was rising and the change consolidated his ministerial jurisdiction over the issue. The approach was neither global nor excessively ambitious, and its method was incremental, paced, and gradualist. It must be admitted, however, that GERAP was in charge of fragmented administrative reform initiatives. The fact that other ministries were involved in the process meant that it represented a collective governmental initiative.

The setting up of SEDAP-PR marked the peak of Alves’s political power and an impressive status conquest by the reformers because the new ministry was on the same footing as SEPLAN-PR in terms of formal powers and potential for supra-ministerial coordination.

Administrative reform is about the redistribution of power resources, and Alves and Marcelino's team counted on the President's political support. The content of the policy solution generated by SEDAP-PR reflected a consensus of all those engaged in the debate at that time, with few exceptions.³³⁵ But the reformist group overestimated its political support and its delivery capabilities at the same time as it underestimated the importance of the economic team. The hopes that strong political will and noble purposes would be enough to overcome the difficulties and promote change gradually disappeared. "Ignoring traditional politics will not make traditional political elites and practices go away" (Hagopian, 1996: xiii). The mismatch between SEDAP-PR's aspirations and practices was a reminder of the cost of pretending ignorance with respect to this subject.

However, the appointed technocracy that had operated the government for almost twenty years was basically ignored from the beginning.³³⁶ The turnover in ministries in key areas changed the balance of power within the cabinet, while the economic situation was essentially out of control. The academic community – basically entrenched in FGV/RJ – was antagonised despite Alves's efforts to bring them on board during his first year as Minister via the sub-commissions, and Holanda's attempt to co-opt them. Neither of these two groups – Brasilia's technocracy or the public administration's academic community – was committed to SEDAP-PR's efforts.

³³⁵ A2L/RJ/40 and A3L/RJ/51.

³³⁶ Linz and Stepan (1996: 17) state that a "usable" professional bureaucracy is one of the "interconnected and mutually reinforcing conditions" required for a consolidated bureaucracy and for a functioning State. The authors point out that "the question of the usability of the state bureaucracy by a new democratic regime also emerged in countries such as Chile, where the outgoing non-democratic regime was able to give tenure to many key members of the state bureaucracy in politically sensitive areas such as justice and education." A similar process took place in 1988 in Brazil but it was the Constituent Assembly, not the authoritarian regime, that guaranteed "entrenched rights" to the majority of the public-sector employees in public functions.

5.5.2. Re-establishing political accountability over a re-unified State

All forces committed to the re-democratisation processes were engaged in regaining political control over the State apparatus. The power of the techno-bureaucracy during the authoritarian regime was identified as a source of inefficiency, corruption and democratic deficits. In this context, politicisation was perceived as positive, although the reformers – specially Marcelino and Holanda – had repeatedly circumvented problems that political interference brought to the process of specifying alternatives.

There was no clear understanding of the complex reality of the authoritarian regime, where normal institutional features brought about a variety of informal, effective bureaucratic-politic arrangements (Hagopian, 1996; Evans, 1995; and Schneider, 1991). The main aim was, simultaneously, to restrain the Executive Branch and reshape the capacities of the State. Moreover, accountability measures – the thrust of the problem – were conceived as legal restrictions to the discretionary powers of the Executive. In attacking the enormous discretionary powers of the Executive Branch under the authoritarian regime, the Executive and the deputies ignored the policy motivations of Decree-law 200, especially its delegation and flexibility principles.

Hybrid and confusing solutions emerged. Political accountability motivated the NCA to submit all sorts of public organisations to the public accountancy regime and the Single Juridical Regime. Convergent moves that blurred the distinction between public and private arrangements came from different sides, as two examples demonstrated. First, Alves successfully convinced Sarney to extend the year-end bonus (one month's pay) – a right of workers in the private sector, which was not guaranteed to public employees – to civil servants. In 1987 Marcelino had also issued legislation that classified the private foundations

under state control as public foundations. This was a *de facto* situation but a legal contradiction.

In a context of political instability and confusing hybrid solutions all political actors, including the economic team, moved towards a simple, familiar, desirable, but historically failed solution to the entire public sector, namely, a classical public bureaucracy. The provisions on delegation and decentralisation contained in Decree-law 200 had been totally obscured because of the collapse of control over macro-economic policy and because of the turnover at the top of public organisations resulting from the change in regimes.

To make things even more confusing, Alves was identified by his critiques as an example of the problems that his proposal was supposed to eliminate. Those members of the technocracy who had merit-based origins could not interact with a minister committed to economic populism and charged with corruption. But they had neither the expertise nor the political clout to engage in a debate that distracted them from the dramatic worsening of the economic situation. The maintenance of Marcelino as Santiago's deputy meant the recognition of the validity of his positions, but also signalled the absence of any other plausible alternative at a moment that a desperate administration was launching a third macro-economic stabilisation plan in the final year of the term of office of a weak President.

5.5.3. The French connection

The human resources policy was the central piece of SEDAP's proposal: the setting up of a career policy,³³⁷ an elitist human-resources approach to the civil service,³³⁸ a cutback in the number of appointed positions in favour of professional civil servants, the setting up of a national personnel database, and the adoption of a Single Juridical Regime for the public sector.

Six sources of influence can be traced in the decision to clone the ENA, in the midst of an administrative reform: the Rouanet³³⁹ report,³⁴⁰ the Minas Gerais Experimental School of Government,³⁴¹ led by one of Alves's legal consultants, similar to the School of Financial Affairs³⁴² the Argentinean case,³⁴³ the "cleaning" analogy,³⁴⁴ and the belief in top-down

³³⁷ Schneider (1995) points out that the emphasis on the career policy was an essential part of the efforts oriented to strengthen the autonomy of the bureaucracy in face of political pressure. Once a corps of adequately insulated civil servants had been trained, they should be capable of executing administrative functions in an internal public-sector market protected against political instability. The maintenance of the possibility for higher officials to move about within the State is important for enhancing the State's capacity and performance. Schneider praised easier relocation as a key element for the success of a number of ideas on government during the authoritarian period. The challenge under democracy should be to make it possible to move bureaucrats anchored in the direct administration to other positions. Appointed officials from indirect administrative organisations could easily move to the Executive, for example. The challenge was to recreate this mechanism in a way that would allow a merit-based civil service system to perform just as well, if not better.

³³⁸ With the benefit of hindsight the proposal of beginning at the top sounds absurd, especially because broader political changes in Brazil and Argentina had led to the rise of anti-State Presidents such as Collor de Mello and Menen. But the strategy of focusing first on the higher bureaucratic echelons in order to begin civil service reforms is still considered a valid strategy because it allows donors to size the structure of incentives designed to align high civil servants with governmental priorities (Nuremberg and Wescott, 2003).

³³⁹ Sérgio Rouanet was a respected diplomat commissioned to produce a report on the schools of government abroad and in Brazil. Given his bureaucratic background in the diplomacy and his contacts with civil service professionalisation systems abroad, he understandably recommended the founding of a school of government as a key instrument of a Strategic Human Resources Development Policy.

³⁴⁰ The Rouanet Report (Rouanet, 1982) was commissioned by DASP, a last attempt at revamping the classical ideal of a public bureaucracy. Its main conclusions suggested the implanting of a French model of careers and formation with some adaptations. It played a mythical role among governmental managers who had always considered themselves creditors of the propaganda promises of the national public competitive selection process of 1988.

³⁴¹ The Minas Gerais Experiment consisted of an undergraduate program of public administration as a recruitment mechanism for a fully insulated career for public executives. Its champion, Vicente Paula Mendes, became one of Alves's advisors and became a member of the human resources sub-commission of administrative reform.

³⁴² ESAF was constituted in the 1970s in the context of an international cooperation agreement with the German Government (E2H/Br/32).

induced changes. There was a sense of urgency that exacerbated the conviction that a top-down elite positioned at the core of the state apparatus and with strong political support was required to pilot administrative change. All these factors converged to bring about the founding of the National School of Public Administration, which was to become Alves's pet project.

Why France and not the U.S.A., since the existing disintegrated state was constituted of fragmented departmental agencies similar to the those in the US public sector? The main explanation was Alves's enthusiasm for the idea of "grandeur", implicit in the ENA model. Also, apparently, the reactions against the authoritarian regime obscured reformists' capacity for analysis.³⁴⁵ Unlike Argentina, where political relationships between the Radical Party and the French Socialists provided political affinities for the policy transfer process (Rinne, 2001), the tracking of the origins of the Brazilian option pointed to the juridical culture of administrative lawyers.³⁴⁶

The more the project attracted attention, the more it also caused suspicion and reactions from all pre-established interests in the state apparatus. The more ENAP tried to emphasise its role by inflating expectations, the more vulnerable and isolated it became. The mixture of Fabian (Barker, 1987) and *enarque* elements associated with a reformist and directive approach were expected to transform "governmental managers" into a prototype of a Jesuitical corps

³⁴³ Brazil had a policy of learning from Argentina regarding macro-economic policy. Argentina had adopted the French model and suggested that Brazil do the same, although no one insisted publicly on this course of action.

³⁴⁴ The "cleaning" image derived from the view that the country needed a new bureaucracy to play a new role in the context of a democracy, in opposition to a pseudo a-political technocracy. There was a crude analogy with the setting up in France of the ENA after the Second World War as a requirement to "cleanse" the French government of vestiges from the Vichy Government.

³⁴⁵ Brazilian reformers were partially aware of the on-going experience in Argentina regarding the "*cuero de administradores gubernamentales*", a similar alternative launched by President Afonsin's Administration, which had been in operation for three years, with controversial results. But they knew almost nothing of the American Senior Civil Service experiment.

³⁴⁶ Holanda was familiar with the experience in Argentina, backed up by the World Bank. The design of the ENAP project received superficial French support, but made no reference to what was happening in Argentina.

destined to save the Brazilian State from clientelism and authoritarian influences. But this was a self-destructive utopia that would prove to be costly as soon as the NCA finished its task.³⁴⁷

The ENAP project produced a strong backlash coalition against its implementation. The project clearly intended to attribute a secondary role to the technocracy that had been running the country since the 1960s. It promised a permanent basis of power to merit bureaucrats rather than to transitional appointed technocrats. At the same time, it challenged clientelist patterns of behaviour, a classical source of political support for traditional politicians like the minister and the President himself.

Cintra, the director of ENAP in 1989, pursued a more public-policy-oriented approach, based on the American academic tradition, whose institutional features were more similar and where the dialogue on policies would have been much easier. The U.S.A. would have been a source of policy learning closer to Brazilian political cultural tradition. Even the interfaces between public administration and planning traditions could be used as a bridge.³⁴⁸ After an international tour of technical visits to governmental schools, Cintra noted that the way the governmental managers career was set up in Brazil exposed it to two risks. First, the proposal suggested the idea of setting up a caste that tended to identify its interests with those of the State. Second, by aiming at the apex of an inexistent career system from its start, the proposal made things difficult for governmental managers who had to face the hostility and competition of all established technocrats. His deputy shared his views and suggested that the

³⁴⁷ This sort of elite corps approach was basically patterned after France's ENA model (Oslak, 1994: 143). It was tried in Brazil, Mexico, Bolivia and Argentina without sustainable results, except in Brazil, when the "experiment" was resumed on other basis in the late 1990s.

³⁴⁸ E3M/Br/4 and E3L/Br/37.

option for the French model would be more balanced if a number of elements from the American model, which was more academically oriented, were introduced (Santos, 1989).

5.5.4. The alternative track: the convergent National Constituent Assembly route

The National Constituent Assembly (NCA) became the locus of the manifestation of the country's mood and, per definition, the focal point of the expectations of society and the administration. Democracy was expected to solve the country's numerous problems and the Constituent Assembly was responsible for providing the proper constitutional framework in order to fulfil these unreal expectations, distorted by two decades of dictatorship. Although PMDB controlled 54% of the Chamber, thanks to the popularity of the Cruzado Plan, launched prior to the 1986 election, there were no stable majorities associated with programmatic projects. Coalitions were produced on an ad hoc basis and characterised by volatility. Logrolling was the general rule because of lack of discipline in the parties, the fragmented party system (more than ten parties were represented in the NCA), and the lack of ideological party commitments. In fact, PMDB was in charge of the National Constituent Assembly because it occupied the presidencies of both the Chamber of Deputies and the Senate, although not of the voting processes. The final product was a constitutional text with 315 articles and over 2000 clauses (Martins, 1995). These numbers show the prolific action of the multiple interest groups engaged in the process, as well as of the formalist and legalist Brazilian political tradition.

The National Constituent Assembly characterised the problem of modernising public administration as a sub-element of the challenge to democratise the country. Problem

definition involves more than finding someone or something to blame by "dramatising or downplaying the problem in question" (Rocheffort and Cobb, 1994: 1). The NCA naturally captured the political discourse and the initiative to define alternatives for nearly all policy issues, and public management was no exception. Discretionary policy making was perceived as an intrinsic attribute of the authoritarian regime. Thus, against these fluid, non-institutionalised, and personalised practices, a legalist bureaucratic reform emerged as a global solution. The power attributed to authoritarian technocracy was much higher than its real capabilities because the technocrats could not rule except through delegated power (Schneider, 1991: 45).

The state-led development model had always been adopted in combination with patronage powers (Evans, 1995). The mechanisms varied between democratic and authoritarian regimes but the consequence was always the same: the addition of a new cohort of employees or appointed or contracted professionals to the public sector workforce, by-passing the classical civil-servant structures. The 1988 Constitution maintained the rights that had been extended to all civil servants (including retirement and pensions) who worked for the State until 1983. In fact, once again, the Legislative Branch sanctioned the same clientelist practices as the Executive Branch had done in the past, as in 1967, 1946, 1937, and 1934. The eroded image of "drawing a line" was evoked once more.

The NCA had provided a solution that could be approved in terms of the requirements of availability, acceptability, and affordability (Rocheffort and Cobb, 1994: 24). The deputies targeted on political problems from the past, but not the challenges of the future nor the insufficiencies and inadequacies of previous solutions. They were obsessed with the removal of the "authoritarian blockage". Through a bandwagon effect, the entire Congress of the

1987-1990 legislature threw its weight on a proposal in favour of a clear group of beneficiaries. This project had originally been presented by the Executive.

By missing the myriad micro-intersections between economics and politics (Hirschman, 1971) the policy solution that was approved merely worsened problems and, in spite of its democratic intentions, proved unable to provide innovative solutions. The attempt to dismantle the authoritarian legacy and simultaneously launch the basis for redesigning the State apparatus paralysed the public sector. Some authors (Bresser Pereira, 1999; Martins, 1995) explained the policy outcome of the 1988 Constitution also as the result of "rent seeking" behaviour of public sector employees and their unions. Although this interpretation makes sense, it would seem controversial because it acquired pertinence only some years later.³⁴⁹ The rationality identified ad hoc by Bresser Pereira and Martins made sense only after Collor de Mello's attempted to downsize the Federal Government and after the Real Macro-economic Stabilisation Plan was implemented.³⁵⁰

Two other reasons to explain the deputies' behaviour were: a) pressure from unionised civil servants to guarantee the extension of civil-service rights to the vast majority of public-sector employees (95% of the government's workforce at that time), and b) beliefs in the advantages of the classical Weberian model of public administration as adequate for the

³⁴⁹ At the time of the National Constituent Assembly and during the period immediately following it there were doubts as to the advantages of converting the private employment regime into a statutory civil-service situation, for three reasons. First, the legislation on wages for the private sector had been more generous than the governmental policy in terms of minimising losses caused by inflation. Second, tenure was not a legal right but a political fact in the entire public sector regulated by private legislation. Third, the complementation schemes for employees retired from the indirect administration were frequently much more attractive than the perspective of the full wage as retired civil-service employees. Again, the phenomena of hybridism made discernment difficult. There were indeed categories of workers – such as the social-security inspectors – interested in becoming civil servants. But many members of the technocratic elite were better off under their private labour arrangements.

³⁵⁰ Indirect evidence of my argument is the great number of people who decided to retire after the Real Plan in 1993, but not in 1990, after the adoption of the Single Juridical Regime although they had worked the number of years needed in order to retire. The main explanation is that it was obviously advantageous for many of these people because they would receive better retirement benefits from the government if they were later unable to find some supplementary source of income.

country (Pimenta, 1993: 52). Other authors have identified a kind of “constitutional protectionism” (Santos, 1997) in the National Constituent Assembly. According to this interpretation the deputies introduced corporatist antidotes into the constitutional text to prevent anticipated anti-state ideological threats, later labelled as neo-liberal.

5.5.5 Endgame for SEDAP, but not for the proposal

SEDAP-PR produced a recipe for disaster: a grand strategy, problem misplacement, rule making in the absence of adequate information, lack of concern with means and resources, and disregard for the problem of upper executives (Larkey and Downs, 1986: 237). The lack of cohesion in the Executive, a problem that SEDAP-PR aspired to tackle, was decisive for the failure of the reform. There was a great deal of conflict regarding ideas, and competition for the President’s ears. SEDAP-PR fell prey to its own incapacity to tackle the problem that became the central issue toward the end of the Sarney Administration: cost cutting measures. Marcelino pursued rationalising initiatives during 1988 but they were too limited and came too late. The corruption charges against the Minister’s regional team as well as the Minister’s own performance contributed decisively to put them on the causality list of Operation Dismantle of January 1989.

The phasing out of SEDAP can be explained by a set of factors. First, the two cabinet reshuffles of March and April of 1987 and, especially, in November and December of 1987, changed the balance of power within the Presidency. Second, in mid-1988, even the ENAP incubation project was affected by suspicions of sleaze that affected the credibility of the minister who was championing the initiative. In the absence of social networks (Granoveter

and Swedberg, 1992) capable of sustaining SEDAP's proposals or delivering the NCA's decisions, administrative reform became totally submitted to short-term economic orientations. Besides, neither the executive project nor the decisions of Congress were minimally implanted (Evans, 1995) in governmental structures, political parties, or social perceptions.

Third, the conditions under which the reform started were adverse because of congestion on the agenda, inherent to the NCA's work, during a period of transition from an authoritarian regime to a democratic one.

“A successful comprehensive reform depends on expanding time horizon efforts and buffering them from short-term fluctuations in attention. (...) The organisation implication is to establish institutional reform as program or policy of its own” (March and Olsen, 1989: 98).

The outcome was the opposite even though the transitory provisions of the Constitution established a timeframe for administrative reform. Fourth, at the end of 1988 the Chief of Staff and SEPLAN-PR had received a dossier with accusations of sleaze and corruption that, although they did not directly involve either Alves or Marcelino, mentioned persons in the ministry very close to the minister himself. The phasing out of this ministry was one of Sarney's attempts to protect his administration from charges of corruption.³⁵¹

³⁵¹ E3M/Br/35.

5.5.6. Policy entrepreneurship and policy outcomes – an unusual story

The entrepreneurial functions of the episode were performed by Alves, Marcelino, and Santiago in the Executive Branch and by Campos in the Legislative Branch. Marcelino was the main policy entrepreneur of the entire episode but the political entrepreneurial functions were performed mainly by the others: Alves until December 1988, Santiago until March 1990, and Campos until December 1990, in the last stage, when Congress took the lead and pushed the proposal forward.

To what extent they were essential is another matter. One might argue that the NCA would have produced a similar outcome without the participation of the Executive Branch. But in this case, a plausible argumentation to support the hypothesis that entrepreneurship was essential for coupling the streams represents a reframing of the question. If there had been an entrepreneur with a different problem perspective, different ideas, and political support, another outcome, would have been plausible, even if it meant friction between this person's positions and the dominant view in the NCA (formulated on the basis of the executive proposal). But even if the doubt remains, there also was an entrepreneur in the NCA – Campos – who seized the opportunity provided by the process of revising the Constitution.

There were four additional factors that contributed to maintaining the claim that entrepreneurship was decisive for policy change in the episode. First, in regard to agenda setting, Alves was decisive in establishing a policy venue and for mobilising resources required to specify a policy proposal. There was presidential support for the continuous upgrade of the ministry thanks to Alves's political manoeuvres. It was not active support but, at least until the end of the NCA, Sarney provided all the political support Alves needed.

Second, Marcelino commanded the policy specification process as of June 1985, when he was invited to join the General Commission, until the phasing out of SEDAP-PR, even though he played a secondary role in 1989. For nearly four years, he was responsible for defining the problem and for generating and implementing a policy alternative, despite all the political instability of the period. It was a purposeful, resourceful and complex process although the final policy outcomes were not exactly those intended at the beginning.

Third, Santiago's posture after the extinction of SEDAP-PR was decisive to preserve the general path of the process, although with some modifications regarding ENAP and the governmental managers' career. The policy refinements introduced by him and Cintra incorporated the economic team's concerns with the process to regenerate the direct administration and build a bridge between the public administration and the policy planning sub-systems. The streams were kept together in the difficult year of 1989 and the main policy proposals were improved on and concluded in order to be submitted to the future administration.³⁵²

Fourth, Campos played an important entrepreneurial role in Congress during the existence, of the NCA, and in 1990 he closely monitored the traffic of the proposal for a Single Juridical Regime until its final approval in December 1990, despite a hostile executive. He benefited from the popular appeal of the project – at that time all public sector employees saw it as a protection against losing their jobs (Rinne, 2001) – and from the antagonism between Collor and Congress. Even so, the acceleration of the legislative procedures would have been unthinkable without his full commitment.

³⁵² E1H/Br/53 and E3M/Br/4.

5.5.7. Epilogue

The dynamics of imbalance that shaped the context of the 1988 episode were aggravated by the circumstances of the change in regimes. But two other processes also affected the administrative reform: the sequence of macro-economic stabilisation plans and the convocation of the National Constitutional Assembly. Effects of interference were caused by both events.

The process of institutional platforming allowed the executive sphere to pursue an administrative reform policy at the beginning of Sarney's term of office. The new institutional arrangements provided mutually reinforcing political understandings of the problem, a variation on an old theme submerged in pre-authoritarian memories: the adoption of a classical public bureaucracy. The progressive consolidation of a policy venue was possible thanks to the combination of an institutional structure responsible for policy making and a powerful supporting idea attached with the institution.

The positive images associated with the reform attempt – although they contradicted the reputation of SEDAP-PR's minister – eventually dissipated in the political and economic turbulence that dominated the period. At the end of the President's term of office, administrative reform was pushed, but not decisively, to the decisional agenda, even though it was called for in the new Constitution itself, in both its main articles and in the transitory provisions. The main responsibilities for its implementation were transferred to the new Presidency.

The outcome of the NCA's public management policy was a mixture of democratising administrative reform (Heredia and Schneider, 1998) and civil-service reform (Ingraham and

Rosenbloom, 1992). The democratising vector was represented by the effort to give more political control to the executive sphere while increasing its accountability. The progressive public administration vector derived from concerns with the re-building of a classic public bureaucracy, directly and strictly controlled by elected politicians (Hood, 1991: 88) and the implementation of a merit-based career system aimed at improving bureaucratic performance. The new institutional arrangements swung the pendulum again in the direction of uniform structures, meaning a shift towards the 'lego brick' (Hood and Jackson, 1991: 75) doctrines of organisational design. The solution to the problems with personnel favoured the adoption of a career system capable of singling out the 'best and the brightest', inspired on the French model.

The Constitutional policy outcome apparently confirmed the argument that politicians only give up their clientelistic and patronage prerogatives when all are affected simultaneously (Geddes, 1994). It was not a conflictive party issue, but constitutional text was not sufficient to guarantee the institutionalisation of bureaucracy. Decisions looked appropriate, natural and "harmless" within the context of NCA's cacophony and the natural agenda congestion process. They did not face real controversy. The worsening of the economic crisis and the increasingly high inflation rates also contributed to making it still more difficult to discern the policy outcomes.

Neither the political system nor the policy sub-system took notice of emerging phenomena such the crisis of Keynesianism, de-regulation and privatisation, globalisation, and new public management. Although these trends were not clearly observable at that time, the NCA exacerbated the country's dissociation from the new times, since the Assembly itself was strongly influenced by the political context of the previous years of authoritarian regime that

had been in power from 1964 to 1984. The transitory provisions included a reference to an urgent administrative reform that should be carried out eighteen months after the Constitution was promulgated. This serves as an explanation for Santiago's commitment to detailing the policy outcomes.

The political culture³⁵³ of the country was being questioned by the very nature of transition and by the process of the National Constituent Assembly. There was general consensus that the direct administration should be enhanced on accountability grounds. The restoration of Rule of Law was associated with the direct administration – then responding for less than five per cent of the public sector workforce. The reestablishment of the Constitutional principles of legality, morality, impersonality, and publicity emerged as the cornerstone of the politicians' aspirations.

³⁵³ Martins (1995, 13) defined political culture as a system of beliefs and values related to government and politics that shape the behaviour of individuals and groups. According to his view the evolution of the country's entire public administration cannot be understood without taking into account the national political culture, strongly marked by the legacies of clientelism, formalism, and patrimonialism.

CHAPTER 6

Public Management Policy Change In Brazil: 1995-1998

6.1. Introduction

Fernando Henrique Cardoso's first term of president (1995-1998) was marked by substantial reforms and policy initiatives in the public sector, notably macro-economic stabilisation, trade liberalisation and privatisation. But there was an important policy domain where a significant reform took place, even though it was listed neither in the influential Washington consensus nor in Cardoso's party manifesto (PSDB, 1994), namely public management. More interesting, for the first time a public management reform with a constitutional outcome took place without there being a context of a regime change, as was the case during the Vargas (1934-1937), the Castelo Branco (1964-1967) and the Sarney (1985-1990) Administrations.

When Cardoso took office in January 1995, there were no clues that Brazil would soon be going through public management reforms, although the so-called New Public Management (NPM) ideas and literature had been around for some years (Aucoin, 1990; Hood, 1991; Barzelay, 1992; Osborne and Gaebler, 1992). The policy landscape was not particularly favourable because of the weakness of the academic community (Gaetani, 1999), the lack of awareness of what was going on in the field in other countries, and the prevalence of a

traditional view of public administration in supranational institutions like the World Bank and the Inter-American Development Bank (Bresser Pereira, 2002).

At the end of Cardoso's first term a constitutional amendment related to reforms in the public sector apparatus was approved with the support of a qualified majority of Congress after almost three years spent in debates, negotiations, reformulation and deliberations. The amendment included provisions that authorised new forms of public sector organisations (including agencies and quangos), modifications of employment relationships in the public sector and the mitigation of tenure constraints on government employees. The least likely of the planned constitutional reforms – in contrast to social security and fiscal issues – had been approved thanks to Bresser Pereira's entrepreneurial actions and skilful strategy (Melo, 2002) with minimal governmental support, despite the uphill battle faced by reformers.

The Brazilian reform captured foreign attention. Under Bresser Pereira's leadership and intellectual influence, CLAD published a continental manifesto entitled *New Public Management for Latin America* (CLAD, 1998), which seemed to suggest a turning point in the region's perspective on public management reforms. Thanks to Bresser Pereira's persuasive argumentation, the Inter-American Development Bank provided Brazil with a loan to implement these reforms. At the same time the World Bank, which had taken a more traditional and cautious approach to the problem, began to change its attitude after publishing the influential 1997 Report on State Reform (World Bank, 1997).

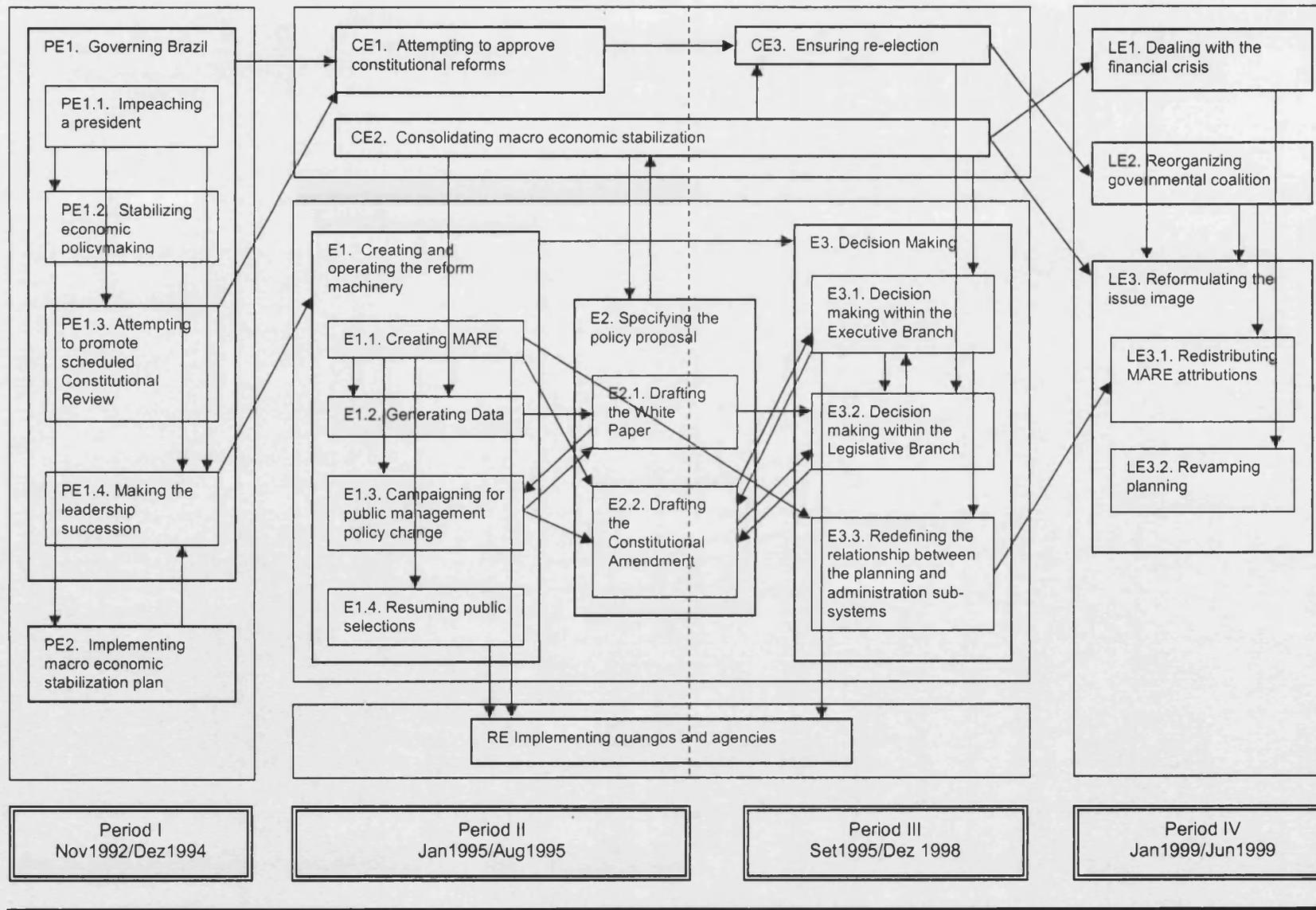
However, after the reform was approved by Congress and Cardoso had been re-elected, the reform lost momentum and was dropped from the executive agenda. The ministry in charge of the implementation of the reforms was phased out and the Ministry of Planning absorbed its functions. Bresser Pereira was transferred to another ministerial post and left the

government six months after the beginning of the second term of office. The reform label – managerial administration – was replaced with another term – entrepreneurial management – that also lost momentum after a cabinet reshuffle later in 1999. Bresser Pereira’s team was dissolved and the members reassigned to new areas. The reform moved on to a new implementation stage under the direction of another group. Only two years later were some reformist initiatives resumed, but in another mode and with new priorities.

There are seven research questions to be answered in this respect: a) What factors explained the occurrence of a reform that apparently “came out of the blue”? (E1), b) Where did the reformist ideas come from? (E2), c) What factors explain Bresser Pereira’s success in persuading the Administration to adopt his ideas? (E3); d) Why did it take almost three years for Congress to approve the Constitutional Amendment proposed by President Cardoso? (E3.2), e) To what extent did the reform content make policy change possible, and produce it? (E3.3); f) Why was the Ministry of Administration and State Reform (MARE) phased out? (LE3); g) What factors explain the exclusion of the issue from the agenda during the transition between Cardoso’s first and second terms, just after it had faced an uphill battle in the Executive Branch and in Congress? (LE3). These questions are answered in the text and refer to the structure of the events.

This chapter is organised into six sections including the introduction. In the first part there is a brief description of the context of Brazilian public administration before the beginning of Cardoso’s Administration. The second part focuses on the period before Bresser Pereira’s choice as minister. The third part begins with Cardoso’s inauguration and continues until the moment his proposal was sent to Congress. The fourth part concerns the period during which the reform was implemented even though it was still being debated. The fifth section

concentrates on the period between the approval of the reform until the cabinet reshuffle that led to the phasing out of MARE. The last section contains an analysis of the episode from a theoretical point of view.



Narrative Structure of the 1998 episode

6.2. An enabling interregnum

Vice-president Itamar Franco became president after Fernando Collor was impeached in late 1992. One year later, at the end of 1993, there was little hope that Franco could reach any one of the ambitious goals he had set for his term of office (Constitutional Revision, Macroeconomic Stabilisation, Social Security Reform and others.) In a desperate move, he chose his then Foreign Minister, Senator Cardoso, a well-known social democrat intellectual, to be his fourth minister of finance in less than two years. The Constitutional Revision was aborted because of scandal in the budgeting commission that paralysed Congress and forced several deputies to resign. The country was more than anxious for another fresh start after the frustration that followed the first presidential election in thirty years.

Cardoso brought together a solid and experienced economic team under the coordination of Clóvis Carvalho, an old friend and reputed executive. Against all odds, a successful macroeconomic stabilisation plan was formulated and implemented within months, shortly before the next presidential elections. Based on the plan's success, Cardoso became Franco's presidential candidate, leading a broad coalition formed by his centre-left party and the far-right liberals. The more the population felt the impact of the elimination of inflation, the more his political support grew, independently of ideologies. Cardoso was comfortably elected president in the first round, although he had been virtually unknown to the majority of the population just a few months before.

Given his extraordinary political capital, he had a free hand to organise his cabinet. A few weeks before his inauguration, he invited Luiz Carlos Bresser Pereira, another old friend who

had been the coordinator of the fundraising activities of his campaign, to join the administration. Bresser Pereira was a hybrid, a mixture of political activist, academic economist and private executive. He had also been Finance Minister for a few months during the Sarney Administration (1985-1990). He had also participated in André Franco Montoro's Administration as governor of the State of São Paulo (1982-1986), together with other important ministers of Cardoso's cabinet, such as José Serra (Planning), Clóvis Carvalho (Chief of Staff) and Paulo Renato (Education). Bresser had been Montoro's Home Office Secretary and later became president of the São Paulo State Bank.

Bresser Pereira aspired to be Minister of Foreign Affairs but his personal profile as well as political and corporatist background stood in the way of his ambitions. He told the President, however, that he would be glad to contribute to his government in a challenging position close to Cardoso, with many things to be done such as the Federal Administration Department, (SAF), a federal department which was subordinated to the Presidency.

Cardoso had other alternative names for the position³⁵⁴ including his long-time advisor Eduardo Jorge, and Dorothea Werneck. Eduardo Jorge was a Ph.D. in public administration who had become a civil servant in the Senate during the 1980s. He had been on Cardoso's staff in the Senate since the National Constituent Assembly. Dorothea Werneck was a reputed technocrat who had served as Labour Minister during the Sarney Administration. But Cardoso preferred to appoint them to other posts. Jorge became Minister of the General Office of the Presidency and Werneck became Minister of Industry, Trade and Tourism.

³⁵⁴ It would later become clear that the former Finance Minister's shadow was a threat to the economic team from the very start of Cardoso's presidency. Bresser Pereira was doomed to face difficulties not only because of his past in State reform, but also because of the threat he posed for the economic team in terms of the political-economic debate within the government, regardless of whether he was to join it or not. As a personal appointee of the President (and given his background) he could always be a political and economic alternative.

Romindo Cahim, Bresser Pereira's predecessor, was a retired army general who had been chosen to implement the President's pledge to fight corruption but he made no serious attempts at implementing public management policies. Representatives from a group of careers tracks intended to negotiate special pay rises with Cahim at that time. The group called itself Forum of State-Type Careers. It included twenty-one labour unions and associations in areas such as diplomacy, tax inspectors, public managers, budgeting, treasury, control, financial regulation and others (Cheibub, 1999: 132). They hoped to stand out from the functionaries of the public sector who had been reclassified as civil servants by the law. The negotiations were not successful but the idea was the embryo of the concept of core state functions, later taken up by Bresser Pereira. After Collor's disastrous downsizing period, Franco's inactivity was not seen as a huge problem because at least the federal executive machine could rest and recover from its debacle under the previous President. SAF was therefore perceived by politicians as an unattractive position because it would give them neither the resources nor the image to project them into the political arena. The choice of Bresser Pereira seemed perfectly convenient and politically costless at that time, with the extra advantage of bringing a reputed economist into the Administration.

A few days before Cardoso's inauguration, Carvalho and Bresser Pereira agreed that the latter should be at the head of a ministry, not merely of a department. Bresser Pereira successfully demanded that the Cabinet should specify its mandate in its name. Therefore he took over a new Ministry called Ministry of Administration and State Reform (MARE). A ministry was a more powerful platform in terms of resource mobilisation and political status. However, there was a loss involved in this choice, neither properly perceived nor correctly

evaluated at that time.³⁵⁵ As a minister, Bresser Pereira would not have the automatic access to the President that a Secretary of the Presidency would have had.

6.3. A sprint from the start: climbing the agenda and formulating a proposal in record time

6.3.1 An accidental reformer

Bresser Pereira and Cardoso were the founders of the Brazilian Social Democratic Party (PSDB) but the party's manifesto proposed no innovative approach with respect to public management issues. Its main ideas were related to the historic progressive public administration challenge: the setting up of a merit-based civil service, the battle against corruption and the professionalisation of the bureaucracy. Public management reform was not on the administration's initial agenda, nor did Bresser Pereira have any previous familiarity with the issue, in spite of his long and successful professional background.

The top team at his Ministry was comprised of a homogeneous group of alumni from the São Paulo branch of the Getúlio Vargas Foundation.³⁵⁶ Bresser Pereira tried to bring in more reputed intellectuals to key positions at MARE but several of his invitations were declined. Some of those he invited were sceptical as to the possibility of making a difference and of the insufficient incentives offered to experienced professionals who joined the Administration.

³⁵⁵ The debate around the setting up of MARE was an *avant premiere* of the competition problems that Bresser Pereira would face in dealing with Carvalho at the Home Office. Jurisdiction disputes as well as disputes over access to Cardoso's attention would mark their relationships for the next four years.

³⁵⁶ This specification is important because the São Paulo branch was not the historical base of the Brazilian public administration community, which was at the FGV headquarters in Rio de Janeiro. Although both branches belonged to the same organisation, they were also rivals and took different paths. Rio de Janeiro was oriented towards public administration and economics while São Paulo concentrated on business administration and local government.

There was also a reputation problem: one of Bresser Pereira's legacies when he left the Finance Ministry was a court claim related to the indexation of wages when he launched an unsuccessful stabilisation plan. Thousands of employees appealed to the courts to recover those losses and eventually won their cases. As a result, people tended to consider Bresser Pereira a potential liability because of his tendency to allow his personal will to prevail over his judgmental capacity.

One of Bresser Pereira's personal assets was his comprehensive diagnosis of the situation of the federal administration, which included an overview of the changes going on in the main OECD countries around the world. A report on this topic had been commissioned by ENAP in 1993 and it pointed out the critical situation of the Federal Government, especially regarding professionalisation and training in the direct administration.

Bresser Pereira also successfully co-opted a residual group of holders of positions called public managers, who belonged to a career that had been set up during the re-democratisation process. This group consisted of less than half of the members it had at the time of the original, and until then the only, recruitment round. They intended to be a professional vanguard in the Fabian style of the State reform process. By no means were they popular in Brasilia because of their hegemonic aspirations. But they were respected and taken seriously because of their professional commitments and civil service ethos, comparable only with the values of certain pockets of excellence in the direct and indirect Brazilian administration.

Bresser Pereira was happy to have them on his team and assigned the National Human Resources Office to members and former members of the career of public managers. After

just a few months, there was a clash³⁵⁷ within the core group of these careerists because of their reluctance to adhere to the managerial credo. While this group was concentrating on implementing a bureaucratic reform in the attempt to revive the 1988 proposal, Bresser and his team had a different priority: to establish flexibility mechanisms to allow the removal of tenure and the adoption of a private type of contractual arrangements in the public sector. Bresser Pereira sympathised with the public managers, but he did not intend to invest in building a career system and put them on the top of it as they so ardently wished. However, thanks to the influence of these cadres and Bresser Pereira's envisioning capacities, the Minister later decided to resume selection recruitment rounds for the public managers' career as well as the posts of treasury and budgeting analysts,³⁵⁸ because he recognised the importance of regenerating the core of strategic functions of the State, although in different terms from those intended by the public managers.

In organising periodic public examinations, Bresser Pereira was seeking to regenerate the executive core, aborted in 1988-1989, and provided MARE and the Ministry of Planning with a qualified and fresh workforce to implement public management initiatives.³⁵⁹ MARE would always retain the members of these revamped cadres at second and third hierarchical levels (but not in top positions). Although managerialism was emphasised as the key element in Bresser Pereira's rhetoric, he de facto implemented unprecedented progressive public

³⁵⁷ The origins of the clash are controversial and were generally described as a problem of trust. The public managers claimed that the ministries were weakened by a serious deficit in numbers of personnel – in terms of qualified cadres at the top of their hierarchies. The proposal of these managers was a combination of the resumption of the public managers career on an intensive basis, combined with pay rises destined to attract high-level people. Bresser Pereira took this suggestion badly because that was not his priority. In addition, some of his political appointees were fighting for political space and did not sympathise with the almost “monopolist” aspirations of the public managers regarding appointed positions (E1H/Br/48 and E2M/Br/49).

³⁵⁸ As Minister, Bresser Pereira had created both careers in 1987 through administrative means, i.e., through granting civil servant rights to people that had been working in these areas, whether hired on provisional or private basis. At that time he did not have a clear picture of what it about was but recalled it quickly, although he played down the fact that what he had done was not closely related to public management reforms at that moment (E2H/Br/36).

³⁵⁹ See Administrative Rulings (Portarias) 1731 and 1732, 04/07/1997.

administrative measures that had been tried since the thirties. Some years later, when criticised by a public manager for his “bureaucratic” legacy, Bresser Pereira reacted with good humour. He felt happily outraged by the critic³⁶⁰ but did not give up his beliefs in his managerial credo.

6.3.2. Initial positioning

Bresser Pereira took over his position with remarkable enthusiasm (Melo, 2002). It was his second chance as minister – now in much more favourable circumstances than in 1987 and with more room for manoeuvring his priorities – and he did not want to miss out on the opportunity³⁶¹ to influence the country’s destiny once again. He had dedicated most of his life to public matters and he knew that this was his last shot. In his acceptance speech³⁶² as Minister, Bresser Pereira made clear his conviction that a State reform should deal with three challenges: the urgency of a tax reform, the need for institutionalising a formula for strategic development, and the re-structuring of the State apparatus and its bureaucracy. This was MARE’s mandate.

Five principles were listed to indicate his priorities: draw the labour market of the public sector closer to the parameters of the private sector; strengthen high level careers, encourage decentralisation, delegation and accountability, review the hierarchical principles that shaped the States’ functioning; reduce the State’s role to its core functions via privatisation; and transfer executive functions to public but not state-owned organisations, in other words, to

³⁶⁰ E1H/SP/8.

³⁶¹ It was not exactly a second-chance type of opportunity because Bresser’s previous domain was macro-economic policy and he never gave it up, as we will see later. But in political and personal terms that is how he perceived it.

³⁶² Bresser Pereira. Acceptance Speech at MARE (1995).

social organisations. His words caused mixed reactions. On the one hand, people welcomed the entrance on the stage of an active policymaker. On the other hand some public opinion sectors picked up the issue of tenure and began attacking the government on the grounds of its apparent intention to replicate Collor de Mello's state-shrinking policies.

For Bresser Pereira, administrative reform should to join up with other constitutional reforms, such as social security, fiscal, regulatory and political system reforms on the Executive Branch's pipeline of negotiations with Congress. But the question of reform itself was not very high on the government's agenda (nor on the public's agenda). Given Cardoso's previous commitment to the aborted Constitutional Review of 1993, Bresser Pereira's initial attitude was consistent with the Administration's general approach to the problem, to remove from the constitutional text everything that could be the subject of ordinary legislation. This was his the "deconstitutionalisation" approach. However, Bresser Pereira immediately realised that given Brazilian political and juridical culture, this process could not work on sensitive matters such as administrative reform. Neither Congress nor Brazilian civil society would agree to give the government a blank check, a strategy that was later tried by the Social Security Ministry, with frustrating results.³⁶³ Therefore he opted for a detailed constitutional reform strategy to push through a constitutional amendment.

At the same time, a more precise definition of the state reform issue emerged. Bresser Pereira and his team knew they needed a tractable definition in order to work on it. They needed to specify an issue image under their jurisdiction if they were to structure the specialised agenda as a basis for the reform. Two decisions were taken in the first months of the new

³⁶³ See Melo (2002) for an interesting comparison between the administrative, fiscal and social security reform. Melo argues convincingly that Bresser Pereira's strategy is one of the key explanations for the relative success of his public management reform, in contrast to the deadlocks and failures that had characterized earlier reforms.

Administration.³⁶⁴ First, MARE's work should concentrate on the reform of the State apparatus. Second, two other controversial issues – regulatory agencies and social security of civil servants – should not be addressed by MARE but by other ministries (the Chief of Staff and sectorial ministers, and the Social Security Minister, respectively). Both decisions reduced MARE's friction with other areas of the Executive Branch and clarified the focus of its work in the public management domain. The scope of MARE's mission had also been reduced, allowing a more cohesive approach to the challenge of rewriting the chapter on public administration of the 1988 Constitution.

In his second month in office, Bresser Pereira was giving interviews about his perception of the state reform problem and the administration's intentions in terms of priorities and strategies. This immediately triggered off public controversy³⁶⁵ around the tenure issue, perceived as a constraint to intra-state adjustment needs. The rigidity of the 1988 Constitutional provisions was identified as the main bottleneck to be overcome. Employment relationships as well as organisational matters were both crystallised in a way that blocked State action. MARE concentrated its initial efforts on reviewing constitutional provisions in order to scrutinise all topics that needed to be updated and adjusted to the Administration's determinations.

In taking the constitutional text as the main focus of his attention, Bresser Pereira generated immediate conflict with Eduardo Jorge, the Secretary of the Presidency, who had been a close advisor of Cardoso ever since the latter had been senator in the 1980s. Jorge had worked closely with Cardoso during the 1988 National Constituent Assembly and had

³⁶⁴ The first decision was made with Bresser's agreement. The second was a presidential choice, influenced by coalition reasons and advice from his Chief of Staff (E1H/SP/8).

³⁶⁵ The Chief of Staff of the Presidency – Clóvis Carvalho – publicly overruled Bresser Pereira and asked him to restrain from making provocative statements that might embarrass the Administration, especially with respect to issues that had not been sufficiently discussed within the cabinet.

participated in the discussions related to the public administration chapter of the new constitution. His personal view was that the Administration did not need to change the constitution to promote administrative reforms. His perspective was closer, on the one hand, to that of Hélió Beltrão, who tended to minimise the role of changes in legislation and structures as signs of public management policy change and, on the other, to the public managers' progressive public administration style of reforms.

At the first meeting of Cardoso's cabinet in February, Bresser Pereira's proposal for a detailed strategy to review the Constitution caused an immediate impact. None of the ministers present had anything similar to talk about, not even the Finance and the Social Security ministers, who were in charge of more mature issues closer to the Administration's decisional agenda. If, on the one hand, Bresser Pereira's proposal caught the President's attention, on the other, it caused concern among other ministers who were suspicious of his personal style and innovative ideas. His move placed the reform of the State apparatus onto the list of structural reforms that should be considered priorities of the Cardoso Administration. Politics followed policies (Lowi, 1964). In fact, politics followed entrepreneurial actions that raised expectations around policies.

6.3.3. Generating a policy alternative

As a fast mover, Bresser Pereira was personally involved in taking stock of the national and international history of the public management issue. He met with Beltrão and assimilated his concerns about over-bureaucratisation. He met with Cintra, who had tried to build up a public policy approach anchored to the Ministry of Planning in the late 1980s. He met with

Croizier³⁶⁶ who had made strong criticisms about the over-bureaucratisation of the French public administration. He met with Osborne, who suggested he pay attention to what was going on in New Zealand and Britain.³⁶⁷ He then visited Britain where he made a first contact with Jenkins, a key operator of the Next Steps Agencies process. Bresser Pereira also began frequenting the international public management policy circuit in order to keep in touch with different perspectives on public sector reforms.

The fusion of Bresser Pereira's ideas and the contacts with the policy proposals that were floating around the world, as well as stimulating debates with some of his advisors³⁶⁸ resulted in a new formulation (MARE, 1997). The public sector should be divided into three areas: areas that should remain under state control, those that should go public but not be made state-owned organisations, and those which should be privatised. See Figure below.

³⁶⁶ An alleged comment made by Croizier on an informal occasion ("You should be thankful that you do not have a French type of bureaucracy") became part of the "anecdotic knowledge pool" of the period and would be used from time to time as an authoritative argument against critics of the Administration's proposal (E2M/Br/9).

³⁶⁷ E1H/SP/8.

³⁶⁸ The Secretary of State Reform brought together a creative group of public administration experts, who played an influential role in the policy design stage but later faced greater difficulties at the implementation stage.

Figure Setting the Limits for the Sphere of Action of the State

	Exclusive State Activities	Social and Scientific Services	Goods and Service Production for the Market
Core Activities	State as Civil Service	↓ Publicisation	↓ Privatisation
Support Activities		Outsourcing	

Bresser Pereira, L. C. State reform in the 1990s: logical and control mechanisms. Cadernos MARE, Brasilia, 1997.

Within this framework, most of the secondary administrative functions of these organisations should be contracted out. Accountancy and employment legislation for the private sector should be adopted in the second and third groups, while traditional public sector rules should be reserved for the core State activities. Moreover, tenure should be eliminated and firing mechanisms should be introduced into the public sector under two special circumstances: insufficient performance over time, and organisational redundancy situations, when positions or institutions should be terminated.

