

THE INTRIGUING BRAZILIAN ADMINISTRATIVE REFORM

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Introduction

During Fernando Henrique Cardoso's first presidential term (1995-1998), Brazil served as a point of reference within Latin America for its attempts to reform the structure and organisation of executive government. The focal point of the reform effort was a proposed amendment to provisions of 1988 Constitution, dealing with the structure of the federal civil service. A key element of the proposal was to reverse the constitutionally sanctioned policy of granting tenure to public servants. After some years on the formal agenda of the Brazilian Congress, a constitutional amendment based on the original proposal was passed in the middle of 1998. By this authoritative action, which required a supermajority of two thirds of the Congress (both houses), the proclaimed "managerial reform of the state" appeared to have gained momentum in Brazil.

The significance of this policy-making episode is outstanding in Brazilian and international terms. Its relevance in the Brazilian context comes from the public management and historical domains where it occurred. This policy and politically important initiative was the fifth notable effort of promoting an administrative reform in the last sixty years, no less significant than Beltrao's delegation and de-bureaucratisation projects in the 1960s and late 1970s, in the tradition of Simoes Lopes "New State Reform" in the Vargas period of the 1930s. Brazil's case influenced decisively the public position of the United Nations agency Latin-American Centre for Administration and Development - CLAD. The official document-manifesto "A New Public Management for Latin America" (CLAD, 1998) was inspired in the Brazil initiative and signed by all members. Even supranational financial institutions began to commit themselves, in financial and ideological terms with the Brazilian reform. Given their permanent search of managerial doctrines of administrative reforms that could be packaged for developing countries these organisms developed a close interest for the Brazilian