The proposal included other relevant elements such as the establishment of a limit on wages in the three branches of government; the review of distortions in the human resources legislation; and the creation the of new forms of public sector organisations, such as executive agencies, social organisations and others. The Administration took notice of

Bresser Pereira's intense activity to the extent that the public debate tended to concentrate on the tenure issue, which was a public opinion dogma at the time. Bresser Pereira was successfully capturing the attention of the Administration and the media, while other ministers were barely familiarised with their missions.

At that time MARE was fully operational and began to generate initial data that provided empirical proof of most of Bresser Pereira's arguments. A first diagnosis of the executive public administration emerged and allowed a broader strategy, based on five points, to be developed. First, data should always be used to strengthen the reform proposals. Second, the public opinion debate should be diverted from the President and redirected to the Minister or MARE itself in order to preserve Cardoso. Third, the constitutional amendment should be the basis of the working plan of the Ministry. Fourth, a white paper should be written to support the public advocacy required for negotiations in Congress regarding the amendment. Finally, MARE should take the initiative on all reform fronts regardless of the negotiation status of the constitutional amendment. Therefore the reforms should be tackled simultaneously to activities involving advocacy, implementation and negotiation.

Bresser Pereira knew there was a deficit of cadres in the ministries but he did not share the under-bureaucratisation diagnosis of the public managers. Especially, he did not want to position MARE as a resource-demanding ministry. The personnel issue had acquired the status of an anathema for the economic team, for two reasons. First, there were huge concerns regarding control of the payroll, a test that Bresser Pereira successfully managed to pass thanks to the tough controls he implemented and the review of legislation on personnel. Second, a phenomenon of policy contamination was present because the economic team now wanted public competitive selection processes for civil servants who would acquire

retirement rights under the current legislation, which, at the time, was about to be reformulated. Despite the above-mentioned concerns, Bresser Pereira carefully managed to resume public competitive selection processes for the careers of public managers, budgeting (later reformulated to budgeting and planning) personnel, and those involved in treasury and control.

6.3.4. Reaching the executive decisional agenda

MARE operated intensively during the year of 1995 in order to get executive approval for two important documents: the constitutional amendment and the White Paper on the Reform of the State Apparatus. A State Reform Chamber had been set up to discuss and approve both. The chamber was a collegial mechanism organised by Carvalho to allow consensus to build up government cohesiveness around sensitive issues to be pushed through the congressional agenda.³⁶⁹ In principle, Cardoso should have coordinated the activities but he named his Chief of Staff to represent him.³⁷⁰ The Chamber included important ministries such as Planning, and Labour, which played no relevant role in the process. Bresser Pereira expected the Chamber to function as an agency to disseminate the ideas contained in the policy proposal. He also expected the Chamber to function as a supportive instance to encourage adhesion of other ministries to the new mechanisms envisioned by the white paper to shape the relationships between parental ministries and autonomous government agencies and foundations. It did not work this way, however.

³⁶⁹ The chamber was both a coordination and decision-making arena that Carvalho had piloted successfully during the launching of the Real Plan. Cardoso decided to adopt it to deal with coordination problems in some government sectors, such as State reform.

³⁷⁰ The chambers were mechanisms typical of Carvalho's managerial style but did not fit the President's profile or *modus operandi*.

The stage was dominated by the clashes between Bresser Pereira on one side and Carvalho and Jorge on the other. These clashes were based on different motivations. In Barzelay's terms (Barzelay, 1986), there were problems of competition with the Chief of Staff and conflict with the Secretary of the Presidency. The dispute with Carvalho was personal, and based on territorial claims, while the differences with Jorge were ideological and based on different perspectives regarding policies.

Carvalho also had a managerial view toward public affairs, although based on micro-principles. He had been a successful private executive and gave great importance to processes at the same time that he was suspicious of what he perceived as excessive expectations brought about by changes in structures and organisational design – as was the case of the proposal by MARE. But more importantly, Carvalho did not have the same intellectual admiration of Bresser Pereira as Cardoso so often demonstrated. On the contrary, he considered Bresser Pereira's personal style a problem because of his hesitant behaviour,³⁷¹ a characteristic that Carvalho perceived as a weakness for the government because it did not transmit consistency.

Eduardo Jorge was an obstacle on ideological grounds. He considered that all initiatives oriented to enhancing autonomous forms of public-sector organisation would have a single final destination: they would end up being governed by administrative law, as was the case with the civil servants' statute and the public sector accounting legislation. His beliefs were historically grounded, due to his participation in the 1988 National Constituent Assembly and his academic knowledge of Brazilian public administration. He identified two reasons to

³⁷¹ Bresser Pereira was an intellectual with a passion for ideas. He did not hesitate to change his mind if he was convinced that a given idea was better than his own. He also tended to concentrate on the core issues of any debate, and showed no special concern with making concessions with respect to secondary elements. Carvalho, by contrast, was a tough negotiator who raised a wall to free Cardoso from housekeeping affairs (E1H/Br/17).

explain the phenomena. First, the employees of these organisations sooner or (usually) later sought special retirement rights – after initially demanding wages equivalent to those in the private sector in order to perform better when the organisations were set up. The successfully tested solution was to ensure that all such employees be reclassified as civil servants. After all, they had been working for the public sector for many years. Second, traditional watchdogs, such as public prosecutors, the Attorney General, the Internal Control Office, and the Supreme Audit Agency (the TCU) tended to set up new control mechanisms that increasingly forced these “autonomous” organisations to comply with administrative law. Roughly speaking, Jorge considered the reform innocuous, almost diversionist.³⁷²

The two adversaries were in a much better position than Bresser Pereira to influence Cardoso, because, unlike Bresser Pereira, they had direct and immediate personal access to him. As a result, successive versions of the two documents were generated and continuously refined until they were considered minimally adequate for publication. The stress had been great and the price had been high in terms of political capital. Ironically, the more Bresser Pereira changed the proposal to accede to his key interlocutors’ demands the more they became suspicious of the robustness of the proposal and of MARE’s capacities.³⁷³

MARE counted on the acquiescence of the economic team because of the plan’s main proposals on fiscal priorities. Bresser Pereira attached approval of the reform to the consolidation of the “Real” (the new Brazilian currency), a piece of rhetoric that worked at defining moments of the debate on reform early in Cardoso’s first term of office. But consent does not mean effective or sufficient support. The economic team’s perspective was shaped

³⁷² E1H/Br/17.

³⁷³ The version of the Constitutional Amendment sent to Congress would be its 58th amendment (Melo, 2002: 189) Although this was considered natural, as part of a continuous refinement, it contributed to reduce the credibility of his team in Carvalho’s and Jorge’s eyes.

around cutting costs. Bresser immediately turned his attention to efforts at reducing costs, especially with respect to distortions in the payroll. His team's determination and the adoption of modern information-technology control systems, paid off. As a result, MARE gained credibility to move forward to the innovative areas of the public management design.

Bresser Pereira's insistence on questioning certain aspects of the macro-economic policy – he never gave up his leanings as a political economist – made his rivals suspicious of his real intentions. Given his intellectual competence, previous experience in executive posts, and personal relationship with the President, some people always perceived him as a potential candidate for the Finance or Planning Ministries. He was firmly aligned with the then Minister of Planning, José Serra, in his criticism of the valuation of the Brazilian currency. His position was not public, but known to those who mattered: the Ministers of Finance and of Planning, and the Presidency.

The public positioning of the governors who supported Cardoso's coalition convinced the President that he had nothing to lose by sending the proposal to Congress. MARE's advocacy work was decisive at that stage in mid-1995. One of its main advocacy arenas consisted of the National Forum Offices of Administration. Backed by facts and figures, Bresser Pereira successfully persuaded the state governors who took office at the same time as Cardoso that if they did not adjust their payrolls they would not be able to deliver popular and effective public services. A federal law establishing tight controls and parameters for public expenditures had recently been approved.³⁷⁴ Therefore, the best they could do was to support his proposal strongly in order to get it approved as quickly as possible, therefore being able to fire redundant employees. Paradoxically, the possibility of removing tenure served as a

³⁷⁴ According to the Camata Law, states could not spend more than 65% of their current revenues on their payroll. Only two states were able to attain this goal at that time.

pivotal issue in the political decision. And the issue moved from the executive arena to the legislative.

Bresser Pereira had won the initial rounds against the President's two gatekeepers and had neutralised the reluctance of the economic team with respect to his plan. The President endorsed the proposal, which meant that it was ready to be sent to Congress. Cardoso's words in support of the Bresser proposal at that time were revealing:

“You will face three challenges. First, to persuade the public opinion that the proposal is in the country's best interests. Second, to negotiate the proposal with Congress. And last but not least, you will have to convince the Executive Branch that it is a good proposal for the functioning of the public sector. You will have to convince the Administration”.³⁷⁵

In this speech, Cardoso skilfully marked three positions. First, he gave his support to sending the proposal to Congress. Secondly, he stayed at a distance from the process, transferring this task of the Executive Branch to Bresser Pereira. Finally, he did not explicitly commit the resources of the Presidency with negotiations within the cabinet or with Congress. Bresser Pereira was doomed to face an uphill battle in multiple fronts to persuade the three audiences Cardoso had mentioned. The Presidency supported the negotiation more actively later on, but the terms of the negotiation were not under Bresser Pereira's full control.

³⁷⁵ E3M/Br/27 and E2M/Br/9.

6.4. Implementation during negotiation

6.4.1. Keeping up the momentum

In the Brazilian political system, sending a bill to Congress is an important step towards enacting a new law, but not as significant as one might ordinarily presume. First, it does not mean that the Executive Branch has taken a final and cohesive position on the issue at that stage. Negotiation within the Executive Branch goes on, now also influenced by the Administration's coalition supporters. The Executive can always change things later. Second, the executive sphere can also use a provisional measure³⁷⁶ to ensure that its proposals will have legal effect if Congress does not vote on them on time. Therefore, the Administration frequently publishes ordinary legislation before Congress decides on it.³⁷⁷ Third, sixty per cent of favourable votes in Congress are needed to approve a constitutional amendment, a quorum that usually goes beyond the limits of any support from a coalition allied with the President.

The process of implanting the public management reforms began simultaneously with the submission of the bill to Congress,³⁷⁸ for three reasons. First, the approval of new legislation by Congress takes time, especially for a constitutional amendment (Melo, 2002). Second, a case had to be built with public opinion in order to exercise pressure on Congress to approve the amendment. The white paper was written especially with this aim. Third, the greater the

³⁷⁶ On Provisional Measures, see Pessanha (1998).

³⁷⁷ This practice changed only in 2002 when new legislation was approved by Congress and the Executive. The new law says that: the government must vote on a provisional measure within in a certain period of time, provisional measures may not be re-issued, and there is a limit to the number of provisional measures being analysed simultaneously by Congress.

³⁷⁸ Another example of the shortcomings of the linear model of policy-making analysis: implementation before final decision-making.

number of implementation measures taken while the amendment was under consideration in Congress, the more the entire piece of legislation would seem natural and inevitable.

MARE's activities were structured on multiple fronts: human resources (recruiting, training, and allocating), innovative organisational issues (implementation of social organisations and executive agencies, because they did not depend on the constitutional amendment even though included in it), procurement, international loans, negotiation and advocacy. The minister directly championed most of them. Given the unpredictable pace of the reform in Congress, Bresser Pereira tried to implement everything that did not depend on legislative approval, even as he took the future changes for granted. It was a conscious tactical decision that seemed reasonable at the time, when the dimensions of the resistance had not yet been fully realised.

On the human resources front, MARE immediately delivered impressive results. First, data on the federal payroll began being generated, refined and published for the first time in the Brazilian administrative history.³⁷⁹ Second, MARE implemented information-technology-based systems to manage the payroll. The results in terms of savings and corruption control were immediate. This initiative alone accounted for most of the credibility and respect that MARE gained from the economic team. Moreover, it was a transparent public crusade.³⁸⁰ Third, Bresser Pereira determined that public examinations should be carried out annually for strategic careers such as public managers, in order to equip the Executive Branch with the manpower it needed to carry out governmental functions. For the first time, a timetable for public competitive selection processes was issued. Bresser wanted civil servants recruited on

³⁷⁹ Data had been a nightmare in all previous reforms and not even during the period from 1985 to 1988 was the problem properly faced. Bresser Pereira was benefited by the advances in information technology in the 1990s, which enabled him to take control of the payroll on an unprecedented basis.

³⁸⁰ See Law 9527, 10 December 1997.

a merit basis to populate the core of the Executive Branch. Fourth, the National School for Public Administration (ENAP) was aligned with MARE's policy and drew up a program of ongoing education based on new public management ideas. At the same time ENAP prepared recently recruited civil servants for strategic careers and carried on a publicity strategy that emphasised the ideas of the reform.³⁸¹

Procurement was another area immediately tackled by MARE. Procurement had always been a traditional bottleneck in the relationship between the State and the private sector. It had been a source of dissatisfaction for all those in the public sector concerned with responsiveness and timely and effective delivery. An imperfect change in the legislation had occurred in 1993,³⁸² when Bresser Pereira adopted a sensible and fresh approach to the problem. Given his personal experience as a private executive, he knew how important it was to provide a simple and manageable system in contrast to the excessive-bureaucratisation derived from dominant legalist views. The technical approach adopted resulted in new updated legislation.³⁸³

6.4.2. Facing (un)expected difficulties

The design and assimilation of the new organisational forms proved more problematic. The concepts of executive agency and social organisation were not properly understood, as one might naturally expect. They did not fit into the Brazilian legal system, resembling imported

³⁸¹ During the existence of MARE, the public management debate flourished as it never had since the 1930s, when Simões Lopes launched the Civil Service Journal at the CFSPC. Impressed by the public debate, the Graduate Sector of the Ministry of Education launched a program to support research and graduate initiatives in the field. Strangely enough, ENAP opted to stay out of this project on the grounds that it did not intend to become an academic institution, but a centre for ongoing education and training.

³⁸² See Law 8666/1993.

³⁸³ See Law 9648, 27 May 1998.

bodies at odds with administrative law. First, there were lists of organisations that applied as candidates to MARE's initiative. Some regarded the opportunity as an attractive experiment, others as the only alternative to organisational change. The Department of State Reform was in charge of persuading potential candidates to take one route or the other. But many were reluctant.

In spite of MARE's efforts, most of the ministries whose organisations were potential candidates for being transformed into executive agencies and social organisations were not convinced by the reform rhetoric, nor were the public employees and top managers. They did not see how MARE could honour performance agreements that committed flows of resources over time without the Budgeting Area and Treasury being involved in the negotiations.

An unexpected difficulty came from some parent ministries. The performance agreements had to be signed by parent ministries and organisations, under corresponding supervision from MARE, and with the institutional approval of the economic team. These ministries became jealous of the potential benefits that the organisations under their supervision – even if only formal – might receive in the process during a phase when they were facing fiscal constraints and financial difficulties.³⁸⁴

Meanwhile, in MARE, a paradox gradually took shape: while Bresser Pereira's deputy piloted the ministry's machinery, the innovative aspects of the reform were carried out by the Department of State Reform. The area that required the greatest support of all was selling new organisational arrangements to the executive bodies. The fate of the implementation of the reform was being defined by setting up new organisations as executive agencies and

³⁸⁴ E3M/Br/25.

social organisations. But this was the area that had the most limited resources to deliver its mission, in spite of the team's motivation.

The degree of difficulty became clear when the Ministries of Education and of Culture, and part of the Health Ministry stated they were not interested in the alternatives offered by social organisations for universities, hospitals, museums, and institutes under their responsibilities. MARE received sympathy only from sectors in the Health Ministry, led by a reputed cardiologist, while the two other ministries closely identified with Cardoso disregarded the discussion.

Further unexpected opposition came from an invisible but powerful actor: Ruth Cardoso, the President's wife. Ms. Cardoso was in charge of the important Community Outreach Program – located at the Presidency. The program was in charge of multiple initiatives directly connected with civil society, and she did not buy the idea either, but for a different reason: the social organisations model was identified as an attempt by the state to control the third sector.³⁸⁵ Later, Ruth Cardoso sponsored the development of another organisational solution close to Bresser's view, but based on a different logic.³⁸⁶

The reluctant attitude of the economic team was simple but not explicitly declared. They strongly believed that there was room for sliming bureaucracy in general. The premise that guided their operations was that they should cut public expenditures. Performance agreements meant committing the flow of resources over time, and they did not intend to make this type of concession. They preferred to keep their informal discretionary powers of

³⁸⁵ Martins, 2003: 154.

³⁸⁶ In Cardoso's second term of office, thanks to Ruth Cardoso's initiative, a new organisational figure of private law called Social Organisation Oriented the Public Interest was approved (*Organizações da Sociedade Civil de Interesse Público* – OSCIP). While OSs aimed at public organisations that should be organised outside the public sector, the OSCIP aimed at private organisations interested in developing special relationships with the public sector.

cutting costs independently of policy outputs and outcomes, and they saw no reason to change their position, and were not asked to do so by their superiors.³⁸⁷ They simply did not engage in the process. Without the support of the economic team and faced with internal tensions, the reform lost momentum when the institutions that were to be transformed into innovative structures became sceptical.

During the critical years of 1996 and 1997 the reformist initiatives did not make a dent in the traditional administrative structures of the federal administration, despite the efforts made by MARE to win over support (Martins, 151-157). In 1997 Bresser Pereira realised that MARE could carry on with its plans to set up new organisational structures because this did not require a constitutional amendment. A simple "provisional measure" could allow the Executive to set them up. This had also been the case with the regulatory agencies.³⁸⁸ He could therefore accelerate their implementation without having to wait for the approval of the amendment, which was facing an uphill battle in Congress. He knew this from the start, but he wanted the constitutional amendment to institutionalise the proposal. Bresser Pereira also hoped that social organisations and executive agencies would reinforce the case for reform with Congressmen. A provisional measure was enacted letting the administration set up both new organisational bodies,³⁸⁹ but the list of potential candidates had been reduced from over 20 to a few special cases.³⁹⁰

Two social organisations and one executive agency were finally set up, but faced immediate legal objections regarding their constitutionality. This possibility had already discouraged some reluctant candidates from attempting the changeover. The two social organisations

³⁸⁷ E2H/Br/13.

³⁸⁸ See Laws 9427, 26 December 1996; 9472, 16 July 1997; and 9478, 6 August 1997.

³⁸⁹ See Laws 9637, 15 May 1998, and 9640, 27 May 1998.

³⁹⁰ Only one institution was chosen to become an executive agency (INMETRO) and five were to become social organisations (one state-owned television station and four science and technology institutes).

were a physics laboratory and a public television station. The former was a perfect candidate for an experiment because it was commanded by an entrepreneurial scientist and because it had proved to have the ability to find funding. The latter was a typical case of the less likely candidate – a worst-case scenario story – but the Minister of Communication’s proximity to the Presidency persuaded Bresser Pereira to try and win over a key ally in his political battles within the Presidency. The executive agency was the Metrology Institute, a small organisation subordinated to the Ministry of Industry, Trade and Tourism.

The difficulties were overwhelming in all three cases. The formulation of performance agreements was a painful learning process that had to face the opposition of the economic team, the ministries and, surprisingly, of sectors in MARE itself, especially those involved in control mechanisms. The demonstration effects were minimal although the energies absorbed by the process drained the Department of State Reform’s attention and exhausted its resources. The case of the public television station did not work at all and eclipsed the gains timidly attained in the other two cases.³⁹¹

MARE needed major institutional support in the form of British technical cooperation to train its own personnel³⁹² and persuade the intermediate managers of the organisations that were candidates to be “converted”. DFID sponsored a three-year program led by Kate Jenkins, who had participated in the Next Steps Agencies projects in the United Kingdom. British involvement was important for three reasons. First, it lent an international imprimatur to MARE’s proposal and paved the way for international recognition. Second, it helped

³⁹¹ E3M/Br/27.

³⁹² MARE’s Board of National Offices and Bresser Pereira’s vice-minister were generally perceived as serious professionals but they were not national figures. Some favoured the enabling dimensions of the reform and others would have preferred a tougher – a fact that did not help sell the reform (E3M/Br/27). But most of the team needed to be trained and convinced first if they were to function as multipliers of the new public management credo.

MARE in its permanent cajoling and persuading activities its own officials had to engage in. Third, it strengthened Bresser Pereira's internal struggle for recognition in the core of Cardoso's Administration.³⁹³ Despite the British team's best efforts, however, the executive agencies and social organisations were still considered strange and inappropriate institutional creatures by Brazilian governmental authorities.

Behind the scenes opposition was put up by the Judicial Branch and by the judicial establishment. The proposal had the support of two outstanding young jurists – the Vice-minister of Labour and a reputed expert in administrative affairs from Bahia – but they did not represent the larger group. In fact, the Judicial Branch kept a safe distance from the entire process also because many persons involved in it had interests at stake regarding the limit for public salaries that affected their own cadres. Bresser Pereira's precedent regarding the Supreme Court was not helpful either.³⁹⁴

Given the long period that passed before a final Congressional decision was reached, one might ask why Bresser Pereira did not change his tactics. He was aware of what was going on. How could he become so isolated from the rest of the government despite the impressive start of MARE? There are three answers to this question. First, he was determined to win over and persuade people regarding his proposal. To a certain extent he was a prisoner of his own ideas and beliefs, despite the uphill battle he was facing (although this did not intimidate him in the least.) Second, he expected the constitutional amendment to be approved in Congress "shortly", as we shall see in the next section. Therefore, why should he

³⁹³ Ironically, at the end of MARE's cycle of existence, Jenkins had private conversations with Carvalho, at which time they evaluated the problems of the implementation of the reforms (E1H/Br/14).

³⁹⁴ The entire country was familiar with the fact that the macro-economic stabilisation plan led by Bresser Pereira in 1987 resulted in a ruling that provided a gain for all people that received salaries from that year on. The Judiciary decision confirmed the premise that the government of that period subtracted 28% of people's salaries because of the transition rules of the stabilisation plan without respecting legal procedures. The damage to Bresser Pereira's reputation was palpable although not publicly recognized by his team.

change? He was not convinced by any other arguments – partly because he did not face opponents that he respected as equals in intellectual terms³⁹⁵ – and he was likely to win the legislative fight. Third, he was blind to his own shortcomings and those of his team, which in some cases were contributing to the alienation of potential collaborators, instead of bridging partnerships.

6.4.3. Fighting a long battle in the Legislative Branch

The trajectory of the amendment bill in Congress was influenced by three main factors: the legislative dynamics, the ability of interest groups to exert pressure, and the Executive's timetable of priorities.

The literature on executive-legislative relationships in Brazil provides arguments for two opposite interpretations. The first suggests that the President is hostage to an unmanageable Congress, given the weakness of the Brazilian political party system. According to this interpretation, the President is forced to build and manage a huge and costly coalition every time he needs Congress to vote on important matters, because of the fragility of his congressional base (Lamounier, 1996 and Mainwaring, 1997). The second suggests that, in spite of the above-mentioned features of the Brazilian political system, the President has plentiful resources available to get whatever he wants voted, given his ability to trade favours and resources for votes when the situation requires. The approval rate of executive bills submitted to final voting in Congress is quite high (Figueiredo and Limongi, 1999, and Pereira, 1999). Critics suggest, however, that bills reach the final stages only when they are

³⁹⁵ The most intense opposition Bresser Pereira faced during those years was organised by the Worker's Party in the Judicial Branch, which blocked some of MARE's initiatives (EIH/Br/47).

ready to be voted on, based on the strength of prior backdoor logrolling practices. Intermediate explanations suggest that the truth lies somewhere in between, because both phenomena occur, depending on the circumstances.

The Constitutional Amendment faced strong opposition from both committees through which it had to pass (Melo, 2002). In both cases, Bresser Pereira's political skills, as well as influence from the Executive Branch, were decisive to pull it through. But the concessions stripped the project of most of its important aspects, such as the limits of public wages and the elimination of tenure.

With respect to the interest groups involved in the constitutional amendment debate, Bresser Pereira faced two types of opposition: explicit and implicit. The explicit opposition was championed by the civil servants' labour unions. But the unions had neither the votes nor the strength to block proposals from the Administration. The other type of opposition, however, was much stronger and more effective: Congress, the court bureaucracy, and the juridical establishment. Public management reform was not a theme that could easily draw the attention of public opinion, except on the issue of tenure. Bresser Pereira successfully persuaded the Executive that tenure should be mitigated in some cases but he was not able to change the positions of the Legislature and the Judiciary with respect to this issue.

There was a more serious problem emerging, however. The constitutional amendment included a provision that limited the power of both branches to set their own wages. Due to long-standing arrangements, the ordinary wages of bureaucrats in the Legislative and the Judicial Branches were proportional to their top salaries, specifically, those of congressmen and judges, and neither group would accept limitations to their wages from the Executive Branch.

The coordination of the issue-traffic of the governmental projects in Congress was under the responsibility of the Secretary of the Presidency and the Chief of Staff. They thus had three crucial capacities: establishing the voting priorities, defining the desired sequence of the projects, and negotiating the final project texts, in view of the President's broader interests. The constitutional amendment had been included among the administration's priorities, in spite of Jorge's and Carvalho's reluctance. They gave in, thanks to Bresser Pereira's insistence, the President's acquiescence, and the fact that sending a proposal to Congress would not effectively commit the Administration to its approval.

Once the amendment was sent to Congress, Bresser Pereira had to continuously fight for the attention of the Executive. There were always other projects that took higher priority, such as the constitutional amendments on Social Security and the re-election of the President. There was never a good moment to push it to the top of the executive-legislative agenda. Nothing moves in Congress without being pushed and it became evident that Bresser Pereira did not have enough political clout to make it move faster. Exasperation, however, was not necessarily a good advisor. Ironically, the approval of the provisional measure that set up social organisations and executive agencies weakened Bresser Pereira's position. Together with the watering down of the elimination of tenure from the Constitution, the provisional measure reinforced Jorge's long-held opinion that there was really no point in changing the Constitution to implement public management reforms.

Second thoughts about the strategy that the Administration had been following were disseminated within the inner circle of the Presidency. A consensus slowly emerged: the champion involved in the policy specification process should not be the same person responsible for implementing the reform.

In the last stages of the issue-transit in Congress, when negotiations arrived at an impasse, the Chief of Staff and the Secretary of the Presidency stopped acting as brokers and took Bresser Pereira's place in the last-minute negotiations, especially with the Judiciary and Congress regarding the limits to their salaries. The result was a new round of concessions "in order to get something approved", in the words of a key government minister. After all, at that stage, the Administration, needed to approve anything to avoid demoralisation in the public eye. The Executive gave up on the limits to wages and the final bill was at last voted on, virtually without difficulties. The Administration was so sure of its low political risk after so many changes that the amendment was finally approved ahead of schedule, several weeks before the voting on the constitutional amendment on second terms for presidents.

6.5. Heading towards an anticlimax

6.5.1. Declaring victory and moving on

In early 1998, Bresser Pereira painfully realised that he had lost the battle within the Administration to implement the reforms. On the political front he could not over-rule the Chief of Staff or the Secretary of the Presidency. His relationship with Cardoso did not give him enough political capital to win the dispute over the limits of jurisdiction and policy ideas the president had distanced himself from. On the implementation front, he did not have the instruments to persuade executive institutions to become executive agencies and social organisations. The economic team had narrowed its priorities to fiscal targets and did not support innovative projects that sounded suspicious in terms of resource demands on the

short term. On his own turf, tensions between members of his team were building up in spite of the influence he wielded over his supporters.

Then “the creator decided to destroy the creature”, in the words of a participant of the process. Bresser Pereira was frustrated with the difficulties faced within the Administration and conscious of the limited support from the President. The constitutional amendment allowing a second term of office for the President was the only real issue on the agenda at that stage. Bresser had concluded that MARE could not accomplish its mission without the instruments – notably the budget – needed to implement the reform. Therefore, why not merge MARE and the Ministry of Planning? This idea was immediately accepted by Carvalho. After all, after the approval of the constitutional amendment on the reform was just “a matter of implementation”, as Bresser Pereira wrote in his last newspaper article in 1998 (FSP, 12/1998).

Bresser Pereira published a personal note in his website in December 2002 in order to avoid misunderstandings that might have led to interpretations that MARE’s extinction was a sign of a managerial failure of the reform. The pertinence of his argumentation is another matter. He argued that he was the author of the proposition and quoted the example of Chile in order to advocate the principle that those in charge of the Ministry of Planning should take care of the implementation of the reform because they had the budget (Bresser Pereira, 2001). In his words, MARE did not have executive powers and should eventually return to its status as a Secretary of the Presidency. However, Cardoso decided otherwise. In this article, Bresser quoted the President’s words upon inviting him, Bresser, to be the Minister of Science and Technology in Cardoso’s second term of office as evidence for his arguments: “The essential part of the reform was finished (...) You have successfully fulfilled your role” (Bresser

Pereira, 2002: 1-2). Intriguingly, in a previous article commenting on the same proposal (Bresser Pereira, 1999: 28) Bresser Pereira, mentioned in a footnote that

“I proposed, as an alternative, that MARE be transformed into a Presidential Department with ministerial status (as it was before, under the name of SAF) and with the direct involvement of the President in the matter. But the alternative we adopted looked better to me because of President Cardoso’s lack of time (and interest) regarding issues related to implementation and daily administration” (Bresser Pereira, 1999: 28).

There was a curious reference in that sentence: the explicit reference to Cardoso’s lack of time and, especially, interest in the theme. The reform no longer had his attention.

Bresser Pereira’s final act was to take leave from the Ministry to be fundraiser for Cardoso’s upcoming presidential campaign. Once again the President convoked his reliable old colleague to take care of a delicate issue. After Cardoso’s easy win in the first round of elections, the President appointed him to the Ministry of Science and Technology, an area with which Bresser was presumably familiar and an appealing piloting sector for the reform projects, especially in organisational matters.

MARE was phased out and its functions were reassigned to two different areas: the Public Administration Department (SAP) and the Office of Entrepreneurial Management (SEGES). The former was headed by Bresser Pereira’s deputy, and the latter was led by one of Carvalho’s advisors. Both were located at the Ministry of Planning, although SAP had ministerial status. SEGES became the successor of the State Reform Department and the labour entrepreneurial expressed Carvalho’s view on managerial reforms.

The new appointee for the Ministry of Planning, Budgeting and Management – Pedro Parente – was regarded by Cardoso, Carvalho and Bresser Pereira as a man capable of implementing the reforms. An experienced technocrat, Parente was the resourceful executive apparently capable of getting the approval from others. He was to be the bridge between the planning and budgeting areas, on the one hand, and budgeting and public management, on the other. A policy cycle had come to an end and the transition to a new one had begun.

6.5.2. Meanwhile, other important things were happening

Bresser Pereira's dominant role in the entire process frequently overshadowed other important issues that were in the works at the same time and that were not noticed or at least not publicised. To have a more accurate picture of the episode they should also be mentioned briefly because they are intimately related to the case, but not always directly. MARE's actions later gave rise to an initiative in governmental management by the Ministry of Planning. In addition, distortions continued in personnel regimes in the federal administration. Technically speaking, one might argue that these issues were out of MARE's formal jurisdiction, but this point is questionable, especially with respect to personnel.

Bresser Pereira did not notice the emergence of another managerial vector in the Ministry of Planning, represented by the Brazil in Action package of projects. Since the second semester of 1996 José Silveira, the Secretary of Plans and Investments, had begun to craft a new managerial rhetoric that combined total quality management and project management concepts – borrowed from the private sector – with performance management formulations. Bresser Pereira knew Silveira, a retired engineer from Petrobras, and respected him as a

professional and a capable manager. But he did not seek any special type of relationship, except to reactivate a total quality management initiative within MARE.

The initiative aimed at grouping selected projects in which the President had personal interest in a different track. Individual managers were made visibly responsible for the forty-five projects. The process was led by Minister Kandir and caught Carvalho's attention. In 1998 the Administration already had a managerial proposal for his forthcoming second term of office: "Advance Brazil" (*Avança Brasil*) – a pluri-annual plan based on the lessons drawn from Brazil in Action.

Regarding personnel, despite the resumption of public competitive selection processes for a few careers, Cardoso's Administration implemented a severe contraction of the public sector workforce simply by failing to replace those who retired and those who adhered to volunteer layoff programs. The numbers were impressive. Between 1988 and 1998 the number of civil servants fell from 705,548 to 516,242 (Cheibub, 1999: 128). Replacements were minimal, in selected areas, and did not go beyond ten thousand civil servants in all.

Given the depopulating process of the Federal Administration, each ministry sought individually to solve its personnel problems. A "toothpaste effect" took place. The solutions emerged slowly and when the administration took notice, new problems had been created. There were three paths to follow: international agencies, private foundations connected to public universities, and information technology manpower firms.

International institutions began to be used to hire personnel on a temporary basis. Initially, the profile was technical – basically consultants. But after a few years United Nations Agencies were hiring thousands of "consultants" for administrative, technical, and strategic

tasks. They received overhead funds to hire people – in principle according to their internal procedures (Santos, 1997: 103). Some agencies used selections, others not. Some agencies did no contracting at all, others did. Some agencies were systematically audited by their headquarters, others were not. Personnel were hired under special circumstances, such as those needed to avoid discontinuity of strategic initiatives involving emergency initiatives of government, the implementation of high-level scientific and technology cooperation, and others (Shiki, 1999).

The phenomenon was not exclusively Brazilian. The so-called Latin-American cost-sharing model was developed with aid from the World Bank and the Inter-American Bank (Galvani and Morse, 2004). The first resources came from these banks, but later the governments themselves began to allocate budgetary resources of international agencies in order to accelerate expenditures and reduce internal and external political and administrative controls. The agencies helped the administrations by offering “development services”, rather than develop institutional capacities (Gaetani, 2004). Only at the end of Cardoso’s second term of office did the Administration take official measures regarding the problem, but not voluntarily. The Executive Branch was forced to do so because of legal actions taken by public prosecutors and the Labour Courts.³⁹⁶ Approximately nine thousand persons were hired in Brasilia on the basis of international contracts.³⁹⁷

The second route for getting around governmental restrictions against hiring personnel consisted of private foundations of universities, a hybrid juridical figure that had survived the implementation of the 1988 Constitution. While universities themselves are subject to public

³⁹⁶ The action was based on a provision of Law 7347/85 that enables public suits against certain situations that jeopardize the public interest. The Declaration of Conciliation and Adjustment of Conduct was signed by the Attorney General and the Public Labour Prosecutors only on 7 June 2002, at the end of Cardoso’s second term of office, with effects to be valid basically in the following Administration.

³⁹⁷ E1H/Br/14.

law, their foundations exist under private legislation and are subject to loose arrangements connected or not with the university hierarchy. Given the unquestionable expertise of the university scholars, the foundations could be hired by public organisations without having to participate in bids or competitions. Occasionally the foundations could hire people on a short-term and private basis for consultancy, research and training, and for providing manpower. Everything was legal or at least on the fringes of legality.³⁹⁸

The case of information-technology companies was more delicate and controversial. Brasilia did not yet have a pool of suppliers as did other large Brazilian cities. The Administration began to depend increasingly on information and communication services rendered by private providers. More importantly, the management of politically sensitive systems in all governmental areas was increasingly being contracted out. The management of these contracts became a recurrent nightmare for all data-intensive areas of the government. The watchdogs regularly pointed out in their reports, that these contracts are potential sources of corruption, but the administration took no counter-action to solve, or even mitigate, the problem.³⁹⁹ These contracts were frequently used to “smuggle” personnel into other areas of the Administration and renewed on the grounds of “essentiality”, because some sectors cannot cease functioning while the government organises new bids and procurement transactions.

Together, the three routes account for tens of thousands of professionals, mostly in Brasilia, but the numbers are only guesses. There are no mechanisms to check the precise numbers

³⁹⁸ E1H/Br/14.

³⁹⁹ E3L/Br/58.

because the data is disperse and the ministries in charge of the problem do not have mechanisms to enforce data collection regarding these contracts.⁴⁰⁰

6.6. Conclusion

Bresser's entrepreneurial role was so evident in this episode that lasted from 1995 to 1998 that the reform became personalised. In contrast with 1937, it became Bresser's reform, not Cardoso's reform. He defined the problem in his own terms at the beginning of the issue career in a way that neutralised potential opposition. He generated an innovative policy proposal that combined elements from the new public management fad with traditional progressive public administration ideas. He also played a key political role in negotiating the constitutional amendment within the Executive Branch as well as with Congress. In short, he catalysed the three streams in such a way as to promote policy change according to Kingdon's formulation. But a closer look at what went on suggests a picture different from the one the minister later presented to the world (Bresser Pereira, 1999 and 2003).

Regarding the problem definition process, Bresser Pereira in fact provided an undisputable legacy, but not on the issues he presumes. MARE's statistics regarding the Brazilian civil service, the payroll, appointed positions, retirement, distribution, age, the three branches, the three levels of government, and other meaningful data were a major breakthrough, and Bresser Pereira decided to make them public. For the first time the government generated reliable data that showed that the public sector paid better salaries than the private sector at the operational level but that government wages were not competitive at the executive level.

⁴⁰⁰ E1H/Br/14 and E3L/Br/58.

Bresser Pereira used this fact to guarantee pay rises for personnel in certain careers he decided should be resumed, a historical achievement in the direct administration, which, until then, had basically reacted to corporatist demands, specially from some very well organised career “bunkers” such as tax inspectors and diplomats.

The data also evidenced a phenomenon that people knew existed, namely, the manpower deficits at managerial level in some ministries of the direct administration, notably in infrastructure (Transportation, Mines and Energy, and Telecommunications) but also in the social areas (Education, Health, Culture, and Environment), Industry, and Trade and Tourism. But, as described above, Bresser Pereira downplayed the problem. His diagnosis was primarily defined on the basis of a homogenous managerial deficit. The problem of under bureaucratisation did not fit well in its neat design. Moreover, he was engaged in the designing of an enabling proposal. He could not risk clashes with the economic team, who were absolutely obsessed with the problem. Also, there was no pressure to “populate” these ministries from any political actor. The situation was taken for granted and it was not perceived or defined as a serious problem although ministries “pragmatically” dealt with it as described in the previous section.

The way the problem was defined did not take into account the arguments presented by Naim (1995), Evans (1993) or Shick (1999) for instance, nor those of the surviving public managers involved in the 1988 experiment. Bresser Pereira was indeed aware of the importance of the problem of the salaries of top officials but he underestimated the bureaucratic deficits in areas such as,

“policy planning, budgeting, personnel practices, information systems, coordination mechanisms, control and oversight, maintenance, and general

services, (...) [all] realms that have obviously been deeply affected by decades of neglect, improvisation, politicisation, and lack of resources, especially of skilled and stable personnel” (Naim, 1995: 35).

He was unable to regenerate a bureaucracy capable of engendering the so-called second generation of reforms, which depended more heavily on middle managers than on the small group at the top required to steer macro-economic structural adjustments (the President, the Minister of Finance, and the President of the Central Bank). By choosing not to emphasise the case for bureaucracy in the strategic core and in frontline ministries, Bresser Pereira dismissed the possible gains he could have made by “rediscovering bureaucracy” (Olsen, 2004).

In the confusing bureaucratic jungle of Brasilia, MARE’s team failed to realise that the,

“developmental state engenders a more meritocratic civil service and long-term career rewards that heighten commitment and create a sense of corporate coherence within the state that, in turn, becomes a major source of autonomy” (Evans 1993, 2).

Bresser Pereira in particular did not make an intellectual connection between the importance of a Weberian elite bureaucracy and economic development (Evans and Rauch, 1999; and Rauch and Evans, 2000). His views on bureaucracy in Brasilia were ambiguous and he attributed to them a paradoxical position related to the 1988 reform: “At that moment, since the state bureaucrats lacked a minimal national project, they engaged in successful rent-seeking [...] [via] the tenure article and the pension system in the 1988 Constitution” (Bresser Pereira, 2003: 95). What Bresser Pereira failed to grasp was the fact that some few merit-based bureaucrats who had acquired civil servants rights on a merit basis began to be

treated the same way as all others by those who saw all state bureaucrats as practitioners of rent-seeking. He indeed made important moves regarding the strengthening of some strategic careers. But, symptomatically, even when MARE was finally phased out, a line had not yet been drawn to define the borders of the strategic core functions, an ambiguity that deprived the Minister from counting on solid support from within the bureaucracy.

One plausible explanation for Bresser Pereira's position was his need to adopt a cautious approach towards the economic team. Bresser Pereira had historically been a developmental economist whose beliefs were closer to structuralist economists in Brazil and in Latin America. If he had made this connection – which he surely envisaged – he would have become an easy target for the prevailing economic view in Cardoso's Administration. He was also genuinely motivated by the managerial credo. Therefore he tried to craft a balance that paradoxically did not help strengthen his position because he never de facto got any support from the economic team. At the same time, he could not count on decisive adherence of the high civil service despite his rhetoric at that time, or even more recently (2003). Moreover, he faced opposition regarding some of MARE's policy sleazes (Wright, 1997) that only hard-line bureaucrats could possibly commit.

Regarding policy specification Bresser Pereira clearly and, to a certain extent, consciously, gave into the temptation to leapfrog (Schick, 1998: 123). He held a clear position that he saw no point in "first" building a bureaucracy and "then" heading towards a managerial state. He could concede that in the Brazilian case both such aims should be pursued simultaneously as his neat design suggested. But the primacy, the emphasis, and the future were managerially driven. Borrowing ideas from De Soto (1989: 12), Schick (1998: 127-129) argued extensively and convincingly that in public sector landscapes dominated by informal

practices – notably in the civil service and budgeting arenas – governments should not “move directly from an informal public sector to one in which managers are accorded enormous discretion to hire and spend as they see fit”. His basic argument was that managing the budget properly, controlling public spending tightly, and handling a professional civil service correctly were essential preconditions for adopting elements from the New Zealand model. It is not fair to say that Bresser Pereira tried to adopt the stylised New Zealand model of public sector reforms in Brazil because, in fact, Britain was his main reference. But his pretension of having produced “a clear design from a precise diagnosis” (Bresser Pereira, 2003: 97) showed no concern for any sort of prerequisites in order to jump onto the new public management bandwagon.⁴⁰¹

His policy design was neat but ambiguous, although the ambiguity was not explicitly evidenced. The question regarding where to draw a line to delimit the strategic core remained unanswered⁴⁰² for four years. Despite the improvements in personnel management MARE’s, reluctance to resume public competitive selection processes for key areas, including the recently set up regulatory agencies – presumably to avoid upsetting the macro-economic rulers, as this was a policy contamination issue – led to attempts to institutionalise short-term contract jobs for the public sector,⁴⁰³ a third type of employment arrangement that granted neither civil servants’ rights nor private employees’ rights to public functionaries. The

⁴⁰¹ Bresser Pereira’s statements and decisions, both during his period as minister and later, are frequently assumed to match MARE’s organisational performance. He did his best at the time and continues arguing with respect to his legacy. But it is a mistake to take his skilful rhetoric for granted, even in the absence of an effective counter discourse (Brunsson, 1989: 231).

⁴⁰² In 2000 a former member of the MARE team, who had been a member of the public managers career’s first promotion, in 1988, carried out a limited personnel reform and drew a tempting line – roughly accordingly to the concepts of Bresser Pereira and to the mobilisation around the Forum of State-Type Careers (Gaetani and Heredia, 2002).

⁴⁰³ As usual, what was assumed to be an exceptional resource for emergency situations, defined in Laws 8112 of 1990 and 8745 of 1993, became an expediency for controversial purposes (Santos, 1997: 103). The objective of this possibility was to provide time to come up with a conclusive solution – to the problem or to recruitment – not to economize on resources.

initiative prospered for some time but it was contested by a suit filed by the Workers' Party that obtained initial gains in the first rulings.⁴⁰⁴

The straightforward question that MARE could not answer institutionally was how to match the organisational design with the organisation's labour regime. The transition procedures adopted with respect to the three experiments under MARE's supervision plainly revealed that there was no clear understanding – not to mention positioning – regarding the issue, not even in the ministry in charge of the reform of the State. A problem of policy sleaze – whether under MARE's full control or not – became evident to the insiders of the executive machine, despite the overwhelming rhetoric dedicated to the reform.

Other ambiguities drained Bresser Pereira's political capital as well: Cardoso's position, his fellow ministers, the way the economic team perceived MARE's efforts, the internal divisions of his team, and, particularly, the dispersion of his attention and energy. As we observed in the other cases, entrepreneurs frequently accumulate multiple roles within the political and policy streams. But in Bresser's case he was the leading figure of multiple simultaneous struggles that kept him from concentrating his efforts in single directions to solve the pending issues that were undermining his actions. After remarkable gains made during the first months of administration, the reform lost momentum and credibility.

As a resourceful person, Bresser Pereira felt confident to take multiple – and to a certain point conflictive and competitive – initiatives simultaneously, and lost perspective of the sequence, a concept he never sympathised with. This too was the result of his position in a dispute that belonged to the economic domain. In claiming that clientelism was a residual

⁴⁰⁴ In fact the decision is still pending at the Supreme Court, but, to the present, all the justices who have made statements in this regard have positioned themselves against the Administration's initiative.

political phenomena in Brazilian politics and by underestimating the need for consolidating merit-based bureaucracies, Bresser Pereira contributed to the traditional “dam effect” generated recurrently by the posture of the economic team with respect to personnel.

What I am calling the “dam effect” refers to cost-cutting policies adopted with respect to personnel for long periods of time without any particular selective criteria or sense of purpose. This presumably “heroic” posture, as it is usually perceived by the economic team – which in turn is frequently commanded by political appointees – builds a “dam”. But because the flux of public competitive selection processes is so severely constrained and the frontline ministries have to find solutions for themselves, two recurrent phenomena take place. The first was mentioned above, the “toothpaste effect”. The second – closer to Brazilian political traditions – was the conversion, or reclassification, into civil servants, of all those who had been hired on provisional bases. This occurred again a few years later to almost five thousand employees of the environment sector⁴⁰⁵ in the final years of Cardoso’s second term of office.

When the dam cracks as the result of overwhelming political pressure, the embarrassed economic team sweetly acquiesces, convinced that it fully complied with its guardian role. The invisible explanation was that, because an enabling human resource policy was not pursued continuously in the undifferentiated but tense field of public expenditure, the vacuum opened up a political window for the historically persistent solution. MARE was not able to produce a breakthrough in the undifferentiated traditional posture of the Budgeting and the Treasury areas regarding frontline ministries. It did not have the political clout and

⁴⁰⁵ The script was familiar. The minister was the son of former President José Sarney – then a pivotal figure in the Brazilian Senate. The Administration was coming to an end. Not even the Workers’ Party was interested in generating obstacles against a popular corporatist demand just before a presidential election. No legal objections on the grounds of the unconstitutionality of the initiative were raised.

the executive instruments to force it through, although its team had exhaustively tried to, especially those members who worked at the Department of State Reform.

There were no surprises in this story, except for those who heard it for the first time. Bresser Pereira's fascination with new public management overshadowed his sense regarding more embedded practices in Brazilian public administration. Recent investigations in development theory suggest that kicking the ladder might be a strategy carried out by developed countries to block competitors' efforts to catch up (Shang, 2005). Bresser Pereira failed to realise that – even if economic, social, political, and cultural differences were ignored – some OCDE countries were capable of moving towards new public management reforms because they became aware of the “scaffolding” bureaucracies that had been there for centuries.

The epilogue was sad but revealing. When Cardoso reshuffled his cabinet in the wake of a political scandal and the international financial crisis, he took advantage of the political turbulence to move Bresser Pereira from MARE and phase it out. The issue could not survive at the top of the government agenda without its champion, in spite of his shortcomings. Implementation took place on other bases, although Bresser Pereira's legacy was beyond dispute.

Two substantial policy changes had been carried out in two public management policy sub-domains: organisational arrangements and labour legislation. It is not fair to say that social organisations⁴⁰⁶ and executive agencies became part of the Brazilian institutional landscape, but the precedents were there, although on an tentative basis. Three new forms of

⁴⁰⁶ Social organisations have shown an intriguing slow-growing career. At the federal level only a few institutions with characteristics closer to the science and technology environment adopted the model – “a special model for a special type of institution” in the words of a former high officer in the Ministry of Science and Technology (Steiner). In recent years such organisations have also been set up at new hospitals in the State of São Paulo.

employment arrangements emerged from the reform: civil service, private contracts and public contracts – but the latter did not endure. In spite of all the defeats and concessions during the negotiation stage, Bresser Pereira successfully engineered a more flexible public sector.⁴⁰⁷

All the major policy processes, such as agenda setting, problem definition, issue image formulation, alternative specification, and decision-making derived from Bresser Pereira's relentless action and determination. The context played an important role and affected the institutional features of the Brazilian political system. The political stream was stable over the period as was the economic domain until the second semester of 1998, shortly before the presidential election, which Cardoso was to win in the first round. But it is unthinkable to conceive of the 1998 reform without Bresser Pereira's decisive interference. The public management debate became part of the national scene, and a policy community flourished under the leadership of MARE's activities. The dissemination of new public management ideas was possible mainly through the role played by ENAP in providing training on a large scale, based on new concepts, techniques and tools. But a better understanding of the past, combined with structure policy dialogue, could have helped the reformers do a better job.

⁴⁰⁷ There is an ongoing judicial case regarding the legislative procedures required for voting on constitutional amendments, but it is not likely to succeed. In the remote hypothesis that it does occur, the country will have to undo 1998 decisions by Congress.

Part Three

Chapter 7

Comparing Brazilian Constitutional Public Management Reforms

7.1. Overview

The comparison of case studies demands that the evidence be organised on the basis of an analytical framework to enable identification of significant similarities and differences among the episodes. This chapter provides a comparison of the four cases of changes in public management policy in order to enhance historical understanding of the four reforms. The comparisons aim are intended primarily to enable clearer understanding of the distinct dimensions of the policy processes, and secondarily, of substantial aspects of the public management policies themselves.

The challenge of providing analytical comparisons patterned on Kingdon's approach is based on a historical understanding of the four episodes described in the preceding chapters. The comparisons are based on standard research questions derived from Kingdon's framework, since the major concern of the thesis is to generate claims about processes in the four episodes. Kingdon's processual model has been broken down in order to provide a comparison among disaggregated elements of the framework: agenda setting, problem definition, alternative specification, public entrepreneurship, and decision-making.

Three properties of the agenda-setting process are compared in the four cases: issue inclusion, issue formulation, and issue status, each one of which affects the policy cycle in a different way. Policy initiation is influenced by the way the issue reaches the governmental agenda. The way the issue is constructed provides the parameters that will condition the

definition of policy alternatives. The status of the issue over time affects – and is also affected by – the efforts of entrepreneurs with respect to its career proposal for the policy-making process (Barzelay, 2003: 260-1). The role of political leadership is also explored in this section because of the importance of the actions by heads of governments in including public management policies on the top executive agenda.

The specification of alternatives depends on the pace of the process and on how much effort policy advocates exert in its regard, including inputs, outputs and outcomes. The starting point for the process of specifying alternatives consists of the projection of an issue image, which may gradually change during its career until it arrives at the decision-making level. To enable a comprehensive and detailed understanding of each of the four cases, this chapter treats the process of problem definition and the process of alternative specification. The distinction is artificial but it is functional for analytical purposes.

In all four cases entrepreneurs played decisive roles up to the decision-making process, in different but comparable ways. The explanations for the intensity of their efforts in different contexts are contrasted. Entrepreneurs moved through the problem, policy, and political streams in a variety of ways. How the entrepreneurs coupled the streams in all four episodes is analysed, as well as the values and beliefs of the individuals that performed the entrepreneurial functions. The comparisons included both their individual and their public dimensions.

The comparisons among the decision-making processes in the four cases take into account two dimensions: the role of the entrepreneurs regarding decisional effectiveness, and the institutional setting. There is a difference between the role of entrepreneurs in problem-

definition processes and in policy-formulation processes. Their capacity had decisive effects on the outcomes of decision-making processes.

The comparisons of policy outcomes are affected by two other angles of analysis, policy reversals and policy transfer, both of which are useful contributions towards understanding the policy content of the four episodes and their interconnections with the policy-making process. The content of the policies affect the policy processes. Each policy proposal regarding civil service reform and organisational forms of public services was developed to revert the consequences of the previous one. Policy transfer took place in all four cases, although in different ways.

All these comparisons aim at generating analytically significant insights that go beyond the idiosyncrasies of each case. Comparisons of the cases emerge based on the angle approached. There are few common aspects among the four cases. Different social mechanisms operated in distinct ways in all the streams and at different stages of the policy cycles. The comparisons are especially interesting due to the contrasts among the episodes, no matter how unquestionable the common aspects may seem.

The chapter contains ten sections, this introduction being the first. The second section focuses on the issue dynamics. It includes comparisons on how the issue was included in the governmental and decisional agendas and explores how the issue status evolved during the episode in general. The third section compares the role played by attention, ambiguity and chance in all four cases. These elements are important in garbage can models and they appear in different ways in the episodes. The fourth, fifth, and sixth sections highlight the dynamics of the streams – treated analytically, one by one, in order to clarify how they evolved. The political stream incorporates an analysis of how presidents participated in the reforms,

provides a review of political events that influenced the episodes, and details the involvement of other political actors in the four episodes. The problem stream includes a comparison among the issue definition processes. The sixth section also compares the development of the policy streams, including policy transfer processes. The seventh section focuses on comparisons among the entrepreneurs' personal styles – including their values and beliefs – and their effectiveness at different moments in the policy-making processes. The eighth section compares the decision-making processes and the default implementation model after the four reforms. The ninth section compares the policy reversal hypothesis to explain the policy outcomes. The chapter closes with a conclusion that reviews the main comparative issues.

7.2. The dynamics of the public management issue

Public management reforms were never part of a formal agenda or regularly scheduled within the context of a governmental calendar. However, the reforms took root in public management policy subsystems in all cases, sometimes right from the beginning of the presidential term of office. Agenda setting processes had different types of starts in the four cases. In 1937 the first issue on the agenda dealt with the wages of the military forces. The Minister of War threatened to resign if Vargas refused to accede to the demands of the Armed Forces. In 1964 the Castelo Branco issue was placed on the governmental agenda by the President himself in the first weeks of his term of office. He had participated in the drafting of the Peixoto Report, which was in Congress waiting for a new executive positioning regarding the reform. In 1985, the setting up of a Ministry without Portfolio of Administration aimed at accommodating a political ally in a new coalition. The issue was

included on the agenda for coalition-building reasons. The default logic was very much the same in 1995. Thus, while, in 1988 and 1998, the new ministers in charge of public administration portfolios were responsible for putting the issue on the agenda, in 1937 the issue was included in response to military problems, and, in 1987, directly by the President.

Both the issue status and the initial policy venues of policy specifications and decision-making processes varied greatly from one episode to another. See Table 2, below, to monitor the evolution of the issue traffic through different venues: provisional commissions, institutional commissions, ministries without portfolio, line ministries, and Congress.

Table 2 – Policy Venues and Issue Traffic

	1934-1937	1964-1969	1985-1990	1995-1999
First	Bi-Branch Nabuco Sub Commission (1934)	Ministry without Portfolio (1963-1964)	Ministry without Portfolio of Administration (1985-1986)	SAF-PR (1994)
Second	Bi-Branch Bernardino Sub Commission (1935)	COMESTRA (1964-1965)	General Commission / Sub Commissions (1985-1986)	MARE 1995-1998
Third	Executive Commission (1935-1936)	ASESTRA (1965-1966)	Inter-ministerial Commission (1986-1987)	Congress (1995-1998)
Fourth	Congress (1936)	Congress (1967)	SEDAP-PR (1986-1988)	SEAP (1999) SEGES/MPOG (1999-2002)
Fifth	Federal Civil Service Commission	Ministry of Planning and Coordination/ ERA (1967-1972)	Congressional Legislature (1987-1990) including the National Constituency Assembly (1987-1988)	SEGES/MPOG (1999-2002)
Sixth	DASP	Ministry of Planning and Coordination/ SEMOR (1970-1986)	SEPLAN-PR (1989)	
Seventh			SAF-PR (1990-1992)	

There were different dynamics within the episodes. In 1937 there was a gradual escalating process including the Bi-Branch Commission, the Nabuco Sub-Commission, the Bernardino Sub-Commission, the Executive Commission, and then the Federal Civil Service Commission. The issue gradually gained momentum until it achieved high status on the presidential agenda. The CFSPC intended to stabilise the issue at a high level. From the moment the CFSPC was set up until DASP was created, Lopes carried out his actions based on an institutional platform located at the Presidency. The process of increasing issue momentum thus took three years, divided into two periods: 1935-1936 and 1936-1937. In the first period the issue gradually gained status, while in the second it was handled within the institutional context of the CFSPC, where the second wave of reforms was generated.

In 1967 there were two clear policy cycles: one took place in COMESTRA and the other in ASESTRA. The first was a collective process, whereas the second was almost an individual process. The initial issue status was high because it benefited the President's priority and the proposal then in Congress. The removal of the congressional proposal and the setting up of COMESTRA sustained the high priority attributed to the theme, but the impasses in COMESTRA blocked the issue career. After the political "clearing" of the presidential succession Dias resumed the process in ASESTRA, and public management reforms regained their initial status. The issue career during the second cycle was under the full control of the main entrepreneur in action and the issue status was kept high the entire time, although paradoxically in low-profile terms.

In 1988 there was a gradual process of escalation until SEDAP-PR was set up, when the issue status achieved its climax. Expectations had been raised by the re-democratisation process and by Alves's close relationships with President Sarney – a significant benefit for

the issue building process. The first policy venue was the Ministry without Portfolio – de facto DASP – but its status was relatively low. The second venue was the General Commission, as of the moment Marcelino joined the process and the issue began to grow in importance. The General Commission soon broke up into several sub-commissions, and the issue gained importance again only when Marcelino moved to the Ministry of Administration, and the Inter-ministerial Commission (GERAP) was informally established. The launching of the “September Package”, which included the creation of SEDAP-PR, was a turning point. From that moment on the issue gradually lost importance.

In 1998 the issue career moved amazingly fast in the Executive Branch, but it took three years for the reform to be approved by Congress because the degree of cohesion within the Administration regarding the project was low. The lack of a serious engagement of the Ministries of Finance, Planning, Health, and Education before the proposal was sent to Congress suggested that the theme was treated as being under the jurisdiction of MARE, just as social reform belonged to the Ministry of Social Security. Despite the advances in the issue career, the predominant attitude of line ministries regarding the reform was simple: “It’s not in my backyard”. Bresser Pereira had overcome the opposition and distrust of key Ministers of the Presidency – the Chief of Staff and General Secretary – against sending the proposal to Congress (the climax of the issue’s status) but they kept their views throughout the process. One might argue that the proposal was prematurely sent to Congress, possibly at the expense of gaining political density, but this would be mere speculation.

The occurrence of other attempts during the intervals (as in 1952, 1956 and 1979) or during contiguous periods of the cases (as in 1963, 1967 and 1990) suggests that the issue occasionally returned to the governmental agenda, especially at the beginning of presidential

terms, as if, by definition, some sort of reform is expected to take place after a new President takes over. Reform fatigue became an inevitable consequence, especially when the results failed to come up to expectations.

7.3. Dealing with attention, ambiguity, and chance

7.3.1 Capturing attention and keeping the attention focused

The cycle of attention varied greatly from one case to the other. It was not specially difficult to capture attention in the first stages of the process, the allocation of attention to the problem being impressive in all cases. Only in the last case did the reform fail to occur between political periods. Lopes and Dias, for instance, managed to ensure Vargas's and Castelo Branco's continuous attention on the policy specification process despite political and policy interferences of all sorts. Regime change and agenda congestion were important contextual factors in 1937, 1967, and 1988. But because the reforms were considered an important part of the respective political processes, they were pushed forward.

In the 1937 case, the issue had already been the object of presidential attention since the electoral campaign of the 1930s. But it was after the 1934 National Constituent Assembly that the problem reached the legislative agenda. The Bi-Branch Commission was set up as a policy-spillover from the constituent process, sensitive to pressure from the military with respect to their salaries. But Vargas dedicated permanent attention to the issue only after having set up an exclusively Executive Commission, chaired by Lopes. From that moment on the issue began an impressive uphill trajectory that culminated in the creation of DASP.

In the 1967 case, the issue was on the governmental agenda. There was a project in Congress that had been sent by the previous Administration, and the President had participated in the initiative. COMESTRA's cycle ended in an anticlimax. But after the problems with succession of political leadership had been settled the President and the Minister of Planning turned their attention to the problem again and monitored the work being done by the policy entrepreneur in the policy specification and decision-making processes until the end.

The step-by-step approach taken in 1988 ensured gradual attention to the reform until SEDAP-PR was set up. The momentum was reduced after a cabinet reshuffle in the Ministries of Planning, Finance, and Chief of Staff. The new ministers were all professionals whose economic principles were not shared by the Minister of SEDAP-PR. The 1988 National Constituent Assembly absorbed the President's political attention. The aggravation of the macro-economic context increasingly seized the Administration's attention and consumed its energies. Macro-economic stabilisation pressures slowed down several ongoing initiatives, including public management reforms, that were pushed farther ahead by the Legislative Branch in another context.

The first six months of the Cardoso Administration were dominated by successful attention-grabbing efforts by the Minister of MARE, who successfully placed the issue at the top of the presidential agenda. However, once the proposal arrived at the Legislative Branch the issue gradually lost appeal to the point that when the Constitutional Amendment was finally approved there were no more serious conflicts to be solved. Many questions had been watered down over the previous three years, and the reform was no longer considered sufficiently important to maintain the players' attention.

7.3.2 The appeal of ambiguity

Ambiguity is about the coexistence of different views of the same object. It is usually accompanied by a poor understanding of ongoing processes, except when these are deliberately pursued. Ambiguity does not necessarily represent a rational response based on the objective analysis of the causes of certain outcomes. It is deeply embedded in contextual factors that often contribute to confusion, conflicts and antagonisms.

Ambiguity was one of the characteristics of all the reform attempts studied in this thesis, although it was less visible than one might expect in some cases. In the 1937 case, the solution given to the problem of personnel was marked by hybridism because it bundled together a position system, a career system, and an expediency system. It also brought together a number of aspects into the same policy solution (DASP), including political processes, and personnel, procurement, planning and budgeting policies. The multiple and inconsistent roles accumulated by DASP proved unsustainable over time. It should be recalled that the Brownlow report had proposed three distinct departments in the Presidency, but this proposal was vetoed by the U.S. Congress on the grounds that it gave Roosevelt potentially dictatorial powers (Karl, 1963).

There were several evidences of ambiguity in the 1967 case in Brazil. Some examples were the Beltrão rhetoric and the regime realpolitik, the direct and indirect administration conundrum, rivalry between the civil and military forces regarding managerial roles, and the difficulties of implementing merit systems in the indirect administration. The initial delegation and decentralisation provisions of Decree-law 200 could not have been more inconsistent with the political centralisation and power concentration in the processes

involved. The missing link responsible for bridging the direct and indirect administrations⁴⁰⁸ was the Senior Corps, an idea aborted by Castelo Branco's main advisors and Beltrão's lack of interest.

The ambiguities in 1988 were embodied in the figure of the political leader of the process, Aluizio Alves. He had indeed been a moderniser as governor of his state in the early 1960s but his personal *modus operandi* could not have been more inconsistent with a merit-based public management reform agenda. Even if he sometimes favoured Marcelino's proposals and negotiated Sarney's support for the enhancement of SEDAP-PR, his political style and the behaviour of the entourage that surrounded him conveyed very negative messages to those involved in the policy process. Regarding policy issues, ambiguities also abounded with respect to juridical status of foundations (private versus private), the merit system (praised but demoralised), the career system (desirable but inconsistent), and general attitudes towards public expenditures (populist versus austere). Steering ambiguities and manoeuvring in such a complex environment was an impressive achievement by Marcelino, and, later on, by Santiago, but at a price.

The ambiguities in the 1998 case were more serious because they were publicly exposed and contributed to the gradual reduction of credibility in the ministry. First, there was the suspicion, or even the certainty, that Bresser Pereira was an economic alternative in waiting or, at least, someone with privileged access to the ears of the President. Second, the policy proposal aspired to creative and constructive co-existence of elements derived from a progressive public-administration sort of project with new managerial aspects to be

⁴⁰⁸ Guerzoni and Santos criticized the reformers because the legislation regarding the indirect administration made no explicit reference to merit. The critique is formally correct, but they did not know about Dias's aborted efforts to mitigate the problem via performance agreements and the supervision of enforcers. The interface solution originally conceived for linking direct and indirect administration was a combination of personnel-related (the Senior Corps) and financial instruments (performance agreements).

introduced. Third, aspects of the emphases embodied in his policy proposal⁴⁰⁹ ended up weakening the Ministry.

7.3.3 The occurrence of chance

Garbage-can decision-making models attribute an important role to chance and luck. All four cases suggested that chance played a role especially with respect to the circumstances that brought the entrepreneurs to a position of command. But only in the third case was chance really decisive in explaining some of the events. The first and second cases provided no evidence of the occurrence of chance. Lopes, Beltrão and Dias had had prior experience in the field and were natural choices for the positions they occupied. Alves and Bresser Pereira, however, became ministers responsible for the public management area by accident and for reasons of building coalitions.

Alves wanted to be the Minister of Mines and Energy or of Transportation, but both these ministries were targeted by many other politicians, due to their economic and infra-structural importance. Coincidentally, Beltrão had no interest in resuming his de-bureaucratisation crusade. Alves was invited by Neves to become DASP's president because his political and regional importance did not allow him to aspire to a more coveted post. At the time (1984), DASP served as a consolation prize. Alves accepted the appointment provided DASP be transformed into a Ministry without Portfolio of Administration. Neves's death pushed his close friend and old comrade José Sarney to the Presidency, who confirmed Alves in this

⁴⁰⁹ One good example was Bresser Pereira's negligence regarding the strategic nucleus, a question that, symptomatically, was never clearly specified. His positions regarding issues like agencification and labour regimes in the public sector were traditionally criticized by his opponents, but confusingly defended by the Ministry (E3M/Br/27, E3L/RJ/34).

position and brought him closer to the inner circle of the Administration. The setting up of SEDAP-PR – which meant the transformation of the Ministry into an office of the Presidency with the same status as the Department of Planning – would hardly have happened if Neves had not died. Sarney approved the upgrading of the ministry because he wanted to keep Alves close to him on the strength of his strategic skills as a political operator with positive relationships with Congress and the press.

Bresser Pereira wanted to be the Minister of Foreign Affairs, but resistance from the diplomatic corps and traditional allies blocked this appointment.⁴¹⁰ He was prepared to accept a second alternative provided he could participate in the Cardoso Administration. The Secretary of Administration was not a very highly coveted position by politicians and therefore gave room for manoeuvring to accommodate names on the President's list. There were other low-profile alternatives to the position, but Bresser Pereira was better qualified than any other candidate.⁴¹¹ On Christmas Eve he was invited to be Secretary of Federal Administration, subordinated to the Presidency. After discussing the matter with Carvalho and the President they concluded that a ministry was a better organisational solution because it provided a more appropriate platform for carrying out the mission that was incorporated in its name: State Reform.

Therefore, chance was involved only regarding Neves's death and the rise of Sarney, a politician even closer to Alves, who decided to empower him. But chance, understood as seizing an opportunity provided by other people's choices, was present in both Alves's and Bresser Pereira's cases.

⁴¹⁰ E1H/SP/8, A3L/RJ/31.

⁴¹¹ In fact the position was turned down by at least one other name before being offered to Bresser Pereira (E1H/Br/14, E1H/Br/17).

7.4. Steering in turbulent waters: comparing the unfolding of the political streams in the four cases

7.4.1. A view from the top: the Presidents' interest in public management reforms

Presidential politics played a different role in each case. Only in the first and second cases did the incumbent presidents show continual⁴¹² interest in public management reforms. In the first case, the reform gradually became an essential part of Vargas's political project. This was the only case where policy explicitly contributed to the generation of political alternatives in the sense suggested by Lowi (1964). Vargas had the benefit of long executive experience, as Governor, Finance Minister, and President of the Provisional Government. By maintaining the problem in the executive area, he had kept the policy issue close by. Both the executive commission in charge of dealing with the career plan and the Federal Civil Service Commission worked at the Presidential Palace. Lopes made no moves without first submitting his ideas to Vargas, and all negotiations with Congress were personally supervised by the President. At the end of his second presidential term Vargas placed the government machinery reform at the centre of his dictatorship project. His authoritarian, personal and pragmatic style fitted the configuration of the reform because it was largely designed for him.

In the second case, Castelo Branco intended to update and modernise the public sector's structures and processes. His strategist's mind as well as his intellectual interest in the topic

⁴¹² E1H/RJ/33, A3M/Br/19, E1M/RJ/7.

contributed to his personal involvement in all aspects of the reform design. He had focused his attention on the reforms since the beginning of his term of office. In fact he had been involved in the issue since the Peixoto Report. Campos, Dias and Beltrão convinced him that a better project was possible and necessary. He appointed the best talents available to establish a debate on the issue with COMESTRA. Later, he retrieved the issue from ostracism when COMESTRA came to an impasse, and worked closely with Dias at ASESTRA on all final details of the project. He also personally decided on controversial questions at the final stage of the decision-making process.

In the third case, Sarney did not get involved in this issue, nor in most of the National Constituent Assembly's decisions. He owed his term of office to several other people, notably the president of PMDB, Ulysses Guimarães, and had suddenly become the chief of a cabinet organised by Neves. Finally, his term of office was to an extent held hostage by the National Constituent Assembly's decisions.⁴¹³ Sarney had no political or personal interest in public management matters. Presidents are constrained by a well-known set of factors: Congress, their party, the cabinet, schedules, the press, their staff and others (Neustadt, 1975). But things were even worse for Sarney. The weakness of the very origins of his Presidency, plus his political profile, did not favour his engagement in public management reforms. In addition, the Constituent Assembly and, especially, the deterioration of the macro-economic situation dramatically reduced Sarney's ability to give any attention to issues beyond his political radar range. A populist and political understanding of the problem – closer to Alves's perception – prevailed, with no special attention to their long-term implications.

⁴¹³ E1H/Br/55.

In the fourth case, Cardoso perceived the relevance and complexity of the reform to a certain point but he did not want to get involved in what he considered were the details of the question, nor in the probable ensuing conflicts.⁴¹⁴ Initially he did not even see the need for a reform because he felt that the governmental machine needed only minor adjustments to operate according to his priorities.⁴¹⁵ Nor did he intend to champion a reform of the State. Later he positioned himself above the discussion, although he provided an initial stimulus to Bresser's efforts. During one reserved meeting with his cabinet, Cardoso stated that Bresser Pereira had three challenges to face: to convince Brazilian society, to convince Congress, and to convince the Executive of the importance and pertinence of the public management reform proposal.⁴¹⁶ In other words, he distanced himself from the difficult task of committing the entire government to the project. Two of the main opponents to the reform were the Secretary of the Presidency and the Chief of Staff, who controlled the President's political priorities and the scheduling of the Executive's bills on the congressional agenda. The President kept himself at a comfortable distance from the internal conflicts over the issue despite his positive personal relationships with Bresser Pereira. The final result was a mitigated and innocuous policy outcome as Cardoso was heading for his second term of office. Ironically, when the final text was approved, the President began to pay closer attention to other sorts of managerial reforms put forward by his planning team – more process-oriented and based on results – in order to set up a platform for his second term.

⁴¹⁴ E1H/Br/2 and E1H/SP/8.

⁴¹⁵ E1H/Br/17

⁴¹⁶ E2M/Br/9.

7.4.2. Contrasting presidential styles

The President's personal style⁴¹⁷ also influenced the policy processes. Their managerial approaches to the problem were a mixture of the typologies described by Johnson (1975: 263-266): formalistic, competitive, and collegial.⁴¹⁸ Vargas's style was a typical example of a competitive approach, but he adopted a more formalistic style with respect to public management reforms. He also recurrently seized and centralised the power to make it happen. Castelo Branco's approach evolved from a competitive approach – evidenced by the composition of COMESTRA – to a more collegial one, in spite of his formal personal character. He also had the power to impose his will over the recalcitrant or reluctant as he did with respect to the Supreme Audit Agency. Sarney aspired to adopting a mixture of a formalistic and collegial style but his weak leadership was aggravated by turnover and competition amongst his ministers. He had the power to influence the reforms in Congress but preferred not to risk his limited political capital on this topic. His wait-and-see attitude towards the Constituent Assembly resulted in the paralysis of the Executive. Cardoso apparently favoured a collegial approach – expressed in his setting up of the State Reform Chamber to analyse MARE's proposal – but in fact he adopted an ad hoc competitive approach to solve policy stalemates regarding the reform of the State apparatus. He delegated to Bresser Pereira the power to negotiate the reform with Congress but he also undermined him by delegating similar key functions to other close ministers, including the scheduling of executive priorities and having the final word when dealing with Congress. In short, Vargas and Castelo Branco delegated functions but monitored the issue career closely. Sarney and

⁴¹⁷ We understand style as “[A] collection of habitual action patterns in meeting role demands” (Barber, 1969: 95).

⁴¹⁸ Johnson listed three types of approaches in his analysis of the American Presidency. The *formalistic approach* looks for “the best” solution in a rational and hierarchical way, based on the merits of the argument. The *competitive approach* emphasizes involvement, controversy and conflict in order to stimulate stronger and “do-able” solutions. The *collegial approach* values teamwork and treats different perspectives as a resource.

Cardoso delegated functions to their ministers but distanced themselves from the final policy outcome.

The flow of events in the political streams was also marked by the political competition among key actors – usually including the entrepreneurs – over power, jurisdiction, resources, access and the role of the main protagonists. The motives were not easily discernible and frequently the antagonisms were not visible at first glance, but they were there in all cases.

In 1937 Lopes won the fights that Nabuco had lost against the Finance Minister by using arguments that did not include demands for resources. Lopes established a positive agenda for Vargas, anchored in his reform proposals in the episode of the Re-Adjustment Law. Regarding the setting up of DASP, Lopes persuaded Vargas to take it as a personal political project and managed to succeed because it magnified the power of the dictator-to-be. It took two years to set up a Budgeting Commission, and involved an intermediate compromising solution: putting Lopes in charge of it while Lopes was still working in the Finance Ministry. It took seven years for the Budget Area to be implemented at DASP.

One of the main difficulties Dias encountered in 1964-1965 to reconcile his positions with Beltrão's demands were related to other questions, mainly the search for political space that motivated Beltrão at the time. He had been set aside as a candidate for the governorship of the State of Guanabara (the former Federal District, consisting basically of the city Rio de Janeiro), he had political ambitions, and he challenged Dias regarding the latter's style and format. But he especially challenged the role of Roberto Campos as *primus inter pares*, as well as Campo's macro-economic policy, on personal grounds. Later on, when Beltrão replaced Campos as Minister of Planning and Coordination, Beltrão's critics became explicit

regarding style, priorities and modus operandi. But they referred mainly to his struggle for political projection and ideas.

In 1985-1988 Alves had attained a surprising position after SEDAP-PR was set up thanks to his personal and political affinities with President Sarney. The cabinet reshuffles – Chief of Staff, Minister of Finance and SEPLAN-PR – changed the balance of power within the cabinet against him, and this shift was aggravated by the swiftly rising inflation rate and higher concentration of power in the hands of the two economic ministries. In this case, however, it is plausible to argue that if Alves had aligned his political powers with the economic team he might have survived the last cabinet reshuffle. But this was not the case.

The 1995-1998 case is more intriguing because it apparently started off very well. The setting up of MARE – instead of maintaining SAF – was decided by Cardoso, Bresser Pereira and Carvalho – in a constructive environment. Bresser preferred ministerial status at the expense of his the seat at the Presidency because access to the President was no problem for him. However, he faced an uphill battle against Carvalho because of personal rivalries regarding jurisdiction issues from the past (they had both worked under Franco Montoro as Governor of São Paulo). There were also recurrent confrontations in the meetings of the State Reform Chamber because, although the theme was state reform, the meeting was coordinated by the Chief of Staff in the President's name. The public sector pension reform and the setting up of regulatory agencies were examples of issues taken out of Bresser Pereira's hands thanks to Carvalho's interference. The incubation and implementation of "Brazil in Action" and the reforms that led to *Avança Brazil* were carried out independently of MARE despite the explicit use of the managerial label, thanks in part to Carvalho's support. The Ministers of Planning and of Finance were also wary of Bresser Pereira's ideas because he

was always seen as an alternative name for their positions, given his personal background and his personal relationships with Cardoso. Bresser Pereira “suggested”⁴¹⁹ that the MARE and the Ministry of Planning be merged because he gave up a political battle. He recognised he had lost because of the lack of support from key ministers and from the President himself.

A final word regarding Congress and the Judiciary is also in order. The role of Congress and the Judiciary in the reforms was more relevant in the last two episodes than in the first two. The reason is possibly because while the 1937 and 1967 episodes took place during transitions to authoritarian regimes, those of 1988 and 1998 were carried out under democratic rules. Congress played a role at the beginning of the first two episodes but not at the end of them. The Judiciary was an important player in the aftermath of the 1988 reform when it ruled out Collor’s attempt to economize by placing public sector functionaries on forced leave. In 1998 the judiciary lobby defeated Bresser Pereira’s proposals to set a limit to the wages in the three branches. Later on it also refused to accept the arguments favouring the “public job” proposal.

7.4.3 Comparing the key events in the political stream

Contemporaneous events in the political stream were decisive to enable, trigger, dislodge, and ensure the public management reforms in all four cases, but in different ways. The political stream was stable only in the last case but the political turbulence of the periods analysed was not an impediment to the issue career, even though it affected the career’s direction in different ways. In 1937 the starting point was a spillover from the 1934 National

⁴¹⁹ The evidence is mixed. Bresser Pereira did in fact suggest this (E1H/SP/8, E2M/Br/9, E1H/Br/2) but some participants expressed the impression that he knew that the idea was not new (E2M/Br/11, E1H/Br/14).

Constituent Assembly. The 1936 Re-Adjustment Law and the setting up of the Federal Civil Service Commission resulted from the President's personal commitment to the proposal. The establishment of DASP, however, involved different dynamics. It belonged to a carefully crafted coup d'état carried out by the President himself. The policy specification process resulted in a political solution destined to empower Vargas with dictatorial powers and thus allow him to handle the turbulent political situation of the country.

The 1967 reform was first pushed ahead by the President's will, given his experience in the efforts in 1963. But after COMESTRA's impasses the policy process could only be resumed after the political crisis triggered by the reaction of the hardliners against the results of the elections for governors had been resolved. Once the succession for leadership had been defined – via AI-2, AI-3, and AI-4 – the President and the Minister of Planning were free to return to their priorities, including the public management reform process via ASESTRA.

The 1988 episode was deeply influenced by events that occurred in the political stream from its very first moment, especially the death of Tancredo Neves. Sarney began his term of office as a lame duck because he did not belong to the opposition to the authoritarian regime but he was involved in the dissidence that supported Neves. The convocation of the National Constituent Assembly accelerated the drain on his presidential powers. He was forced to carry out successive cabinet reshuffles to deal simultaneously with his lack of political support in Congress and the gradual collapse of the macro-economic situation. When a cabinet reshuffle placed austere economists in key ministerial positions and Alves was unable to align himself with them, the reform's fate was sealed. Paradoxically, Congress grabbed the torch of the Single Juridical Regime and led it to a final outcome despite the new President's disastrous approach to the issue.

The political stream was relatively calm until the end of Cardoso's first term of office, in late 1998. The policy proposal was amended in Congress, but as a part of an ordinary process of negotiation. The international crisis that forced the devaluation of the currency – the Real – and the irruption of political scandals that affected close collaborators resulted in an improvised cabinet reshuffle, during which MARE was phased out. But merging MARE with Planning had already been given some thought because the President's inner circle evaluated that another approach was needed to implement a managerial reform.

7.4.4. Mapping other political actors

7.4.4.1 The frequently under-estimated role of the economic team

Economic pressure is a usual suspect when we investigate the motivations for public management reforms. Comparing the four cases, it can be seen that the economic team was responsible for supporting and pushing only the 1967 reform. Vargas's reform was essentially politically and administratively motivated, the Finance Minister supporting neither the 1936 legislation nor the proposal for setting up DASP. Lopes fought hard to secure his jurisdiction over the budgetary process, and this was one of the main reasons for establishing a broad public-management policy monopoly at DASP. He realised the importance of centralising the budgeting process in a department of the Presidency. But those in charge of the economic area did not share his ideas. They saw no connection between the reforms and the economic challenges of the moment. Lopes envisioned the connections between planning, budgeting and management that would guide Dias's and Campos's efforts in 1964-1967, Santiago's and Cintra's efforts in 1989, and Bresser Pereira's final proposals in 1998.

The story of Decree-law 200 was completely different. First, Campos was in charge of planning and economics, given his close relationship with the Finance Minister. Second, Dias was summoned to pilot the policy process as a close advisor to Campos. Third, Campos was particularly interested in many aspects of the problem related to economic issues, such as PPBS, cash flow, and financial control. Fourth, Campos had a global perspective of the reform and the clear conviction that it would impact the systemic performance of public expenditures in terms of economic rationalisation. Fifth, it is hard to imagine how the reform could have been carried out without support from the strongest civil minister in the Castelo Branco Administration, and even he took his entire period in office to make it happen.

The economic team of the period 1985-1990 was involved in an asymmetric way. On the one hand, certain important institutional reforms were pursued with partial success, such as the setting up and re-structuring of the budgetary system, the establishment of a Treasury and a Budget Office, and the implanting of budgeting, financial and control careers. On the other hand, the economic team – notably after the cabinet reshuffle in late 1987 – put up strong opposition to SEDAP-PR's attempts to promote and implement a traditional administrative reform that coupled populist ingredients and progressive ideas on public administration. During 1989 the domain was briefly unified under the Ministry of Planning, who tried to play an enabling role through capacity-building efforts. Collor de Mello's election threw federal bureaucracy into such disarray that it attracted strong opposition from the outgoing Congress because his downsizing initiative was motivated exclusively by the determination to cut costs.

The role played by the economic team during the period from 1995 to 1998 served more as a constraint. Bresser Pereira and his team designed a proposal that was compatible and aligned with the macro-economic fundamentals required to consolidate fiscal adjustment. MARE

also implemented important cost-saving measures especially with respect to payroll control and improvements in information technology. However, there was no commitment from the economic team to the public management reforms in the areas where their strategic support was required, such as the performance agreements with the new type of public organisations set up during the reform process.⁴²⁰ Moreover, the economic team constantly suspected that Bresser Pereira had other plans because of his potential chance to take the place of economic ministers (planning and finance), given his previous background and persistence in discussing macro-economic issues with the President that were out of his jurisdiction. Therefore, the economic team played a passive role in pushing the reform design and negotiation ahead and an active role in resisting its implementation in areas that demanded a new approach towards public spending and organisational structuring.

In short, the economic team was involved in all reforms, as either ally or antagonist. When there was an understanding on how public management and political-economic issues were articulated, the results of the alliance were successful, as was the case in 1964-1967 and in the brief period in 1989. But when there was a poor match, which happened in the other two cases, the reforms suffered the consequences. Politics and public management clearly took priority over economics in the 1930s, contrary to the 1990s. In both these periods, the weaknesses of the links impoverished the reforms, in spite of their partial success.

7.4.4.2 The participation of interest groups

Public management reforms are rarely appealing to public opinion. Therefore, it was no surprise that they failed to constitute an active force in any one of the four cases. The issues

⁴²⁰ E1H/Br/2, E3M/Br/25, E1H/SP/8, E3M/Br/27, E3L/RJ/34.

were not easily understandable to the media because they did not spur on the sense of urgency required for a subject to be on the news. In the first case Lopes and a small group of collaborators prepared and implemented the main proposals. In addition, Lopes was at the head of the negotiations with Congress to get the 1936 Career Law passed. Later Vargas imposed the creation of DASP as part of his coup d'état. The 1967 reform was the result of the work of a small number of individuals (Oliveira, 1984). Later, Beltrão⁴²¹ organised a nationwide crusade to implement it, but the political polarisation of 1967-1968 – a historical turning point – aborted his attempt to establish an alliance with the population to force de-bureaucratising reforms.

The 1967 reform was initially discussed by a group of experts and ended as a piece of institutional engineering handled basically by one man, who coordinated several bi-lateral discussions. It could not have been more technocratic despite its exceptional quality. Public opinion and interest groups played a more active role during the third case. Alves's strategy during his first year of work was advocacy through mobilisation. He appointed a large State Reform Commission that met in Brasilia from time to time to suggest and propose elements for an administrative reform project. The participants were representative of all possible interested actors: policy community, academics, civil-servant labour unions, experts, politicians, and others. But the efforts of the Commission did not produce any conclusive or objective proposal. The Commission slowly disbanded after being unable to arrive at a

⁴²¹ The issue took on importance in public opinion only in a case that was not the object of this thesis, the period when Beltrão occupied the Ministry without Portfolio of De-bureaucratisation, between 1979 and 1982. Tackling red tape became one of the hottest issues in the first years of the Figueiredo Administration. Beltrão's national crusade helped make the Administration popular at the time, but Beltrão's discourse and proposals were not enabling in spite of the remarkable performance of his de-bureaucratisation task force. The ministry's small office was in the Presidency's building – as was the Federal Civil Service Commission's, championed by Lopes between 1936-1938. Thanks to Beltrão's charisma and media charm, he successfully mobilized public opinion and individuals who became decisively involved in de-bureaucratisation efforts. Beltrão did not champion a relevant public management reform at the time, but his success in cutting red tape led him to a more relevant Ministry – Social Security – and later to the position of a potential presidential candidate.

consensus on a project, but it had indicated the minister's intention to promote a broad reform. Later on, during the National Constituent Assembly (from February 1987 to October 1988), civil servants' associations played an important role in convincing congressmen that the organisational design and employment arrangements proposed by the administration, by the Notables Commission, and by the associations themselves, were the best possible outcomes to be incorporated into the Constitution. Finally, in the first year of the Collor Administration the same groups supported more detailed employment legislation, which was the last act of the 1987-1990 Congress and the law most wished for by the federal bureaucracy in decades.

Bresser Pereira tried to win over public support for his reform proposals as soon as he had a clear project. In fact he persuaded some dispersed allies but they were not significant enough to count as important players. Politicians such as state governors were more relevant, for instance, to push the reforms to Congress for consideration. They ran risks in the process because of their interest in removing tenure in order to be able to fire public employees. Some journalists, businessmen, and academics gave support to his project but he did not gain any substantial public support in spite of his (and his team's) amazing advocacy efforts during the period he spent in office. Only a few qualified observers publicly supported the reform, while most intellectuals opted to keep a safe distance from the controversial minister.⁴²²

So it is fair to say that the comparative analysis of the participation of interest groups in the politics of public management reform suggests that they were not a driving force in pushing through the reforms. They played a more relevant role only when the Constituent Assembly had to make decisions on the civil service and social security reforms and in the aftermath of

⁴²² E3M/Br/4 and E1H/Br/2.

the 1988 Constitution, when their pressure to detail the new civil servants' legislation was important to approve the Single Juridical Regime.

7.4.4.3 The players: political parties, academics, career bureaucrats, and international institutions

Political parties played a minor role in all the reform processes. The 1934 episode was not considered a party problem. The conflicts took place within the Executive Branch – notably between the Ministry of Finance and the reformers. In 1964 the party leaders in charge of the issue – Capanema and Peixoto – were cardinals of the largest party in Congress and were keen to facilitate the retreat of the proposal Peixoto had sent to Congress the previous year. The congress that voted the 1967 reform was intimidated and raised no objections. The 1988 reform was carried out in the legislature track with impressive tenacity, and the issue traffic within specialised commissions in the Chamber of Deputies and in the Senate took place with unusual speed, given the political circumstances of the confrontations between the Presidency and Congress. Bresser Pereira faced political opposition from the Workers' Party in Congress but his proposal was watered down mainly by the coalition that supported the Administration, but also by the other ministers.

The academic policy community did not play a major role in any of the four reforms despite the academic credentials of some entrepreneurs. In 1937 there was no established academic community and Lopes in fact founded a few in Brazil in subsequent years, first within the Administration and later through the Getúlio Vargas Foundation. Some mavericks from COMESTRA – Lopes, Arantes, and Flores – had academic connections with the Getúlio

Vargas Foundation, but they neither prevailed nor could they themselves be considered academic in the strict sense of the word. In 1988 Alves tried to co-opt academics into his efforts, but with modest success. The opposition of the policy community, led by the Getúlio Vargas Foundation, was palpable and explicit. The intellectuals who ended up supporting the reform came from other policy domains, mainly administrative law.⁴²³ Bresser Pereira played an important role in revamping the public management policy, community given his personal relationships with the academic environment. Most of his team had studied at the São Paulo branch of the Getúlio Vargas Foundation, but they came from different areas and their role was restricted basically to diffusion and dissemination.⁴²⁴

With one caveat and a minor exception career bureaucrats played no major role in any of the four cases. Lopes, Campos, Dias, Beltrão, Holanda, and Santiago came from the bureaucracy but they were hardly considered classical bureaucrats. With the exception of Lopes, all the others would more correctly be described as technocrats, a popular designation in the 1970s and 1980s for highly professional officials who participated in important commanding positions in military regimes.⁴²⁵ The minor exception refers to the public managers at the very beginning of the 1995 reform when they presented Bresser Pereira with some initial thoughts regarding the need for a strategic core bureaucracy,⁴²⁶ an idea that was quickly appropriated and incorporated into the reform proposal.

International institutions are frequently regarded as responsible for pushing travelling ideas in developing countries. This was not the case with the Brazilian experience regarding public

⁴²³ Vicente de Paula Mendes, a reputed professor of business administration at the University of Minas Gerais, was responsible for drafting some of the legislation later pushed through.

⁴²⁴ The exceptions were Ângela Santana and Caio Marini who played major roles in designing the proposal when it was further packaged in the white paper entitled "The Director Plan of the Reform of the State Apparatus".

⁴²⁵ See O'Donnell, Stepan, and Bresser Pereira.

⁴²⁶ E2M/Br/41 and E1H/Br/47.

management reforms. Neither the World Bank nor the Inter-American Development Bank played active roles in any of the four cases. The Inter-American Bank supported investments for setting up the Latin-American School of Public Administration at the Getúlio Vargas Foundation in the early sixties – a program that lasted almost two decades. It also provided an international loan for State Modernisation that began in 1998 – but with the intention of making resources available for implementing Bresser Pereira’s proposal, without exerting any sort of influence.⁴²⁷ The international institutions that played truly active roles in the policy transfer and policy dialogue processes were the usual organisations in the United Kingdom, the U.S.A., and France that provided technical cooperation for developing countries. Traditional programs of technical visits – for Brazilians abroad and for foreigners in Brazil – were important in shaping the minds of high officials involved in the reformist efforts since the 1930s.

7.5. Comparing the ways issue definitions were processed

7.5.1. Defining problems and their scopes

Problems were initially defined in different ways in the four cases. Sometimes the problem definitions also showed variations within specific episodes, as was the case in 1988. Table 3 provides a summary of the way the problems were defined in each case study, the solutions attached to each problem, and the connection with the political steam of the moment.

⁴²⁷ Unfortunately MARE was phased out when the program actually began. Since then, the program has gone through several major revisions.

Table 3 – Problem definition and its links with the other streams

	Problem Definition	Policy Solutions	Political linkages
1937	Lack of a professional national civil service Fragmented and disempowered Federal Executive Improvised budgetary execution	A Career Legislation Federal Civil Service Commission DASP Civil Servants' Statute Budgeting Reform	President Vargas's personal interest Convergence of policy solutions and political aspirations
1967	Inexistence and inadequacy of planning, budgeting, and financial control structures. Obsolete forms of a priori control Hollow core of the direct administration Over-centralization in the direct administration of the Presidency, in the direct administration and in the federal Executive Excessive bureaucratization of line organizations	Institutionalization of PPBS type of procedures Institutionalization of planning, budgeting and control systems De-congestioning the Presidency Creation of Senior Corps (failed) Creation of ERA Removal of traditional public controls over the indirect administration	President Castelo Branco's personal interest Direct involvement of the Ministry of Planning and Coordination Convergence of policy solutions within the policy sub-areas of the public management policy domain
1988	Unaccountability of the Federal Administration Residual authoritarian and undemocratic legislation Absence of a classical professional bureaucracy Fragmentation of the federal administration, especially regarding the indirect administration	Empowerment and institutionalization of the primacy of the direct administration Contraction of the indirect administration Approval of the Single Juridical Regime for Civil Servants Career system New strategic careers	Coalition building circumstances Personal connections between Alves and Sarney Convergence of policy solutions and aspirations of the National Constituent Assembly
1998	Rigidity of employment arrangements in the public sector Inadequacy of direct administration structures in delivering public services	New forms of public sector organization and delivery of public services Formal flexibilization of tenure mechanisms Statistics Resumption of selections for strategic careers	Coalition building circumstances Personal connections between Bresser Pereira and Cardoso Initial support from state governors

In the 1937 case, Vargas attached the problem of military wages to the need to organise the civil service. He also made sure that Congress was committed to the problem. Later he separated the pay-rise problem from the organisation of the civil service and the law regarding a career system. The implementation of a national civil service was not the initial purpose of the reformers until Lopes entered the circuit. Later on, Lopes attached the funding problems for civil service reforms to budgeting and executive coordination. Initially, the tone of the issue was technical, but the political dimensions were unavoidable. When the military forged an attention-grabbing event – a false attempt to trigger off a communist coup – to enable Vargas’s own coup d’etat via the dramatisation of totalitarian threat, Vargas already had all the rhetorical justification necessary for a new problem definition: the dictatorial powers were needed in order to consolidate a Brazilian version of the American “Administrative State”. The vision of a “New State” emerged as a new issue definition that was magnified for political purposes. The issue tone at that stage became epic and authoritarian. By placing personnel, budgeting, procurement, organisational design, and procurement all in DASP, Vargas took a step towards centralisation that was consistent with the way the problem definition was engendered.

The 1967 case started with a given problem definition. There was an administrative reform bill in Congress aimed at revising the organisation of the federal administrative structures. The problem was administrative reorganisation. Campos and Dias were mainly concerned with other sorts of problems: planning, programming, budgeting, finance, and control. Beltrão had other concerns: delegation, decentralisation, and simplification. Lopes wanted to revamp DASP. COMESTRA came to an impasse because there was no agreement as to what problems the reform was expected to tackle. The alternative specification was resumed only when the dispute over ownership definition came to an end and the definition offered by

Campos and Dias prevailed. The issue image was enabling, oriented by instrumental and infra-structural concerns. The institutional arrangements were sophisticated and intertwined and there were substantial innovations in practically all public management dimensions. When Beltrão became Minister of Planning the process was disrupted and the problem had to be redefined once again. Emphasis was shifted to de-bureaucratisation because bureaucratic pathologies were his main concern.

In 1988 the problem definition took shape gradually. At first, state reform was everything: the State had to be “redesigned” from scratch.⁴²⁸ Only when Marcelino assumed a pro-active role in the process were the problems to be tackled effectively clarified and dimensioned. Several concerns modelled the process: re-establishment of the rule of law, strengthening of the direct administration, greater government accountability, establishment of a merit-based civil service, structuring of a career system, and defining of a *modus operandi* for the federal administration. The re-establishment of political accountability and the implementation of the merit system were two key issue images. Two main problems were identified in this area: the lack of a professional merit-based bureaucracy in the direct administration and the understaffing of the direct administration. The Single Juridical Regime and the career project were the targets in the first problem. The establishment of a classical bureaucratic structure of the state was the focus of the second problem. The transitional mechanism adopted by and after the 1988 Constitution resulted in distorted outcomes, but that was another matter, although inevitably related to the first steps in the issue career.

In 1998 an issue image was forged at the beginning of the process: the establishment of a managerial state. The issue image was clear but not exempt from problems because the state apparatus was completely detached from the reformers' aspirations. The corresponding

⁴²⁸ E1H/Br/23.

problem was the rigidity of bureaucratic institutions including organisational structures and labour relationships. The prescribed solution was to make the organisational design more pluralistic and the employment legislation more flexible. Paradoxically, the issue tone was positive regarding the managerial dimensions of the discourse but negative with respect to the aspects related to the public choice of the rhetoric (Aucoin, 1990 and Gaetani, 1998). Also, other issue images – beyond the reformers’ jurisdiction – were competing for attention at the same time: a regulatory state, a minimalist state, and other views of a managerial state.⁴²⁹ All this occurred despite a constitutional provision that enabled the new forms of public organisations to be set up, the Single Juridical Regime to be phased out, and tenure formally removed from civil service. At the end of the process the feeling was that somehow Bresser Pereira had missed something as to the way the problems were initially defined.

Problems were defined in different ways, but in all four cases the processes took place within the Executive Branch. Congress played a minor role in 1937 and 1967 but was an important actor in 1988 and in 1998. It was not a matter of focusing on events or setting off fire alarms, but merely of policy processes. Problems were not defined at a single moment but through processes of framing them successively in all four cases. Likewise, decisions were not taken at any given moment in time. Choices were continuously made, reiterated, adjusted, and renewed (Jones, 1994).

In at least one case, that of 1937, there were successive metamorphoses of the way the problem was initially defined. In 1967 the replacement of Campos with Beltrão recovered a perspective that was not present in the new laws. In the 1988 case there were confusing and overlapping views but it should be recalled that Santiago and Cintra changed and improved Marcelino’s vague proposal while Congress moved in the opposite direction because it

⁴²⁹ World Bank (2002), Martins (2003), Barzelay (2004).

wanted to broaden it for political reasons. Collor's downsizing initiatives did not belong to the episode, but they also changed the Administration's view of the problem considerably. In the 1998 case the disappointing end of MARE's saga suggested that the way the problems were defined could probably have been changed during the process.

7.5.2 Revealing implicit issues concerning the problem definition processes

In all four cases the way the problems were defined was decisive for the establishment of the causal understandings of the situations the reformers were trying to change. Problem definition shaped the purpose of the processes, identified sets of causes and filtered the subsequent policy specification processes. But there were special types of problems that were present all the time, albeit implicitly: a) the inertial practices of populism, clientelism, and patronage in detriment to the public interest and b) the accountability problems related to the organisational design of public organisations that did not belong to the direct administration.

Continuity of personnel is usually considered an innovative supporting condition (Katz, 1982) because it favours cumulative interactive learning (Quinn, 1985). As Kanter (2000: 194) wrote, "[I]ronically, creating change requires stability – continuity of people especially during the information-rich, knowledge intensive development stage". One might agree that if the historical claims that patronage and the ever-present Brazilian "clever way out" (*jeitinho*) – were traditionally used, correct cumulative learning should have taken place with the gradual incorporation of functionaries into the bureaucratic civil service apparatus. However, it was exactly the continuity of these practices and the extension of tenure to these people that disabled the reformist initiatives that would have introduced different kinds of

values, beliefs, and know-how. The presence of public employees who had acquired the status of civil servants by legal means rather than through merit ensured the blockage of innovations regarding personnel. The definition of these practices as a problem related to public management reform is controversial and it will be taken up again in the conclusion.⁴³⁰

All the reformers were engaged in problemistic searches⁴³¹ as will be seen in the next section. But they made different diagnoses regarding the two areas that were the object of action in all four cases. Lopes and Marcelino were primarily concerned with limitations in bureaucratisation. Bresser Pereira focused on managerial deficits. Beltrão was obsessed with the problem of over-bureaucratisation. Dias tried to solve both problems at the same time, but the final outcome favoured a pro-managerial view because the idea of a Senior Corps had not been assimilated. Lopes and Dias engaged in more isomorphic – and more popular – solutions for personnel, as well as for organisational design. Dias and Bresser Pereira formulated pluralistic organisational arrangements for personnel and for organisations but the personnel solutions engendered by Dias and the organisation solution proposed by Bresser Pereira were never put in place.

Building a successful hybrid arrangement was the real challenge for both Dias and Bresser Pereira. But the challenge of hybridism was also faced by Lopes and Marcelino, as was the confusing problem of defining personnel in 1937 and 1988, and the schizophrenic⁴³² organisational attempt to deal with indirect administration problems in 1987. It is as if

⁴³⁰ In most cases these practices were not even seen as problems by many political forces that participated in the cases. In all four cases the reformers faced political pressures to accommodate partisans on a broad basis, opening up new political positions, turning public employees into civil servants, allowing institutions to be founded on exceptional bases, and so on. The continuous pressure against the reforms and the reformers undermined and demoralized the reform proposals in all four episodes.

⁴³¹ As previously mentioned, problemistic search has a sense of purpose. Cyert and March (1963: 121), show that this attitude is not to be confused with curiosity or search for understanding.

⁴³² E1H/MG/52.

hybridism were a sort of solution forged to deal with ambiguities via confusing strategies.⁴³³

Table 4 highlights some nuances of the problem definition questions regarding personnel and organisational design.

⁴³³ See Evans (2003).

Table 4 – Problems and Solutions for Personnel and Organisational Arrangements

	Organizational Design Problem	Organizational Design Solution	Personnel Problem	Personnel solution
1937	How to create a classical public bureaucracy?	Creation of a unified national state structure with a super-central agency at the top of the system	How to conciliate a career system, a positions system, and the stock of supernumeraries	Accommodation of political appointees, civil servants, and supernumeraries in a hybrid system
1967	How to free public organizations from the formalistic and inefficient controls of the direct administration?	Enable the expansion of the indirect organisation for special delivery purposes via PPBS coordination and control mechanisms	How to deal with DASP'S impossible job of creating a career plan for a unified civil service in a patronage environment?	Creation of a Senior Corps proposal for the direct administration and decentralisation of employment arrangements in the indirect administration
1988	How to strengthen the direct administration, empower it, and make it politically accountable? How to handle the indirect administration?	Place organizations like public autarchies and private foundations under public control in public types of institutions subject to formal controls of the direct administration	How to establish a unified career system and deal with the migration of employees from the indirect administration and of functionaries hired on provisional bases in a clientelist environment?	Reclassification of employees hired under private types of legislations and on expediency bases as civil servants with full pension and tenure rights. Creation of new careers within the public management domain
1998	How to structure the pluralistic administration needed to deal with various sorts of public demands?	Creation of new organisational forms to perform roles exclusive to the state (executive agencies) and roles on behalf of the public but that do not necessarily require state ownership (Social Organisations)	How to redefine employment relationships in the public sector in order to make job markets more flexible, and how to regenerate the strategic core of the State apparatus?	Creation of a third form of employment relationships and resumption of public selections for a few strategic careers.

Universal solutions had not been successfully built for Brazilian reforms despite the 1937 and 1988 attempts at reshaping the state apparatus to bring it closer to a classic public bureaucracy. Nor did pluralistic types of organisational and personnel arrangements have any better luck. The move towards a unified state failed to include the new organisational forms that had emerged over the decades, and it became virtually impossible to implement a merit-based system, with the minor exception of a few careers. In the move towards a

multidimensional institutional arrangement, the dualist solution proposed by Dias failed to take root, nor did the insightful design by Bresser Pereira catch on.⁴³⁴ Neither arrangement acquired sustainability.

Regarding personnel, Haggard (1995: 12) suggests that, within the context of the balance of power between the Executive and the Legislature, administrative reform is "a process of re-writing the contract between elected politicians and bureaucratic officials".⁴³⁵ Enduring equilibrium can be taken as a synonym for "consolidation",⁴³⁶ in the sense described by Haggard and Kaufman (1995: 2): "Processes through which acceptance of a given set of constitutional rules becomes increasingly widespread, valued", and embedded in routines. The reform⁴³⁷ of the civil service and the setting up of economic decision-making agencies resistant to particular demands have been a problematic historical imperative, regardless of the developmental strategies pursued.

Brazil is clearly still trapped in an indeterminate situation with respect to the problem. The reasons will be elaborated on in the final chapter, but for now it is enough to say that political appointees play a major role in this process, as recognised in the literature.⁴³⁸ In the case of Brazil their historical quantitative and political weight requires analytical frameworks

⁴³⁴ Regarding 1967, it is hard to speculate whether, due to the authoritarian regime, things would have been different with the creation of the Senior Corps. The results were slightly mixed in 1988 with the social-organisations type of solution being accepted by some while the executive agencies did not seem to be the least convincing.

⁴³⁵ Peters and Pierre (2001) provide a state-of-the-art version of this debate in Western industrialized democracies.

⁴³⁶ "If both economic reforms and democracies are to be consolidated, executive authority must eventually be depersonalised and integrated into a broader framework of contestation and accountability" (Haggard and Kaufman, 1995: 9).

⁴³⁷ An important concept in this debate is the "orthodox paradox" of reform developed by Kahler (1990). It means that pro-market reforms require more capable states. In other words, reducing state interventionism requires increasingly technical and bureaucratic capacity that cannot be taken for granted as a secondary product of structural adjustment reforms.

⁴³⁸ Two exceptions – although for different reasons – are Light's investigations about political appointees in the U.S.A. and Hood's framework related to public bargains that, although they do not incorporate them, nevertheless provide room for such development.

different from those traditionally used when dealing with the issue of high officials in modern bureaucracies.⁴³⁹

Regarding the problem of the variety of organisational models – a presumable requirement of modern states – it is worth noting that this is not Brazil's only difficulty. Most continental European countries strongly influenced by Roman legal traditions, for example have struggled to give an operational dimension to concepts such as public, but not state-owned, agencies, but with varying degrees of success. The legal traditions of these countries were forged over centuries and now they have had to deal with these new challenges⁴⁴⁰ in the space of months and years, not decades or centuries.

As the 1988 case revealed, the arrangements that were frequently pursued included the best of two worlds.⁴⁴¹ This sort of solution applied well to generations of employees who had successfully managed to guarantee above-average retirement benefits within the context of organisational cycles. However, it also encouraged political responses like Collor de Mello's devastating downsizing initiatives, exacerbated by his incapacity to deal with complex institutional intergenerational transitions. He failed to recognise that organisations also have their life cycles.

The evidence of the four cases suggested that both questions are far from having been reasonably processed by Brazilian society. As the 1988 and 1998 reforms evidenced, not even the approval of a constitutional provision within a democratic context necessarily meant that: a) the country was conscious of executive and legislative decisions regarding issues in

⁴³⁹ Aberbach's and Rockman's classical study on the role of politicians and bureaucrats, for instance, did not take this situation into account.

⁴⁴⁰ Bresser Pereira, a lawyer by profession, explicitly stated that he intended to change the juridical culture of the country. He perceived his role as a challenge and argued publicly that this was the way to promote institutional change, given the conservative nature of Brazilian juridical structures and professional community (E1H/SP/8).

⁴⁴¹ The case of the Brazilian Central Bank is paramount but it is far from exceptional.

the public interest, b) governments – regardless of their political colour – had a full understanding of public management policies related to personnel and organisational design, and c) the Executive and Legislative had a clear sense of purpose as to what they wanted from these two sub-policies beyond particular solutions for specific problems of selected constituencies.⁴⁴²

7.6. Comparing the alternative specification processes

7.6.1. Clarifying the policy clashes

The policy specification process matched the problem definition process in most of the cases, although each case had different corresponding dynamics. In 1937 there were two policy cycles, each policy solution (1936 and 1937) addressing a different sort of problem. In 1967 the policy specification process took off only after ASESTRA was set up and Dias became solely responsible for the task. In 1988 there were several periods during which the dynamics had different bases. Multiple commissions characterized the first cycle, between July 1985 and March 1986. The Inter-ministerial Group actually began its work in April 1986, before it was formally instituted in September 1986. The installation of the Constituent Assembly, on the one hand, disrupted the policy specification process, which soon lost momentum. On the other, it created a second route for the alternative generation process, albeit in broader terms. The cabinet reshuffle of January 1988 provided another problem definition – based on macro-economic concerns – that placed Alves in an antagonistic position. The reversal

⁴⁴² Bresser Pereira left the government without having succeeded in delimiting the borders of the strategic core of the state apparatus, i.e., the group of institutions and careers that should be considered as operating directly in the name of the State. This does not mean that he was responsible for the lack of definition, but that the advocacy, negotiation, and implementation of his reform were severely jeopardized by the vagueness of the discussion, which was cause for suspicion and resistance by potential losers and winners.

introduced by Santiago and Cintra in 1989 – more focused on strengthening the links between planning, budgeting and administration from a public policy perspective – did not have time to mature because of the rise of Collor. Collor completely destroyed the ongoing policy efforts to favour an improvised downsizing strategy.

Their behaviour suggested that the “primeval policy soup” available on the shelves was not so diversified as one might have expected. The number and range of policy solutions available did not seem significant in the cases. The number of routes to be taken was small, as were the alternative courses of action. Policy was engendered rapidly only in the fourth case (1998), whereas it took a gradual (1988), or scheduled (1937 and 1967), pace in all other cases.

Regarding policy alternatives the clashes assumed different shapes depending on the episode. In 1937 Nabuco intended to draw a line to delimit the space allotted to political appointees. His efforts failed, but because of another sort of opposition – the financial costs of adopting a career system. Lopes indeed entered into conflict with the Ministry of Finance, but because of the control over the budget. He won, but it took years before the transition was processed.

In 1967 the clashes were between Lopes, Dias, and Beltrão. Lopes intended to revive the 1937 model but was quickly defeated. The conflict between Dias and Beltrão could possibly be described as a personality clash, or even political competition (between Beltrão and Campos, as the replacement of the latter by the former suggested). But as events developed it became evident that the conflicts between Dias and Beltrão were not limited to emphasis or form. This was a plausible explanation given the fact that the former intended to solve format disagreements via a conciliatory text in the final constitutional provisions and of decree-laws. They were pursuing different policy strategies motivated by different problem perceptions.

The confrontation between Dias and the Supreme Audit Agency was also significant, as it brought about an important policy change within the control area, that used auditing procedures to ex-post the facts. In fact the reforms enabled internal control structures to be set up by the Executive, while it attributed to the National Audit Body the responsibility of external but post facto control.

In 1988 Marcelino's (and Holanda's) views were not in accord with Alves's pragmatic political practices. They were a mismatch that weakened the reformers' initiatives. The novelty of Santiago's and Cintra's view was the change of the central venue to planning, a step that resembled Campos's and Dias's moves twenty years before.⁴⁴³ Alves, Marcelino and Holanda aspired to set up a unified direct administration organised around a career system inspired on the French model, but they failed to define the necessary details. Santiago and Cintra shifted the emphasis from the public policy approach to planning, budgeting and administration, closer to the American view of federal administration. They expected the core careers of the state to perform a technical and specialist role, not a generalized political one. This was a key difference between their views and that projected by Marcelino and Holanda.

In 1998 Bresser Pereira wasted no time on the progressive-public-administration sort of proposal that was presented in Cardoso's party manifesto. Initially he faced the possibility of adopting another alternative, offered by public managers⁴⁴⁴ who intended to revamp

⁴⁴³ Neither Santiago nor Cintra was aware of the similarity between their efforts and the experience of the 1960s, nor had Bresser Pereira heard about it when he proposed that MARE be merged with the Ministry of Planning.

⁴⁴⁴ Bresser Pereira initially appointed survivors of the 1988 Public Managers' sole promotion to key positions in human resources policies. This group immediately tried to evidence the lack of a professional bureaucracy in the ministries and resume public competitive selection processes for careers. At the same time they fought for wages corresponding to the respective heavy responsibilities. The idea was to revamp the 1988 initiative with their career at the top of the system. It did not work and these persons were replaced, although many of them continued to work in intermediate managerial positions. Despite Bresser Pereira's sympathy for the public managers' commitment to the interests of the public sector, he saw things differently. He was less persuaded by "the best and brightest" approach, and less sanguine about the bureaucratisation deficit of the Federal

Marcelino's proposal. But quickly, perhaps too quickly,⁴⁴⁵ he abandoned the idea. His fast-moving approach positioned him, MARE, and his proposal at the top of the executive agenda, together with reforms that never took place – such as the fiscal reform – or that failed – like Social Security. The President's General Secretary, Eduardo Jorge, championed the considerable conflict regarding the nature of the policy proposals. Jorge did not consider it necessary to change the Constitution to promote reforms. Bresser Pereira finally had his reform approved – although watered down. But Eduardo Jorge's view was vindicated by the terms of the Constitution – although to a certain extent innocuous – and by the events that followed the approval of the Constitutional Amendment in 1998.

7.6.2. The difference modes of policy transfer

Policy transfer and policy learning indeed took place but in different ways and with distinct intensities in all four cases. Rose (1993) argued convincingly that the lesson-drawing processes were meant to bridge time and space. Brazilian reformers indeed searched for sources of lessons – and from sources that go beyond Brazilian history – in all four cases. Experience is a rear-view mirror that can orient decision-making processes, but Brazilians searched for inputs for their reforms more often in other countries than in their own country's past experience.

Administration. He had already made up his mind that the country needed a managerial reform to catch up with developed Western democracies.

⁴⁴⁵ This nuance derives from the fact that at the end of his period as Minister of MARE, Bresser Pereira's main achievements were closer to the progressive public administration ideas of 1988 than to the managerial ideas that he himself had propounded in 1995-1998.

Policy learning processes took place by learning from direct experience as well as from the experiences of others⁴⁴⁶ (Levitt and March, 1990). The capacity, willingness and desire to learn varied among the four cases.⁴⁴⁷ Other factors regarding the reformers' participation in the processes were not present, such as near misses, long-tenure, disasters, resource availability, perception of threats and opportunities, transfer mechanisms, and others (Hood, 1996). Table 5 shows how the lesson drawing and policy transfer process occurred in each of the four cases.

⁴⁴⁶ "Vicarious experience acquired from the past, even the remote past, gives guidance to the present" (Neusdadt and May, 232: 1986).

⁴⁴⁷ Hood (1996: 48) identified two circumstances where determination and capacity converge to generate effects at the top level of political decision-making systems that provide learning opportunities: second-chance and long-tenure. Second-chance effects are generated by second opportunities provided by vicarious experiences, near-miss occasions, and survival of recent disasters. Both phenomena appeared in the actions of public entrepreneurs during the Brazilian administrative reforms. The underlying assumption in Hood's classification, however, is that learning potentially derives more from failure than from success.

Table 5 – Lesson-Drawing and Policy Transfer in Constitutional Public Management

Changes⁴⁴⁸

	Different ways drawing lessons	Policy Outcomes	Policy learning mode	Related learning factors that affected the learning process
1937	Copy Adaptation Synthesis	FCSC DASP (Budgeting bit)	Direct Learning (FCSC) Vicarious Learning (Borrowing from the US)	Long-Tenure Perception of opportunity Availability of resources Near Miss Trust & Respect Institutional Mechanisms
1967	Synthesis	DL 200 (PPBS bit) DL 199 (Change to ex-post control) Senior Corps (rejected)	Direct Learning Vicarious Learning (borrowing from the US, UK and France)	Long-Tenure Lived disaster Near Miss Availability of resources Perception of opportunity Institutional Mechanisms
1988	Adaptation	ENAP Careers Proposal	Vicarious Learning (borrowing from France and Argentina)	Availability of resources Perception of opportunity Long-Tenure Institutional Mechanisms
1998	Hybrid	Executive Agencies Social Organizations	Direct Learning (other policy domain) Vicarious Learning (borrowing from UK)	Lived disaster Availability of resources Institutional Mechanisms Perception of opportunity Trust & Respect

In 1937 Lopes was deeply influenced by three American experiences: the civil service reforms of the late 19th century, the Budgeting Reform of 1921, and the Brownlow Report of 1937. The Re-Adjustment Law of 1936 was an initiative meant to catch up with the US experience. The Federal Civil Service Commission was inspired (Rose) on the American Commission. The 1937 reforms included placing DASP directly under the Presidency and a

⁴⁴⁸ The column in the table entitled “Different ways of drawing lessons” is based on Rose (1993: 30-31). Differentiation among the five ways is not always simple. The distinction between hybridisation and synthesis, for example, can be found in the recognition of identifiable parts of distinct sources, while synthesis involves a fresh re-(combination) of familiar elements.

The “Policy learning mode” column is based on Levitt and March (1990: 16-21).

In regard to the column entitled “Related learning factors that affected the learning process”, it is important to remember that Hood (1996: 43) pointed out three aspects of learning that should be taken into account in public policy specification processes: propensity to experiment, willingness to adapt in the light of experience, and capacity to transfer “ideas and experience from one policy or organisational context to another”. Hood (1996: 44) lists several factors that affect the capacity to learn and the desire to learn. These factors include case resource availability, political second chances, long tenure, and mechanisms for transferring experience, in terms of capacity; and level of shock or perceived shock (or opportunity), type of shock, party electoral rationales, and patterns of trust, in terms of desire to learn. While capacity to learn usually depends on the existence of the requirements, desire to learn is a function of a more complex set of factors dependent on both “shock effects” and past experiences.

Budgeting Directory within its structure. The Budgeting Section of the new legislation faithfully reproduced provisions of the 1921 Budgeting Act, but the striking feature of the proposal for setting up DASP was its leapfrogging ambition. First Lopes introduced department functions that had not been linked in the American debate – personnel, budgeting, and procurement – although they were intended to be located under the Presidency. Second, Lopes obtained approval for ideas – some of them from the Brownlow Report – that were under discussion in the U.S. Congress. But Congress refused the proposals on the grounds of risking investing the Presidency with dictatorial powers – exactly the direction in which Vargas was heading. Roosevelt managed to have some of the proposals approved, but only two years later via the adoption of a piecemeal strategy.

Lopes combined direct learning – he had participated in the Executive Commission and he chaired the CFSPC during its existence – with vicarious learning – in a way that would allow him to copy, adapt and reinvent a new synthesis based on the U.S. experiences. He had been at the Presidential Office regularly since 1930 and participated in the critical years of the Provisional Government. He witnessed the missing of an opportunity with the Nabuco Report, and later on had another chance with the CFSPC – an outstanding but insufficient achievement by his standards. The availability of resources coupled with the trust relationship he had with Vargas paved the way for a fast – although inevitably politically biased – learning process.

The 1967 case provided a more sophisticated policy transfer process because Campos and Dias were already familiar with PPBS practices through their experiences abroad (in the U.S.A., in Campos's case, and with UNESCO, in Dias's case). Beltrão had built on his successful experience with the Industrial Social Fund and the Planning Department of the

State of Guanabara. Fortunately Congress had just approved modern legislation for the states and municipalities in February 1964 and it was easily assimilated by new Brazilian authorities. The changes introduced in the control area – which Dias had waited a decade to see – were also inspired on the U.S. experience, where the shift to ex-post practices had occurred a long time before. Regarding the enabling conditions for expanding the indirect administration, Dias had been involved in the founding of Petrobras, and in 1966 he was in touch with British experts who were about to engage in the debates later addressed by the Fulton Report. Another potentially interesting experience of policy transfer in Brazil – the setting up of the Senior Corps – did not take off because of opposition from Sorbonne intellectuals and Beltrão's lack of interest. The Senior Corps was designed to link the top echelons of the direct and indirect administrations. They were to carry out the functions of policy advisors, controllers and monitors of the indirect administration – in charge of policy delivery. The model combined elements of the British (the small core), the French (the elitist view), and the American (the profile of experts) experiences in an original synthesis (Rose, 1993).

The combination of the direct learning experiences of Campos, Beltrão, and Dias was clearly impressive. They had been working in and dealing with the country's most important institutions since the early 1940s – Campos as an economist and diplomat, Beltrão as a maverick bureaucrat, and Dias as a public executive. Campos had survived the disastrous experience with macro-economic policies in two previous administrations and made this point clear to Castelo Branco when invited to be Minister of Planning. During the 1965 political crisis Campos and Dias were almost ousted by the hardliners. An outstanding reform opportunity had been missed with the impasses of COMESTRA, and neither Campos nor Dias was willing to miss another chance. The relationship between Castelo Branco, Roberto

Campos and Teixeira Dias was based on trust and mutual respect. But beyond their personal affinities they also developed a shared understanding of problems, causal connections, policy solutions, trade-offs, political sensitivities, and other aspects that were unmatched in the other cases, with the exception of the intimate relationship between Vargas and Lopes, which transformed them into a single entity.

In 1988 Alves, Marcelino and Holanda were influenced by the French role model and by the Argentinean adaptation effort. However, it should be recalled that the final proposals regarding personnel and careers were put forward by two consultants who had been strongly influenced, respectively, by administrative law principles (Vicente Paula Mendes) and by DASP's traditions (José Arantes). Both these men had participated in one way or another in long-tenure tracks related to administrative reforms. Both had participated in the process ever since the sub-commissions that supported the General Commission were set up. Geraldo Campos, the deputy who became one of the leading figures in the battle to approve Law 5132 of 1990 and had a similar experience in 1963 when he successfully participated in an organisational action that led to similar solutions in a similar situation. Therefore, there were ongoing processes of direct and vicarious learning despite their dispersion.

Marcelino's and Holanda's previous high-office experiences were relatively limited in contrast to Alves's long-standing political career. Until 1986 they successfully managed to take advantage of the opportunities opened up by the political circumstances. But the launching of the National Constituent Assembly and the divergences between Alves and the economic team brought about changes in the policy situation, that they were not capable of assimilating. Santiago and Cintra quickly seized the opportunity to introduce a new policy direction in the infant State regeneration process. Santiago particularly had been engaged in

important direct learning processes although in another policy domain. He had been in Brasilia a long time before the re-democratisation process began. Cintra invested immediately in learning from other experiences, especially those of the Americans who had been involved in establishing government policy schools. Santiago invited Marcelino to be his deputy in order to keep him in charge of the endless administrative reorganisation tasks following the conclusion of the National Constituent Assembly. The conditions for a learning loop appeared in early 1990, when Collor de Mello became President and adopted a *tabula rasa* approach to public management reforms.

In 1998 Bresser Pereira was an outsider to the public management domain but he had had important direct learning experiences in several positions in the São Paulo State Government (1983-1986) and as Minister of Finance (1987). He also made intense use of British technical cooperation via the British Council and DFID⁴⁴⁹ after he had designed the guidelines of his proposal. The dialogue with high British officials who had participated actively in the Next-Steps agencies process served as a training program for the team of reformers, but failed to produce the expected results. Bresser Pereira explicitly refused to adopt a linear policy sequence path, which would first involve strengthening the bureaucratic core, and then move towards managerial processes. Despite his convictions and his team's efforts, only one executive agency and five social organisations had been set up by the end of 1998. The President, the economic team, the social ministries and the leading cadres of the bureaucracy establishment remained indifferent to his proposals and arguments.

⁴⁴⁹ An interesting contrast that deserves further investigation was the extremely successful policy transfer program involving the Supreme Audit Agency in the area of performance management. The results were striking, and explanations why things worked well in an inhospitable area but failed to take off in a core policy venue deserve analysis and comment.

Bresser Pereira was personally trusted and respected by Cardoso, but the President's support for the reform proposal only went so far. The hybrid arrangements faced difficulties related to the importing of British organisational configurations for executive agencies for the Brazilian context – a novelty that received with suspicion by the judicial establishment.⁴⁵⁰ The direct learning process that occurred within the process was not sufficient to persuade key actors – especially the economic team and the social ministries – of the advantages of the proposal. Some essential elements of the reform, such as drawing a line to delimit the so-called strategic core of the State organisations and personnel were kept vague until MARE was phased out, an indeterminacy that had serious side effects on the implementation of the reform proposal. The change in course implied that the merging of MARE with the Ministry of Planning was a consequence of a certain type of learning process: the recognition that the unification of the instruments of the two ministries would open the door to the implementation of the reform. Bresser Pereira later regretted this option because it entailed a loss of status of public management policies on the executive agenda.⁴⁵¹ They ceased to be located in a specialised policy venue and were lost in the congestion of issues under the Ministry of Planning's responsibility.

All the reformers chose their interlocutors and sources of inspiration and all received support from the countries from which they borrowed formulas, ideas or inspiration. They were all informed by the zeitgeist of their times (Peters, 2004) although the 1988 reforms were caught in the middle of a transition period that preceded the codification of new public management ideas and the Washington consensus.⁴⁵² Fungibility (Rose, 1993: 35) was presumed

⁴⁵⁰ J1H/Br/29

⁴⁵¹ E1H/SP/8.

⁴⁵² Both processes were ongoing but they had not received the academic attention they attracted a few months later.

regarding the CFSPC in 1936, ENAP in 1988, and executive agencies in 1998.⁴⁵³ But the desirability of policy transfer should be contrasted with the practicability of the respective operations. The cases of ENAP and the executive agencies suggested that in spite of their apparent desirability, there was little practical likelihood that a policy transfer process could take place (Rose, 1993: 46). The conditions of the policy dialogue varied, as well as its degree of institutionalisation. The form and pattern of the incorporation of lessons drawn from other contexts and time periods also varied, but they were all affected by what was happening abroad and by the reformers' different learning paths.

The fifth column on Table 5 shows that the presence of three factors – perception of an opportunity, availability of resources, and presence of institutional mechanisms for policy transfer – were no obstacle to learning processes. Opportunities were seized in all four cases. Resources were mobilised thanks to the political importance of the ministries in charge of the processes. Transfer mechanisms were provided not by the Brazilian government but by the technical cooperation mechanisms of other countries, such as the UK, the U.S.A. and France, which had always adopted positive and cooperative approaches to reform efforts.

Roberto Campos and Bresser Pereira had survived policy disasters before, but within the economic and finance policy domain. Lopes had survived and took over in the wake of a wave of political and policy successes. Dias combined narrow-miss and long-tenure elements because he had always moved about in both novelty institutional experiments (Petrobras, BNDES and Light) and structured institutional venues (Ministry of Infrastructure and DASP). Beltrão had worked in similar tracks, such as Petrobras, but also in a social security institute (the IAPI) and in the Guanabara State Government. An experimental approach was

⁴⁵³ The Senior Corps proposal did not take off in 1967, even though it looked more like an original synthesis at that time than a copycat procedure. It was adopted in the U.S.A. in the 1978.

particularly explored by Dias⁴⁵⁴ although always anchored in vectors of change that had either been adopted elsewhere or were floating around at the time.

Lesson drawing is a practical matter that presumably generates tools for action (Rose, 1993, ix), and the ensuing lessons can be positive or negative. Reformers looked for lessons in the past, in other contexts and in the situations they were embedded in. Their capacity to adapt their behaviour depended, to a certain extent, on their exposure to similar situations or to long periods working with the government. In all four cases reformers were forced to redefine courses of actions and to review their strategies regarding alternative specifications and, especially, decision-making processes. It is an exaggeration to state that the reforms moved beyond the decisional level because of built-in learning processes within each episode (in fact, some reforms changed or were watered down). However, faced by complex circumstances, the reformers were forced to adapt their behaviour in different ways: in Lopes's case, engineering-based in Dias's, cautions in Marcelino's and daring in Bresser Pereira's.

7.7. Comparing how entrepreneurs⁴⁵⁵ carried out their functions

7.7.1. Comparing how entrepreneurs coupled the streams

Entrepreneurs truly coupled the streams in 1937, 1967 and 1998. In 1988 the streams were coupled by different entrepreneurs and by the National Constituent Assembly. In all four

⁴⁵⁴ The term "tinker" capacity (Hood, 1996: 44) is especially suited to him, but it also applied well to Lopes and Bresser Pereira.

⁴⁵⁵ The four main entrepreneurs of the reforms were Lopes, Dias, Marcelino, and Bresser Pereira. Briggs, Campos, Alves, Santiago, Holanda and, especially, Beltrão are also referred to because they performed important political and policy entrepreneurial functions at certain moments.

cases they pushed their proposals through windows of opportunity they had helped to open. They successfully linked their definition of problems to solutions that they themselves had formulated, although with varying degrees of sophistication and consistency. And, they engaged in political negotiations with their respective Presidents and with ministers.

Contrary to Kingdon's premises,⁴⁵⁶ the entrepreneurs were able to couple the streams for long periods. They were persistent – amazingly persistent – in all four cases, even though the central issue they were dealing with were not as urgent as other policies frequently did. They were capable of somehow becoming active protagonists in what happened in all three streams in a way that allowed them to synchronise the streams. Political windows were opened because of political turnovers that culminated in the rotation of key actors that brought them to power positions. And the windows generally closed because of problems regarding the basic policy proposal, even when it was approved. These problems included adequacy, feasibility, credibility, and sustainability (Kingdon, 1994: 169-170).

Coupling the streams did not mean that the entrepreneurs controlled them – as the cases proved. It meant they had to seize opportunities, cope with the contexts, and couple the streams in congruent ways so that they simultaneously kept themselves on board the political and decision-making processes even while disruptive and centrifugal forces were pulling in the opposite direction, tending to break the streams. Lopes and Dias's efforts to couple the streams were more successful than Marcelino's and Bresser Pereira's. The insertion of the former in the Presidents' inner circle was one reason. The fitness of their proposals to the context was another. A third reason for their success was the attachment of their proposals to an atmosphere of crisis at the time they were generated (although in 1988 there was also intense turbulence). Salami tactics were adopted in three cases but not in the fourth, when

⁴⁵⁶ According to Kingdon (1994: 169) the window does not usually stay open for very long.

Bresser Pereira quickly designed a comprehensive policy proposal at the start of the agenda-setting process. In fact the specification of the alternative enabled him to push it to the decisional agenda in a very few months.

Entrepreneurs had to deal constantly with the three properties usually associated with the concept of “organised anarchy”: fluid participation, unclear preferences, and unclear technology. Participation was always unstable given the characteristics of the Brazilian political processes. But as the cases showed, this is a story about relatively few people who had, for over sixty years, jumped into and out of reformist processes as if some invisible revolving door let them come and go. The problem of clarifying preferences was even more complex because in two cases the decisions were made at the end of the process by a single man – Vargas and Castelo Branco, respectively – while in the two other cases the issue was confusingly treated by the Executive and by the Legislative. The awareness concerning the policy choices included in each policy proposal is highly controversial at public, political and governmental levels.

Entrepreneurs are expected to have a broad understanding of the reality they want to see transformed and of the personalities involved in the processes they are leading ahead. This statement was valid for all four reformers studied here. But while the former managed to come to terms with Vargas and Campos and Castelo Branco the latter did not find enough common ground with Alves and Sarney and Cardoso. Friendship did not necessarily mean mutual political and policy understanding, as the latter painfully found out.

Kanter (2000: 185) stated that resources (“funds, data, space, time”) are among the three basic commodities that are mobilised in entrepreneurial processes. The other two are information (“data, technical knowledge, political intelligence and expertise”) and support

("endorsement, backing, approval and legitimacy"). The movements of the entrepreneurs in different arenas bring about the circulation of these three power tools thanks to their legitimacy for crosscutting processes (Kanter, 2000: 189). Resources were apparently mobilised without any insurmountable difficulties in any of the four cases. Information was a problem for all of them but Bresser Pereira succeeded in producing a breakthrough thanks in part to the state of technological possibilities in his time. Regarding support, Marcelino did not have effective backing after Alves opted for a confrontational line toward the economic team, and Bresser Pereira received Cardoso's support only until the proposal was sent to Congress.

None of the reforms studied would have been plausible without the participation of entrepreneurs, a conclusion that challenges Brunsson and Olsen's (1993) argument regarding impersonal reforms, and March' and Olsen's (1989) incidental treatment of this matter. The entrepreneurs played decisive roles within each of the streams. The fact that the issue was taken off the agendas as soon as they left the scenes is an indirect indicator of how important their presence was, although one might surmise that their presence could have been dispensed with during implementation processes.

Lopes was responsible for successive processes of problem definition (and, later, re-definition), alternative specification (and re-specification), and political negotiation of the President's support for the reform proposals in 1936 and 1937. Dias and Campos played similar roles in 1967 although they operated within a special ministerial environment and within the context of a broader policy formulation process. Marcelino made his way to Alves's Ministry – an institutional location and a ministerial team in which he was always a stranger – and had to limit himself to more generic problem definition and policy formulation

roles while the political negotiations were being carried out by Alves. Bresser Pereira also performed the functions of problem definer, policy formulator, and political negotiator, although Congress took his place in this function at the end of the negotiations. The scope of the reforms obeyed personal and jurisdictional requirements, although there was a successful issue expansion in 1937 and 1967 in contrast with an interrupted expansion in 1988 and a restrained one in 1988.

All entrepreneurs were involved in problem characterisation processes, hypothesis formulation exercises, momentum building, platforming, institutional design, advocacy functions, strategising, coalition building, and decision-making processes. Only Dias was free from having to accumulate entrepreneurial functions with executive functions, because of his advisory role in Campos's Ministry – a plausible reason that helps to explain the sophistication and quality of the proposals that led to the 1967 Reform.

7.7.2. Revising entrepreneurs' values and beliefs

Individual entrepreneurs act within the context of their life stories. They use history and comparisons elicited from their personal first-hand or second-hand repertoires of experience to make “comparisons of present with past and future” (Neusdadt and May, 256). It is virtually impossible to compare people's career paths and profiles, but looking more closely at the lives of the main entrepreneurs in the cases studied here, clues leading to the origins of their positions and actions can nevertheless be seen. They all accumulated characteristics as practitioners, academics, and political activists, and none was a classical bureaucrat or typical politician.

Belief formation was an important mechanism activated in all four cases. Lopes's convictions regarding public management reforms were shaped by his contact in the United States experience and by his unquestionable political affinity with Vargas's personal political project. The result was an explosive combination of scientific managerial ideas, lessons from the American civil service and budgeting reforms, a bias in favour of controlling public management policies and an authoritarian view of public affairs. Lopes acquired experience in the field by developing it. In one interview he was referred to as "the man who created bureaucracy in Brazil"⁴⁵⁷ but his ideas and trajectory could not be dissociated from DASP and Vargas or from all the reform attempts made until the 1960s, when his shadow over Brazilian public administration began to fade out.

Campos was the unmistakable maestro of the Castelo Branco Administration. His passage through the Ministry of Planning and Coordination was marked by an impressive number of reforms that reflected a combination of his impressive formulation capacity with the domain over the country's agenda since the 1940s. His wide experience in events such as Breton Woods, the setting up of BNDE, the negotiations with IMF, and the negotiation of Brazilian positions in Washington had made him an experienced economist with unusual political sensitivity. His belief in reasoning and argumentation dated from his youth, when he had studied to be a priest before opting for a diplomatic career. His technical approach to political and economic problems did not help him make political friends, except with President Castelo Branco, with whom he developed a symbiotic relationship.

Dias belonged to one of the first groups sent to the U.S.A. by DASP and later on he made his career in several high positions of the federal administration (including the head of Human Resources at DASP). But his passage through BNDE with Campos, UNESCO in Paris, and

⁴⁵⁷ Interview E1M/RJ/7.

LIGHT in the early 1960s transformed him into a pragmatic and highly qualified technocrat. His performance at both COMESTRA and ASESTRA proved him to be a detailed and meticulous policy formulator and a careful negotiator. His main concerns included cross fertilisation of private corporations with modern techniques used in public administration – thus his push towards unleashing the indirect administration – combined with an elitist merit-based approach to the civil service, which resulted in his pessimistic view of DASP and his expectations regarding the setting up of a Senior Corps.

Beltrão had not believed in structures and rules since his career at IAPI during the New State. He was a severe critique of the pathologies of a successful bureaucracy – a bias that stayed with him throughout his life. He believed in behavioural change and, to a certain extent and anticipated a customer-oriented approach in Brazil regarding organisational design. However, his vision of administrative reform as a campaign did not help consolidate the 1967 Public Management Reform. Moreover, Beltrão had always been on the brink of becoming a politician – a plausible explanation for the misplacement of some of his main ideas and attitudes. As a political communicator and a champion of the people Beltrão never distanced himself from the image of a de-bureaucratising crusader, even though he lived and worked in a country where a number of areas were characterised by bureaucratic deficits.

Marcelino's trajectory was more low-profile. He had been a successful journalist who participated in the modernisation of the government of the small state of Rio Grande do Norte as Alves's Secretary of Planning. Later on he followed an academic career at the University of São Paulo, where he combined his journalistic background with a more technical approach to administrative matters. His close advisor, Holanda, had studied at the Kennedy School of Government and he had followed a classical technocratic career during

the authoritarian regime, notably at *Banco do Brasil*, where he made a name for himself as an exceptional executive. Both shared a professional ethos, i.e. they believed in the traditional progressive public administration values and were committed to facing the historical challenges of Brazilian public administration. The development of the events suggested that they shared the view that culminated in the approval of Law 5132 in 1990, but their views regarding the need to strengthen the direct administration were spurred on after they distanced themselves from the decision-making and implementation processes. Santiago's transitional role as Vice-minister of Planning was important for two reasons: he avoided any interruption in the ongoing reforms and he introduced a twist by relating public administration with planning and budgeting reforms within a broader public policy scope. His views were influenced by his training as an economist in the U.S.A. and by his broad experience in the Brazilian technocracy during the authoritarian regime. He took the baton and then passed it on to his successor one year later, although unsuccessfully.

Bresser Pereira was a jack-of-all trades: a lawyer by education, an economist by vocation, a political activist, an academic, a private executive, a public cadre, a publisher, a polemist, and a lover of the arts. The way he embraced the new public management credo was surprising and somehow more revealing of his ideals than of his capacity for diagnosing the Brazilian public sector. His personal style allowed him, on the one hand, to build on his early victories after becoming minister. On the other hand it allowed his opponents to label him as a recurrently precocious policy maker – a epithet that stuck.⁴⁵⁸ Bresser's belief in reasoning and his concerns for matching his actions with his thoughts led him to move with surprising speed in the political and bureaucratic environment, even though he was neither a politician nor a bureaucrat. His changes of opinions – valuable attitudes in a collegial academic

⁴⁵⁸ E3L/Br/10.

environment – were seen by his opponents as problems and they provided alibis for disqualifying his ideas and efforts. His intellectual dominance over his team – mostly women without much governmental executive experience – also made it more difficult for important critical feedbacks to reach his ears. As an intellectual usually thinking ahead of his time he believed firmly that the new public management ideas he had been trying to implement were not only the best course of action for Brazil at that moment, but that they also represented a worldwide trend towards convergence⁴⁵⁹ (MARE, 1995).

It might also be noted that all of these entrepreneurs were committed to their views, even when the views failed to prove sustainable, as in Marcelino's and Bresser Pereira's cases. The way they defined the problems, and the subsequent policy formulation processes, obeyed their views, their experiences, and their aspirations. They are not easily compared because the criteria used here are based on different grouping procedures.

In political terms, i.e. in terms of the degree of politicisation of their actions, Lopes and Bresser Pereira occupied positions at one extreme and Marcelino, Holanda and Santiago at the other. Campos and Beltrão are closer to Lopes and to Bresser Pereira, whereas Dias is more aligned with Campos and Beltrão. In technical terms Santiago, Dias and Campos were at one extreme and Beltrão at the other, while all others were closer to Dias and Campos. Only Beltrão and Bresser Pereira had a genuine orientation towards the public debate, although Lopes and Campos had also developed important rhetorical skills in their public careers. In terms of Light's typology of administrative reforms, Lopes, Marcelino, and Holanda were closer to the scientific management type of initiative while the ideas of Dias, Campos, Beltrão, Santiago and Bresser Pereira were closer to the liberation management proposals. Most of them served authoritarian regimes, which does not mean that they failed

⁴⁵⁹ See Pollitt Ferlie and Hood for broader discussions regarding new public management variations.

to espouse democratic values. Beltrão was the most dramatic case: he once gave an interview justifying his signing of the AI-5. None of them became rich after their passage through office, or faced corruption charges.

They all persisted in the face of setbacks (Caiden, 1982: 223). Their beliefs were linked to their actions regarding all three streams (Hedstrom and Swedberg, 1998: 28). They all saw the opportunities that new governments provided, and held onto them. They were all protagonists of values that transcend them – and they were aware of it. They addressed broader constituencies, and they were all politically committed to the public interest within the context of the governments they served.⁴⁶⁰ And they all kept close watch over the issue careers, even when they did not control them.

Regarding their motivations (Kingdon, 1995: 122-124), it is clear that the promotion of the values they embodied and their passion for policy were much stronger than the advance of their personal interests. They benefited from their passages through government but they indeed had had better opportunities – a narrow proxy of interest – in other positions.

Finally, mechanisms of remembering and forgetting (Douglas, 1986; Hood, 1998) influenced policy choices as well as the entrepreneurs' courses of action. Individual and organisational forgetfulness⁴⁶¹ operated as a mechanism to try out and accept reforms (Brunsson, 1993: 41).

⁴⁶⁰ E1M/RJ/7, E1H/RJ/33, A3M/Br/19, E1H/Br/23, RS, E1H/SP/8, E3L/Br/10.

⁴⁶¹ Brunsson (1993: 42) argues that forgetfulness is as important as problems and solutions in administering reforms, and points out three particular mechanisms that promote forgetfulness: personnel turnover, top management turnover, and the use of management consultants.

7.7.3. Entrepreneurs and their entrepreneurial functions

“Entrepreneurial functions were performed by individuals but also by organisations since what matters is the behaviour, not the actors” (Swedberg, 2000: 17 and Blau, 2000: 83).

This dissertation has treated entrepreneurship as a matter of individual actions and roles, but it also about organisations and movements. Individual entrepreneurs operated through organisational platforms that amplified their individual capacities (Bardach, 1998). The Executive Commission, the Federal Civil Service Commission, the Ministry of Planning and Coordination, COMESTRA, ASESTRA, the Ministry of Administration, SEDAP, and MARE performed entrepreneurial functions because, in these cases, they were performed by institutions via their activities (Roberts and King, 1996; 10-11). Authors like Chapman and Greenway (1980), and March and Olsen (1983) recognised the importance of provisional or established organisations as an important source of entrepreneurial functions, usually dependent for success on other ingredients such as mandate, quality of the members, and leader’s attributes. The creation of a “knowledge driven spiral (...) driven by organisational intention” (Nonaka and Takeuchi, 1995: 74) in the field of public management occurred only during the short periods of institutions like DASP, SEDAP, and MARE. The production of organisational knowledge⁴⁶² did not flow cumulatively during these decades, with the partial exception of the Getúlio Vargas Foundation, a private organisation not under State control. As a result, tacit knowledge⁴⁶³ did not take root in public sector organisations.

⁴⁶² Boisot, M. (1998) conceptualises knowledge as “a property of agents, predisposing them to act in particular circumstances”, activated by information. Administrative reforms in Brazil have been characterised by forms of knowledge expressed discursively but not systematically codified.

⁴⁶³ Boisot (1998: 57) pointed out three ways by which tacit knowledge can occur: “things that are not said because everybody understands them and takes them for granted [e.g. the fait accompli about patronage

The long decline of DASP and the brief life of SEDAP-PR and MARE suggest that there are points to be clarified regarding the organisational sustainability of these three institutions.

Issues regarding policy monopolies and jurisdictions are intrinsically important in all four cases because of the way policy sub-systems were recurrently set up, destroyed and recreated (Baumgartner and Jones, 1993: 6). But as Ioannou (1992: 163) observed, “the absence of effective central political control and coordination – leading to fragmentation and significant departmental autonomy and discretion – not only made public entrepreneurship possible but to some extent necessary”. The four cases strengthened Ioannou’s assumption that “public sector entrepreneurship may be a functional need in fragmented political systems”. This is yet another complementary explanation for the administrative reform processes in the segmented Brazilian public sector (Barzelay, 1986).

7.8. Comparing the decision-making processes among the four episodes.

7.8.1. The long-term decision-making processes

Kingdon’s model suggests that decisional opportunities rise due to changes in political or problem streams (Van Gestel, 1999: 158). This is what happened in the four episodes, but primacy belonged to the political stream, since the decision-making process began there in all reforms. In 1937 the risk of a military crisis at a delicate moment forced Vargas to take measures regarding their wages. The letter sent by Minister of War Góes Monteiro was

practices], things that are not said because nobody fully understands them [e.g. the trade offs involved in administrative reforms and their corresponding consequences], and things that are not said because while some people can understand them, they cannot articulate them without cost [e.g. the difficulties in dealing with accountability issues].”

indeed a heavy blow. In 1967 Castelo Branco embraced the policy debate a few weeks after becoming President. Administrative reform was a political challenge for him from the time he took office. In 1988 and 1998, as soon as Alves and Bresser Pereira became ministers, they initiated decisional sequences regarding the reforms. But they were invited to be ministers for reasons not related to public management policies.

There were no close similarities among the paces of the decision-making processes in the four episodes. The timing and sequencing in the four cases were different, although, over time, the decision-making process was a common fact. Several inter-linked and intermediate decision-making processes at distinct levels formed a long-term decision-making process. Only in 1937 was the direction of the policy changes kept during the entire episode as well as after it. In 1967 partial policy changes were made when Beltrão took over from Campos as Minister of Planning and Coordination. In 1988 there were discontinuities after the new Constitution was promulgated, and the reforms took a different direction after Collor de Mello was elected. In 1998 the reform lost momentum after Bresser Pereira left the government, and when the reforms derailed in the transition between Cardoso's first and second terms of office.

There were different policy cycles in three episodes: 1937, 1967, and 1988. In 1937 there were two policy cycles – 1935-1936 and 1936-1937 – and the second was built over the first. In the first cycle the decision-making process was incubated within the Executive with the participation of Vargas, with the final decision being shared with Congress but under control of the President. The second cycle ended with the coup d'état. Vargas had commissioned a Constitutional text in line with his political project and based on Lopes's suggestions. The default implementation model was consistent with the constitutional provisions because

Lopes was in charge of the implementation of initiatives such as the setting up of DASP, the elaboration of the first Civil Servants' Statute, and the implementation of the Budgeting Directory at DASP.

In 1967 there were also two policy cycles, the first during the work of COMESTRA and the second during the work of ASESTRA. During the first cycle the decision-making process was paralysed by the differences between Beltrão and Dias. The fifth version of the proposal – formulated under the auspices of Beltrão – failed to receive executive support. In the second cycle Dias commanded the decision-making process with Campos's support. At the final stages President Castelo Branco mediated the final decisions regarding audit and control (against the Supreme Audit Agency's position) and the setting up of the Senior Corps (in opposition to Geisel's and Costa e Silva's view). The default implementation model – established by Beltrão – meant a partial shift in direction with respect to personnel and organisational design. The link between the direct and indirect administration was not fully established because the finance inspection units were created but not put in place by senior bureaucrats.

In the 1988 case there was only one policy cycle until the constitutional text was approved, in October. After that the process went in another direction, first during the final year of the Sarney Administration and then at the beginning of the Collor Administration. Two changes of direction took place, in 1989 and in 1990. Cintra and Santiago tried to introduce a change in the direction determined by Marcelino and Alves. They intended to anchor the reforms in the economic ministries: Planning, and Finance. But Congress became the main protagonist of the reforms in 1989 and 1990 because of the weakness of Sarney and, later, due to the election of Fernando Collor. Collor's first year coincided with the last year of the legislature

that drew up the new Constitution. Paradoxically, the attempt to downsize the federal administration co-existed with the approval of the ordinary legislation. The bandwagon effect was the main social mechanism in operation during the Constituent Assembly with respect to public management reforms. Once the proposal sent by SEDAP-PR coincided with the Congressmen's view and after an opportunity to generate political gains became clear, the reform career became relentless. Three interconnected decision-making processes then took place: the approval of the Constitutional text, its transitory provisions and, finally, Law 8152, in December 1990.

In 1998 the decision-making process took place simultaneously in the Executive and in the Legislature, and unfolded in an intertwined way. Bresser Pereira fought the reforms on both fronts for three years. The policy proposal was watered down in negotiations with Congress. Within the Executive, neither the core ministries (Planning, Finance, Chief of Staff, and Secretary of the Presidency) nor the line ministries seriously supported the proposal. The approval of the Constitutional amendment in Congress coincided with the decision to merge MARE with the Ministry of Planning. A managerial approach was taken by other actors, who abandoned Bresser Pereira's proposal in spite of the possibilities embodied in the Constitutional Amendment that had been approved shortly before that. In three cases entrepreneurs departed from the decision-making process immediately after a new Constitution was promulgated. The turnover of entrepreneurial champions helps to explain why the default model of implementation was quite different from the original proposal. In the latter phases of the decision-making process, the reforms of 1967, 1988 and 1998 gave signs of policy deviation with respect to their original spirit. Public management policy change occurred but not in a way that was consistent with the initial formulations.

In all the reforms the decision-making processes involved a surprisingly limited number of people within the Executive. Lopes and his young team were the founders of Brazilian bureaucracy. Dias and Campos were active at a very peculiar moment in Brazilian history. Marcelino and Alves plus Cintra and Santiago were the leading actors in the 1988 case. In 1998 Bresser Pereira's presence was overwhelming and dispensed other actors in the executive decision-making process.

The difference of the entrepreneurs' successes in different stages deserves attention. While they were decisive in the pre-decisional processes, they were not equally effective in the decisional stages, and even less so in the establishment of the default implementation model. Neither the arena of implementation nor the issue of sustainability of the reforms are areas where entrepreneurs can make a difference, as they were able to in pre-decisional processes, as evidenced by these cases.

7.8.2. Comparing the social mechanism of actor certification activated in the decision-making processes

Certification is a social mechanism that relies on the explicit transfer of powers conferred on specific actors by a higher authority (McAdam, Tarrow, and Tilly, 2001: 121). Actor certification took place in different forms in all four cases although political certification, personal certification and policy certification must be distinguished. Political certification was functional within the context of the political stream. Policy certification referred to the alternative specification process. Personal certification referred to the trust and credibility that one individual transfers to another on the basis of experience they shared in the past.

Lopes “was” Vargas. He acted as an extension of Vargas's will at the same time as he expanded it. The close relationship between the two men did not prevent Lopes's clashes with the Ministry of Finance, Souza Dantas, but that sort of problem was also typical of Vargas's political skills and *modus operandi*. Lopes was certified on political, personal, and policy terms.

Roberto Campos was fully empowered by Castelo Branco but the President had to operate in a severely constrained environment, given the pressure of hardliners at the top of his Ministry of Planning. Certification did not take place *a priori*. It was renewed daily, in a crescendo, because the two men shared mutual understanding on a multitude of themes. Campos was also certified in all three ways. Dias was an extension of Campos for public management matters. Dias's credentials had been built up in the past when he worked with Campos at BNDE. He was certified by Campos in personal terms and regarding policy issues. Beltrão's credentials came from his public reputation and, later on, from his alliance with Costa e Silva. He was thus certified in both forms.

Alves had built up a strong political relationship with Sarney before the authoritarian regime (when they belonged to the same political party), as well as with Neves in his battle for redemocratisation. Alves was personally and politically certified by Sarney. Marcelino was respected by Alves because of their connections in the past, when the former served the latter as Secretary of Planning, but their relationship was basically technical. Marcelino had come to Brasilia via João Sayad – Sarney's first Minister of Planning – not via Alves. Thus, although Marcelino was certified by Alves in terms of policy he was not politically certified by Sarney. Santiago had strong professional qualifications and he was reputed as a serious trouble-shooter, for which reason the last Minister of Planning of the Sarney Administration,

João Batista Abreu, delegated to him the responsibility for the details in merging SEDAP-PR and SEPLAN-PR. Thus, while Santiago was politically certified by the Presidency, Cintra was certified regarding policy matters by Santiago.

Bresser Pereira was certified by Cardoso because of the political and personal ties that had united them since Cardoso's first moment in government, but he did not enjoy the same respect and credibility from the President as did other key ministers who had worked with Cardoso before. Bresser Pereira gradually became de-certified in political and policy terms, although his relationship with Cardoso never lost its personal character.

7.8.3. Focus events in the political stream

Previous and contemporaneous events in the political stream were decisive in enabling, triggering, dislodging, and ensuring public management reforms in all four cases, but in different ways. The political stream was stable only in the last case but the political turbulence during the other periods analysed was not an impediment to the issue career although it affected its direction in different ways. In 1937 the starting point was a spillover from the 1934 National Constituent Assembly. When General Góes Monteiro resigned he set off a policy dynamics that led to the subsequent cascade of events. The setting up of DASP was feasible in the context of the coup d'état of 1937, the focusing event that marked the end of the episode.

The 1967 reform was initially insisted on by Castelo Branco, partially due to his having participated in the 1963 effort. But after the impasses of COMESTRA the policy process could only be resumed after the political crisis triggered off by the reaction of the hardliners

against the results of the gubernatorial elections was resolved. Once the succession for leadership was defined – via AI-2, AI-3, and AI-4 – the President and the Minister of Planning were free to return to their priorities, including the public management reform process via ASESTRA.

The 1988 episode was deeply influenced by events in the political stream from moment the Neves died. Sarney began his term of office as a lame duck because he had not participated in the opposition to the authoritarian regime, but to the dissidence that supported Neves. The convocation of the National Constituent Assembly accelerated the lessening of his presidential powers. He was forced to reshuffle the cabinet numerous times in order to deal simultaneously with the lack of political support in Congress and the gradual collapse of the macro-economic situation. When a cabinet reshuffle placed austere economists in key ministerial positions and Alves was unable to align himself with them, the fate of the reform was sealed. Paradoxically, Congress grabbed the torch of the Single Juridical Regime and carried it to its final outcome despite the disastrous approach to the new President's issue.

In 1998 the political stream was relatively calm until the end of Cardoso's first term. The focus event – the launching of Cardoso's Real Plan that led to the election – took place before the episode. Later the policy proposal underwent amendments in Congress but as part of an ordinary process of negotiation. The international crisis that forced the devaluation of the currency – the Real – and the irruption of political scandals that affected close collaborators brought about an improvised cabinet reshuffle during which MARE was phased out. But the merging of MARE with Planning had already been given some thought because the President's inner circle felt that another approach was needed to implement a managerial reform.

Therefore, spillover effects of focusing events out of the policy stream were decisive in activating political and policy processes that were decisive in the public management policy-making processes in all four cases.

7.9. Comparing the policy outcomes

7.9.1. The variable geometry of the public management policy outcomes

The first thing that calls an analyst's attention to the public management policy outcomes of the four cases is their varied scope. Table 6 provides a general overview of the scope of each public management reform regarding each sub-policy.

Table 6 - The scope of the public management policy reforms in the four cases

	1937	1967	1988	1998
Civil Service and Employment Relationships	Re-adjustment Federal Civil Service Commission First Civil Servants' Statute	Proposal to create a Senior Corps	Law 8152 (a de facto new Civil Servants' Statute) Career Plan Creation of the Public Management, Budgeting and Finance Careers	Extinguishing the Single Juridical Regime Flexibilizing Resuming public selections for strategic careers
Organizational Design	Creation of a unified state structure under the command of DASP	Unbundling the Presidency Enabling the expansion of the indirect	Reunifying the public sector under the command of the direct administration	Creating new organizational form of public organization (executive agencies and social organizations)
Planning and Budgeting	Budgeting reform under the command of DASP	Institutionalizing planning, programming and budgeting at constitutional	Creation of the National Budgeting and Treasury Offices	
Auditing and Control	Setting up of the Efficiency Commission	Structuring the financial inspecting sections in all ministries Converting the external control (TCU) into an ex-post activity		
Procurement	Creating Procurement Department in DASP	Updating procurement		

There are three possible explanations for the broader scope of the reforms of 1937 and 1967: the quality and intensity of the effort, the Administration's commitment (facilitated by the authoritarian circumstances), and the complexity of the reforms being planned at the time. Efforts made by Lopes and Dias not only had the President's support, they were prompted by

him. The President's awareness regarding public management problems help explain the degree of liberty given to the reformers. While Vargas always saw himself as a beneficiary of the reform, Castelo Branco saw public interest as its main objective.

What is particularly surprising in 1937 and in 1967 is the fact that the occurrence of multiple simultaneous reforms is traditionally considered a problem (Elster, 1993).⁴⁶⁴ In 1936-1937 and in 1967 the congested agenda helped the reformers, but this was not the case in 1988, possibly because of the authoritarian context of the other periods. The democratic context of 1988 and 1998 as well as the more specific mandates of Alves and Bresser partially explain the scope of their initiatives, and surely both contributed to reducing the areas in which these two reforms occurred.

Four types of innovation processes⁴⁶⁵ deserve attention: creation, origination, adaptation, and borrowing (Roberts, 1992: 57). Creation marks the emergence of an innovative idea coupled with some need or problem. Origination occurs when a solution is formulated for the first time, without precedents. Adaptation implies modifying a solution reached in other contexts to the present context. Borrowing involves copying solutions to the problem from other contexts, with little change. All forms of innovations occurred, but in different ways in the four cases.⁴⁶⁶ However, as Roberts (1992, 57) warns "The newness or innovativeness of the idea is defined by the context in which the entrepreneur is embedded. (...) A new idea is innovative to the extent that individuals involved in the context perceive it to be". In other

⁴⁶⁴ See Elster, J., 1993.

⁴⁶⁵ Kanter (2000: 170-171) provided an alternative list of innovative tasks which include: "idea generation and activation of the drivers of the innovation", "coalition building and acquisition of the power necessary to move an idea into reality", "idea realisation", and "transfer or diffusion". Although the latter go beyond to the scope of this analysis, a comment is nonetheless in order. First, although none of the four administrative reforms was necessarily innovative, it is interesting to map the source of their initial impetus, especially as derived from entrepreneurial behaviour. Second, no entrepreneur acts alone. Even if he "orchestrates", he needs a what Galbraith (1982) called a "sponsor".

⁴⁶⁶ Adaptation and borrowing were already analysed in the discussion of policy transfer processes.

words, it is the context and the way people are embedded in this reality, perceived as the arrival of new proposals, that counts.

Lopes's ideas were particularly original even by the international standards of the time when they were generated. In the first case, the setting up of Efficiency Commissions and, especially, the establishment of DASP, captured international attention as the studies by Reinning and Siegel later confirmed. In the second case the push for delegation and decentralisation in the indirect administration – an anticipation of the agencification processes that were carried out as of the 1980s in the international arena – was eclipsed by the authoritarian regime although mapped within the context of other academic literature (Evans, Ross-Schneider, Barzelay, 1986). The Senior Corps – if approved at that time – would also have been an original innovation. The Federal Civil Service Commission in 1937, the PPBS⁴⁶⁷ and Control policy outcomes in 1968, and the new organisational figures created in 1998 also constituted innovations, but in their respective contexts, given the international knowledge available about them.

7.9.2. Public management reforms as policy reversals

The zigzag patterning of the reforms regarding civil service and organisational design deserve special analysis. One plausible hypothesis to explain the original sequence can be found in Hood's policy reversal framework. Hood (1994: 3-18) pointed out four distinct causal explanations for policy reversals: one internal (self-destruction) and three external

⁴⁶⁷ The significance of the introduction of PPBS reforms in the Brazilian political system should not be underestimated. Despite their technical appearance "they are complex social system transformations" (Caiden, 1991: 265).

(change of mind, interests, and environments). “Reforms are self-referential” (Brunsson, 1993: 42).⁴⁶⁸ In these two areas each policy outcome is explained as a reaction against the perceived consequences of the previous attempt to solve public management problems, and melts into the previous solution itself. A closer look was given to the problem of design, defined as the problem of “drawing causal linkages between a problem and its solutions so as to shape a policy outcome” (Roberts and King, 1996: 3). Table 7, below, provides a general view of the reversal configuration of the four episodes.

A useful starting point for analysing the recurrent attempts to solve civil service and design problems is dissatisfaction. Dissatisfaction is a key activator in the search for policy solutions. A more detailed framework based on theories of attention and search in decision-making processes was developed by March (1994), who centred his analysis on the problem of allocation of attention in a context where alternatives, consequences and preferences are imperfectly known. According to March (1994: 24) an “ecology of attention”⁴⁶⁹ must be incorporated into decision-making analyses because of problems related to time, attention, and information management (as well as overload), in order to deal with recurrent problems of intermittent attention-satisfying search rules. Satisfying rules establish conditions to activate search behaviour, timing, and limits. Dissatisfaction, however, is a negative motive for action because it does not provide positive guidance but only rejection of certain solutions

⁴⁶⁸ Brunsson (1993: 42) argues that reforms tend to generate further reforms because they tend to increase the supply of solutions, problems and forgetfulness. Despite the importance of the concepts this dissertation does not share this thesis. In fact, the analysis of the four cases reveal that both problems and solutions are relatively rare over time, in spite of their apparent proliferation.

⁴⁶⁹ By ecology of attention March (1994: 24) refers basically to questions related to “who attends to what, and when”.

(Rose, 1993: 51). The searching process⁴⁷⁰ has a limited scope because, as a starting point, it does not go far beyond the rejection of the previous reform attempt.

⁴⁷⁰ Search parameters are the expectations derived from a comparison between performance and targets. When performance falls below the expected targets, search increases; when performance goes beyond expectation search decreases (March, 1994: 27). March's search model is complemented by three premises: aspirations change over time, search is affected by success and failure, and search depends on the market of "supply of" and "demand for" information.

Table 7 – Comparing public management policy reversals

	Self-destruction dynamics	The influence of ideas	Environmental changes	Agency and interests
1937	Collapse of the old Republic's patronage system and fragmented state	American progressive public administration initiatives, Civil Service Reform and Classic Public Bureaucracy	Nationalization, Urbanization, Industrialization and increased complexity	New urban middle classes, military professionals and political personal projects Strong entrepreneurial presence
1967	Collapse of the Populist State, obsolescence of federal bureaucracy and ossification of the DASP model	PPBS, American in the case of control, British in the case of delegation, and French and British in the case of the Senior Corps	Acceleration of the urbanization and industrialization processes, increase in complexity, move of the federal capital do Brasilia	Emergence of a military&business political alliance and of military managerialism Strong entrepreneurial presence
1988	Collapse of the big government model engineered by the military Exarcebation of a unaccountable practices	Civil Service Reform Progressive Public Administration, French and Argentinean career model	Re-democratization process, hyperinflationary process, National Constituent Assembly process	Bureaucracy and politicians corporatist alliance Public entrepreneurship
1998	Paralysis of the federal administration due to juridical straitjackets	New ideas on Public Management, especially inspired on the British experience	Macro-economic stabilization, technological change	Strong entrepreneurial presence

7.9.3. Comparing self-destructive dynamics in the four cases

All four cases show elements that triggered off self-destructive dynamics. The seeds of failure could be seen in the solutions themselves (Wildavsky, 1980) as well as in the control

dynamics (Dunsire, 1990) and spillover effects (Sieber, 1981) intrinsically contained in each policy outcome. The inertial accumulation of intended and unintended effects of each reform over time contributed to increased dissatisfaction and the search for alternative solutions. Self-destructive dynamics played an important role in problem definition discussions. The issue image is particularly sensitive to contrasts between the new policy proposal and the previous perception of the problem.

In the late 1920s the clientelist system was deeply entrenched in the political dynamics of the Old Republic. The political system was stagnated and blocked by decentralised institutional arrangements based on patronage. The setting up of a national State structure demanded the creation of a national civil service, a budgeting process, and a unified bureaucratic structure to become a counterforce to the previously existing arrangements. Between the 1940s and 1960s the perverse effects of DASP's over-centralisation and its political role in a dictatorial context rose to the surface. The reform attempts of 1952-53, 1956 (COSB and CEPA), and 1963 were aimed at reviewing the rigid and centralised structure of the Brazilian State, but they failed to take off. Two of Dias's and Campos's main concerns were to release the indirect administration from overwhelming controls and to transfer powers from the Presidency to other strategic ministries,⁴⁷¹ such as Planning and Coordination. The situation faced by the democratic government in 1985 was shocking. The Executive had progressively decided to govern through the indirect administration since the late 1960s, thanks to the 1967 Constitution and Decree-law 200. The direct administration was bypassed on the grounds of the inadequacy of its control instruments, especially in the areas of personnel, procurement, and transparency. The escapist strategy (Marcelino, 1987) was intensively adopted by the Executive within the context of a non-democratically accountable military dictatorship. The

⁴⁷¹ The proposal to set up a Ministry of Administration was presented to Costa e Silva and Beltrão but they opted for concentrating both functions in the same Ministry of Planning and Coordination

legal framework of the period was responsible for the emergence of collaborative and often collusive relationships between business and the State⁴⁷² and for the (re-)configuration of the Brazilian developmental State in the 1960s and 1970s. The State apparatus born from the 1988 Constitution had become a “monument to old problems” (Schon, 1971). Bresser Pereira (MARE, 1995: 28) classified the provisions of the Constitution as an “unprecedented retreat” because they straitjacketed the state apparatus by extending the same rigid bureaucratic rules adopted in the direct administration to the public service agencies and SOEs. Rigidity regarding organisations and personnel was the key target of the managerial reform initiated in 1995.

7.9.4. Comparing the influence of ideas during the reform periods

New and revamped ideas also played important roles in explaining policy change in all four cases. Either as weapons or as “road maps”, ideas do not “occur” in an ideological vacuum (Sikkink, 1991). Previous ideas are embedded in organisations as well as in social norms. The power and politics of ideas were evidenced in the rhetoric, packaging, and persuasion strategies of the reforms (Hood and Jackson, 1991). Both spinning and theoretical developments helped explain variety in the four cases. Changes in ideas are also rooted in patterns of dissatisfaction and disillusionment with belief structures and behavioural patterns (Berman, 2001: 234).

⁴⁷² As Schneider and Maxfield (1997: 5) observe, “A relationship that enhances economic performance is probably not in equilibrium because it is subject to strong corruption temptations.” In the absence of gatekeeper meritocratic bureaucracy capable of working as an obstacle against corruption the frontiers between benign collaboration and collusion began to blur. Even the military who claimed this role as a justification for the coup d'etat in 1964 were affected because many of them became a part of the technocracy in charge of the State.

The overwhelming influence of ideas from the U.S.A. in 1937 was made evident through different routes: the setting up of the CFSPC, the Budgeting Reform, and the appropriation of ideas from the Brownlow Report that led to the creation of DASP. The impetus towards centralisation that influenced the 1937 reform can also be traced to the rise of fascist regimes in the European inter-war period. Dias and Campos were subject to a great number of different influences – although predominantly American – that decisively affected the scope of the 1967 reform. They were also aware of how the private sector at that time was a fast learner of government policy innovations and intended to create the ideal conditions for cross fertilisation between private and public administration without neglecting the importance of modern control mechanisms. The Brazilian public sector debate in the late 1980s followed the “elite corps approach, patterned after France’s ENA model” (Oslak, 1994: 143), which was also tried in Mexico, Bolivia, and Argentina, with limited repercussion. The 1988 Constitutional Reform was in fact a reaction against the perceived consequences of the 1967 Reform. The Executive and Congress blamed the previous institute for the situation of the State in transition to democracy. They thus failed to differentiate between political and public management problems and attacked the former in detriment to the latter. The Washington Consensus⁴⁷³ – on course in the 1980s but formulated as such in the transition to the 1990s – should also be taken into account in the events that preceded Cardoso’s rise to power. Bresser Pereira’s first meeting with David Osborne and his further contact with protagonists of the Next Steps Agencies process in the UK put him on the new public management track. His further contact with Croizier – a severe critic of French bureaucracy pathologies – convinced him that his proposal should catch up with the trend towards convergence.

⁴⁷³ Williamson (1990: 8-17) formulated this expression to designate a set of ten market-friendly reforms that Latin-American countries should carry out in order to stabilize their economies: fiscal discipline, elimination of subsidies, tax reform and higher taxes, realistic interest rates, realistic exchange rates, trade liberalisation, stimulation of international investments, privatisation of state utilities companies and protection of property rights.

7.9.5. Comparing the weight of habitat changes in bringing about policy

reversals

Environmental changes are contextual explanations that relate public policy change to transformations in the social, economic, political, and technological habitat (Hood, 1994: 12-13). Policy changes are to a certain extent context-driven. Public management reforms are not single issues, nor can they be easily isolated.

“The essential feature, then, of administrative reform is the relationship of administrative changes to characteristics or pressures from the broader social and political environment”. (Greenway and Chapman, 1980: 183).

Given the number and intensity of the changes that took place in Brazil, it was reasonable to expect that variations in government structures might to some extent be explained by variations in broader areas, such as society itself, the economy, technology, and culture. Such structural transformations are affected by environmental and contextual changes that undoubtedly influence the nature of policy change.

In the 1930s Brazil was a rural country with a weak central government, ruled by an alliance of fragmented provinces in their early stages of urbanisation and industrialisation. The military were important political actors and the appeal of authoritarian solutions was both strong and popular. The influences of the 1960s were similar, but more intense – especially the urbanisation and industrialisation processes. The political turbulence was exacerbated by the democratic government’s incapacity to deal with the country’s challenges and by the political polarisation typical of the apex of the Cold War in Latin America. There was a

junction of political re-democratisation and a worsening economic crisis during the second half of the 1980s that created a very turbulent governmental environment. The period was also characterised by the nuances of the transition marked by the death of the pivotal provisional President Tancredo Neves. After the Real Plan, inflation returned to manageable levels. Brazil became a different country, where it was again possible to calculate economic realities and carry out more realistic planning. The development of information technologies – unthinkable in the past – also enabled new policy solutions for old problems.

7.9.6. Comparing the roles of agency in the four episodes

The clash of interests inside and outside the public management policy domain was inevitably present in all policy junctures discussed here. Class-conflicts, rent-seeking practices, coalition-building elements, and national and international political dynamics all played important intervening roles in the cases in question. Policy entrepreneurs (Kingdon, 1984; Roberts and King, 1996) constituted another source of dynamism. Their presence is often used to explain policy reversals but they are examined separately here, due to the central role attributed to Kingdon's model.

The model presented by Skowronek (1982: 10) seems particularly pertinent to the reforms of 1937 and 1967 because it combines the impact of crises (political and economic), class conflict and increasing complexity (development of the country's production capacity and the scale of its national problems). This scheme is therefore useful in explaining the erosion of the dominant public sector organisational system. Later, the legal framework generated by 1967 reform was responsible for allowing collaborative and even collusive relationships

between business and the State to emerge. Thus, it was regarded as responsible for (re-)configuring the Brazilian developmental State in the 1960s and 1970s. As Schneider and Maxfield (1997: 5) observed, "a relationship that enhances economic performance is probably not in equilibrium because it is subject to strong corruption temptations". More recently, institutional analyses by Geddes (1994) and Haggard (1995, 1997) have highlighted neglected political dimensions of state reform studies. Geddes (1994) relied on the nexus between bureaucrats and the party system to argue that the absence of political competition favours the prevalence of clientelism. The disappointing performance of the merit-based reforms between 1946-1964 and 1985-1995 raises doubts as to this premise. In the 1980s the political economy of inflation produced a de facto situation of "institutional precariousness" that failed to guarantee any continuous attention to policy problems that transcended "short-termism", which was the major reason for "Operation Dismantle" of 1989 and the disastrous downsizing attempt in 1990. Agency explanations for the 1998 case were based mostly on the alignment of the reform proposals with macro-economic priorities.

7.10. Conclusion

The framework for policy reversals helped characterize the zigzag pattern of changes in organisational design and civil service reform. The framework supports the understanding of what sorts of reversals took place and how they occurred. But the clues provided by the framework still seem too faint to explain why the reaction took the form it did. This theme will be taken up in the conclusion.

Nascimento (1966: 446) made a comment almost forty years ago that is still remarkably pertinent today.

“The Brazilian bureaucracy has developed a great deal of rigidity. These ossified areas need to become more flexible, more adaptive, and less bureaucratized. In other respects, however, the problem is the opposite: there is a need for bureaucratization”.

None of the reforms was able to distinguish one group of sectors from another. They all failed to provide legal frameworks capable of dealing adequately with different sectors, and none offered a offer coordinated and consistent basis. Dias and Bresser Pereira were pursuing this aim but neither actually attained it.

The analysis of the four cases shows that the efforts to create support for progressive reformist policies in the issue of bureaucratic autonomy and for managerial types of arrangements were also limited by events beyond the control of the actors. The public philosophies (Hood and Jackson, 1991) and the programmatic ideas (Weir, 1992) that should have influenced and guided policies, did not take root. This problem occurred with “progressive public administration” and “managerialism”. In both cases these ideas should have been linked to dominant cultural values and tied to administrative means. Weir (1992: 207) warned that if public philosophies and programmatic ideas become disjointed, a widening gap appears between them, and if they are not crystallised in the institutional structures they tend to be dropped into.

Chapter eight CONCLUSION

8.1. Introduction

This thesis has explained public management policy change in modern Brazil in four case studies between the years 1930-1998. In this period there were eight reform initiatives. Those retained for study were the ones that went beyond the decisional process and were translated into constitutional provisions. These were the cases of 1937, 1967, 1988, and 1998 which resulted in constitutional reforms that reshaped Brazilian public administration.

The first aim of the thesis was to gain a better historical understanding of the cases in terms relevant to public management. To this end a conceptualization was adopted which makes it possible to explain the issue career of reform through the process of agenda setting, alternative specification, and choice a conceptualization derived from Kingdon's (1995) framework.

The main research questions were: why did the reform occur? what was the issue career up to the decisional agenda? what was the role of public entrepreneurs in making them feasible? and what variation was there between the policy proposals? All four reforms were responses to previous impasses regarding public management policies required to support political-economic challenges. Sclerosis and entropy of pre-existent administrative structures took place in all four pre-existent situations. Public entrepreneurs were fundamental catalysts of policy change in all four episodes, involved in different sort of initiatives – policy formulation, advocacy, political negotiation, decision-making, and others – in order to push their proposals until the decisional stages. The issue career up to a final decision was

turbulent until the approval of constitutional amendments that enacted new legal frameworks regarding public management policies. A variety of policy solutions was observed in all four cases, especially with respect to sub public management policies such as those related to civil service reform and organizational design.

A secondary group of research questions – related to the content rather than the process of reform – included the occurrence of policy transference, the path and the frequency of the reforms. Policy dialogue with other countries took place in 1934-1937 (USA), 1964-1967 (USA, UK, and France), 1985-1990 (France), and 1995-1998 (UK). The reforms presented an irregular pace in all four cases – marked by a strong start, a loss of momentum, a resumption of the scaling up process, late decisions, and a final outcome. The frequency of the reforms that achieved the stage of constitutional change is rising, not to mention the occurrence of other attempts of reforms that did not go beyond the initial stages of policy change.

The investigation does not evaluate reforms' outcomes – how successful they were. In order to answer this sort of question a deeper historical understanding of the four episodes – as investigated and explained in this thesis – is a pre-requisite. Also, another theoretical approach would be required as well as another research design.

The thesis aimed to make contributions to the research field regarding three dimensions: theoretical, investigative, and prescriptive. To the theoretical end the contributions and shortcomings of the multiple streams model were analyzed in light of the results of the thesis investigation.

The investigation revealed the suitability of Kingdon's framework to explain the processes of public management policy change in four episodes. Five points were made regarding Kingdon's framework. First, the issue trajectory did not begin in the systemic agenda. Second, the windows of opportunity remained opened for long periods. Third, decisions are not taken at one point in time but through a process of continuous attempts, reformulations and validations. Fourth, the framework is adequate to analyze complex policies such as public management as well as to sectoral policies. Fifth, Kingdon's processual approach is contextual but not sufficiently historical to explain in depth the origins of some problems and their correspondent issue-images.

The use of a processual approach combined with analytic narrative as a research strategy is evaluated. With the benefit of the research done a potential agenda for future research is examined. Finally, some tentative comments of prescriptive nature are added later.

Three other contributions were: the historical understanding of the four cases, the methodological approach adopted and the role of individual entrepreneurs in policy change. The story of the reforms was relatively unknown given the circumstances in which they took place, with the exception of the last one. Authoritarian regimes did not favor balanced approaches to public management reforms and the third reform took place within an agenda congestion period because of the Constitutional Assembly. Analytic narratives were particularly useful in order to provide explanations of what happened via modeled narratives. Public entrepreneurs were essential in many ways, especially in a context marked by the absence of institutions such as political parties, civil service, and academic policy communities.

It will be argued that a research agenda might fork out into a delta at that point in three different directions: policy processes, theoretical issues, and thematic or problem-driven topics. Regarding policy process the challenge is the investigation of the other reforms and implementation processes of public management reforms. With respect to theoretical frameworks the challenge is to use other models to improve this line of investigation in order to answer related research questions regarding policy outcomes. A plausible alternative would be to test other frameworks such as historical institutionalism and punctuated equilibrium. A consequence of examining Brazil is that the following themes might be pursued: employment relationships in the public sector, state capacities, and organizational hybridism.

Finally, there are some final remarks by the author regarding the unit of analysis adopted: the processes of public management policy reforms in the Brazilian context. The observations express lessons drawn from the investigation process and from the main findings, highlighted throughout the thesis. Policy entrepreneurs revealed to be decisive in the four cases. National state building processes in infant nations are not trivial tasks given the centrifuge forces that operate within political systems characterized by clientelism and patrimonialism. Policy change took place according to patterns shaped by the convergence of the problem, policy and political streams catalyzed by public entrepreneurs. The fragility of the policy community, the weakness of a national merit based civil service, and the absence of a national political discussion marked the episodes. The need of a broader cumulative perspective – in historical institutional terms – may complement gaps and shortcomings of the approach adopted.

The chapter is organized in five parts, including this introduction. The second section revisits the research questions that provided guidance to the thesis. The third part explores the contributions of the thesis and its implications. The fourth section focuses on a potential research agenda which emerges as a result of the thesis. The last part closes the investigation with some personal comments by the author.

8.2. Reviewing the research questions

This thesis has been able to address the main research question - why did reform occur – via the utilization of historical narratives. This systematized the evidence. The description and analysis of all cases explained what happened, how the reforms occurred, and why they occurred as ‘case’ processes. The issue-career has been clearly identified by untangling the linkages between the political context, the agenda setting and the policy specification processes, using the processual theoretical model. It shows that entrepreneurs played an essential role in catalyzing and synchronizing the reform in four cases, although only partially in 1988, as it was evidenced in the previous chapter.

The question regarding the variation of the policy proposals was answered by incorporating other contributions to the analysis, notably Hood’s (1994) policy reversal framework and Rose’s (1993) lesson-drawing and policy transference categories. But a proper answer to the question about variation proved difficult because it was not possible to stretch the theoretical framework or the methodological design of policy cycles to this purpose. For example, although the reversal framework linked the contiguous reforms - *“the old public policy dictum that today’s solutions are merely tomorrow’s problem”* (Wright, 1997: 12), it could

not connect more than two cases on a longitudinal basis. The issue of comparison of disconnected policy outcomes and their variation is discussed below.

Comparisons with other country contexts could be made through the processual approach. But since the Kingdon framework does not focus on the *nature* of public management reform policies, these comparisons were limited. The major objectives of the thesis were not related to policy content, which means that the analysis of deeper causes – and consequences – of the reforms were not explored using a policy oriented approach but a process oriented one.

Questions related to frequency and the path of the reforms could be not properly answered either since the thesis did not address the issue of cumulativeness. This would demand a long-term perspective with respect to public management reforms. There were intervals of thirty, twenty, and ten years between the cases. There is a sense of acceleration regarding the reforms but what it means is another subject. The accelerated pace of reform attempts derived from reasons that go beyond the scope of the thesis. One might argue that the frequency – which should take into account other five major reform attempts - is associated with a perception of general dissatisfaction with state performance. But they cannot be characterized as routines (Brunsson and Olsen, 1993) despite their recurrence. I conclude that Hood's framework was helpful in understanding a policy reversal in contrast with the direction of the previous reform but in no way this model can be stretched in order to make it fit a chain of policy reversals over a long period of time.

The underlying issue related to the questions of cumulativeness is institutional layering (Orren and Skowronek, 2000: 20). New institutional arrangements did not replace pre-existent ones. They were juxtaposed to the old ones as the continuous incorporation of public

functionaries in the civil service and the creation of new forms of public sector organizations – without suppressing the previous – took place. The Brazilian case showed how a country can operate with organizational structures of different historical periods, each one within the context of distinct legal frameworks. The intriguing question is how the legal system provided conditions for the coexistence of different public institutions that belonged to distinct policy cycles. Because the content and the direction of the public management reforms were not the major focus of the thesis the aforementioned shortcomings are understandable. But they need to be registered and explored.

It might be asked how successful the four reforms were, why they failed, to what extent they achieved success and so on⁴⁷⁴. But that would be to misunderstand the aim of the thesis. The research questions did not include any sort of demand for evaluation of the four reforms in quest⁴⁷⁵. The investigation framework that was adopted did not deliberately encompass this analysis. Per consequence comparisons between to what extent they failed or succeeded are not feasible, within the limits of this thesis. Moreover, if these were the objectives of the investigation they needed to be pursued through different models, notably those that favor the analysis of implementation processes and evaluation techniques.

⁴⁷⁴ Evidence-based policies attribute an increasing role to the evaluation of reformist efforts. The need for deeper analysis of the lessons drawn from the implementation of Brazilian public management reforms is self-explanatory. The frequency of recurrent elements in the four reforms is impressive. It suggests not only difficulties in policy learning processes but also lack of systematic evaluations of previous reform processes. The evaluation dimension of the policy making process has been object of IPEA's attention since the 1960s but public management reforms do not belong to their research agenda.. For a more detailed analysis of the discussion of the attempts to institutionalize the evaluation dimension in the policy process with a special concern with public management reforms see Brans and Vancoppenolle (2005: 175-179).

⁴⁷⁵ Evaluations require a detailed discussion regarding by which criteria success and failure are attributed to the policy process in quest. It is not a matter of personal or political judgment but a methodological formal requirement. Definitions of success or failure depend on assumptions about what is "unexpected or foreseeable, and uncontrollable or controllable" (Bovens and Hart, 1996: 74-84). The implementation literature is particularly thin with respect to these definitions (John, 200X). The effort would demand an exercise of classification that goes beyond the limits of the current investigation, not to mention the utilization of different theoretical lenses.

The fact is that the present text paves the way for complementary analysis. It would be unthinkable or at least reckless, for instance, to pretend to evaluate Brazilian public management reforms – eventually in comparative terms – without producing robust evidence about the agenda setting, policy specification, and decision making processes involved in their implementation. Straightforward attempts to produce implementation analysis are – to a certain extent - conditioned by the availability of previous research regarding antecedent phases of the policy-making process. The more they are available the easier to focus on implementation and evaluation analysis. The study of the four cases enables further investigation of implementation and evaluation aspects of the reforms.

We may therefore infer that many evaluative elements of the reforms are already contained in the way the cases were narrated and modeled. It is also evident that some of the ingredients of the success and failure of some reforms were already anticipated in the “stages” analyzed. It is tempting to suggest that the design of some proposals were self-defeating while others did not succeed because of implementation problems. But this would be superficial and innocuous. The existence of such evidence did not support evaluative analysis of the reforms – either isolated or in comparative terms. The research questions would differ as well as the required theoretical framework.

8.3. Checking possible contributions

8.3.1 Theoretical contributions

The main theoretical contributions of the thesis refer to the uses of Kingdon’s multiple streams framework. As the analysis of the cases revealed, the theoretical approach performed

well regarding its quality parameters: explaining the process of public management policy change. But the thesis also evidenced some shortcomings of the model when applied to objects of the analysis like Brazilian public management constitutional reforms.

First, in all four cases the agenda setting process did not begin in the systemic agenda⁴⁷⁶, followed by a move to the governmental agenda as suggested in the original formulation of both concepts (Cobb and Elder, 1992). The agenda setting process was initiated in the government by high level political appointees in close contact with the Presidents, through a variety of processes – a plausible path that Kingdon had emphasized in the revised version of his book (Kingdon, 1995: 230). Governmental responsiveness did not explain the agenda-setting processes. Governmental actors – not governmental structures – were the agenda setters in the four cases. The thesis described (and explained) the specific conditions by which the policy-making processes – typically from the top - occurred.

Second, the windows of opportunity had a surprisingly long duration. Contrary to Kingdon's analyzes, in only one of the cases the issue acquired a sense of urgency. It was at the end of 1990 when the NCA approved the unique juridical regime, when the Congress bypassed all legislative stages in order to ensure the voting of the law. Furthermore the analysis of all four cases demonstrated clearly that the window remained open for a long period, measurable in years. It appears that the presidential mandates were equivalent to the duration of the window. The observation did not invalidate Kingdon's framework, on the contrary. It suggested that it can be used in more expanded contexts of policy change. This suggests the importance of the political window represented by a President's mandate, as opposed to a policy window within the competitive decision making process.

⁴⁷⁶ One might argue that there was a proposal in Congress in 1964 but the issue had disappeared from the political scene given the political polarization that culminated in *coup d'état* that enabled the ascendance of the military.

Third, there was no such a thing as a ‘single overridingly important decision’ within the decision making process. In the cases considered here decisions did not occur at a single moment in time. Choices were continuously made, remade, adjusted, and renewed or not (Jones, 1994). A decision never took place at a single moment in any of the cases. Not even the decisions translated into constitutional provisions enabled the automatic start of the implementation process. Transitional measures, subsequent ordinary legislation, and controversial interpretations followed constitutional changes. As such, they contributed to shape an environment marked by continuous modifications regarding issues like employment relationships in the public sector and organizational forms of public sector institutions.

Fourth, the original empirical work of Kingdon was centered on transport and health policies—two discrete sectoral policies with well defined borders, strong policy communities, and incontestable technical components. This is not the case of public management policies: systemic, borderless, implicit, without a natural locus, and without a structured policy community in the Brazilian context. Public management policies are viewed as composites in the four cases. They were usually presented as packages because they were part of broader public management reform efforts. The application of Kingdon’s framework in a policy package revealed to be considerably more complex than single sectors’ policies. Kingdon claimed that his model also worked in more complicated policy change cases as those he mentioned in his additional chapter of the more recent version of his book, the budgetary process of Reagan’s first year in office and Clinton’s health care reform attempt – not surprisingly both episodes took place in the beginning of both presidencies (Kingdon, 1995). The thesis suggested that the formulation may indeed explain public management policy change even in the case of public management policies. But the fact that the content encompasses more than one sub-policy – usually intertwined with others like civil service

policies and organizational modeling – generates some sort of “diffraction” in the explanation effectiveness – the 1988 case is a good example. Different sub-policies evolved in the distinct way in the four episodes although they fit in the streams’ structure, despite their discrepancies in terms of sophistication, consistency, pertinence and adherence.

Fifth, even if it looks like a paradoxical critique for a processual approach, Weir’s objection to the a-historical character of the multiple streams seems pertinent⁴⁷⁷, especially if a long-term view is taken. Understanding of the context was not necessarily sufficiently historical in certain circumstances, as in the cases analyzed. The problem definition processes were embedded in their contexts but they frequently presented shortcomings – notably in 1988 and 1998 - because they were not grounded in a broad enough comprehension of the historical processes of the problems they aimed to specify. Contexts are time-bound in ways that frequently disguise the roots and origins of problems that current actors and institutions are dealing with. It was not a coincidence that the reforms coincided with the time of presidential mandates, a clue for further analysis.

In reviewing the possible contributions of the thesis we can conclude that there are strengths and limits to Kingdon’s framework. The first and second caveats – the origin of the issue career and the duration of the window of opportunity - did not invalidate the application of the model. They in fact enrich the possibility of its application in processes with a broader duration. The third one – decisions are processes, not instants - is a more serious critique because it restrains the possibilities of the application of the framework. The fourth caveat – sectoral policies versus composite of policies – reveals a new potential of the framework.

⁴⁷⁷ Weir criticizes Kingdon’s formulation to explain policy change on the grounds of its a-historical character. She suggests that these streams have a previous story and can have been linked over time, as in the cases of earlier policies, structured balances of power, and problems, perceptions. Patterns of bounded innovation favour some ideas at expense of others in a pre-existent reality. Bendor et alli (2002) pursued a similar argument also but from a different angle.

The fifth caveat points out the adequacy of Kingdon's framework to address processes of public management policy change within the context of limited time boundaries, but not in long term historical terms.

8.3.2 The contributions to the investigative field

The historical understanding of the four cases is an original investigative contribution of the thesis. Only the last case (1998) had been object of a more systematic theoretical treatment (Rezende, 2001; and Melo, 2002). The 1937 case was extensively described and quoted but usually through the lenses of protagonists. The exceptions are the works by Nascimento (1966) and Siegel (1966), who scrutinized DASP's reforms with distanced analytical tools. The 1967 reform was eclipsed by the ascendance of more appealing issues in the political science research agenda related to authoritarian regime and its economic development model. The analysis here provides some unheard-of ingredients of the reform that enable improved understanding of the reform process. The 1988 case has not been the object of systematic research yet, as well as the National Constituency Process. The re-democratization years remain one of the least studied periods in Brazilian politics despite its significance, maybe because it is still too recent. The analysis provided a plausible account of the public management reform process in the period of intense turbulence that marked the transition to democracy.

A second contribution of the thesis is its methodological approach regarding the reform processes. The organization of the analytic narratives around nested events that belonged to a single process is an example of the development of a tool within the context of a broader

research program that has enabled the investigation and comparison of public management policy processes in different countries in different moments in time. The methodological developments of the narrative and processual analytical tools applied in this thesis are part of an ongoing process of methodological research exemplified by the works of Barzelay et al. (2002), Barzelay (2003), Cortazar (2004), Corbett (2005), Barzelay and Gallego (2006), Barzelay and Calderon (2004), and Malee (2004). Some of these comparisons have been reported in a symposium issue of the *International Public Management Journal*⁴⁷⁸. The choice of an analytic framework that has been used by scholars from different research institutionalist traditions suggests that the ground for methodological dialogue continues to be established (Mahoney, 2003) in a promising way.

A further contribution of the thesis arising from the Brazilian experience is the analysis of the importance of entrepreneurs in developing countries in which the public sector is not constituted by strong institutions providing scope for the hypothesis that a context characterized by weak institutions is prone to the emergence of strong public entrepreneurs. “Institutions matter” provided they are there!⁴⁷⁹ Institutions are supposed to “serve as chief-interface between state and society” (Painter, 2005: 9). In their absence or in contexts where they are not consolidated the policy making processes may be particularly susceptible to other sorts of influences).

⁴⁷⁸ The symposium articles were Barzelay (2003), Gallego (2003), Cejudo (2003), Gaetani (2003), Malee (2003) and Moynihan (2003).

⁴⁷⁹ The observation echoes Bendor et al (2002) critique of garbage can frameworks. Their point is the absence of institutions in the process. As we argued in chapter two institutions can be accommodated in the analysis according to March and Olsen and Kingdon analysis. In the Brazilian cases, they were either not there because they were submitted to ascendant political power – like in 1937 and in 1967 – or they performed a limited as Congress and Courts – in 1988 and 1998.

The role attributed to entrepreneur⁴⁸⁰s by Kingdon is one of the distinctive features of his model in contrast of the original garbage can formulation. Kingdon pictured them as “surfers waiting for the big wave” but subordinates their contributions in the streams’ processes to events and structures out of individuals’ control – and the evidences of his work supported these statements (Kingdon, 1995: 224-225). But their performance in the four Brazilian cases went beyond Kingdon’s formulation. It is virtually impossible to explain the occurrence of at least three of the four episodes without resorting to the role played by Simões Lopes, Teixeira Dias, and Bresser Pereira.

However, concentration on individuals’ performance is dangerously idiosyncratic if the argument takes place at the expense of structured patterns and events – which is not the case, given the methodology adopted. One plausible explanation to the emphasis attributed to their disproportional role is the weakness of Brazilian institutional structures like the civil service, the political parties, and the checks and balances between the three branches. In the absence of institutional capital, entrepreneurs have to multiply their efforts through the three streams in distinctive fronts but simultaneously. In Brazil they exercised a degree of control of the events in a way that Kingdon’s formulation did not encompass. On the one hand the thesis implies that Kingdon’s framework may be expanded in order to accommodate a more prominent role for entrepreneurs. On the other hand the investigation suggests that the excessive importance of these individuals may be explained because countries such as Brazil are deprived from institutions capable of watering down the importance of individuals in the policy-making process. In sum, entrepreneurs accumulate individual and institutional roles because of the country’s institutional deficits.

⁴⁸⁰ Peters (1999, 56-61) pointed out that ‘constitutional entrepreneurs’ can be decisive in processes of institutional building although the focus of his analysis was not the policy change process.

8.3.3 The challenge of a normative perspective

This thesis has sought to avoid the self-defeating normative approaches to public management reforms based on a literature that focuses the analysis on patronage elements of Brazilian political culture. On the grounds that most of this literature cannot depict some important attempts to overcome and circumvent the problem. Most of the literature based on cultural theory (Martins, 1985), and derived from historiography (Carvalho, 2000), old institutionalism (Santos, 1997a, 2000), and new institutionalist (Santos, 1997b) approaches have focused on the persistence of clientelism and patronage in Brazilian administrative practices that they missed some important attempts to overcome and circumvent the problem. These approaches were conducive to fatalist perspectives regarding public management reforms, sometimes at the expense of potentially rich policy dialogue within the contexts of windows of opportunity.

Nunes (1987, 105) emphasized that the original characteristic of Brazilian “*bureaucracy is not the pervasiveness of clientelism, but the effectiveness of attempts to insulate*⁴⁸¹ a few *techno-bureaucratic agencies in the economy from clientelism.*” The so-called “pockets of efficiency”⁴⁸² are still around in the Brazilian administrative landscape but their presence no

481 By insulation he did not mean out of political pressure achievement but the capability of maintaining a certain level of organisation integrity and policy delivery capacities. Insulation meant an enabling condition for mobilising resources in response to top executive command. These insulated organizations and SOEs who acquired reputation as policy and economic performers were piloted by appointed officials politically connected. Some of them became known as “*pockets of efficiency*” or “*islands of excellence*”. One of the most revealing characteristics of these institutions was that “*their economic success tended to legitimate the notion that government actors need not, and perhaps even should not, be publicly accountable*” (Nunes, 1987: 105), a perception still frequent in enclaves of Brazilian techno-bureaucracy.

482 Nevertheless, the pocket strategy was condemned to fail in the long term because these clusters – characterized by meritocratic proxies of the Weberian ideal type - were surrounded by a “*sea of traditional clientelistic norms*” (Evans, 1992: 167) and were extremely dependent on continuous support of the top executive protection from politics pressures.

longer has the same meaning as in the past, just as their reputation has changed. However, they populate the imagination of the general public in a confusing – perhaps even misguided – nostalgia, in which blurred memories of DASP and the authoritarian regime merge. The linkages of the so-called pockets or islands of efficiency with the political establishment were not publicly visible and they were characterized by opaque appointment mechanisms.

At the end of the 1970s and the beginning of the 1980s the distinctions between insulated respectable competent bureaucracies and clientelistic agencies blurred. The privatisation of public resources in order to generate political support affected them all. Given the common formal and institutional features – basically private personnel and accountancy legislation and absence of accountability mechanisms - shared by almost all public sector the differentiation became a matter of reputation. Hybridism affected the direct as well as the indirect administration.

The investigation also attempted to avoid jumping at the rhetoric appeals of siren-calls represented by convergence myths (OECD, 2003), modernity claims (MARE, 1995), and economists' reductive views of public management reforms. The cases evidenced the perverse effects that unfold the sponsoring of these perspectives. Despite their dominance in the Brazilian policy debate in the last decade their capacity to persuade did not overcome reality tests, a promising outcome for the policy community engaged in academic research and for the practitioners driven by problem-solving motivations.

Typical questions potentially raised by political scientists concerning this thesis would be: What difference did it make? What is this investigation good for? A prudent answer should downplay the expectations of this sort of investigation regarding normative and prescriptive aspirations. There are no prescriptive claims deriving straightforward from this investigation.

Kingdon's model as well as garbage can models for explaining policy change are not really supposed to be prescriptive. The literature in the field is already overloaded with advice and warnings related to public management reforms (Caiden, 1982). But there are implicit prescriptions in the way the thesis unfolded that are worth recapping. They refer to the role of individuals, to the importance of politics, to the importance of memory, the problem of critical mass, the meaning of ambiguity, and the potential for comparisons.

Public management reforms did not happen without the engagement of entrepreneurs to make them feasible. But the overwhelming problems and complexities faced by them suggest that the reforms demand more political capital than policy entrepreneurs might mobilize. Public management reforms can be fought on a politicized or a more technical basis but the choices embodied in this dilemma should be carefully considered.

The case for public management reform is to be built within Brazilian society but the political appeal of the theme has never been so low, despite the persistence of the problems that demand old and new policy solutions. Back to Hecló's (1974) observation quoted in the first chapter regarding policy-making as a society's puzzling choice, public management reforms demand clarity and consistency if they are to enable understanding of their effective trade-offs. *"Public administration merely reflects the many contradictions and dilemmas which are inevitable by the interactions of market, state, and society."* (Wright, 1997: 12). No reforms will be sustainable without a political support capable of transcending the impetus provided by their champions. Paradoxically, the importance of public entrepreneurs in the four cases was an evidence of the problematic sustainability of the reform proposals.

The reforms' saga suggested that Brazil has not come to terms yet with the issue. Unfortunately the country's memory is short and selective and the issues that society's

imagination retains are not necessarily enabling of bold initiatives. What people remember did not necessarily happen – like DASP’s merit based epic trajectory. What people like did not necessarily function – like Beltrao de-bureaucratization campaigns in 1967 and 1979. What people reject was not necessarily senseless – like Bresser Pereira's attempt to engage in a substantive policy dialogue with the academic community. At least a good part of the explanation lies in the absence of a robust policy community and in the lack of critical mass (Gaetani, 2000).

The literature on the Brazilian reforms is extremely poor in contrast with the importance of the theme. Without reference to the past the discussion about the future becomes harder. That is perhaps one of the reasons why ambiguity showed up recurrently in the proposals for the reforms. Ambiguity was usually pointed out as a problem, as a flaw in the policy proposals. But ambiguity was actively sought in most of the cases as a tactical move to enable the advance of policy change. On establishing ambiguities, entrepreneurs introduced their ideas and expanded the scope of policy spillovers and unfoldments. Finally, in the context of a comparative boom regarding public management reforms (Peters 2001, Kickert, 1997) there is an increasing need to incorporate country cases that provide variation in the pool of cases. The incorporation of the Brazilian cases can help other countries’ experts to understand their cases and – especially – to help Brazilians develop a better understanding of their own cases.

The prescriptive bias of the thesis lies in the way it treated all the aforementioned elements. Experience is the rear-view mirror which provides guidance to decision-making processes. First, the importance attributed to individual entrepreneurs implicitly presumes that they will strike again in the future, especially if the institutional building process of the country did not present significant changes. The more they know about their predecessors the better. Second,

democratic consolidation suggests that public management reforms will have to be dealt with through democratic rules, no matter if in high profile terms – like Bresser Pereira tried – or in low profile ways – like Marcelino and Santiago attempted to⁴⁸³. Thus, public management reforms will not take place out of the political arena. Third, this thesis aimed to make a contribution to the memory of the selected public management reforms. Traditionally the story has been told by the reform champions (like Dias, Beltrao, Marcelino, and Bresser Pereira) or by their collaborators (like Wahrlich in 1937). These accounts are worthy but they are not enough to enable a balanced understanding of the complexities and shortcomings of the reforms. Fourth, by the same token the thesis intended to be incorporated to the atrophied critical mass available regarding the topic. Fifth, perhaps a closer look at ambiguity issues may improve the understanding of its shortcomings and potentialities. Finally, regarding the international literature, the thesis provided an overall vision of Brazil's most important public management reforms in order to enable comparisons.

8.4. Suggestions for a research agenda

8.4.1 More cases and more stages.

There were other reforms – the cases not selected – that deserve special analysis for different reasons. In 1952, 1956, and 1963 the reforms were championed by Lopes and his close collaborators in an attempt to improve and reform his own project. The De-Bureaucratization

⁴⁸³ Heredia and Gaetani (2002) revealed for instance how a low profile entrepreneur was capable of resuming some significant parts of Bresser Pereira legacy – resumption of public selections, control of the pay-roll, and statistics - in order to organize a consistent human resources policy at the end of Cardoso's second mandate.

Crusade championed by Beltrao between 1979 and 1982 was an intriguing case of a public management reform becoming part of a positive agenda and a popular mass phenomenon. The literature about them is even less developed than with respect to the cases in question. Historical understanding about them is required. In all excluded cases there are lessons to be drawn from and puzzles to be explored.

Analyzing the period between 1937 and 1964, Nascimento (1966: 420) made criticisms which are still valid, to the predominantly instrumental perspective of the reform attempts, not included in this investigation. The strategy's ideology required executive behaviour to be functional and position-oriented. The strategy's content was characterized by a holistic, prescriptive, and cognitive approach – instead of a gradualist, suggestive and value oriented one. The strategy's behaviour was marked by formal concerns instead of focusing on informal elements. The experience of the Ministry of De-Bureaucratization was an answer to this sort of critique. Nascimento (1978: 413) questioned if the strategy upon which the reforms were based had been adequate to the needs and possibilities of the Brazilian federal bureaucracy. The problem with holistic or comprehensive approaches to reforms like the one in 1998 lies in the potential empowerment of additional resistances (Nascimento, 1966: 11). But piecemeal approaches also got involved in engendering obstructions along their processes like in 1988. The question of pre-requirements to change⁴⁸⁴ has been much explored in development economics, particularly in regard to the issue of balanced versus unbalanced economic growth. That is still a current debate.

The demand for an analytical treatment of the implementation processes of public management policies is the natural implication of this investigation. The way the cases were

⁴⁸⁴ Hirschman (1958) for instance was a leading figure in a different policy domain – development economics - among those who sponsor an unbalanced strategy of growth, although he put it in terms of comprehensive or piecemeal styles of policymaking.

– deliberately and necessarily - treated made them look like unfinished business despite the day-after taste. But the aftermath is not the same thing as the implementation of a policy, no matter how confusing its launching or its constitutional translation into ordinary law was.

The analysis of the other cases complemented by the analysis of the implementation processes of all Brazilian public management reforms are not a trivial task. But it is something that the country owes to itself. Regarding processes a final clue refers to policy sequence. As the investigation by Rezende (2002) suggested, policy sequence and policy failure may have been intimately connected in some cases, as in 1998. The crucial linkage to be recovered “*is the notion that individual innovations are part of a policy sequence in which institutional development renders some interpretations of problems more persuasive and makes some prospective policies more politically viable than others.*” (Weir, 1992: 192) The comprehension of the sequence, its structuring bottlenecks, its institutional crossroads and its proper comparison with other historical similar contexts are essential for evaluation of possibilities of policy innovation. As Weir (1992: 192) emphasized, “*Decisions at one point in time can restrict future possibilities by sending policy off onto particular tracks, along which ideas and interests develop and institutions and strategies adapt.*”

8.4.2. Mapping a research agenda: complementary approaches and connected themes

The Brazilian case suggests that future research on public management policy change might fruitfully use other frameworks to supplement the multiple streams. If the objective is to complement the analysis so far carried out, other approaches emerge as promising

candidates: historical institutionalism, punctuated equilibrium, and institutional processualism.

Cumulative outcomes can stem from long-term incremental changes. Some “slow-moving” causal processes can generate cumulative effects that may enable change or make it harder (Pierson, 2003: 181-2). Each reform meant “*a new layering of institutional arrangements on top of pre-existing structures*” (Schickler, 2001: 199). The analysis of the more recent situations demand a broader long-term analysis of the consequences of the accumulation of layers and of their mutually interfering effects derived from their co-existence. Historical institutionalism is particularly useful if the angle of the investigation is to be redefined in terms of what persists over all these decades⁴⁸⁵. Punctuated equilibrium is positioned to analyze a long-term process characterized by turning points in different moments that transform the direction of policy change. The framework combines the analysis of the change processes with the moments of “policy stability”. The problem in the Brazilian case is to associate the idea of stability with the intervals of policy change. A better comprehension of implementation and intervals is required. There were too many attempts to promote change. Stability was to a certain extent just the result of a failed or partial implementation process, more than an expression of an equilibrium situation.

A third approach is take up institutional processualism (Barzelay and Calderon, 2004) but with a deeper look at the “institutions” side of the expression. The approach shares Orren

⁴⁸⁵ The answer is apparently straightforward but not exactly true: patronage and clientelism. The patchy format of the federal administration revealed that there is a mix of patterns in different areas. There are some structured careers, there are several low rank cadres grouped in low rank categories, and there is a vast number of appointed positions fulfilled according to a variety of criteria (including merit). Gaetani (2002) explored the logic that motivates the different sorts of strategies regarding the fulfilment of appointed positions. There is a variety of possibilities according to the institutional and political context.

and Skowroneck's (1994: 313) concern with “institutional construction of change in time” in a way that is “less random than the garbage can models of James March and others”.

This dissertation also developed connected themes related to the original research questions: civil service reform, state capacities, policy capacities, administrative capacities, and hybridism. The first theme that emerges from this thesis is the issue of civil service reform. As Horn (1995: 97) argues, “*the distinguishing feature of the merit system is that it restricts the ability of legislators to hire, fire, pay, and promote their administrative systems.*” These statutes and norms in Brazil had never been consolidated in a merit based way. Instead of that, patronage systematically came back through a variety of forms that were not properly identified or taken into account. The Brazilian mainstream political science literature regarding the theme is thin and marginal. Linz and Stepan (1996: 17) stated that a “usable” professional bureaucracy is one of the “interconnected and mutually reinforcing conditions” required for a consolidated bureaucracy and for a functioning state⁴⁸⁶. Przeworski and Limongi (1993: 56) argued that the key explanation to the superior performance of Asian “tigers” in contrast with Brazil is “state autonomy”, conceived as “*the capacity of the state to pursue developmentalist policies with its insulation from particularist pressures.*” But, symptomatically, Brazil and other countries in Latin America have not been the object of systematic analytical research like other regions in the world⁴⁸⁷. The exception is the literature on bureaucratic autonomy and embeddedness (Evans, 1992, 1993, 1995: Ross-Schneider, 1991, 1997, and 2003).

⁴⁸⁶ The authors sharply pointed out that “*the question of the usability of the state bureaucracy by the new democratic regime also emerges in countries such as Chile, where the outgoing nondemocratic regime was able to give tenure to many key members of the state bureaucracy in politically sensitive areas such as justice and education.*” The only difference to the Brazilian case was that the National Constituency Assembly that followed the authoritarian regimes of Vargas and the military granted “entrenched rights” to the previous high officials.

⁴⁸⁷ See for instance the research program derived from Bekke, Perry, and Toonen (1996) that led to the publications of titles regarding Central and Easter Europe (Verheijen, 1999), Western Europe (Bekke and Meer, 2000), Asia (Burns and Bowornwathana), and Anglo-American (Halligan) countries.

Brazil is a country conditioned by diverse historical patterns and configurations, not fully framed by the Weberian framework in the sense that patronage and clientelist relationships have been persistent and dominant in spite of its capitalist development.. CLAD's efforts in the past were spasmodic. It was only in recent years that the Inter-American Development Bank took the initiative of commissioning a series of country studies⁴⁸⁸ but without a common theoretical approach such as the one adopted in the investigation of structures of rewards in Western Industrialized Democracies (Hood and Peters, 1994) and Asian countries (Hood and Peters 2003). Maybe it is time to integrate the Brazilian case in broader comparative efforts. The advantages of the approach of top echelons seem promising as Nuremberg and Welcoltt (2003, xiii) suggested because they are more focused, more policy promising and less politically risky (as in the case of dealing with the whole civil service). Not entirely surprising, the same approach was intuitively pursued by Dias in 1967 and more recently by Farias in 2000 (Heredia and Gaetani, 2002).

The second theme that this investigation raises refers to the seductive but elusive debate about state capacities, always returning to the international academic literature of public management (Schick, 2002; Peters, 2004) and development studies (Fukuda-Paar, Lopes, and Malik, 2002; Lopes and Theison, 2003). Brazilian international indicators are usually presented as completely independent from issues related to state capacity. After more than a decade of structural adjustment Evans' propositions⁴⁸⁹ are still disturbing as well as neglected. The predictable consequence is a tendency to what Luhmann (1982: xxvii) calls "institutionalization of precariousness". Public management reforms can be analyzed, for instance, according to three key capacities as suggested by Weaver and Rockman (1993a: 6):

⁴⁸⁸ <http://www.iadb.org/int/DRP/esp/Red5/transparenciadocs.htm#ReformaServicio>

⁴⁸⁹ *"Capacity implies organizations capable of sustained collective action. (...) Enhanced state capacity remains a requirement of effective economic policy, including sustained structural adjustment"* (Evans, 1992: 176 and 181),

“to innovate when old policies have failed”, “to be able to impose losses on powerful groups” and “to ensure policy stability so that policies have time to work”. While Weaver and Rockman concentrate their analysis on the first- and second-tier⁴⁹⁰ influences on governmental capabilities and policies an alternative possibility is to focus on the third-tier influences, the public management domain: bureaucratic strength and autonomy. It is a more pertinent approach to the discussion of reform capabilities in Brazil than the one recently adopted by Knill (1998, 1999, and 2001) to analyze Britain's and Germany's administrative reform capacities in the European context⁴⁹¹.

Knill (1999, 116-119) attributed contrasted high reform capacities to countries dominated by instrumental bureaucracies and low reform capacities to countries where autonomous bureaucracies prevail. The starting point of his analysis, however, is the comparability of the British and German bureaucracies⁴⁹² – both professional merit based but with important differentiations. The public management reforms in Brazil – usually from the outside of the governmental machine, which suggested the presence of an instrumental bureaucracy – did not start from the same position and did not present similar patterned results. The comment obviously does not invalidate Knill’s analysis but exemplifies the difficulties of comparing countries with very different development parameters, institutional settings, and political cultures. Brazil had circumscribed a phenomenon of bureaucratic autonomy represented by

490 The first tier consists of the potential influences derived from the distinction between parliamentary and the US presidential system. The second tier includes electoral rules and party’s systems that respond to different government configurations. The third tier is constituted by institutional (federalism, judicial review and bureaucracy autonomy) and non-institutional factors (civic culture and political cleavages). (Weaver and Rockman, 1993b: 445-6).

⁴⁹¹ According to Knill (1999, 116) “*The capacity for fundamental administrative reforms can be expected to increase with the extent to which the political and administrative spheres reflect separate areas which are characterized by distinctive interests and rationalities. If the distinction between both spheres is less pronounced, given a broad overlap of both areas, it seems rather unlikely that political leaders will either be motivated or able to push through fundamental administrative reforms against the bureaucracy.*”

⁴⁹² Bureaucracy in the sense applied in this dissertation or as in Evans (1979, 1992, and 1995) terminology that assumed as a Weberian type of public bureaucracy those based on public selections, promotion by merit (not seniority), career system, competitive remuneration, and public respect and prestige.

organizations that were a combination of: successful insulation from party politics, human resources merit based policy, entrepreneurial leadership, and the features of the sector⁴⁹³.

Evans (1992 and 1995) pointed out that "embedded autonomy" was a key explanation for the emergence of the developmental state. The authoritarian structure in which autonomy and embeddedness combined in certain sectors in Brazil was founded on the unaccountable indirect administration, a useless concern in a military dictatorship. The embedded features of sectors of Brazilian technocracy provided "*institutionalised channels for the continual negotiation and re-negotiation of goals and policies*" (Evans 1992: 164) between the state and its private partners. It provided a different solution to the shortage of capacities. However, the concentration of expertise in the state elite did not occur through a merit-based bureaucratic structure but via career patterns based on an appointee system of fulfilling executive positions. Accordingly to Evans (1995: 179) "*embeddedness is assumed to have value only in the context of autonomy. In the absence of a coherent self-orienting, Weberian sort of administrative structure*⁴⁹⁴, *embeddedness will almost certainly have deleterious effects. (...) It is the combination of embeddedness and autonomy that works, not either on its own.*" Evans's argument is plausible regarding Brazil because when the economic crisis effectively hit the country at the beginning of the 1980s, collusion as well as rent-seeking

⁴⁹³ "In the absence of widespread administrative reform, authority to interact with capitalists can be delegated to the most Weberian agencies in the economic bureaucracy." (Schneider and Maxfield, 1997: 31).

⁴⁹⁴ The absence of a Weberian bureaucracy explains also the lack of sustainability of the business-state pattern of relationship. "*Promotion by merit criteria is the key feature that insulates bureaucrats from pressures and hence allows them to exact reciprocity and make credible long term commitments. (...) If procedures for promotion insulate bureaucracies from lobbying, then the probabilities fall, and rent-seeking ceases to be a profitable alternative to productive investments.*" (Schneider and Maxfield, 1997: 16-17). In the Brazilian case the appointee phenomena provoked an opposite behaviour: migration to private positions and capture of public profits for corporatist purposes via differential package of benefits without corresponding alignment with the private market (Werneck, 1983). Business-government relationships were close and based on a variety of arrangements due to the features of the indirect administration. Political appointments coined the informal coalitions that operated among the direct and indirect administration. The dense network of collaborative and collusive relationships was built on a facilitating basis of discretion, flexibility, lack of accountability, and impunity. "Bureaucratic rings" (Cardoso, 1975) around key appointed officials became the dominant form of interest articulation in the absence of the exclusion of interest groups of party politics (Schneider, 1987).

behavior began to spread. The 1998 reform did not transform this situation despite the timid start of the establishment of a merit-based bureaucracy within the strategic core of state functions.

The third theme - a spillover of the previous one – refers to the investigation of the connections between state capacity, administrative capacity, and policy capacity. The thesis situates itself in a statecentric analytic tradition. The underlying assumption is that the Brazilian administrative state has an important role to play in the country's national affairs. Public management policies affect all public policy⁴⁹⁵ capacities because of the former systemic and pervasive character. But public management policies depend themselves on state, policy and administrative capacities⁴⁹⁶ to be improved and empowered. The thesis evidenced how hard was the promotion of policy change at the core of central agencies in a context characterised by problematic administrative capacities.

The concept of capacity is an elusive one but it is useful to draw attention to the complicate structural characteristics and stock resources of the Brazilian state with respect to administrative capacities. Cumulative capacities were not developed over time in the public management domain. If something was accumulated over time were problems, layers of legislations, and clientelist practices. Each reform made tabula rasa of the previous because there were not significant institutional capacities in central agencies⁴⁹⁷ Capacities in the central agencies mean – in organizational terms – staff, technology, financial resources,

⁴⁹⁵ “Policy capacity is the ability to marshal the necessary resources to make intelligent collective choices about and set strategic directions for the allocation of scarce resources to public ends” (Painter, 2002)

⁴⁹⁶ State capacity depends on the balance of power and attributions between state and society while administrative capacity refers to the efficient management of governmental resources - human resources, technology, finance, physical assets (Painter and Pierre, 2005: 2).

⁴⁹⁷ The contrast with the pockets of excellences is revealing. There were not islands of efficiency in the central agencies but on line SOEs and sectoral agencies.

expertise⁴⁹⁸, careers, nodality, and authority. The choreography of the planning and public management institutional domains over time was revealing of their instability. The structural characteristics and the resource stocks of the Brazilian governing system did not help reformers.

Policy capacities depend on two vectors: internal and external. The endogenous included policy expertise, professional cadres, and financial availability of resources. The external refers to the capacity to resist to particular interests and micro political pressures. The four cases evidenced how difficult the construction of these capacities was in Brazil. The requirements to build administrative and policy capacities for public management policies are more demanding than specific sectoral policies because the former are cross-sectoral policies that affect all the others. Neither insulation nor embeddedness were achieved. Moreover, the political pressures derived from clientelism and patronage functioned as a permanent disestablishing force of public management reforms. Administrative reforms are power-driven but they may or may not improve governmental effectiveness⁴⁹⁹. If policy capacities mean the creation of institutional integrity to enable policy implementation – at least in the public management domain – (Painter, and Pierre, 2005: 11) further investigation is required in order to provide evidence destined to support policy and institutional design initiatives less vulnerable to political turbulence.

The fourth theme that this thesis examined was hybridism, especially regarding employment relationships. Brazilian bureaucracy developed simultaneously under-bureaucratization and

⁴⁹⁸ Aucoin and Bakvis (2005: 191) argued convincingly about the importance of the intellectual dimension of public policy capacities. In their vision policy knowledge is decisive to enable a proper understanding of a cause-effect analysis. In the absence of an intellectual policy debate policy-making processes tend to be politicized and impoverished at the expense of the public interest (Podger, 2002: 5)

⁴⁹⁹ The 1988 case for instance produced a gridlock in the public sector, part because of implementation problems, part because of design shortcomings

over-bureaucratization pathologies both in direct and indirect administrations. In the direct administration the same law that regulated the merit system in the federal service determined its demise – via provisional contracts - as well because of political pressure, the fear of unemployment, and also because the Executive himself needed greater flexibility in the elimination and creation of public jobs. The hybrid⁵⁰⁰ arrangements, originated in the Re-Adjustment Law, combined with poor data made the interpretation of the problems and history – and the corresponding causality chain - a difficult task in subsequent years.

Brazil never had a perfect “spoil system” because each new government replaced some of the appointed positions – usually the top – while it “fattened” the public administration with a new wave of political appointees and extranumerários⁵⁰¹. And from time to time - from constitution to constitution – they were all transformed into civil servants. Therefore, there was a paradox in all reform attempts that took place until the 1990s. They occurred at the same time as contradictory practices demoralized reform efforts, especially in the area of civil service employment relations. From time to time constitutional or ordinary legislation⁵⁰² transformed public sector employees recruited in a number of ways⁵⁰³ into permanent civil servants. While the reformist efforts were typical of the first months of the presidential mandates, the accommodation legislation was approved near their ends.

⁵⁰⁰ Since the 1930s the law created a new juridical figure, the “function”. “Positions were created by the Legislation, while “functions” might be created by Executive decree. In consequence, occupants of “functions” (called “extranumerários” or supranumerários) were not subject to the same set of rules applicable to occupants of “positions” (called “functionaries”). In short, “extranumerários” were not subject to entry examinations by the constitution. An entirely different terminology was then invented for the new category, so as to create a parallel, independent group of employees.” (Nascimento, 1966: 429-30).

⁵⁰¹ “Extranumerários” were not subject to entry examinations by the constitution. An entirely different terminology was then invented for the new category, so as to create a parallel, independent group of employees.” (Nascimento, 1966: 429-30).

⁵⁰² Medeiros (1970: 47) list of legislation included the 1946 Constitution (as well as the Constitutions of 1934, 1937, and 1967), the 1952 Statute of Civil Servants, and the Laws 2284 from 1954, 3483 from 1958, 3966 and 3967 from 1961, 4054 from 1962, 4069 from 1962, and 4242 from 1963.

⁵⁰³ The hiring mechanisms included appointed positions, contracts for a certain period, or contracts via SOEs or private firms to do civil servants functions.

Estimates of the number of public functionaries that had been recruited on the basis of merit never went above 10% in the period between the 1930s and the 1960s. (Medeiros, 1970: 46). Collective business actions, developmental associations, or hard budget constraints can eventually mitigate the risks of collaboration, degenerating into collusion in the absence of an insulated Weberian bureaucracy. However, none of them were present in Brazil at that time. Geddes (1990) argued that authoritarian regimes can play a decisive role in building Weberian bureaucracies and that competitive clientelism could also eventually play an important role also in building benign state business collaboration. In the first case not even Vargas implemented successful and enduring PPA reforms. In respect of the second argument, Hagopian (1996) argued convincingly that instead of competitive clientelism Brazil is a case of elite “*transformism*⁵⁰⁴” of the traditional political elite.

In the indirect administration the problem of hybridism took place with respect to the theme of human resources and, specially, agencification. Regarding human resources some autarchies and foundations used their discretionary powers to enhance merit based procedures that transformed them in islands of excellence until 1988. But the majority of the indirect administration used the same discretionary mechanisms to promote patronage and clientelism. Regarding agencification it is worthy to recap that despite its novelty in the Western Developed Countries (Pollitt, 2004) this debate did not produce the same impact in Brazil – as well as in the in US (Peters, 1997: 256) - because of the familiarity the country had with indirect administration structures.

The terms of relationship between the direct and indirect administrations had never been regulated in the past – for instance between 1967 and 1988. But discussions like performance

⁵⁰⁴ By transformism I mean the process of metamorphosis required to the maintenance of the existing structure of power relationships.

agreements took place in the 1980s with respect to SOEs. The layer added by the legal framework of the 1998 reform did not undo the previously existent. Under the current status quo the government has an impressive range of alternatives to deal with the delivery of a new public service that begins in a ministry and ends in the private sector. But between both extremes there is myriad of possibilities that include autarchies, executive agencies, public foundations, social organizations, private foundations, and social organizations of public interest⁵⁰⁵. The watchdogs have increasingly reiterated their concerns with accountability and corruption problems referred to this situation but without effective resonance⁵⁰⁶. Hybridism helps create a fluid environment that allows short term particular policy solutions without necessarily being the most suitable in the long term or as a whole.

However, the Brazilian story perhaps may not be as unique as the 'natives' tend to consider. In the case of the US, for instance, the implementation of the 1883 Pendleton Act in the US took decades to achieve a meaningful proportion (Roberts) and residues of the spoils system survived beyond the Progressive Era (Pfiffer and Brook, 2000: 15). The Civil Service Reform Act of 1978 was an evidence of how difficult the implementation of a merit-based civil service can be, even for the wealthiest country in the world (Pfiffer and Brook, 2000). It is time for Brazilians to resume the policy dialogue with the US, prematurely interrupted in the 1960s regarding public management a term, by the way, very American, while new public management is unequivocally British (Kickert, 1997: 31).

⁵⁰⁵ This later arrangement was created in 1999. It is not a public sector type of institution and clearly belongs to the third sector. For a detailed analysis see Ferrarezi (2000). But it has been employed as a public alternative in some controversial cases.

⁵⁰⁶ E3L/Br/58, E1H/MG/52, and J1H/Br/29

8.5. Final Remarks

In an insightful analysis concerning paradoxes of administrative reform Wright (1997: 8-10) made several points related to the policy phenomenon of administrative reform in Western industrialized countries⁵⁰⁷. Two of them deserve a special comment: policy linkage and policy slippage. Public management reforms are embedded in context and linked to broader configurations of interests. Reforms are not “politically agnostic” (Wright: 1997-9) as the cases revealed. The 1937 reform was magnified because of its political significance. The 1967 reform was deeply affected by the political oscillations within the infant military regime until its denouement. The 1988 reform occurred in the middle of a country long storm. And the 1998 one was not immune to the political rhetoric of its time.

Public management reforms are not neutral regarding interests and resources as the four cases demonstrated. No matter if in an implicit or explicit way their political dimensions and nuances are unavoidable. Policy slippage was evidenced in all four cases despite the difficulties of the entrepreneurs that championed the reforms to recognize it – with the possible exception of Dias in 1967 because he was more aware of the difficulties with an “*essentially prerequisites-based strategies of change*” (Nascimento, 1966: 425). There were disproportional mismatches between ambitions and programmatic actions, between programs and outcomes, between the results supposed to be achieved and the means required to support their pursuit. In the absence of an active policy community the alternative specification processes of the reforms were rarely marked by acrimony and personal

⁵⁰⁷ Wright’s list included policy panacea, policy fashion and policy diffusion, policy linkage, policy slippage, policy reversal (Hood, 1994), policy dilemma, policy contradiction, and policy perversity.

antagonisms provoked by reductionism and lack of constructive policy criticism⁵⁰⁸. Policy flaws identified by critics in the early stages of the policy processes – as in 1988 and 1998 - faced attitudes of denial by their main protagonists, sometimes because of the weakness of their positions, sometimes because of the ambition of their aspirations⁵⁰⁹.

It is possible that the time for ambitious public management reform attempts is over. Some recent evidence points in this direction⁵¹⁰. Possibly the recurrent combination of high expectations and disappointing results has produced reform fatigue fuelled by skeptical behavior, the attitudes of the cynic, and the perception of fatalists. Although administrative reforms were politically appealing in the past they do not enjoy the same prestige in current Brazilian politics. However most of the problems which spurred reform are still with us. The author of this thesis would not be surprised if they made a comeback soon.

Another observation derivable from this investigation refers to the core of the executive. All reforms were deeply dependent on presidential powers, including the last one because Bresser pushed for the approval of “*medidas provisórias*” in order to provide institutional conditions for the agencies and social organizations taking off before the approval of constitutional amendment. The problem is that “*where presidents’ lack organized congressional backing (...) attempts to rely on decree powers may only increase the political isolation of the executive. Where congressional support is relatively strong, however,*

⁵⁰⁸ Even in the 1998 case – in the context of a consolidated democracy - special administrative procedures were designed in order to neutralize and to block actors that were involved in the politicization of the discussion of the reform in Congress (E1H/Br/47).

⁵⁰⁹ The lack of embeddedness of ENAP’s project in 1988 and the lack of governmental effective support to MARE’s proposal in 1998 were typical examples.

⁵¹⁰ Public management reform initiatives in Cardoso’s second mandate obeyed another profile, lower and more focused (Heredia and Gaetani, 2002). The lack of political support for a social mobilization process around a public management reform – Public Management for All People (2003) - aborted an ambitious initiative at the beginning of President’s Lula mandate.

presidential use of legislative authority has at times contributed to successful economic management.” (Hagard and Kaufman,1994: 73)

In other words: the executive coordination capacities – decisive for an issue like public management reform to be tackled – are also affected by broader spillovers of the political system that did not derive from the endogenous debate within the policies in question. And here we are back to the problem that Dias tried to solve with the Senior Corps, Marcelino with the career of public managers, and Bresser Pereira with his concept of “strategic nucleon”. Who is supposed to live and work in the summit and under what basis? The Brazilian public “ad hococracy” was also enhanced by the high circulation of cadres across the institutions, usually following presidential change in the context of the authoritarian regime. *“Personalism, circulation, and the lack of strong organisational loyalties explain how policies and institutions can flip-flop from one moment or government to the next”* (Schneider, 1991: 34).

When we take the four cases into account we observe that that policy failure was not caused by anti-political technical and rational orientations, unlike the conventional wisdom would suggest. First the policy processes were politicised - even if in some cases on the restricted terms of an authoritarian regime that is very different from de-politicised. Second, there was not just one rationality in operation but a combination of all of them, anchored to informal coalitions sustained by top-down political support and bottom-up traditional political practices. Third, co-ordination was provided by the symbiosis between the behavioural under-bureaucratisation (personalism) and structural and asymmetric over-bureaucratisation (fragmentation), which mutually reinforced each other⁵¹¹ (Schmitter, 1971: 34). Centrifuge

⁵¹¹ The more fragmented the system the more the need of personalism. The more personalism spreads the more fragmented the system becomes.

forces blocked the policies avenues that could lead to the emergence and consolidation of a leading merit-based bureaucracy at the core of the executive. The consequences of the institutional configuration of powers within the state apparatus and in its relationship with the political system and interest groups are a privileged target for further investigation.

A final point to be made refers to the role played by ignorance. *“There is ignorance (...) about the true nature of public bureaucracies which rarely function according to the premises of a priori theorizing.”* (Wright, 1997: 12). Maybe it is the moment to pay a tribute to old institutionalists despite their propensity to abuse legislation awareness, detailed descriptions and idiographic historical approaches excessively concerned with how a chain of events produced an outcome (Hall, 2003: 376). Some of the grey areas through which the reformers navigated were legislation fringes that are not easily grasped in a general overview. Brazilian most experienced practitioners⁵¹² have always demonstrated great respect for *“neglected foundation of public law”* (Moe and Gilmour, 1995). They are conscious that most reforms got stuck – as in 1988 – or got detached – as in 1998 – because, among other things, the emerging legal framework was confusing, incoherent, and inconsistent with the reality they aimed to transform. The law is supposed to provide a solid foundation for the governmental structures and a framework for managerial accountability. The Executive and the Legislative branches have modified the legal framework regarding personnel and organizational design so frequently that presumably comprehensive reviews and integrative updating should be on their way. Wrong. The patchy legislation with its ambiguities and complex nuances is perceived by actors of the political system and of the federal administration as a solution to their particular demands. They all found their way to the currently existing marshy constitutional and administrative legislation. In these

⁵¹² E1H/Br/47, E2M/Br/50 and E1H/MG/52.

circumstances it was not surprising that policy changes hardly take place if left to any endogenous motivation.

There is something of Sisyphean in public management reforms as some authors recognized. The observation does not serve as consolation for developing countries that have not as yet come to terms with their public management institutional arrangements. And public management reforms are just one of many unfinished business in an agenda marked by congestion and permanent issues competition. Authors like Rocherfor and Cobb (1994: 15) suggested that sometimes *“the availability of solutions precedes the questions of acceptability and affordability”*. In a similar tone, Rose (1993) once mentioned that *“policy is about waiting”*.

To conclude: Brazilian’s institutions need to be analyzed in enabling, constraining but also constitutive⁵¹³ terms (200?: 11-12). Most of the country’s institutions are in their infancy and maybe in order to address issues related to institutional building it is important to disentangle the way institutions function in order to understand their collective as well as individualistic roots (Hodgson, 2000) – another reason to pay attention to the entrepreneurs that are championing policy change processes. As Naim (1995: 30) pointed out “public sector institutional building (...) has been either neglected or impaired by lack of interest, money and administrative capacity. Such neglect has now reached levels that, unless corrected, will threaten both democracy and economic stability”, a point similar to the recent UNDP (2004) report about Latin America.

⁵¹³ As Evans and Rauch (2000: 10-11) argued “as we continue to behave under a certain set of institutions, we begin to internalize the values embodied in those institutions” an interesting clue for policy change and for the lack of policy change as well.

The argument regarding the importance of a Weberian elite bureaucracy in order to enable developing countries to achieve economic development⁵¹⁴ has recently been advanced by Evans and Rauch (1999) and Rauch and Evans (2000). Olsen (2004) had also recently tipped in the same line regarding the risk of premature disposability of bureaucracy within the context of a bandwagon movement of ideas sponsored by global webs (Reich, 1992). Brazil⁵¹⁵ is a country that demands public management reforms in order to tackle inequality and poverty. This thesis did not focus on this challenge but it aligns itself with the views that the before mentioned authors sympathise: without paying more attention to the bureaucratic necessities of a developing country the equity and sustainable growth may be harder to achieve. Merit based bureaucracies performed the role of scaffolding in Western developed democracies and also in the successful developmental states where the institution is embedded in the countries political culture. It is not likely that Brazil can avoid a similar path, even if subject to the country particularities.

⁵¹⁴ Both authors developed a comparative quantitative analysis with a significant number of countries in order to demonstrate the correlation between “Weberianness” and development (Evans and Rauch, 1999).

⁵¹⁵ Brazil international indicators are suggestive. 64th GDP per capita and 65th HDI (in a group of 175 countries) and 120th in terms of inequality (in a group of 124 countries). About 9,9% of the population lives below the poverty line (23rd position in a group of 70 developing countries) – all data from UNDP (2003).

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ANNEXES

ANNEX 1: LIST OF INTERVIEWEES

Name	Position	Case	Code
1 Aluisio Loureiro Pinto	SEMOR – Secretary	1967	E2M/RJ/1
2 Ângela Santana	Secretary of State Reform	1998	E1H/Br/2
3 Antônio F. Pimentel*	DASP-President	1967	E1L/Br/3
4 Antônio Octávio Cintra	ENAP – President	1988	E3M/Br/4
5 Antônio Umbelino	de-bureaucratisation manager	1988	E3L/Br/5
6 Aureliano Chaves	Vice-President	1988	E1M/BZ/6
7 Benedito Silva	DASP President	1937	E1M/RJ/7
8 Luis Carlos Bresser Pereira	Minister of State	1998	E1H/SP/8
9 Caio Marini	MARE – Manager	1998	E2M/Br/9
10 Carlos Christo	MARE – Manager	1998	E3L/Br/10
11 Carlos Pimenta	MARE – Secretary of Special Projects	1998	E2M/Br/11
12 Célio Franca*	Director of Modernisation	1988	E2H/Br/12
13 Ceres Prates	Secretary of Management	1998	E2H/Br/13
14 Clóvis Carvalho	Home Office Minister	1998	E1H/Br/14
15 Diogo Lordelo de Mello	IBAM – President	1988	O1L/RJ/15
16 Eduardo Graef	Advisor to President Cardoso	1998	E1M/Br/16
17 Eduardo Jorge*	General Secretary of Presidency	1998	E1H/Br/17
18 Eli Diniz	Academic at IUPERJ	1998	A3L/RJ/18

19 Embaixador Oscar	Advisor to Roberto Campos	1967	A3M/Br/19
20 Evelyn Levy	ENAP – Director	1998	E3M/SP/20
21 Flávio Faria	SEMOR – Secretary	1988	E2M/Br/21
22 Gersina Alves de Oliveira*	DASP – Manager	1967	E3H/RJ/22
23 Gileno Marcelino	Executive Secretary	1988	E1H/Br/23
24 Heitor Chagas Oliveira	SEMOR – Secretary	1988	E2H/RJ/24
25 Helena Pinheiro	MARE – Manager	1998	E3M/Br/25
26 Hindemburgo Diniz	FJP – President	1988	E2L/BZ/26
27 Humberto Falcao	MARE – Manager	1998	E3M/Br/27
28 J.G.Piquet Carneiro*	Secretary of De-bureaucratisation	1988	E1H/Br/28
29 J.P. Sepulveda Pertence*	Supreme Court Justice	1998	J1H/Br/29
30 Jamil Reston	IBAM – Director	1988	O2L/RJ/30
31 Jorge Gustavo Costa	FGV Academic	1967	A3L/RJ/31
32 José Eloy Corazza	SRH – Secretary	1988	E2H/Br/32
33 José Nazaré Teixeira Dias	DASP – Director of Personal Department	1967	E1H/RJ/33
34 Luís Arnaldo	MARE – Manager	1998	E3L/RJ/34
35 Márcio Brey	SEMOR – Director	1988	E3L/Br/35
36 Marcondes Mundim	SRH – Director	1988	E2H/Br/36
37 Maria Helana C.Santos	ENAP – Director	1988	E3L/Br/37
38 Nelson Teixeira	Advisor to Roberto Campos	1967	E2M/RJ/38
39 Nilson Hollanda	ENAP – President	1988	E3L/Br/39

40 Paulo Mota	FGV Academic	1988	A2L/RJ/40
41 Pedro Faria	MARE – Director of Modernisation	1998	E2M/Br/41
42 Regina Faria	Home Office Consultant	1998	C2L/SP/42
43 Rondon Pacheco	Home Office Minister to pres. Costa e Silva.	1967	E1H/RJ/43
44 Thereza Lobo	Home Office Consultant	1998	C2M/RJ/44
45 Vicente Paula Mendes	Advisor to Aluísio Alves	1988	A1H/BZ/45
46 Wilson Calvo*	SAF – Secretary	1988	E1H/Br/46
46 Luiz Alberto dos Santos	Workers’ Party Consultant	1998	E1H/Br/47
48 Gilberto Guerzoni	MARE – Secretary of Human Resources	1998	E1H/Br/48
49 Aldino Graef	MARE – Director of Human Resources	1998	E2M/Br/49
50 Luciano Oliva Patricio	Executive Secretary – Minist. Education	1998	E2M/Br/50
51 Bianor Cavalcanti	FGV Academic	1988	A3L/RJ/51
52 Antonio Augusto Anastasia	Ministry of Labour – Secretary Executive	1998	E1H/MG/52
53 Ricardo Santiago	Minister of Planning – Secretary Executive	1988	E1H/Br/53
54 Geraldo Campos	Congressmen 1987-1990	1988	P1H/Br/54
55 Ronaldo Costa Couto	Chief of Staff	1988	E1H/Br/55
56 José Silveira	Secretary of Plans and Investments	1998	E1H/Br/56
57 Ariel Pares	Director of Plans and Investments	1998	E2L/Br/57

58 Marcelo Barros Gomes	TCU Analyst	1998	E3L/Br/58
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* Important in two or more reforms

1.1. Number of Interviews Per Case

Reform (period)	Number of interviews
1934-1938	1
1963-1969	5 (+ 1*)
1985-1990	19 (+ 4*)
1995-1998	18 (+ 2*)

1.2. Code Building:

First Letter: Insertion

- E = Executive
- A = Academic
- J = Judge
- O = NGO
- C = Consultant
- P = Politician

Number (“Hierarchical importance”)

1. High
2. Medium
3. Low

Second letter: Importance as source of information

- H = High
- M = Medium
- L = Low

Current address

- RJ = Rio de Janeiro
- Br = Brasilia
- SP = São Paulo
- BZ = Belo Horizonte

Last two numbers: Numbers related to the number of each name provided in the “Interview Directory”

1.3. Position Acronyms:

DASP*	Departamento de Administração e do Serviço Público
ENAP	Escola Nacional de Administração Pública
FGV	Fundação Getúlio Vargas
FJP	Fundação João Pinheiro
IBAM	Instituto Brasileiro de Administração Municipal
IUPERJ	Instituto Universitário de Pesquisa do Rio de Janeiro
MARE*	Ministério da Administração e Reforma do Estado
SAF*	Secretaria de Administração Federal
SRH	Secretaria de Recursos Humanos
SEMOR	Secretaria de Modernização

*Ministerial Status

ANNEX 2: SCHEMATICS

Narrative Diagram of 1936-1937 Administrative Reform Episode

Periodisation

P1 I (1931-1934)

P2 II (1934 - Re-adjustment Law)

P3 III (1937 – Re-adjustment Law)

P4 IV (1937-1940)

Prior Events

PE1 Governing Brazil

PE1.1 1930 Revolution and installing the Provisional Government

PE1.2 1932 Revolution

PE1.3 Re-profiling the Military Forces

PE1.4 Installing the National Constituent Assembly

PE1.5 Choosing a new President

PE2 Launching a National State Building Process

PE2.1 Creating new Ministries

PE2.2 Creating new federal organisations

PE2.3 Creating a Corporatist State

PE2.4 Creating the Purchase Commission

Contemporaneous Events

CE1 Governing Brazil

CE1.1 Repressing Coup attempts

CE1.2 Declaring State of Siege

CE1.3 Consolidating the military power

CE2 Governing Brazil

CE2 1 Preparing the coup

CE2.2 Establishing an administrative dictatorship: the New State

CE2.3 Declaring moratorium

Central Events

E1 Putting the civil service problem on the political agenda

E1.1 Creating a bi-branch commission

E2 Specifying a policy proposal

E2.1 Drafting the Nabuco Report

E2.2 Drafting the Bernardino Report

E2.3 Submitting both reports to the Presidency

E2.4 Creating a new commission within the Executive Branch

E2.5 Drafting a new policy proposal

E3 Decision-making process

E3.1 Separating the original problem from the new the policy proposal

E3.2 Providing a pay rise for all functionaries

E3.3 Approving the Re-Adjustment Law

E3.4 Creating the Federal Civil Service Commission and the Efficiency Commissions

E4 Implementing the reforms

E4.1 Installing the CSFC

E4.2 Installing the Efficiency Commissions

E4.3 Enforcing the Re-Adjustment Law

E5 Identifying causes of implementation problems

E5.1 Identifying jurisdiction and terms of office problems

E5.2 Identifying budgeting problems

E6 Formulating a new policy solution

E6.1 Searching for a new policy model

E6.2 Borrowing an alternative from the American debate

E6.3 Adapting the policy proposal to Brazil

E7 Decision-making Process

E7.1 Promoting Reform at DASP

Related Events

RE1 PE2.2 Creating new federal organisations

RE2 PE2.2.Creating new federal organisations

Later Events

LE1 Consolidating the new regime

LE2 Implementing the new reforms

LE2.1 Installing DASP

LE2.2 Drafting the first Civil Servants' Statute

LE2.3 Transferring and installing the budgeting sector at DASP

LE2.4 Creating new federal organisations

LE3 Implementing the authoritarian administrative State

LE3.1 Replacing Congress, Courts, States and Local Governments

Narrative Diagram of the 1967 Episode

Periodisation

P1 I (1963-1964)

P2 II (1964-1965)

P3 III (1965-1967)

P4 IV (1967-1969)

Prior Events

PE1. Governing Brazil

PE2. Generating the military project

PE3. Attempting to institutionalise planning

PE4. Generating an Administrative Reform Proposal

Contemporary Events

CE1 Governing Brazil

CE1.1. Organising a new government

CE1.2 Consolidating military control

CE1.3 Preparing a new Constitution

CE2 Consolidating planning

CE2.1 Creating the Ministry of Planning

CE2.2 Launching PAEG

Consolidating planning

CE2.3 Launching the 10Y Plan

Central Events

E1. Assembling the reform machinery

E1.1 Opting for a new proposal

Creating a policy venue

E1.2 Creating a policy venue

Defining modus operandi and participants

E1.3 Defining modus operandi and participants

Assembling the reform machinery

E2. Generating policy alternatives

E2.1 Making preliminary choices

E2.2 Specification of policy proposals

E2.3 Selecting policy proposals

E3. Decision making

E3.1 Establishing an impasse

E3.3. (III) Finalising the proposal

Related Events

RE1 Creating a technical planning platform

RE2 Discussing proposal and connections with international experts

Later Events

LE1. Consolidating the regime change

LE1.1. Polarising politics

LE1.2. Closing the regime

LE1.3. Institutionalising the military regime

LE2. Consolidating a planning-policy sub-system

LE2.1. Formulating governmental plans

LE2.2. Planning advisory unit at the Presidency

LE3. Implementing public management policies

LE3.1. Creating a Public Management Policy Platform

LE3.2. Campaigning (Operation Clean Slate)

LE3.3. Institutionalising Financial Control

LE3.4. Focusing on ordinary citizens

LE3.6. Transferring the bureaucracy to Brasilia

Narrative Diagram of the 1988 Episode

Periodisation

P1 I (1982-1985)

P2 II (1985-1986)

P3 III (1986-1988)

P4 IV (1989-1990)

Prior Events

P1 Governing Brazil

Strengthening the opposition

Failing to generate a continuity candidate

Making a democratic transition

P2 Economic policy making

Attempting to stabilise the economy

Dealing with international crisis

Attempting to control the SOEs

P3 Implementing public management policies

De-bureaucratising the state

Pursuing a merit-based civil service (Rouanet)

Contemporary Events

CE1 Governing Brazil

CE1.1 Redemocratising Brazil (inauguration, debris, elections, dualism, succession)

CE1.2 Reorganising the governmental coalition (creating ministries, reshuffles)

CE2 Economic Policy Making

CE2. 2. 1 Drawing up development plans

CE2.2.2 Changing economic policy orientation

CE2.2. 3 Attempting to stabilise the economy

CE3 Drafting new Constitution

CE3. 1 Providing a starting point

CE3. 2 Making critical decisions (MedPro, MinPub, Par, Mand, Revision)

Central Events

CE1 Assembling the reform machinery

CE1.1 Searching for the suitable platform (Beltrão, Vicente, Arantes, Piquete, Célio)

CE1.2 Creating the Ministry of Administration

CE1.3 Creating the Administrative Reform Commission (composition)

CE1.4 Creating the Executive Inter-ministries (composition)

CE2 Generating policy proposals

CE2.1 Contributing to the transition

CE2.2 Formulating a proposal through participation

CE2.3 Reformulating the original proposal within the Executive

CE2.4 Introducing a public policy twist

CE3 Implementing the policy proposal

CE3.1 Reorganising the Executive Core

CE3.2 Creating the Senior Corps

CE4 Decision Making

CE4 1 II and III Decision making within the Executive

CE4 2 III Decision making within Congress

CE4 3 III Negotiating policy proposals

Related Events

RE1 Creating the Treasury Department

RE2 Creating public foundations

RE3 Negotiating international support for the project

RE4 Implementing organisational changes within the Executive

Later Events

LE1 Redefining the Senior Corps policy proposal

LE2 Downsizing the State

LE3 Approving the Single Juridical regime

Narrative Structure of the 1998 Episode

Periodisation

P1 I (1992-1994)

P2 II (Jan-Aug.1995)

P3 III (1995-1998)

P4 IV (Jan-Jun.1999)

Prior Events

PE1. Governing Brazil

PE1.1. Impeaching a president

PE1.2. Stabilising economic policymaking

PE1.3. Attempting to promote a scheduled Constitutional Revision

PE1.4. Organising the leadership succession

PE2. Implementing a macro-economic stabilisation plan

Contemporaneous Events

CE1. Attempting to approve constitutional reforms

CE2. Consolidating macro-economic stabilisation

CE3. Ensuring re-election

Central Events

E1. Creating and operating the reform machinery

E1.1. Creating MARE

E1.2. Generating data

E1.3. Campaigning for public management policy change

E1.4. Resuming public competitive selection processes

E2. Specifying the policy proposal

E2.1. Drafting the white paper

E2.2. Drafting the Constitutional Amendment

E3 Decision making

E3.1. Decision making within the Executive

E3.2. Decision making within the Legislative

E3.3. Redefining the relationship between the planning and administration sub-systems

Related Events

RE Implementing quangos and agencies

Later Events

LE1 Dealing with the financial crisis

LE2 Reorganising the governmental coalition

LE3 Reformulating the issue image

LE3.1. Redistributing MARE's attributions

LE3.2. Revamping planning

ANNEX 3:

TABLE OF MAIN POINTS OF CIVIL SERVICE LEGISLATION SINCE 1934

Date and Legislation	Main points	Comment
July 1934 Constitution	Contained provisions on public functionaries. transitory provisions, extension of civil service rights to provisional functionaries and guarantee of rights for functionaries who have taken a public exam.	Building of state apparatus
October 1936. Law 284.	Rearranged federal civil servants' careers and set up the Federal Civil Service Council, whose responsibilities were to study, suggest, and (if the suggestion was accepted by the administration) implement and prepare exams for entrance of civil servants.	
July 1938. Decree-law 579.	Created Department of Administration and Public Service (DASP) directly subordinated to the Presidency. DASP had the mandate to carry out changes in the Federal Public Service to improve efficiency and economy, and to advise regarding the working relationships of all federal public organs. This law also phased out the Federal Civil Service Council and set up an Efficiency Commission for each ministry, to organise the services related to the ministry.	
September 1946 Constitution	Extended civil service rights to provisional functionaries and regulated the rights of public functionaries.	Re-democratisation effect
October 1952 Statute of Federal Public Functionaries	Regulated all persons entering public careers, with time and merit being the bases for promotions. The law also guaranteed and regulated the rights of public functionaries and punishments for crimes against the public administration.	PPA failed term of office
July 1960 Law 3780	Provided for the possibility for promotions via internal selection processes, by setting up functions that constituted advantages rather than positions.	Distortion of bureaucratic ethos and internal clientelism
June 1962 Law 4069	Also known as the Law of Favours, this law extended the civil service rights of those who had worked in the public sector for over five years.	Effect of the construction of Brasilia João Goulart's populist measures to recover the Presidency.
January 1967 Constitution	Among many other issues related to civil public functionaries, the Constitution determines that the	Exclusion of legislative control.

	only way for a citizen to enter a career as a civil servant is through a competitive federal selection process (<i>concurso público</i>); ⁵¹⁶ barred public functionaries from holding more than one public function at any given time, except in certain defined situations; and extended these regulations to functionaries of the Legislative and Judicial Branches of government.	
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⁵¹⁶ It should be noted that the term *public career*, as used here, does not refer to any existing political governmental career.

Date and Legislation	Main points	Comment
February 1967 Decree-law 200	This decree law re-named DASP from Administrative Department of Public Service to Administrative Department of Civil Personnel. With this law, DASP's jurisdiction was narrowed to civil personnel. A Civil Servants' Personnel Department was set up in each ministry, to work closely with DASP. A Federal Public Administration Council was also set up and subordinated to DASP, with the duty to advise civil servants on personnel policies whenever requested by the President or by the directors of DASP.	
October 1969 Constitutional Amendment.	The amendment allowed vertical and horizontal internal promotion mechanisms and established exceptions for the entrance of public functionaries, thus reducing the number of positions that required the competitive selection processes.	State based clientelism + mobility requirements
December 1970 Law 5645	Re-establishment of internal promotion mechanisms.	Mobility requirements
December 1974 Law 6185	Public sector employees should be contracted according to private legislation, except in the core inspection offices, police and judicial careers, which the law considered careers intrinsic to the State.	Erosion of the direct administration
October 1976 Supplementary Law 36	Allowed voluntary retirement within one year.	
October 1979 Supplementary Law 36	Allowed voluntary retirement with proportional wage.	
September 1986 Decree 93.277	Setting up of the National School of Public Administration (ENAP) and the Centre for Public Administration Development. ENAP has the purpose of promoting and administering courses for developing human resources in of the public administration.	
July 1987 Decree 94664 Classification of positions and wages of public careers	The decree enforced public competitive selection processes only in cases of exhaustion of internal selections in public universities, and guaranteed extension of civil servants' rights to employees then working in the Treasury and in the Budget.	Re-democratisation effects and compromise with clientelist pressures
1988 Constitution	The Constitution re-enforced public competitive selection processes by considering them compulsory for civil servants.	Policy reversal

October 1989 Law 7834	Setting up of the careers of Public Manager. In order to become a Public Manager the candidate must be approved in a federal public competitive selection process and then be approved in a specific course currently at ENAP.	Bureaucratic spasmodic product of the re-democratisation cycle
December 1990 Law 8112 – Setting up of the Single Juridical Regime	Among many other issues, this law extended civil servants' rights to public sector employees contracted under private labour legislation, retained mechanisms for internal promotion and increased social guarantees for civil servants.	Rigidity became complete.
January 1995 Provisional Measure 815	Extinguishes wage advantages for civil servants who work as Director, Manager or Director adviser and regulated the possibility of nominal advance.	
Supplementary Law 82 (or Camata Law) 1995	It limits the expenditure with Civil servants.	

Date and Legislation	Main points	Comment
July 1996. Provisional Measure 1480	Guaranteed a wage bonus to civil servants working as directors, managers or director-advisers, and also guaranteed wage bonuswa for all civil servants, considering the number of years worked as a public servant.	
June 1997. Provisional Measure 1530-7	Set up the Voluntary Lay-off Program ⁵¹⁷ for civil servants in order to improve human resource allocations, allow modernisation of the public administration and help adjust federal accounts.	
June 1998 Constitutional Amendment 19.	Plurality of regimes and tenure flexibilisation in specific cases of proven redundancy or inadequate performance.	Unfinished attempt to build a pluralist state apparatus.

Source: Based on Guerzoni (1996) and on the legislation mentioned.

⁵¹⁷ Programa de Desligamento Voluntário (PDV).

EVOLUTION OF PLANNING AND PUBLIC ADMINISTRATION AND PUBLIC VENUES

Name of Public Office Or Ministry	Date and Law	Superior Ministry (in case of Departments, Councils or Commissions) or Matter of Responsibility (in case of Ministry).			
		Presidency	Planning	Administration and Public Affairs	Finance
Ministry of Finance.	October 1891. Law 23.				Ministry of Finance
Federal Civil Service Council ⁵¹⁸ .	October 1936. Law 284.	The Council was directly related to the Presidency and was set up and headed by Simoes Lopes.			
Administrative Department of Public Service ⁵¹⁹ (DASP).	July 1938. Decree-law 579, which also phased out CFSPC.	Department directly related to the President. Its design was proposed in the text of the 1937 Constitution.			
Council of Development ⁵²⁰ .	February 1956. Decree 38744.	Council directly subordinated to the President. This council was responsible for tasks of coordination and planning of political economy.			
National Planning Commission ⁵²¹ .	August 1961. Decree 51152.	Commission directly subordinated to the President.			
Setting up of two functions of ministers	September 1962. Delegated	According to Article 2 of Decree 1422, until the proposal of an institutional arrangement for the governmental offices concerned with planning, by the Extraordinary Ministry, the			

⁵¹⁸ Conselho Federal do Serviço Público Civil (CFSPC).

⁵¹⁹ Departamento Administrativo do Serviço Público (DASP).

⁵²⁰ Conselho do Desenvolvimento.

⁵²¹ Comissão de Planejamento Nacional.

of Extraordinary Ministry of Planning ⁵²² .	Law 1 and Decree 1422.	following offices were subordinated to the later: 1. From COPLAN (National Planning Commission): Technical Department and the Commission's Working Groups; 2. The Department of COCAP (Commission for the Coordination of "Aliança para o Progresso"; 3. General Department of Development Council. The Minister of the Extraordinary Ministry had the status of an ordinary Minister, which was later transform into Extraordinary Ministry of Planning in a Ministry concerned with planning matters.
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⁵²² Setting up of the Servants of Extraordinary Ministry of Planning. It was created two working places as Extraordinary Ministry, which should also be a part of the Ministers' Council. According to the 2 article of delegate-law 1, in 1962, the Minister's Council should have an important role in administrative tasks, help on the political works of the Council's President; and work, in the name of the Minister Council's President, as the leader of Government in the Chamber of Deputies or the Senate.

Name of Public Office Or Ministry	Date and Law	Superior Ministry (in case of Departments, Councils or Commissions) or Matter of Responsibility (in case of Ministry).			
		Presidency	Planning	Administration and Public Affairs	Finance
National Planning Coordination ⁵²³	July 1963. Decree 52256.	Coordination related to and coordinated by the President.			
Special Commissions for Studies of Administrative Reform (COMESTRA) ⁵²⁴	October 1964. Decree 54501.	Commission constituted by twelve high profile members directly selected by the president that should work under Campos supervision.			
Advisory Planning Council ⁵²⁵ (Consplan).	February 1965. Decree 55722.		Subordinated to the Extraordinary Ministry of Planning.		
Ministry of Planning and Coordination <i>de facto</i> ⁵²⁶ .	February 1967. Decree-law 200.		Ministry of Planning and Coordination.	Ministry of Planning and Coordination.	
Personal Development Center ⁵²⁷ .	February 1967. Decree-law 200, which also changed the acronym of DASP.	DASP is now named Administrative Department of Civil Servants Personnel ⁵²⁸ .			

⁵²³ Coordenação do Planejamento Nacional.

⁵²⁴ Comissão Especial de Estudos de Reforma Administrativa (COMESTRA).

⁵²⁵ Conselho Consultivo do Planejamento (CONSPLAN).

⁵²⁶ *Ministério do Planejamento e Coordenação Geral*: when set up, this Ministry was composed by the departments and other public offices connected to the Extraordinary Ministry for Planning and Economic Coordination.

⁵²⁷ Centro de Aperfeiçoamento.

⁵²⁸ DASP had its jurisdiction narrowed to civil servants and remained legally subordinated to the Presidency, but administratively to the Ministry of Planning and Coordination.

Economic Development Council ⁵²⁹	May 1974. Law 6036.	This council was a Presidency office, which had the task of immediate advising the President on economic issues.			
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⁵²⁹ *Conselho de Desenvolvimento Econômico.*

Name of Public Office or Ministry	Date and Law	Superior Ministry (in case of Departments, Councils or Commissions) or Matter of Responsibility (in case of Ministry).			
		Presidency	Planning	Administration and Public Affairs	Finance
Department of Planning ⁵³⁰	May 1974. Law 6036.	The Ministry of Planning and Coordination was transformed into Department of Planning, as a Presidency's office.			
Administrative Department of Public Service (DASP).	July 1975. Law 6228. ⁵³¹	DASP is re-named Administrative Department of Public Service.			
Center for Personnel Training Foundation (FUNCEP) ⁵³²	December 1980. Law 6871.	FUNCEP – Center for Personnel Training Foundation Set up, subordinated to DASP.			
Presidency Public Administration Department (SEDAP) ⁵³³	September 1986. Decree 93211. ⁵³⁴	Special Department directly subordinated to the Presidency.			
National School of	September 1986.	ENAP and CEDAM became			

⁵³⁰ Secretaria de Planejamento.

⁵³¹ The mentioned law also extinguished the “*Centro de Aperfeiçoamento*”, at DASP and passed to the later the budgeting and extra-budgeting resources from the Coordination of Brasilia Development (CODEBRAS) and from the *Grupo Executivo da Complementação da Mudança dos Órgãos da Administração Federal para Brasilia* (GEMUD).

⁵³² The legislation mentioned here did not set up FUNCEP (*Fundação Centro de Formação de Servidor Público*), but authorized the Executive to do so.

⁵³³ *Secretaria de Administração Pública da Presidência da República* (SEDAP)

⁵³⁴ This same decree extinguished the Administrative Department of Public Service (DASP) and transferred to the Presidency Public Administration Department the responsibilities and financial and budgeting resources of the later. The Presidency Public Administration Department became, also, responsible for the National Program of De-bureaucratization (Programa Nacional de Desburocratização); Department of Administrative Modernisation; and, Superintendência de Construção e Administração Imobiliária (SUCAD).

Public Administration – ENAP – and Center for Public Administration Development ⁵³⁵	Decree 93277.	members of FUNCEP, related to the Department of Administration at the Presidency.			
Department of Administrative Modernisation - SEMOR.	March 1989. Law 7739.	SEMOR became the Department for Administrative Modernisation.			

⁵³⁵ Escola Nacional de Administração Pública – ENAP – e Centro de Desenvolvimento da Administração Pública.

Name of Public Office Or Ministry	Date and Law	Superior Ministry (in case of Departments, Councils or Commissions) or Matter of Responsibility (in case of Ministry).			
		Presidency	Planning	Administration and Public Affairs	Finance
Department of Federal Administration – SAF ⁵³⁶ .	March 1990. Decree 99180.	The Department of Federal Administration – SAF – is set up as an office of immediate advisory for administration matters for the Presidency.			
ENAP Foundation.	December 1990. Law 8140.	FUNCEP is re-named as Foundation ENAP, related to the Department of Federal Administration-SAF.			
Ministry of Labour and Planning ⁵³⁷	April 1992. Provisional Measure 302.			Ministry of Labour and Planning, which incorporated the Department of Federal Administration	
Setting up of the Ministry of Finance; re-setting up of SAF, and setting up of Department of Planning, Budgeting and	November 1992. Law 8490, which also phased out the Ministry of Economics, Finance and Administration	Re-setting up of the Department of Federal Administration at the Presidency and setting up of SEPLAN - Department of Planning, Budgeting and			Setting up of the Ministry of Finance

⁵³⁶ Secretaria de Administração Federal – SAF.

⁵³⁷ Ministério do Trabalho e Planejamento.

Coordenação ⁵³⁸ .	on	Coordenação.			
Setting up of the Ministry of Administration and State Reform (MARE); and Ministry of Planning and Budgeting ⁵³⁹ .	January 1995 Provisional Measure 813 ⁵⁴⁰ .		Ministry of Planning and Budgeting (it substituted SEPLAN).	Ministry of Administration and State Reform.	

⁵³⁸ Secretaria de Planejamento, Orçamento e Coordenação - SEPLAN.

⁵³⁹ Ministério de Administração Federal e Reforma do Estado – MARE – and Ministério de Planejamento e Orçamento.

⁵⁴⁰ This Provisional Measure also extinguished Law n° 8.490, from 19/11/1992. In 1998, SAF was incorporated by MARE.

Name of Public Office Or Ministry	Date and Law	Superior Ministry (in case of Departments, Councils or Commissions) or Matter of Responsibility (in case of Ministry).			
		Presidency	Planning	Administration and Public Affairs	Finance
Ministry of Budgeting and Management ⁵⁴¹	May 1998. Provisional Measure 1.911.	The Ministry of Budgeting and Management is set up, and gets the responsibility to work with the tasks of the Department of Administration and Patrimony – SEAP. The later was abolished by the same Provisional Measure.			
Setting up of the Department of Administration and Patrimony – SEAP – at the Ministry of Planning and Budgeting. ⁵⁴²	January 1999. Provisional Measure 1795, which also phased out MARE.		Ministry of Planning and Budgeting (MOG).		
Ministry of Planning, Budgeting and Management (MPOG).	July 1999. Provisional Measure 1911-8.	Ministry of Planning and Budgeting (MOG) is transformed into Ministry of Planning, Budgeting and Management (MPOG).			

⁵⁴¹ *Ministério de Planejamento, Orçamento e Gestão – MPOG.*

⁵⁴² *Secretaria de Estado da Administração e do Patrimônio – SEAP.*

ANNEX 4: CHRONOLOGIES OF EACH ADMINISTRATIVE REFORM
CHRONOLOGY: 1937 CASE

1930

March 1	Presidential election
October 3	It begins a Revolution in Rio Grande do Sul, MinasGerais, Paraíba and Pernambuco.
October 24	Junta Governativa put down President Washington Luis and got the comand of the government.
November 3	Getúlio Vargas is put, by Junta Governativa, as chief of the Provisional Government.
November 5	Osvaldo Aranha is named the minister of the Ministry of Justice.
November 6	Recognition of the new government by many foreign countries.
November 12	The Provisional Government and the dissolution of Congress, States Assemblies and Local Councils are institutionalised by decrees.
November 15	Decrees institutionalised the Provisional Government and established an intervenor in each state.
November 25	The <i>Interventors</i> Code was institutionalised; the Civil, Commercial, Criminal, Electoral, Prison, Administrative, Agricultural, Air, and Water Codes were revised; and the Supreme Court was reorganised.
November 28	Ministry of Labour, Industry and Commerce ⁵⁴³ is set up by decree.
December 20	Parameters for Purchasing Commission in the Ministry of Finance, were set down by Decree 19512.

1931

January 14	Central Purchasing Commission set up at the Finance Ministry.
February 3	Supreme Court Reform.
February 4	Decree 19667 organised the Ministry of Labour, Industry and Commerce.
March 19	Decree 19770 regulated corporativism, specially labour unions.
April 28	Decree 19.926 Organised Foreign Affairs on merit bases
October 3rd	In his annual address, Getúlio Vargas explicitly mentioned issues related to merit-based careers, efficiency gains through rational administrative procedures and economic gains from the improvement of procurement procedures.

⁵⁴³ *Ministério do Trabalho, Indústria e Comércio.*

1932

- February 24 New electoral code.
- May 14 Decree 20402 set up a commission draw up a first to draft of a Constitution and established 3 May 1933 as the date for the elections. Getúlio Vargas again publicly mentioned issues related to merit-based careers, efficiency gains through rational administrative procedures and economic gains from the improvement of procurement procedures.
- July 9 Revolution breaks out in São Paulo.
- September 27 Commander Herculino de Carvalho e Silva signs the armistice in name of the São Paulo State Army.

1933

- May 3 Elections for the National Constituent Assembly.⁵⁴⁴
- September 15 Decree 23150 established a Budgeting Commission at the Ministry of Finance and sub-budgeting commissions in each ministry.
- December 7 The constituent General Cristóvão Barcelos suggests transferring the federal capital to the interior of Brazil, for strategic reasons.

1934

- January 1 Getúlio Vargas approved the Forest Code (Decree 23793).
- February 22 The constitutional commissions meet.
- June 28 Decree 24486 institutionalised capacity programs for diplomatic cadres
- June 30 The final text for the Constitution is ready for voting.
- July 10 Getúlio Vargas approved the Mines and Water Codes.
- July 16 The new Constitution is institutionalised, including a chapter on public functionaries.
- July 17 Getúlio Dorneles Vargas is elected the first Constitutional President.

1935

- March 23 National Liberation Alliance (*Aliança Nacional Libertadora* – ANL) is founded, in order to fight against fascism.

⁵⁴⁴ *Assembléia Nacional Constituinte.*

May 1st	Góis Monteiro sends a letter of resignation to Getúlio Vargas, was related to conflicts over military wages.
May 14	A commission of ten members is set up – five appointed by Congress and five by the Executive Branch – to deal with four themes: taxes, public expenditures, national finances and payroll of military and civil public functionaries (Law 51).
July 13	The Federal Police Department of the Federal District closes the headquarter of ANL.
September	The sub-commission dealing with federal payrolls diagnosed a chaotic situation and suggested a clear course of action to rationalise the situation. They presented a proposal containing three cadres of personnel – special nature, federal and regional – to be analysed by the entire commission. Payrolls should be realigned according to personnel, not organisations.
1936	
March 20	The Administration sent a message to the Legislature requesting authorisation to withdraw state of siege.
March 30	Senate approved state of siege constitutional.
June 1	Decrees 871 and 872 established parameters for hiring and paying functionaries on a provisional basis.
October, 28	Law creating the Federal Civil Service Council and rearranging the Federal Civil Servants' Careers. It was the first general classification of positions and salaries of Brazilian federal civil service.
December 16	State of war extended for another 90 days.
1937	
September 18	Getúlio Vargas declares to the Minister of War his plans to continue as head of government.
October 1	The state of war is approved by the Chamber of Deputies and the Senate. The President signs the respective decree.
November 10	New Constitution institutionalised and Estado Novo (<i>New State</i>) implemented. The President made a speech to the nation in which he explained the fundamentals of the "New State". General Deschamps Cavalcanti is the new executor in the State of São Paulo.
November 24	All states except Minas Gerais under federal intervention.
December 30	Getúlio Vargas institutionalised a decree converting political parties into cultural organisations.

Brazil declared moratorium at the end of 1937.

1938

- January 3 Date settled by the Constitution for presidential elections.
- May Predominantly “fascist” insurrection led by right wing military groups that resented the demobilisation of their political movement with all the others.
- July 2 Setting up of the National Oil Council.
- July 30th Setting up of DASP do Administrative Department of Public Service) by Decree-law 579, with the absorption of the CFSPC and the Permanent Standardisation Council.

1939

- October 28 Institutionalisation of the Civil Servants’ Statute

1940

- February 21 The Budgeting Commission set up in the Ministry of Finance under DASP’s Presidency.
- April 27 Setting up of Executive Commission of the Port of Pará
- February 5 Setting up of Rio de Janeiro Port Administration
- June 5 Ministerial meeting governed by Getúlio Vargas approves colabouration with the U.S.A.
- July 10th Setting up of the Executive Commission of the National Steel Plan.

1941

- January 30 Setting up of the National Steel Company.
Setting up of the National Fuel Commission.
- March 7 Setting up of the Merchant Marine Commission
Setting up of Agriculture and Industrial Sections at *Banco do Brasil* as Export and Import Departments

1942

- March 7 Setting up of the National security Commission.
- June 1 Setting up of Vale do Rio Doce Company
- September 28 Setting up of the National Economic Mobilisation.
- December 4 Setting up of the Executive Commission of Fishing, Fruits and Manioc.
- August 31 Government declares nationwide state of war.

1945

- February 28 Constitutional Law 9 modified the 1937 Constitution.
- March 15 Getúlio Vargas set up a Commission of Judges and experts to draft the electoral legislation.
- March 26 The Budgeting Commission was set up in the Ministry of Finance subordinated to DASP.
- May 28 Decree-law is signed establishing the national election for 2 December 1945 and state elections 6 for May 1946.
- October 3 Setting up of São Francisco Hydroelectric Company.
- October 29 Getúlio Vargas ousted from the Presidency by army command José Linhares becomes new President.
- December 2 Elections for the Presidency and some states governors.

1946

- January 31 General Eurico Gaspar Dutra becomes President of Brazil.
- September 18 New Constitution institutionalised, extending civil service rights to provisional functionaries.

CHRONOLOGY: 1967 CASE

1961

- January 31 Jânio Quadros inaugurated as President of Brazil with João Goulart as Vice-Presidency.
- August 5 Decree 51152 institutionalised the National Planning Commission, directly subordinated to the President.
- September 8 João Goulart takes over as President.

1962

- September 27 Setting up of two functions of Ministers of Extraordinary Ministry of Planning.
- September 28 Celso Furtado is named the Minister of Extraordinary Ministry of Planning.

1963

- June 17 Law established the wages of civil and military servants of the Executive.
- July 11 Decree 52256 institutionalised the National Planning Coordination subordinated to and coordinated by the President.
- In late 1963, the Amaral Peixoto Commission sent an extensive diagnosis and to Congress.

1964

- March 17 Implementation of Law No. 4320, related to budgeting and financial execution, cash flow techniques and other minor issues, explicitly ignored by TCU.
- March 31 Military coup d'état the Government.
- April 1 Castelo Branco became President of Brazil.
- Roberto de Oliveira Campos became Minister of the Extraordinary Ministry of Planning and Economic Coordination.
- April 9 The military promulgated *Ato Institucional* (Institutional Act) I that gave the Executive exceptional powers in order to break the political deadlock.
- April 15 Castelo Branco became president.

August 21 Setting up of the National Housing Bank.

August 31 Setting up of the education wage.

October 9 Decree 54501 institutionalised the Special Commissions for Studies on Administrative Reform (COMESTRA), constituted by twelve high-profile members directly selected by the President to work under Campo's supervision.

November 6 Setting up of the National Housing Bank (*Banco Nacional de Habitação* – BNH).

November 17 Land Statute, to stimulate land reform.

December 31 Setting up of the Central Bank, replacing SUMOC.

 New payment schedules re-negotiated with the US Treasury, the IMF, the Eximbank, and European creditors.

1965

February 2 Implementation of the Advisory Planning Council (CONSPLAN) subordinated to the Extraordinary Ministry of Planning. CONSPLAN was organised on a corporatist basis.

August Fifth draft of a reform proposal, under Beltrão's command. However, many participants did not see it as an improvement over previous negotiations.

October 3 Elections for state governors.

October 20 Launching PAEG

October 27 Institutional Act 2 (AI-2) forced a realignment of the party system, creating only two parties: ARENA and MDB.

 USAID, IMF, WB, and IADB granted loans to reestablish the capital needed to guarantee the country's payment and importation capacity, two essential requirements for resumption of growth.

November 18 Setting up of an advisory unit directly subordinated to Roberto Campos, named Technical Studies Advisory for Administrative Reform (ASESTRA). Campos delegated Dias to be responsible for resuming coordination and conclusion of the process.

1966

February 5 AI-3 determined indirect elections for state governors and defined deadlines for the resignation of prospective candidates from executive positions.

February 2 Approval of the first census of civil servants.

Costa e Silva named Hélio Beltrão as member of the transition team, a government in waiting.

October 25 Approval of a new Tax Code to modernise Brazil's financial structures.

1967

January 24 Implementation of the new Constitution, which sanctioned the military regime and incorporated four institutional acts set down by the military command

February 25 Decree-law 199 organised the Supreme Audit Agency.
Decree-law 200: set up the Ministry of Planning and Coordination *de facto* – set up the Personnel Development Center, changed DASP into Administrative Department of Civil Personnel. DASP became responsible for personnel in the direct administration.

March Launching of the Ten-Year Plan for Economic and Social Development.

March 15 Costa e Silva, elected President of Brazil by Congress.
Hélio Beltrão became Minister of Ministry of Planning and Coordination *de facto*.

July The priorities of Costa e Silva's government presented for public discussion.

December 21 DASP was placed under Beltrão's supervision in respect to all issues concerning administrative reform.

1968

October National workshop in Rio de Janeiro to mobilise public opinion around the public administration issue.

October 31 Decree 63.500 set up an executive structure – Administrative Reform Office (ERA) – to implement the reform.

December 13 Institutional Act No. 5.

December 30 Complementary Act 40/68 which reduced the share of the states and municipalities from ten to five per cent of the funds from industrial and income taxes.

1969

April 9 Setting up of the Civil Servants' Administrative Reform Commission.

- October 17 A Constitutional amendment allowed vertical and horizontal internal promotion mechanisms and determined exceptions for selection of public functionaries.
- October 30 Emílio Garrastazu Médici was named President of Brazil.
João Paulo dos Reis Velloso substituted Minister Hélio Marcus Penna Beltrão at the Ministry of Planning and Coordination, *de facto*.
- 1970**
- December 10 Implementation of a new career law, re-creating internal promotion mechanisms.
- 1974**
- Brazil goes through a period of economic growth known as the “economic miracle” (*Milagre Brasileiro*).
- March 15 Ernesto Geisel became President of Brazil.
- May 1 The Economic Development Council was set up.
 The Ministry of Planning and Coordination became the Department of Planning, directly subordinated to the Presidency.
- May 2 João Paulo dos Reis Velloso becomes Minister of the Department of Planning.
- December 11 Public sector employees must be contracted via private labour legislation, except for the core inspectors, police and judicial careers.
- 1975**
- July 15 DASP is re-named Administrative Department of Public Service.

CHRONOLOGY: 1988 CASE

1985

- March 15 Beginning of José Sarney's term of office as President of Brazil.
Setting up of the Extraordinary Ministry of Administration.
DASP became subordinated to the Extraordinary Ministry of Administration.
João Sayad is named Ministry of the Department of Planning.
- April 21 Tancredo Neves died.
- July 1 Implementation of the norms for the 1985 elections.
- July 3 Setting up of the Commission of Coordination of the Federal Administration Reform Plan, consisting of the Minister of Extraordinary Ministry of Administration, as president; a member of DASP as vice-president; one member from the National De-bureaucratisation Program; and one member from the Department of Administration.
- November 27 Setting up of norms for the National Constituent Assembly.

1986

- January Sub-groups of the General Commission, by theme, presented their conclusions for a Reform the Federal Administration.
- February 2 The issues related to the National De-bureaucratisation Program became the responsibility of the Extraordinary Ministry of Administration.
- February 27 The Cruzado Plan is launched.
- February Dissolution of the General Commission.
- March 10 Setting up of the Secretary of Treasury at the Ministry of Finance and the Central Office of Internal Control was phased out. The Office of the Treasury was considered one of the central offices of planning, coordination and internal control.
- March Alves invited Marcelino – representative of the Ministry of Planning in the Commission – to be his vice-minister, as part of a broader jurisdictional redefinition.
- September 3 Setting up of the National School for Public Administration (ENAP); Centre for Public Administration Development; the national personnel database; a payroll management system; setting up of the auditing of personnel procedures; setting up of new mechanisms to monitor the SOEs; and setting up of administrative routines of the national attorney.

The Ministry of Administration was converted into the Public Administration Department (SEDAP-PR), directly subordinated to the Presidency.

Setting up of the Executive Group for Administrative Reform (GERAP). The Commission for Coordination of the Federal Administration Reform is subordinated to GERAP.

1987

- February 1 The Congress that had been elected into November 1986 was transformed in a National Constituent Assembly.
- March 24 Aníbal Teixeira de Souza replaced Minister João Sayad.
- April Minister Gilson Funaro was replaced by Luiz Carlos Bresser Pereira.
- April 10 The offices of the Indirect Administration must be subordinated to the ministry that deals with its respective public activity. Law No. 7.596 outlined the features required for an organisation to be considered a public foundation. The law also established a single career and job plan for teachers and other functionaries of public universities.
- April 19 Luiz Carlos Bresser Gonçalves Pereira became Minister of Finance.
- June 12th Implementation of the Bresser Economic Plan.
- July 23 Classification of positions and wages of public careers.
Setting up of the careers of Finance and Budget Analyst and Audit Analyst.
- November Holanda's resignation.
- December 21 Minister Bresser Pereira lift the Ministry of Finance.

1988

- January 6 Maílson da Nóbrega became Minister of Finance and adopted orthodox measures.
- January 22 João Batista de Abreu was named Minister of the Planning Office.
- February Aluizio Alves aligned himself with the Ministries of Labour and the Military Forces to curb an attempt to freeze the wages of the public functionaries.
- April Alves was forced to agree with a two-month freeze of salary.
- October 5 Promulgation of the new Constitution. The Transitory Provisions included a reference to an urgent need for an administrative reform to be carried out eighteen months after the promulgation of the Constitution. The checks and balances among the three branches of government were re-established.

October SEPLAN-PR sent two proposals – the new Civil Servants’ Statute and a new career plan – to Congress (Bills 4058 and 4059).

November 15 Elections for mayors and local councils.

1989

January 15 President Sarney announced a new economic plan named the summer plan.

March 16 Setting up of the Department of Administrative Modernisation – (SEMOR.) SEPLAN took over the responsibilities handled by SEDAP, after this latter was phased out.

October 25 Alves sent Sarney his reform proposal, which called for the establishment of a Single Juridical Regime for all functionaries in the direct administration, reclassification of civil servants as functionaries hired on the basis of private autonomous government agencies and public foundations, a draft of a civil servants’ statute, extension of tenure, retirement, a careers plan and other benefits usually guaranteed to civil servants.

October 6 Setting up of the career of Public Manager.

November 15 Elections for President and Vice-president of Brazil.

1990

March 15 Inauguration of Fernando Collor de Mello as President of Brazil.
Department of Federal Administration (SAF) was established as an immediate advisory office for administrative matters for the Presidency, with ministerial status.

April 12 President Collor merged SEPLAN-PR with the Ministry of Finance and set up the Ministry of Economy.

Implementation of the Collor Economic Plan I.

June The Executive tried to avoid the approval of the bill for the Single Juridical Regime, belonged to Congress, by suggesting new legislation (Proposal 5504/1990), re-instating the validity of the 1952 Civil Servants’ Statute.

June 15 Presidential Decree 99300 allowed the government to put public sector functionaries on compulsory leave while receiving salaries proportional to their time on the job (neither the Legislative nor the Supreme Court approved this measure.)

June 18 Deadline established by SAF for all ministries to cut 30% of personnel across the board.

August

The Chamber of Deputies rejected Proposal 5504/1990 sent by the Executive.

December 11

Setting up of the Single Juridical Regime, detailing the constitutional provisions regarding the new civil service statute and, particularly, the reclassification of public sector employees into civil servants.

CHRONOLOGY: 1998 CASE

1992

- October 5 Minister of Finance Marcílio Marques Moreira was substituted by Gustavo Krause Gonçalves Sobrinho.
Fernando Henrique Cradoso becomes Minister of Foreign Affairs.
- October 19 Paulo Robert Haddad is named Minister of SEPLAN-PR.
- November 19 Setting up of the Ministry of Finance; re-setting up of SAF and setting up of the Department of Planning, Budget and Coordination.
- December 29 Vice-president, Itamar Franco, takes over the presidency from Fernando Collor de Melo.

1993

- April 21 Plebiscite to define the country's system of government.

1994

- March 3 Benedito Clayton Veras Alcântara substituted Minister Alexis Stepanenko substituted at SEPLAN-PR.
- March 29 The Finance Minister, Fernando Henrique Cardoso, implemented the macro-economic stabilisation plan, the Real Plan.

1995

- January 1 Fernando Henrique Cardoso began his first term of office as President of Brazil.
Pedro Sampaio Malan became the new Minister of Finance.
José Serra was named the Minister of Planning and Budgeting.
Setting up of the Ministry of Administration and State Reform (MARE) and the Ministry of Planning and Budgeting (replacing SEPLAN).
- March 27 Camata Law institutionalised the limits for expenditures on Civil servants payroll.

1996

October 6 Elections for mayors and city councils.

1997

June 4 Constitutional Amendment 16 allowed the President, governors and mayors to be re-elected for a second term of office.

July 10 Setting up of the Program of Volunteer Resignation for Civil Servants (*Programa de Desligamento Voluntário – PDV*) to guarantee better management of public finances and availability of state reform.

September 9 Setting up of the program that determined the conditions to begin the process of privatisation in Brazil (*Programa Nacional de Desestatização*).

1998

March 30 Paulo Paiva replaced Antônio Kandir as Minister of Planning and Budgeting.

April 7 Setting up of bonuses for merit for the careers of Finance, Audit, Budgeting and Planning Analyst.

May 15 Setting up and institutionalisation of the characteristics for companies to become social organisations and setting up of the National Publicity Program (*Programa Nacional de Publicização*).

May 27 Re-organisation of the ministries and setting up of institutional conditions for the implementation of executive agencies for autonomous government agencies and foundations.

Setting up of the careers at the Central Bank.

June 4 Constitutional Amendment No. 19. Civil servants lost their full tenure rights, for the norm established conditions for the civil servants to remain in the careers.

October 4 Elections for President and Vice-president of Brazil, state governors and vice-governors, state and federal deputies and senators.

December 15 Alterations of the Social Security system, by Constitutional Amendment 20. This amendment was later modified in December 2003 by a further constitutional amendment, presented by the Da Silva Administration since the reform of the system was not complete with Amendment 20.

1999

January 1 Fernando Henrique Cardoso began his second term as President of Brazil.

Setting up of the Department of Administration and Property – (SEAP)
- of the Ministry of Planning and Budgeting.

- May 6 Pedro Pullen Parente is named Minister of Planning, Budgeting and Management.
- May 31 Regulation of the maximum expenditures on payroll, considering the current net revenue of the Federal Government, the states and the municipalities respectively.
- July 19 Martus Tavares was named Minister of Planning, Budgeting and Management.
- July 30 Ministry of Planning and Budgeting (MOG) became the Ministry of Planning, Budgeting and Management (MPOG).

2000

- February 22 Regulation of legal conditions for employees to be hired by the Public sector by CLT. Employees hired under the CLT may not be considered public servants for they are public employees.
- May 5 Supplementary Law 101 provided regarding public finances concerning responsibility for fiscal management of municipalities, the state, and the Federal Government. The law emphasised the importance of planning and budgeting.

ANNEX 5: BRAZIL: AN OVERVIEW

Introduction

Brazil is an intriguing country that triggers curiosity around the world because of its unique features: the 5th largest nation in population and the 5th largest in geographical size, the largest tropical forests, the most variety of fauna and flora in earth, the biggest reservoirs of freshwater in the planet.

Brazilian potential is legendary as well as doubts about the country's capacity to achieve its alleged destiny. The country's biggest social wound is by far its inequality rates – approximately 0.6 in terms of the Gini coefficient, one of the highest of world. Brazil had one of the highest economic growth rates in the 20th century, together with Japan and Korea. But in the last two decades of the century stagnation and poor growth rates became the norm. Sustainable growth became an apparently insurmountable challenge given the incapacity of the country ensuring requisites for long term growth: quality of human capital formation, investment climate, innovative capacities, and macroeconomic stability (Thomas, 2006).

The approach adopted here favored the political dimension of the country five hundred years history. It is probably the most useful one for a reader that is not familiarized with Brazil. The thesis did not explore possible potential connections between inequality rates and of sustainable growth rates with the quality of public sector institutions despite its focus on public management reforms. But the author firmly believes that they are plausible and need further investigation.

The appendix is useful because the four cases refer to four slices of the country's history in the last century. The background of Brazilian history helps readers to understand the reality of the country until the 1930s – that is why more space is dedicated to Brazilian history until 1930 - and to fill the gaps between each historical period analyzed. The broader context in which the episodes occurred is important to understand long term tendencies as well as Brazilian political culture. The events in the intervals provide an idea of the background political context in which public management reforms were incubated. Figure 1 shows a map of Brazil today.



Janeiro and Maranhao), Holland (in Pernambuco), and Spain (in Sao Paulo and Santa Catarina) to ensure control over Brazilian territory.

Wood was the most important export product until its replacement by sugar cane in the end of the sixteenth century. Brazil became the biggest world exporter of sugar in the seventeenth century. The country was transformed in a single-crop plantation economy thanks to an export-oriented regime that combined large landowners' properties with slavery workforce. The international trade was a triangulation transaction involving the Portuguese Crown and the Brazilian and African colonies. At the end of the seventeenth century two combined phenomena took place: the decline of the price of sugar because of increasing competition derived from Antilles production and the discovery of gold and diamonds in the region of Minas Gerais. Although a new colonial cycle began, it was based on the same social structure than the previous one

The Portuguese colonial state resembled its Iberian matrixes: centralist, formalist, and commanded by appointees recruited by the Crown within the ascendant nobility. Two differences deserve mention, however. Portuguese administrative controls were looser than those practiced by the Spanish neighbours and a crescent Creole population – descent of Portuguese but Brazilians by birth – began to be formed and to act as a distinctive political player in the colonial game. Church dominance was absolute until the transition to the nineteenth century when it became a threat to the Crown economic interests.

The second part of the eighteenth century was marked by the combination of different sort of processes that reshaped the status of the relationships between Portugal and its colony. First, Spain recognized Portuguese property of lands occupied beyond the limits established in the Tordesilhas Treaty - including large Amazon, Center-West and South pieces of the Brazilian Territory (see Figure 2) - in exchange of a clear delimitation of the South borders in the Missions Region. Second, Portugal's economy faced serious problems caused by the previous wars against Spain in the Plata region, by the demand for resources to rebuild Lisbon - devastated by an earthquake in 1755 - and by the gradual exhaustion of Brazilian mines. Third, Portugal decided to embark on industrialization processes at the same time that confined Brazil to a colonial exports function, in a moment that Brazilian exports were answering for more than sixty per cent of Portugal's trade surplus (Skidmore, 30-31). Finally, the Brazilian colonial elite began to develop their own interests which were distinct of those sponsored by the Portuguese Crown. Not surprisingly the conflict of interests around taxes, the influence of the Enlightenment ideas, and the example from the United States favored the occurrence of insurgences against the Portuguese rule.

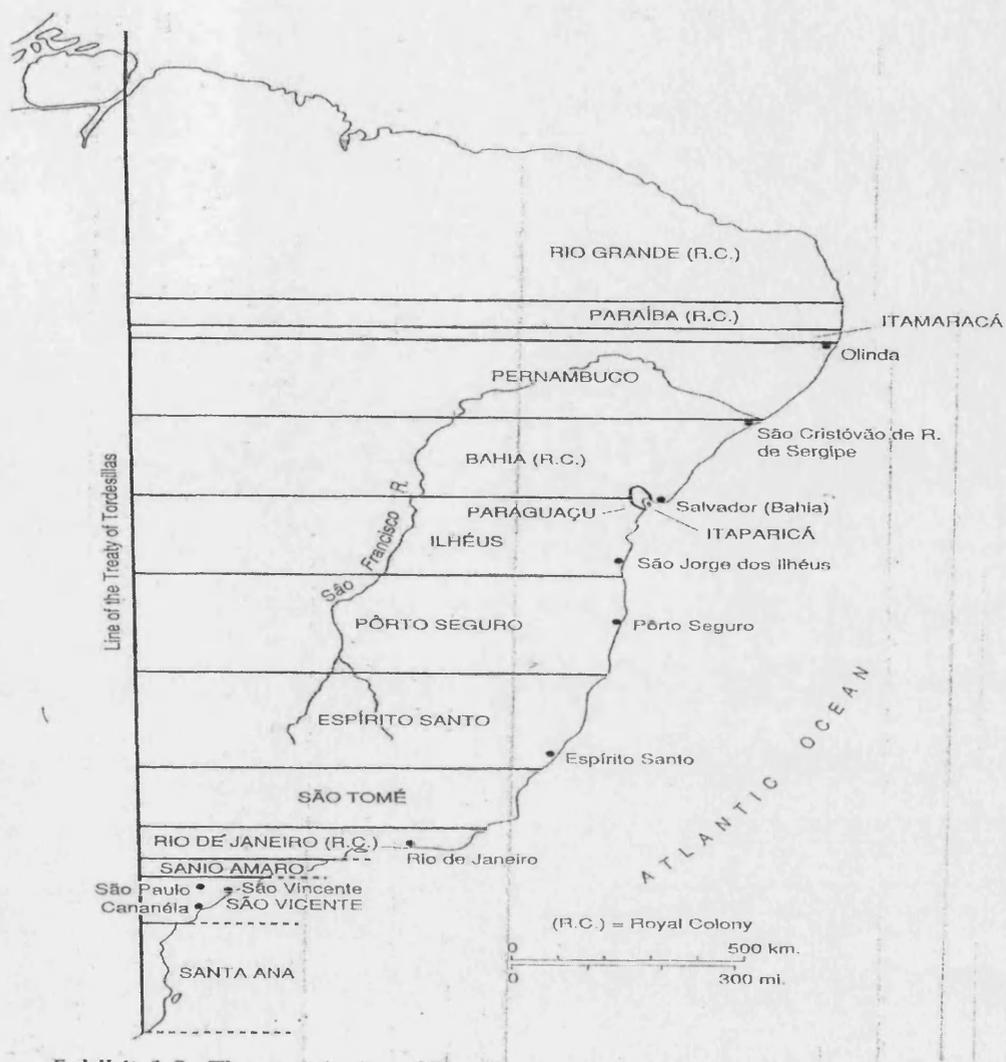


Figure 1 – The Treaty of Tordesilhas and the captaincies of Brazil (Lockhart and Schwartz, 1983)

An unprecedented event in terms of colonial history took place in the early 1800s: the whole Portuguese Court was forced to move to Brazil because of the Napoleon wars. Portugal was

The transplant of state structures that replaced colonial simple administrative facilities influenced deeply the shape of Brazilian public institutions. It did not change however the social-economic political structure: landlords preserved their power and their interests – including the maintenance of slavery - were not hurt by the independence.

3. Empire (1822-1889)

Pedro I government was marked by a sequence of turbulent events: the war against the Portuguese forces, the National Constituency Assembly that was dissolved by the Emperor who was unhappy with the secondary role attributed to himself, the “granted” constitution marked by administrative centralization, the civil wars against separatist forces, notably republicans in Pernambuco, the loss of a south part of Brazilian territory to a new country – Uruguay – after military defeat, the tensions between the Brazilians and the originally Portuguese elite, and finally, the dramatic events involving the Royal Family in Portugal. Weakened and surrounded by political enemies Pedro I returned to Portugal in 1831 to assume his position in the throne after the death of Dom Joao VI and left the country under a caretaker regent because his son was just a child at that time.

In international terms Brazil aligned itself with Great Britain, in part of Portuguese inheritance in part because of the way new arrangements were established such as the recognition of the independence in exchange of Britain free access to Brazilian ports. This alliance had a price. The country assumed Portuguese debts – contracted to fund the war against Brazilian independence. Britain had special tariffs – even better than those granted to Portugal – regarding international trade. The traffic of slaves should be banned according to treaty signed by the Brazilian government and the British Crown⁵⁴⁵. British affairs should be judged by British courts in Brazil. Thanks to British incomparable advantages in banking, shipping, communications, and insurance – not to mention the military power of its navy – Brazil became part of Britain sphere of influence, a manifestation of the so-called “informal imperialism” (Skidmore, 42).

The Regency period (1831-1840) was marked by a succession of regents, a symptom of the political instability that dominated the country after Pedro I departure. The Regency consolidated national institutions and tried to promote some degree of power decentralization to the national provinces through the adoption of a federalist legislation in 1834. The consequences were disastrous with the eruption of a sequence of provincial revolts in Pernambuco(1832-1835), Pará (1835-1840), Bahia (1837-1838), Maranhao (1838-1841) and Rio Grande do Sul (1835-1845), usually fuelled by a mix of separatist aspirations, social tensions, republican ideals, and political conflicts. The sequence of regencies ended with the declaration of the majority of Pedro II, then a fourteen years old teenager, that coincided with the revocation of the decentralization experiment attempted by the Additional Act of 1834.

⁵⁴⁵ The expression “to be seen by the English” (“para ingles ver”) dates from this episode. The Brazilian government never intended to enforce the new legislation. But in the eyes of the British the enactment of a new legislation specifically oriented to ban the traffic of slaves was an unequivocal sign of serious a serious commitment.

The period that followed the wars of Brazilian independence from Portugal was marked by military demoralization⁵⁴⁶. The liberals of the Regency period who forced the resignation of Pedro I in 1831 were anti-military and dismantled the army (Schulz, 1994: 25). The government coercive force was the National Guard, the group of regional forces and militias that obeyed the state governors. The political rural basis was controlled by the “colonels”⁵⁴⁷. However, the persistence of regional conflicts during the 1830s forced the national government to reorganize the army and precipitated Pedro II inauguration.

The recentralization move was facilitated by the death of Pedro I in 1834. Three regional uprisings in Sao Paulo (1842), Minas Gerais (1842) and Pernambuco (1848-1850) were crushed by the imperial forces. At the end of the 1840s the monarchy was consolidated, as well as Brazilian unity. The period of stability was marked by political stability, thanks to a rotation between Conservatives and Liberals in power, under Pedro II auspices. The Emperor became a symbol of national unity and country instability in contrast with the recently independent unstable Spanish-American Republics.

Coffee replaced gold and diamonds as the main Brazilian exports. It was cultivated in Rio de Janeiro in the beginning but later it began a march to the west, especially to the more suitable lands of Minas Gerais and São Paulo. Slavery was crucial to the exploitation although the traffic had been banned since 1826. At that time Brazil had the largest slave population in the world but their reproduction conditions were not enough to ensure the growth of the stock given their terrible life conditions and low life expectancy (Skidmore, 52-53).

The approval of the 1850 ban took place for several reasons but the British pressure was the decisive one, evidenced by the arrest of hundreds of ships in the years that preceded the approval of the new legislation by the Brazilian cabinet. The shortage of labor in the Southeast took place at the same time that abolitionism gained ground in the public debate. Paradoxically, coffee had become an important source of revenues for the Empire. The economic prosperity attracted international investments, notably British, to the country, especially to the infrastructure sector. The main solution adopted by businessmen was to import immigrants from Italy, Portugal, Spain, German, and Japan to work on the coffee plantations.

The system of landownership in Brazil remained the same: with a strong concentration of the property of land. In 1850 the approval of the “Land Law” produced enduring consequences to Brazilian economic history. After the approval of the new legislation land could be obtained exclusively by purchase or payment of taxes to accommodate previous arrangements, but not via de fact physical possession. In doing so the legal recognition of the ownership of the land became a matter of power politics and formal landowners’ patronage, not social occupation or small farmers’ exploitation – as the U.S. march to the west encouraged

⁵⁴⁶ The army succeed in the Independence War but lost pieces of the national territory in the South with the Independence of Uruguay, supported by Argentina and by Britain.

⁵⁴⁷ The term “*coronelismo*” express “the political dominance of the landowners and their allies, so called because major landowners had historically been granted the rank in National Guard. *Coronelismo* express a distinctive pact” (Cammack, 1985: 55) in which local bosses support state or national candidates in exchange for nominations and resources allocation in that region. They were the local caciques who controlled rural politics since the Empire until the decline of the rural economy.

The eruption of the Paraguay War in 1864/1865 interrupted the stability period. Fractious politics in Uruguay dragged Paraguay on the one side and Argentina and Brazil on the other side in an unexpected war. Despite the small country size, the Paraguayan army was well trained and equipped while Brazilian army was not a professional force, deprived from logistics capacities required to a war period. The war was won after six year of combats – mainly between Brazil and Paraguay - but at enormous costs to both countries.

The episode changed the country. Slaves that fought during the war gained their freedom. Pedro II abolished slavery in Paraguay, a clear sign of the inevitable outcome to be faced by Brazil later on. The military – humiliated by the initial setbacks and amateurism of the armed forces - developed a huge suspicion regarding civil politics given the occurrence of several events in which war objectives were subordinated to parochial interests. The Emperor lost its respectability and aura because of two events: a) his personal involvement in the war endgame, marked by atrocities that had their necessity contested, and b) a political coup that enabled the Conservatives to form a subservient government despite being in minority in the Chamber of Deputies. Not surprisingly, one important sub-product of the war was the creation of the Republicans Party in 1871, thanks to the loss of the Emperor's charisma and neutrality.

The military organization changed⁵⁴⁸ in order to follow European standards on the XIX Century, based on merit and seniority. The introduction of the principle of merit transformed the representation of the military in favor of the gifted and talented middle class and poor officials. These young military were abolitionists, republicans, industrialists, protectionists, and politically liberal. They attributed the responsibility for inequality, injustice, and underdevelopment to the corrupted political system of the empire. The war against Paraguay fed the resentments and suspicions of the officialdom that the elite interests did not coincide with the country needs. The war was fought by the military, ex-slaves, and ex-prisoners, not by the members of the rural elite⁵⁴⁹. The war also revealed that the National Guard⁵⁵⁰ was not prepared to provide qualified men for military aims, which strengthen the argument pro a professional army⁵⁵¹. The so-called “military question”⁵⁵² irrupted in the 1880s through a

⁵⁴⁸ In 1850 a new law defined a new promotion system. The aristocratic system allowed promotions on basis of personal relationships. The provincial governors were responsible for the nominations. The old system was replaced by merit and seniority principles but kept some room of manoeuvre for clientelism and favoritism.

⁵⁴⁹ The Anglo-Brazilian Times (Schulz, 1994: 59) echoed military critics to the political elite who replaced their sons with slaves or resorted to bribery to evade recruitment.

⁵⁵⁰ The National Guard was increasingly constituted through compulsory recruitment – “the patria volunteers” – and ex-convicted. It failed in reproducing its French model because it did not attract emergent middle classes but militias on service of rural landlords. It was not National except in its name because in fact it was commanded by the provincial “presidents”, a title revealing of the status attributed to the regional governors during the Empire and Old Republic.

⁵⁵¹ Further important reforms occurred in the military forces during the 1870s. The wages were raised. The Military Academy was empowered. The first national school of engineer was created by military. Some career mechanisms were introduced. The government created the compulsory military service, an important measure that solved the size problem at the same time that replaced discretionary corrupted practices by random lotteries. The military. Meanwhile positivism became increasingly influential within the military. In the 1850s, almost one fifth of the teachers of the Military Academy were positivists, deeply influenced by Comte's ideas, which were beginning to decline in France. The Republican ideals were also boosted by Napoleon III defeat by the Prussians and the emergence of the French Third Republic

⁵⁵² The hierarchy was hurt by a increasingly politicised number of promotions, nominations, and transferences. Incidents involving military forces occurred around the country because of different reasons like abolitionists acts, pamphlets campaigns, in disciplinary acts, arbitrary attitudes, low wages, personal clashes, and military policy conflicts. The later reflected an increasing sympathy for the Prussian, North-American, and British

sequence of clashes between the military and the civil authorities. The military demands were basically the end of the corruption practices that marked the Empire bi-party system, modernization of the bureaucracy, progress via industrialization and end of slavery, and better working conditions which included wages and equipment. Stimulated by the abolitionists and the republicans the military jumped decisively into politics.

In 1887 Dom Pedro II fell seriously ill and practically transferred his governance powers to his daughter. The progressive rural elite, especially from São Paulo, the most important economic region of the country gave up from slavery in practice. Slaves did not represent more than six per cent of the population accordingly to the Census of 1887 (Schulz, 1994: 113). Immigration was the solution found by the landlords to solve their economic problems. Abolitionists as well as civil republicans asked the military for interfering in politics. The politicization was inevitable in face of the refusal of the army officials in repressing slaves' rebellions. The coalition formed by the landlords' producers of coffee from São Paulo⁵⁵³, the press of Rio de Janeiro – the federal capital at that time – and the military was decisive and in 13th May slavery was finally extinguished.

The return of Pedro II from health treatment in Paris, a last attempt to change the cabinet and a governmental electoral victory did not stop the tide. In September 1889 the government decided to expand the National Guard cadres to counter balance the military importance, but it was too late. Deodoro da Fonseca⁵⁵⁴ led a military *coup d'état* in November 1889. The time of the republic had come thanks to the political atmosphere fed by the press and by the new civil and economic elite⁵⁵⁵. The transition from the Monarchy to the Republic was a realignment of the elite, an accommodation within peers that occurred in the context of a military *coup d'état* (Schulz, 1994).

4. The oligarchic “Old Republic” (1889-1930)

The passage from a parliamentary monarchy to a presidential federal republic under military rule was marked by instability on the political, economic, and military fronts. International observers described it as a period of “military government combined with nepotism”

models of organizing the military forces in opposition to the French way, which included the National Guard. The recruitment policy was the core of the divergences. Interestingly, a Tocquevillean argument was quoted in the Army debates about the problem of representation of the military: the elite did not join the army because the army was demoralized, but the army was demoralized precisely because the elite did not join it (Schulz, 1994: 104).

⁵⁵³ The increasing importance of São Paulo entrepreneurial elite posed new problems for the Monarchy like the religious question. In order to accelerate immigration from white peasants from protestant European countries issues like religion freedom and civil marriages were at the top of their agenda. Another demand was financial. São Paulo expected the government to pay for the immigration costs until that moment funded by the regional elite. In contrast, Rio de Janeiro elite demanded financial compensation for losses provoked by the end of slavery.

⁵⁵⁴ Deodoro was one of the most popular and senior officials of the military. His leadership was articulated specially by Benjamin Constant, the most important republican of the army (Castro, 2000).

⁵⁵⁵ The initial measures of the provisional government attended the coalition of interests that supported the new government. They included the separation of the Church from the state, the nationalization of all foreigner immigrants, special credit and financial facilities for the farmers and a package of measures for the military (expansion of the number, rise of wages, retirement generous schemes, and compulsory retirement of the majority of officials committed with the previous regime).

(Graham, 1977: 368). There were not national projects or ideologies⁵⁵⁶. The National Constituency Assembly (1890) was dominated by the Republican Party of São Paulo (PRP) federalist agenda, incorporated at the 1891 Constitution⁵⁵⁷. At that time inflation disestablished the economic situation in a sensitive political moment⁵⁵⁸. The military were still identified with the national unity of the country and had historically been the representative of the centralist tradition of Brazilian politics. The state elections of 1892 were won by the political forces aligned with the incumbent government. Military officials were elected governors and many states.⁵⁵⁹ The economic crisis was controlled thanks to a tough macroeconomic policy⁵⁶⁰. From that period on, the PRP commanded the economy. Prudente de Moraes⁵⁶¹ presidency (1895-1898) marked the end of the military cycle⁵⁶².

The “old republic” was defined by the combination of an ultra provincial’s “presidentialism” – state governors were called president of provinces - with a federalist provincialism (Abrucio, 1998: 36-7). There was a clear hierarchy between the states and an informal – but effective – agreement about the internal control of states politics by their own regional elite without national intrusion. As a result of these institutional arrangements politics was dominated by state parties of the most populated states that rarely lost any election.

Federalism meant primarily autonomy of the states, not its coalition around a national project and its subordination to a national instance of supra-states government. Federalism meant also financial autonomy and respect to the political control that the regional elite exercised over their states. The state Republican parties were in fact political monopolies (Lamounier, 1999). There were no national parties. Coalitions in Congress were built on basis of regional

⁵⁵⁶ The “positivism” influence expressed by the national flag slogan “Order and Progress” did not go much beyond some sectors of the military.

⁵⁵⁷ The main decentralization decisions included a major share of taxes for the states, state capacity of contracting external debts, “*estadualizacao*” of the national government lands, and attribution to organize municipalities and nominate appointees. Moreover, the National Guard was also declared a state jurisdiction and the legislation of compulsory recruitment for the universal military service was abolished. The volunteer and forced recruitment was reintroduced against the will of military elected to be Congress representatives.

⁵⁵⁸ The trigger was the creation of private banks with the capacity of producing currency detached from gold reserves but based on public papers. An explosive combination of easy credit and patronage practices eroded the political capital of the government.

⁵⁵⁹ The National Constituency Assembly had already elected an expressive number of military for the Congress, most of them young reformers who succeed in bringing their agenda to party politics. In the executive, however, they adjusted themselves to oligarchic politics. Those who would remain in politics for decades were those who gave up from their reformist ideals and played politics as “business as usual”.

⁵⁶⁰ Rodrigues Alves, the finance minister, adopted a tougher economic policy and restrained credit at the same time that re-established external credibility. The Congress attempted timid economic reforms but was paralysed by conflicts between industrialists x importers, landlords x industrialists, bankers x landlords / industrialists. On 17 December 1892 Floriano Peixoto decreed the merger of the banks with issuing power and created the Bank of Republic of Brazil whose board was nominated by the President. This measure stabilized the market and calmed the international bankers.

⁵⁶¹ The new president, Prudente de Moraes faced several difficulties to consolidate himself as President – specially the Canudos irredentism conflict and his vice-president conspiracies – but at the end of his mandate the country was solidly under civil control, shared by a president that controlled the Congress and governors that elected the president.

⁵⁶² The cycle of military intervention ended because of four reasons: the discredit provoked by the economic crisis, the increasing dependence of the Executive of the PRP to raise funds for the Rio Grande do Sul regionalist civil war, the politicisation of the military which eroded hierarchical and merit based principles, and, finally, the emergence of civil consensus against the authoritarian tendencies demonstrated by Deodoro as well as Floriano. The seriousness of the conflict in the South and Floriano incapacity of solving it combined with his decision of supporting a problematic ally undermined his political continuity ambitions.

alliances. The governors⁵⁶³ were the key linkage in the national level through the policy of governors and majority coalitions in the Congress, and in the regional and local level through the relationship with the “colonels” and urban local caciques.

The oligarchies won the military on economic and political grounds thanks to their cohesiveness and strong control of the Congress. The regional political oligarchies took over, based on their command of local politics of rural areas, “political localism”⁵⁶⁴, intergovernmental patronage, and tight political control of the voters’ basis. The period was known as “politics of governors” or “coffee with milk”⁵⁶⁵ because of the effectiveness of the alliance forged by Sao Paulo (coffee) and Minas Gerais (milk), practically sufficient to control the Congress⁵⁶⁶.

Clientelism continued to be the key political task during the republic as well as it was during the monarchy, creating roots in the new urban centres as well as in rural areas. Finally it penetrated even the military as well as the new economic elite who did not prescient the power resources involved in this practice. Not surprisingly, even the so-called reformers such as the military or civil leaders could not resist to its appeal given its embeddedness and effectiveness as governance mechanism (Carvalho, 2000). Given that they did not develop alternative forms of consolidating an impersonal state and were forced to play according to the dominant rules, they sanctioned the perception that the “real and persistent function of the state was to provide jobs and distribute positions”. (Graham, 1968: 347-8)

In the 1920s the political centralisation need against the imbalanced, dominant federalism emerged. The basis of the Old Republic institutional arrangements eroded⁵⁶⁷ with the emergence of urban classes, secret vote campaign, infant industrialization during the period of the First World War, macro economic policy centralisation, and army modernisation. At the end of the decade the national government was undermined by four forces: the increasing pressures of the military forces – specially middle rank officials - against corruption⁵⁶⁸, the

⁵⁶³ The state governors had two instruments to strength their power: the regional security forces and the appointed positions. In fact, all the public sector was constituted by appointed positions except the army.

⁵⁶⁴ Page (1991) defined political localism as “as the influence that political elite have in national decision-making arenas so far as these affect the locality”.

⁵⁶⁵ The republican rupture in 1889 empowered the states with almost dictatorial executive powers. The incumbent governors were named “president of states”. In Sao Paulo and Minas Gerais the incumbent majority parties stayed in power for decades.

⁵⁶⁶ The national and regional governments emerged as solutions negotiated with these local leaders who had practically full control over their constituencies. The political power of the local leaders was tested by elections from time to time but rotation was practically impossible given the asymmetry of power resources. The parties were traders of favours, without ideological consistency as their regionalist character revealed.

⁵⁶⁷ As in the Skowronek (1982: 10) model, the combined impact of crisis, both political and economic, class conflict (urban classes – workers, middle classes and entrepreneurs) and increasing complexity (development of productive forces and scale of the national problems) provoked the erosion of the dominant oligarchy system.

⁵⁶⁸ A rebellion irrupted on 5 July 1922 against the use of military troops to intervene in the Northeast regional politics. The young rebels from the Fort of Copacabana, basically lieutenants, commanded an insurrection which intended to refuse the army’s honour. The revolt did not take off. The government successfully repressed it but the episode marked the birth of “*tenentismo*” (“lieutenantism”) the influential movement that would take over the army in the follow years. In 1924 a new lieutenant insurrection irrupted in Sao Paulo and Rio Grande do Sul. After being defeated in the state capitals they merged in Parana in 1925, where the legendary Prestes Column was born. They – never more than 1500 people - marched 24.000 km through Brazil’s backlands until its dissolution some years later. Lieutenantism was a vague movement. Fausto (2000: 187) identified the young officialdom as heirs of the “Salvationists”, an interest group constituted by civilians and military who surrounded Hermes da Fonseca presidency that was concerned with the preservation of the republican

liberal constitutionalists and the new classes linked to the urban and industrialisation processes⁵⁶⁹, the external shock of 1929⁵⁷⁰, and the impact of the new alliances forged between the governors of Minas Gerais, Rio Grande do Sul and Paraiba and Sao Paulo liberal dissidents⁵⁷¹. When the rebels upraised the military high officials forced Washington Luis resignation in face of the risk of a civil war. As in the proclamation of the Republic and in many subsequent critical crossroads of Brazilian history, the military performed “the role of final arbiter in domestic politics.” (Skidmore, 1967: 7). Thanks to Vargas⁵⁷² political skills he

institutions. They perceived themselves as the only force organised that was capable of moralising politics, representing the entire nation, and, most of all, defending the public interest. Their anti-corruption claims were continually repeated until taking over public opinion and political sectors. At the same time, the military were going through slow but substantial changes at that time. Groups of officials were sent to Germany before the I World War and other groups to France ten years later. They represented the renewal of the old military ethos, deeply influenced by positivism. The emphasis shifted from military officers as engaged citizens to professional soldiers. The military rebels of the 1920s did not have a political project, however. But they channelled their discontentment to some specific concerns. Career rigidity, for instance, was the main military source of dissatisfaction. Nationalism and anti-corruption claims were two other main flags that guaranteed middle class wide spread support. “Their world view was primarily shaped by their socialization within the armed forces” (Fausto, 188). Nevertheless, they were not capable of commanding an alliance against the national government because they were a minority within the army, straight jacketed by the hierarchy, and could not galvanize the public opinion.

⁵⁶⁹ New social groups were emerging at that time: the middle classes (liberal professions, employees, military officials, urban commercial owners), urban employees, industrial workers and industrial entrepreneurs. The new urban classes claimed clean elections and more respect for liberal rights. They were the group “which felt most deeply the obsolescence of the elitist politics in Brazil before 1930.” (Skidmore, 1967: 12) At the same time social movements flourished and their interests included elements of foreign ideologies like fascism, anarchism, and socialism (Faoro, 1958: 247), none of which were contemplated in the dominant rural coalition of power.

⁵⁷⁰ The external shocks, which affected the economy of the country dramatically, were based decisively on the export of coffee. The prices fell sharply after the Wall Street crash and the retreat of the international trade market. The impact on the public finances was dramatic, specially because the costs of maintaining costly political alliances had already exhausted the scarce national resources of the Treasury. The crack of the world’s financial market in October 1929 occurred in the middle of the presidential campaign and threw the country – a mono international producer - in an unprecedented crisis. The coffee growers and the coffee planters were ruined and the president refused to make concessions.

⁵⁷¹ A new political party – Democratic Party – was created at 1926 but with no chances of gaining power. The new party manifesto included topics related with political reform like secret and compulsory voting, “minority representation, independence of the three branches of government; and judicial power to oversee elections.” (Fausto, 190). In 1929, Washington Luis nominated Julio Prestes, Sao Paulo governor, to succeed him, a move that united Minas Gerais and Rio Grande do Sul in the Liberal Alliance, in opposition to the national government that championed a coalition of the state Republican parties as usual. The patchwork of political support for the alliance included the Democratic Party in Sao Paulo and dissidents of the Republican parties around the country, notably in Minas Gerais. The opposition candidate was Getulio Vargas, the governor of Rio Grande do Sul who had been Washington Luis finance until 1927. The Liberal Alliance manifesto contemplated issues keen to the middle class like political reform in order to provide “electoral truth” and amnesty to all involved in political contests like the lieutenants, as well as to the new urban worker classes. Minas Gerais broke the stability prevalent until that time in terms of leadership succession and supported first Vargas as candidate and later the 1930 rupture. Julio Prestes, was elected president but the results were not assimilated by the defeated opposition who, nevertheless, did not have enough support to seize power. A surprise event changed the course of facts: Joao Pessoa, vice-president candidate of Vargas was assassinated on 26 July by a political adversary in a public incident. The fact provided a martyr to the conspirers constituted until that time by young officials and the oligarch dissensions. and culminated with a coup of state that put Getulio Vargas, the governor of Rio Grande do Sul, in the Presidency, supported by the military

⁵⁷² Vargas was at that time a *caudilho gaúcho* but with previous national experience in the Congress (1922-1926) and on the Executive (1926-1927). He was a product of the political culture of his region, marked by frontier conflicts, attachment to the land, authoritarian and paternalist practices. But he was destined to be one of the most politically gifted talents of generations and the most important political figure of Brazilian twentieth century politics.

managed to reunite under his leadership the distinct groups of the military unified by their dissatisfaction with the previous regime.⁵⁷³ Military support was achieved in exchange of a “tutorial interventionism” (Carvalho, 1999, 61-2) based on three wide formulations: the selection of the State to be the dominant force of national politics, the agreement about the need of formulation and implementation of a national project, and the persuasiveness of the need of elite professionalisation in order to provide state guidance.

5. The Vargas era (1930-1964)

Vargas’ charisma was developed while he managed to overcome successive political crisis during a period of social instability and institutional “creative destruction”. A nationalized centralist state replaced the regionalism as the main dynamic force of Brazil political organization (Camargo, 1999). The centralization of governmental activities⁵⁷⁴ occurred through administrative empowerment in two different ways. First many functions previously exercised by state⁵⁷⁵ and local government were federalized, i.e. transferred to federal competence⁵⁷⁶. Second, national government activity was expanded towards new social and economic areas, notably economic infrastructure, social welfare, and labor union organization (1967: Skidmore 33-4). Both movements enabled the federal executive with unprecedented patronage powers in terms of jobs’ provision and policy favoritism given the administrative powers centralized in the president hands.

On the economic front government interventionism occurred through two combined forms: a) managing of incentives and “stimulants” demanded by national businessmen and b) direct intervention, pushed by the higher military officialdom. The first group included the definition of the minimum wage combined with the establishment of government-controlled unions, the creation of the pensions’ institutes for each economic sector, and creation of foreign exchange financial authorities. The second strategy included the creation of state owned enterprises, especially in the steel and utilities sectors, and regional developmental agencies. State sponsored industrialization was based on the concept of national security, coined by the military in order to justify governmental control over sectors considered strategic.

⁵⁷³ The military were particularly concerned with their poor capacity (if compared with the states security forces), bad career conditions (low wages combined with lack of tenure and social security), and a weak merit system. The military were split in three groups (Carvalho, 1999): professionals influenced by German and French army, the reformist interventionists typical of countries in which the military were not identified with the dominant elite and were convoked to interfere in internal politics from time to time, and radicals with communist sympathies. Vargas chief collaborator was Goes Monteiro who was a colonel. The rank was a problem for the revolutionary government because in order to implement reforms they need to control the military forces. If they tried to take over the top positions they would break the hierarchy. If they destroyed the hierarchy they would damage the military cohesiveness and effectiveness capabilities of interfering in politics.

⁵⁷⁴ Skidmore (1967: 35) pointed out that “the increased centralisation under Vargas a reaction to the decentralisation imposed by the Republican constitution-writers of 1889-1891 who had wished to undo what they regarded as the harmful overcentralisation of the empire.”

⁵⁷⁵ The important national symbolic dimension of the New State was emphasized by a ceremony presided by Vargas in which the states’ flags were burned as sign of the new times (Skidmore, 1967: 37)

⁵⁷⁶ The nationalization of tributes, especially those related with exports, was a key change in tax jurisdictions revised by the 1937 constitution.

Brazilian entry in the war⁵⁷⁷ triggered a new dynamics because it exhibited the contradictions derived from the support to the Western democracies and the internal semi-fascist dictatorship. The first to be influenced by the democracy ideas were the members of the liberal opposition to the regime like the students' movement and intellectuals. More important, however, was how the war affected the military engaged in combat and in international relationships with the allies, notably the US.

The re-democratization process was influenced by Vargas' attempts to keep in charge of the process. His supporters were distributed in two parties: the social democrats (PSD) and the labour (PTB). The established political forces of the New State⁵⁷⁸ chose the previous Ministry of War, Dutra as presidential candidate, forcing a reluctant Vargas to give room for his succession. Vargas was deposed without resistance by the military who left their previous role of a State vanguard⁵⁷⁹ to become "custodians of presidential power" (Skidmore, 1967: 53)".

The political landscape defined in 1947⁵⁸⁰ was marked by the emergence of Vargas as an opposition leader. On October 1950 presidential elections Vargas (PTB) conquered 48,7% of the votes. His rhetoric, however, had changed in favour of a combination of national-developmentism which appealed to businessmen, industrialists, middle classes and to the military, and labour movements, which seduced the growing urban worker class. The long standing ambivalent arrangements between Vargas and the military worked for a while until Vargas adopted a mixed of populism and paternalist style. The more facts led him to find in the unions and popular movements his main support the more his increasing left wing nationalism antagonized his ex-allies⁵⁸¹ (Carvalho, 1999: 80).

On the economic front, the tensions between liberal orthodoxy and nationalism in economic policy matters dominated Vargas government since the beginning of his term. Inflation was a new economic problem that did not allow his conciliation tactics like tackling structural development bottlenecks and balance of payments deficits. At that time another policy sub-system - planning - had begin to be generated. The third of a succession of USA missions to Brazil had evolved towards a more precise diagnosis of the country bottlenecks.

⁵⁷⁷ More than 20000 men were sent to the Italy campaign on June 1944, as members of the Brazilian Expeditionary Force. The death in combat of 454 recruitments as well as the contact with higher military officials from the Western democracies marked deeply officials that would play a leading role in the subsequent Brazilian politics.

⁵⁷⁸ PSD was a party known as to be destined to power, no matter the circumstances, "represented by old-style politicians from whom politics was less a matter of policy and principle than of power and patronage" (Skidmore, 1967: 77).

⁵⁷⁹ The military forged under Gois Monteiro leadership and Dutra administration had become a powerful and equipped political actor in the fifteen years between 1930-1945. The budget military accounted for 19,6% of the national budget in 1930, 25% in 1937, and 36,5% in 1942. The military presence was also observed by increasing presence in economic affairs (SOEs and national economic councils) and their proportion as *interventores*: forty under eighty seven in the two waves of intervention in 1930-1934 and 1937-1945 (Carvalho, 1999). Moreover, they were now a more cohesive force, after successive purges of dissidents at 1930, 1932, 1935, and 1937.

⁵⁸⁰ At the same time that a populist regional party emerged in Sao Paulo under Ademar de Barros (an ex-state interventor during the New State) and the communists were banned from politics.

⁵⁸¹ Vargas old friends lieutenants were now his enemies generals grouped in the anti-communist wing of the military.

The USA emphasized the need to overcome infrastructure bottlenecks in order to promote industrialization. The Economic Commission for Latin America and Caribbean (ECLAC)'s manifesto⁵⁸² provided a convergent formulation that strengthened the emergent claim: planning was the requirement for a developmental policy based on industrialization. The creation of the National Bank of Economic Development (BNDE)⁵⁸³ in 1952 was the first step towards planning institutionalization. State guidance became a national consensus although the unstable political environment, characterized by populist leaders, did not provide conditions for its immediate institutionalization.

The state was supposed to promote development as a direct supplier, as market generator and protector (via credit, subsidies, and import barriers), and as promoter of investment capital attraction. Industrialization would be achieved via a combination of industrial capital internationalization and state support. Planning was focused on "germinal points"⁵⁸⁴ in the developing countries case (Perez, 1999: 98). Infra-structural bottlenecks should be object of public investment given the lack of interest or capabilities of the private sector in doing so.

At the same time, the aggressive nationalist oil policy that culminated with the creation of the SOE PETROBRAS (an oil company) contributed to antagonizing the relationships with the Americans who had practically ended the on going co-operation programs led by the Joint-Commission United States-Brazil Commission⁵⁸⁵. In a series of speeches at the end of 1953 Vargas adopted an explicit nationalist attitude in blaming foreign companies for being responsible for the country economic problems. Vargas suicide in 1954 blocked his enemies politically and guaranteed his legacy survival. A caretaker government led by his vice president oversaw the October Congress elections and promoted a stabilization economic plan.

Juscelino Kubitschek (JK) – from PSD - became a minority elected president having Joao Goulart (PTB) as vice, in October 1955⁵⁸⁶. "The studies of ECLA, the BNDE, and the Joint USA-Brazil Economic Development Commission laid the groundwork for the industrialization drive that produced successful results in JK presidency." (Skidmore, 1967: 315). The launching of the "Goals Plan" signalled a clear set of priorities oriented to accelerate industrialization through substantial investments in infrastructure and consumption industries. State and international capital were the two main vectors supported in order to transform into reality his slogan "fifty years in five". It was a period marked by extraordinary

⁵⁸² Celso Furtado and Raul Prebisch were the main formulators of the structural developmental thesis that the industrialization should be based in the substitution of imports by developing countries. Structuralism performed in the Latin American a similar intellectual role that was played by Keynesianism in developed countries at that time (Campos, 1994: 242).

⁵⁸³ Investments in infrastructure were the main bottleneck mapped by the Brazil-US Commission and CEPAL. BNDE was created in order to provide long term funding conditions for investments in strategic areas, notably transport and power.

⁵⁸⁴ These ideas, as well as the main principles that subsidized the Plan of Goals, came from suggestions of the Brazil-US Parity Commission

⁵⁸⁵ The Eisenhower administration did not share the Truman approach to Latin America. Moreover, US decided to import coffee from other suppliers given Brazil insistence in keeping coffee prices high. A US Senate Committee was established exclusively to investigate the problem, a move that contributed to worse the nationalist tensions (Skidmore, 1967: 123).

⁵⁸⁶ Kubitschek got 36% of the votes, against 30% from Tavora (UDN), and 26% Ademar de Barros (PSP).

economic growth, thanks to a combination of factors⁵⁸⁷ that allowed his government to take another step in the process of import substitution. The nationalist developmental strategy was complemented by a powerful symbolic decision: transferring the capital from Rio de Janeiro to Brasilia, a city to be built in the middle of the country, a wake up call for Brazilians nationalist ambitions.

Parallelism, fragmentation, and autonomy were the typical features of the public organizations that begin to multiply in this period. They were not accountable to the Congress. Their competencies and budgets were frequently much more important than those of their parental ministries. They were functional because of the lack of political control and interference, justified in terms of the need of flexibility for decision-making processes that should not be carried out by rigid old-fashioned bureaucracies. This mechanism provided means of channelling and catalyzing demands of entrepreneurial industrialist groups, guaranteeing a quick decision-making process with the participation of the president (but not of the Congress), and an effective implementation through means other than the transmission belt of the conventional governmental hierarchy. A parallel administration was established and it by-passed hierarchical structures and process-oriented behaviours.

The presidential election of 1960 poised Lott (PSD) and Goulart (PTB) as candidates of the “ins” camp. The “outs” aligned themselves in a coalition supported by the UDN who provided the vice candidate of a tickets led by the a meteoric populist outsider Janio Quadros, consecutively elected Sao Paulo Mayor (53-54), Sao Paulo governor (55-58), and at last president in the 1960 presidential election. In an attempt to strength his position against the Congress in search of a De Gaulle type of solution Quadros presented his resignation to the Congress on August 25 (Skidmore, 1967: 201). Suddenly the country was thrown in a serious political crisis because the military refused to support the vice president Joao Goulart. An urgent Parliamentary formula was negotiated, thanks to political, military, and popular mobilization support pro-legality⁵⁸⁸. The recourse to a Parliamentary regime emerged as an essential condition to allow Goulart becoming president in September 1961.

Goulart worked successfully to re-establish his executive authorities since his inauguration in September 1961 until the return of the presidential system in January 1963, in spite of the military opposition. He made use and sacrificed three cabinets in his route thanks to destabilizing manoeuvres which the president promoted in a paradoxical alliance with his worst adversaries. Celso Furtado assumed the Ministry of Planning at 1962 and launched the Tri-Annual Plan. Goulart’s campaign for re-establishing plenty powers resulted in Furtado's fall. Furtado's formula was not popular enough for the President⁵⁸⁹ political needs in spite of its consistency with the principles of the Progressive Alliance launched by Kennedy and its anti-monetarist rhetoric (Campos 1994: 512).

⁵⁸⁷ These factors included a policy to attract direct investment, easy credit, and a successful combination of pro private and public investments. Moreover, they were all integrated in general guidance framework provided by the Goals Plan, deeply influenced by studies published by ECLA..

⁵⁸⁸ The Third Army located at Rio Grande do Sul, where Goulart (and Vargas) came from, was well as the state governor Leonel Brizola attitudes were decisive for the resistance.

⁵⁸⁹ A Parliamentary regime was improvised to allow Goulart to take office. His actions were mainly oriented to remove this constrain which would happen at the end of 1962 via Popular Referendum given his low Congress support.

The march of political events led to an aggravation of the political crisis. Goulart tried to conquer direct support from social sectors via by-passing the political establishment. When he encouraged the rupture of the hierarchy in the military forces he triggered the 1964 *coup d'état*. The military rebelled cohesively against the constitutional government on the grounds of anti-communism, anti-corruption, and anti-populist practices. There was no room for a civil solution. The Congress efforts to keep constitutional legality were destroyed by the Institutional Act, issued by the Supreme Revolutionary Command, constituted by the three military chiefs. The Institutional Act granted the executive with exceptional powers⁵⁹⁰ destined to break the political deadlock. The military were now an autonomy force whose time had come.

6. The Military Cycle (1964-1984)

Castelo Branco's (1964-1967)⁵⁹¹ government was marked by a successful macro economic adjustment and prolific economic developmental and social welfare initiatives. Castelo Branco was one of the brightest officials of his generation, one leading representative of the "Sorbonne" intellectualized group. Castelo Branco perceived the military intervention as temporary and was prepared to take the most from it in terms of the hard choices that the moment required. In his view, if his government could absorb the political costs of unpopular policies, the chances of economic and democratic normalization would improve.

The Extraordinary Ministry of Planning was the government policy platform created to tackle multiple challengers in the economic, administrative, and social sphere. At the end of 1964 the government launched the Economic Plan of Governmental Action (PAEG) with the guidelines of the economic adjustment to be implemented and a general view of the ongoing social reforms that Castelo Branco intended to promote. A gradual anti-inflation approach combined with tight monetary policy and severe wage contention constituted the main pieces of Roberto Campos' strategy (Lara Rezende, 1990: 214-216). Market discipline was the target that should be pursued but preceded by public discipline.

Power was fragmented and divided between the military forces represented by the Revolutionary Command⁵⁹², the presidency and the Congress. The costs of the economic

⁵⁹⁰ These powers included: initiative to amend the Constitutional legislation in case of the Congress lack of manifestation in thirty days, requirement of the majority vote (not two thirds) to change the constitution, right to declare state-of-siege without Congress approval for thirty days, exclusive initiative in bills that imply in increase of expenditure, and legal rights to suspend the political rights of regime enemies for ten years.

⁵⁹¹ Castelo was the natural leader of the military given his leadership skills, widespread recognition within the military, and professional reputation. He had studied at France's Ecole Supérieure de Guerre and at Fort Leavenworth in US. He had also fought in the Brazilian Expeditionary Force in Italy. At that time he was already considered the leader of the "Sorbonne" military fraction, a group of officials who gravitated around the Escola Superior de Guerra (ESG - Higher War College). Stepan (1971: 237-240) identified some common features shared by all generals that integrated the Sorbonne group: studies abroad, teachers at the ESG, combat at II World War in Italy, and members of the leading technology sectors of the military forces. The Sorbonne reference came because of Castelo Branco passage by the Superior School of War Studies in France at the 1930s. He was the leader of the professional strategist group of the military which include Golbery do Couto e Silva – one of the main 1964 coup d'état architects – and Ernesto Geisel, future Brazilian president 1974-1979), Cordeiro de Farias, the creator of ESG and nationalist old "lieutenant", and Bizarria Mamede, another historical prestigious lieutenant.

⁵⁹² The Revolutionary Command was constituted by the top officials of the Army, the Air Force, and the Navy. A key circumstantial event at the day after the coup was Costa e Silva self nomination as the Army

adjustment implemented by Roberto Campos did not contribute to make the government any more popular. Castelo Branco and Roberto Campos development strategy modified national policies in two ways: emphasizing macro-stabilization economic policy as a requisite to recover international credibility⁵⁹³ and modernising the public sector executive machinery⁵⁹⁴. Fishlow (1974: 8) pointed out that for the first time an unpopular economic policy based on demand retraction got continuous presidential support for a period that was long enough to generate results. The government's closure act was the 1967 Constitution⁵⁹⁵ which sanctioned the new regime.

Establishing a contrast with his predecessor was a matter of honour for the new president and his group. Costa e Silva did not retain any minister from Castelo Branco's team. The economic tone of the Costa e Silva government was given by Delfim Neto who opted for a *dirigiste* approach to the economy in order to collect the benefits of Campos and Bulhoes policies. Delfim and his economic team based on IPEA correctly diagnosed that rapid development growth without inflationary pressures was a real possibility because of existent excess capacity in the industry. The government adopted also a more permanent interventionist approach to macro economic variables like prices and wages that became subject to government definition and control.

The political turbulence of the period provoked aggravating circumstances for executive action. The government faced a gradual escalation of challenges from social movements like students, labour unions and an increasingly active guerrilla movement. The protesters gained the streets and the clashes culminated with a speech by an opposition congressman who was considered unacceptable by the hardliners. In spite of Costa e Silva's appeals, even ARENA, the government party, was split and joined the opposition in refusing license to prosecute the until then obscure Congressman. This incident was the final pretext for the hardliner's ultimatum. Costa e Silva signed the (Institutional Act number 5 - AI-5) in December 1968. AI-5 was another coup inside a coup. The AI-5 marked the consolidation of the victory of the National Security Doctrine which defined that "the nation, and ultimately the military, had as great a duty to protect itself from internal enemies as from external enemies." (Skidmore, 1988: 84)

The follow semester was marked by Costa e Silva's attempts to re-establish a compromise with the hardliners and the political establishment through a new Constitution. The draft prepared by his civil vice president Pedro Aleixo was ready on August 1969 when the president suffered a stroke. The military blocked Costa e Silva replacement by the vice-

representative on seniority grounds. From the very beginning of the new regime he poised himself successfully as Castelo Branco natural successor, supported by the hardliners and guarantee of the military forces unit.

⁵⁹³ Thanks to Roberto Campos experience as Ambassador in Washington and the government liberalism new payment schedules were re-negotiated with the US Treasury, the IMF, the Eximbank, and European creditors in 1964. In the next year USAID grants plus IMF, WB, and IADB loans reestablished the capital flux essential to keep the payment and imports capacity of the country, two essential requirements to resume growth.

⁵⁹⁴ The main reform of the public sector was on the Finance Ministry, with the assistance of Getulio Vargas Foundation. The Tax reform was followed by a modernisation of the tax collection apparatus that enabled the executive to improve the federal revenues in an unprecedented way.

⁵⁹⁵ Accordingly to Ronning and Keith (1976:231) "he (the President) is given exclusive power in the initiation of laws relating (1) financial matters, (2) the creation of public offices, functions and employment, (3) establishment or modification of the size of the armed forces, (4) administration and judicial organisation, taxation and budgetary matters relating to the Federal District and the territories, and (5) federal public employees, including their tenure and the recruitment of military personnel (...)"..

president and nominated themselves as the country rulers via the constitution of a Military Junta. A National Security Law was issued immediately after the kidnapping of the US Ambassador by a guerrilla group on the beginning of September. The armed forces triumvirate commanded the presidential succession within the military. Medici⁵⁹⁶ was the candidate nominated by the college of generals to command the succession to compete as would-be-winner of the Congress indirect presidential election. Congress re-opened to elect the president on October 1969.

Medici ministerial team was shaped on the context of a technocratic-military alliance, formed mainly by carryovers from Costa e Silva. The symbiosis between both groups was legitimized by the performance of the economy. The “Brazilian miracle” was the driving force for the national rhetoric⁵⁹⁷. The military depended on the technocrats to make the economy work while the technocrats depended on the military to occupy power positions.

Even at height of the authoritarian period the military perceived elections as an essential legitimizing process, even if at expense of arbitrary rules and scheming actions. Governors and legislative elections were scheduled to 1970, 1974, and 1978 while local elections were supposed to occur on 1972, 1976, and 1980.

The regime was at a crossroads between authoritarian institutionalization, which was the obvious scenario, and re-democratisation, an apparently remote possibility at that stage. Accordingly to Linz (1978) Brazil did not present the stabilizing features required to consolidate an authoritarian regime like Franco in Spain. Linz expressed a perception of the Brazilian polity closer to the Sorbonne group, who were at that stage smoothly preparing its return to power. At the beginning of 1973 Ernesto Geisel emerged as presidential candidate, an ascendance facilitated by the presence of his brother in the Army Minister.

Geisel⁵⁹⁸ (1974-1979) shared Castelo Branco vision about the desirable transient character of military intervention in politics, in contrast to the hardliners. The Home Office Minister, Golbery do Couto e Silva was a Sorbonne group intellectual, a military who had been director of ESG and updated with the political debate and possibilities of a transition led by the top⁵⁹⁹. The steps to be taken towards re-democratization included: the establishment of an independence of the judiciary, freedom of speech, re-establishment of civil and political rights, freedom to political organisation, coherent rules of electoral disputes, and legal limits for the use of coercion (Santos,1978).

⁵⁹⁶ Medici was at that time the commander of the Third Army based and a former director of the National Information Services, the intelligence agency of the government.

⁵⁹⁷ The economy grew 10,9% per year between 1968 and 1974 while inflation stabilized around 16% over the period.

⁵⁹⁸ Geisel curriculum had an impressive personal trajectory as most of the Sorbonne group members. He studied in US Army Command and General Staff College in Fort Leavenworth and worked in Dutra’s government before moving to PETROBRAS where developed close linkages with the emergent national technocracy.

⁵⁹⁹ The Brazilian transition debate began earlier, in October 1972, when Samuel Huntington participated in some talks with academics and top ministers. His paper “Approaches to Political Decompression” triggered a debate led by Santos’s text “Strategies of Political Decompression” (September 1973) in which he listed the six principles required to pursue a piecemeal strategy to promote redemocratization.

The 1974 elections redefined the political landscape with MDB outstanding performance⁶⁰⁰. Meanwhile, during the first and second year of his mandate Geisel faced hardliners diluted but effective opposition, expressed by the action of paramilitary rightwing forces with official connivance. The decisive confront with the hardliners occurred when Geisel replaced the Army Minister in October 1977. Geisel successfully outmanoeuvred him and ensured backward military support for the presidential command, always on hierarchical disciplinary grounds. At that stage Geisel and Golbery also already had their candidate for presidential succession: Joao Batista Figueiredo, Director of the National Intelligence Services Agency (SNI). At the end of his mandate Geisel extinguished many of the authoritarian instruments of the regime, including the AI-5, the press censorship, and some parts of the national security legislation.

On the economic front the country grew 7% per year in contrast with 10,8% during 1968-1973. The average inflation rate was 37,9%, almost the double of the 19,3% of the miracle period. Given the debt-led growth strategy adopted by the government, the balance of payments reached a debt of 43,5 US \$ billion dollars at the end of 1978. Geisel's government was marked by huge investments in infrastructure and energy projects contained in the II National Development Plan, led by SOEs. However, Geisel's resort to SOEs had been so vigorous that he generated a new kind of opposition to the government: businessmen that demanded privatization and restraint to the big government unlimited expansion ambitions. In the beginning of 1979 some of the most prestigious industrialists from Sao Paulo launched a manifesto calling for re-democratization, but also from de-nationalization of the industrial park.

Figueiredo took office committed with the *abertura* but deprived from authoritarian instruments to enforce his decisions. Civil society pressures were also escalating and the new president had to face immediate challenges to the government authority in a context of increasing economic crisis. An unprecedented strike occurred in Sao Paulo industrial core in March 1979, parallel to the Figueiredo inauguration. The strikers resisted for two months thanks to the Catholic Church and social movements solidarity, in spite of the government intervention on the metalworkers union. The strike marked the metalworkers' leader – Lula – debut in politics, an important novelty on the political scenario. A new party legislation was approved at November 1979 and enabled the emergence of multi-party system, although still dominated by ARENA's successor: PDS. The MDB was succeeded by PMDB. The main novelties were the PT, PDT, and PTB. PT was formed by the workers' party led by authentic union members⁶⁰¹, intellectuals, and ecclesial Catholic social movement leaderships.

The economic situation was an object of governmental concern because of the second oil shock and the international interest rates escalate. Important changes also occurred at ministerial level when Delfim Neto replaced Simonsen, a carryover from Geisel cabinet, as Minister of Planning. Figueiredo opted for the minister who was supported by the business community and who promised a comeback of the miracle days. The combination of accelerating inflation with foreign exchange squeeze forced Delfim Neto to review his developmental approach and opt for a recession. 1981 was the worse year in economic terms in decades. After a timid recovery on 1982 the country economy faced the consequences of

⁶⁰⁰ MDB leapt from 87 to 165 seats in the Lower House and 7 to 20 in the Senate (where the party won the majority of national votes at stake: 14,4 million against 10 million of ARENA).

⁶⁰¹ The word authentic was used to contrast with the union leaders of structures directly subordinated to the Ministry of Labour, who joined mainly PTB.

the Mexico crisis of August 1982. Brazil was forced to resort to IMF⁶⁰² in the beginning of 1983. GDP fell 5% in that year and the inflation rate achieved 221%.

The 1982 elections for Congress and governors' offices provided a decisive push towards the re-establishment of democracy and reshaped completely the political landscape. The opposition won the majority (59%) of the popular vote. PDS lost the majority in the Chamber of Deputies but kept it on the Senate thanks to the indirect senators elected in 1978.⁶⁰³ The opposition also won nine governorships, including some key states like Sao Paulo (PMDB), Rio de Janeiro (PDT), and Minas Gerais (PMDB). PDS, however, retained the formal majority of votes of the presidential college that would elect the next president.

At that time the military had already lost the control of his succession. The president indecisiveness and power inaptitude favoured the ascendance of PDS deputy Paulo Maluf, an aggressive outsider within the system who had been Sao Paulo governor⁶⁰⁴. At that stage important public figures of the regime anticipated Maluf's victory in PDS and opened dissidence. The presidential succession became unpredictable. The split of the establishment bridged the gap required to Tancredo Neves to pave his way within the military. Neves overwhelming victory in January 1985 was already prepared to be absorbed by Figueiredo and the military, ready to return power to politicians.

7. Conclusion: Democratic Brazil (1985-1998)

Neves inauguration was an anticlimax because the elected president was hospitalized moments before the ceremony and died five weeks later. He personified the national reconciliation spirit of the transition as well as the hopes that democracy could bring a solution for all sort of country problems. In a contested but mature decision Ulysses Guimaraes, the PMDB and Congress President, convinced Sarney to sworn as acting president, a decision that helped to process the transition given Sarney's trajectory as a reliable man of the agonizing authoritarian regime.

Sarney became de facto president after Neves' death in April but he inherited Neves' cabinet constituted by PMDB and PFL high profile politicians. Sarney's first acts involved the approval of legislations destined to remove the "authoritarian debris" and some timid economic contention measures. Mayoral elections were scheduled to November 1985 and the general elections of 1986 would elect a Constituency Congress.

The economic situation was made worse by the popular pressures that converged with the turbulent regime transition, in spite of the favoured legacy in terms of balance of payments and economic growth. However, the tax revenues had fallen "by approximately 2% of GDP from the early 1970s to the mid-1980s⁶⁰⁵" (Weyland, 1998: 52). Brazilian developmental

⁶⁰² Six "intention letters" were signed between early 1983 and late 1984 in order to keep the flow of loans in spite of the government failure in achieving the targets of all of them.

⁶⁰³ The senators mandate lasts eight years. 1982 renewed only one third of the Senate. The other two thirds were elected on 1978. One third of them were chosen indirectly which means that ARENA got 21 of the 22 seats under this category.

⁶⁰⁴ Maluf had been elected governor indirectly at 1978 against the military candidate but was immediately absorbed by the system.

⁶⁰⁵ Weyland (1998: 61) demonstrated convincingly how the fragmentation and segmentation (Barzelay, 1986) of Brazilian state apparatus contributed to the establishment of direct symbiotic linkages between businessmen

state had become “its own gravedigger⁶⁰⁶” (Evans, 1992: 165). At the end of 1985 the country had grown 8.3% at expense of wages devaluation and inflation had exploded⁶⁰⁷.

Pressured by the economic situation and in face of increasing coalition tensions, Sarney opted for an economic heterodox shock, a la Alfonsín in Argentina⁶⁰⁸. The Cruzado Plan was launched on February 28th 1986 and introduced a radical monetary reform that replaced the currency and froze prices at the same time that the government extinguished indexation mechanisms.

The immediate success was astonishing and generated an unprecedented wave of popularity of the government. Consumption exploded. Inflation was reduced to practically zero. However new problems immediately emerged, notably demand induced inflation provoked by the shortage of supply of products. The government did not have instruments and structures to enforce the “freeze” of prices and the consequent illegal premiums for products that otherwise would not be made available. A timid adjustment occurred in July but it was clearly insufficient. At the same time the balance of payments situation quickly deteriorated because of the economic boom. The government opted for not jeopardizing its electoral chances in November at expense of the hard choices that at that stage the economic team was already aware.

November marked a turning point on the country mood. Thanks to Cruzado euphoria, PMDB won a landslide victory on the first general elections under democratic rules. However, the economic situation was quickly getting worse with a comeback of inflation and governmental loss of control of macroeconomic instruments. On the external front the foreign debt crisis forced a moratorium in February 1987. The ministers of planning and finance resigned in March and April respectively.

The new economic team was championed by Bresser Pereira, a well known Keynesian economist that had contributed to the development of the concept of inertial inflation. A second macro stabilization plan labelled Bresser Plan was launched in June. Bresser tried to tackle the problem of the fiscal crisis of the Brazilian state but failed because of lack of political support.

Moreover, the installation of the National Constitutional Assembly (NCA) created a de facto duality of power: the executive under Sarney leadership and the legislative under Ulysses Guimarães presidency. At that stage, politics in Brazil became a synonym of a “permanent constitutional convention” (Power, 2000). Even issues like the presidential mandate and the type of political regime were pendent on the National Constitutional Assembly deliberations. At the end of the year Bresser Pereira resigned and was replaced by Mailson da Nobrega, a Bank of Brazil career reputed technocrat. After fractious negotiations aggravated by the simultaneous work of the National Constitutional Assembly that practically paralyzed the

and public bureaucrats. The main result was a multiple attack on tax revenues that resulted in financial disable of state fiscal capacity.

⁶⁰⁶ Weyland (1998: 52) pointed out the paradoxical effects of a strong state that undermined its strengths through a combination of “divide and rule” interventionism and pervasive clientelism.

⁶⁰⁷ The annual projected rates achieved 454%.

⁶⁰⁸ Brazilian economists’ advisors of Sayad and Funaro had studied in US as well as members of the Alfonsín team. Therefore, there were cross countries lesson drawing and policy transfer processes going on since the previous year.

country as well as the international banks, the IMF agreed with an emergent loan of \$1.4 billion that allowed the suspension of the moratorium.

The NCA was a defining institutional moment of Brazilian history. It was detailed and innovative, a mixture of three vectors: the need to come to terms with the past, the consolidation of demands and expectations about the future, and the expression of a fragmented Congress where all organized interest groups mobilized the available resources to incorporate their claims. Sarney⁶⁰⁹ decided to adopt a wait-and-see position in practically all matters, except in respect to two issues: the duration of his mandate and the type of regime⁶¹⁰.

The result of twenty months of a national catharsis of institutional design was a paradox: a semi-parliamentary constitution for a presidential regime that striped the federal executive from many of its powers in favor of the Congress, the Legislative, the States, and Municipalities. The NCA shift from an initially dominant parliamentary system to presidentialism thanks to Sarney costly and decisive interference in this issue (as well as in terms of the duration of his mandate). Mainwaring (1999) referred to the “democratic libertarianism⁶¹¹” of Brazilian transition, a spirit incorporated in the new constitutional text.

The 1989 single presidential elections – the first since 1960 - marked the end of the “slow, gradual, and secure” transition from the authoritarian to the democratic regime. Collor de Mello, an outsider young Northeastern politician ran as an independent candidate from the parties’ establishment and defeated the left wing candidate Lula in the second round. Once again, the country deposited its hopes in a Messiah⁶¹² who should be capable of lead the country towards its imagined destiny.

“The state-engineered fragmented society” (Weyland, 1998: 63) had arrived at its maximum: the new president was elected outmanoeuvring the political system, thanks to idiosyncratic rules of a unique election⁶¹³. Collor inauguration in March 1990 was marked by an unprecedented radical macro-economic stabilization plan that froze bank accounts and once again broke previous contracts in order to contain inflation that had achieved a monthly rate of 80% in February.

⁶⁰⁹ Sarney was an isolated president. He was not a PMDB historical cadre. He had enormous personal political debts to Aureliano Chaves (PFL) and Ulysses Guimarães (PMDB), the main responsible for him being president. He did not have legislative support enough to try to influence the National Constitutional Assembly, except in extreme cases when he made use of the presidential patronage powers to ensure his positions. Finally, he did not have the elite or the civil society interest groups support given the overall perception that he was a transient weak president.

⁶¹⁰ The former was defined in five years for himself and four years from 1990 on. The presidential regime was kept until the 1993 when a plebiscite would provide another opportunity for choice between a parliamentary and a presidential regime.

⁶¹¹ Democratization was identified with a form of institutional permissiveness demanding the removal of any and all barriers to the personal latitude of individual politicians. (Power, 2000: 21)

⁶¹² The “messianism” complex was a recurrent feature of Brazilian politics that penetrated also the military, since the lieutenants (Coelho, 2000: 154-166).

⁶¹³ Collor was elected in a single presidential election, detached from state, congress, and local elections. Therefore the party machines role was undermined. It was also the first presidential election in which TV played a role, in fact a decisive role. Collor campaign was hugely and successful media-driven which allowed him to arrive to the second round in a polarised election against a left-wing candidate unacceptable to many voters. Moreover, when his victory was threatened media direct interference produced a decisive blow to Lula in the days that preceded the polls.

The plan provided the government with some time but it was not enough to break the vicious cycle previously established: public deficit fuelled inflation that eroded tax revenues what made the deficit worse, a problem magnified by the debt crisis. Furthermore, Collor thought that he could govern alone, without party support from the Congress. His ministries did not have political weight and the improvisation in sensitive areas like economics, public management, health, and education soon revealed how detached the new president was from the executive challenges. As a result, Collor opted for governing by decrees – provisional measures - which made things worse. Collor was dealing with the National Constituent Assembly Congress, although in the sunset of its mandate. They were politicians who piloted the transition from the authoritarian regime to democracy on the Legislative branch and who did not accept an authoritarian president.

The 1990 elections for governor, senator, and deputies (federal and state) did not change the president isolation status, but even made it worse. Meanwhile, inflation was back – 17% per month in December - while the economic performance was a disaster. The GDP shrunk 4% in 1990. A new stabilization attempt, that included another wage and price freeze, was carried out at February 1991 but the results were not different from the previous shocks, and inflation quickly returned. At the end of the year the first charges of corruption began to populate the press. Surprisingly the responsible for the charges were businessmen entities, scared by the bribing methods of the president entourage. Moreover, the president's brother gave a devastating interview to the most popular Brazilian magazine in April 1992 that provided a disclosure of governmental practices.

Collor's impeachment in September 1992 was a first symptom of the maturity of Brazilian democracy and, moreover, "the first political crisis in the history of the republic in which the military was not an active participant" (Bethel, 1993: 17). The military⁶¹⁴ kept out of the executive of the power struggle, although they had been also historically object of the clientele politics that pervaded the relationships between State and society overall Brazilian history (Coelho, 2000: 173). In contrast to the fears of authors like Karl (1990), Stepan (1988) and O'Donnell (1988) feared, the "birth defect" of Brazilian democracy did not produce a return of the military to power in its first serious political crisis.

Itamar Franco – Collor's vice-president - was an obscure independent senator from Minas Gerais with no chances of being re-elected when he was invited to be Collor vice-president. His lack of national projection was counter-balanced by his reputation of honesty, a critical liability. A caretaker cabinet was improvised but the new president did not succeed in promoting political stability and economic stabilization in the beginning of his mandate. In April 1993 there was a plebiscite on the system of government, as mandated by the constitutional transient provisions. The predictable result was a clear win of the presidential regime against a parliamentary alternative (55% x 25%), thanks to the massive support of the media groups, party machines (with the exception of PSDB) and presidential candidates.

The plebiscite was part of a mandatory constitutional revision that was to occur five years after its promulgation. The executive under Franco was politically fragile to push for the review. Even so the country was intensively mobilized during 1993 to interfere in the

⁶¹⁴ The military did not bargain their instrumentality to serve neither the incumbent president nor the opposition (Coelho, 2000: 174). They remained loyal to their constitutional role, a symptom of their new professional non interventionist status.

political process in spite of media and political scepticism. The Reviewer Congress – in fact the Congress that was elected at 1990 - was installed in March 1994. Around thirty thousand proposals were presented but only five were in fact enacted (Power, 2000: 21). Then, a corruption scandal located at the Budgeting Congress Committee exploded and dominated the national agenda (Fleischer, 1994). The shift of media attention contributed decisively to demoralize the legislative and to abort the initiative. At that stage the 1994 presidential campaign was at the horizon and eclipsed the further efforts to promote the revision.

After few months in office Franco had had four finance ministers. In a last move the president invited Fernando Henrique Cardoso, a Sao Paulo senator that was then the Foreign Affairs Minister to be the finance minister. Franco agreed to provide a blank check to Cardoso in order to allow him to try anything to contain inflation. Cardoso was an well acclaimed sociologist with international academic recognition who had had his political rights suspended during the authoritarian regime. Cardoso invited a group of young economists who had championed the first stabilization attempts in the mid-1980s to provide another economic plan to suppress inflation. After almost ten years of economic policy learning and now with effective political support, the economic team designed an economic plan that did not break any market principles for the first time in Brazilian history.

Against all odds Cardoso got Franco's support to launch a new program at the end of 1993 but with several differences in contrast with the predecessors. There were no shocks. There were not freezes. Meanwhile the government seriously attacked the fiscal deficit via a tough budget for 1994. Thanks to the outstanding success of the Real Plan, Cardoso became the presidential candidate in a coalition formed mainly by his party PSDB, and the PFL. In few weeks he overcame his competitors in the public opinion polls and won the presidential race at October 1994 in the first round (with more than fifty per cent of the valid votes).

The new government initiated by proposing a package of constitutional reforms that included ending state monopolies, promoting a state reform, reviewing the social security system, attracting foreign investment, and privatization. The pace of the reforms was variable and hesitant but the government muddling through strategy worked in spite of periodical defeats because of the fluidity of the governmental coalition majority. These reforms were approved although some of them included mitigating changes required to ensure a governmental majority of two thirds of the Congress (which means two thirds in both houses). Cardoso not only introduced changes at the interventionist 1988 Constitution but pushed the country beyond the Vargas era, in spite of the survival of some traces of the corporatist state, especially in the labour market.

The 1996 local elections were won mainly by PT and Cardoso allies but they did not change the relationships between the government and the Congress substantively. Cardoso continued to negotiate permanently with Congress – at expense of plentiful patronage - to approve each voting on his market friendly reforms that demanded the qualified quorum for constitutional reform. Cardoso government realized that “shrinking the state [was] necessary for recovering its developmental capacity” (Weyland, 1998: 66).

The devaluation of the Thailand bath on July 1997 did not produce immediate reactions by the Brazilian government. The delay would be costly. In October the government launched a preventive package to protect the Brazilian currency. The interest rates were substantively increased in order to avoid evasion of foreign currency. A concerned Congress approved the

tough measures proposed to contain public expenditure and to improve federal finances like Fiscal Stabilization Plan. It also pushed some of the constitutional reforms that were on the legislative agenda, such as civil service reforms, to further steps. The government successfully overcome the first impact of the Asian crisis but at expense of jeopardizing public deficit targets (5.9% instead of 5.0% of the GDP) and an increase of the jobless rate (from 4.8% in December to 7.3% in January). The successful privatisation of TELEBRAS at July was a breakthrough that represented a substantial inflow of foreign capital in a crucial moment of the political presidential campaign for the October election.

A constitutional amendment that allowed re-election was approved in the first semester of 1998. The governmental coalition successfully managed to persuade the Congress that Cardoso had the right to dispute another mandate, crucial for consolidating the stabilization plan, a move similar to ongoing changes in Argentina, Chile and other Latin America countries. With his re-election at stake Cardoso delayed some corrective measures that the country needed to take in order to face the contagious effects of the international crisis that had already engulfed Russia at that stage. Cardoso was easily re-elected again in the first round while the IMF and the international financial community championed by the US Treasury provided a "safety net" loan of \$ 41.5 billion. Paradoxically, Cardoso ended his first mandate in a position that was more vulnerable than when he was elected president for the first time.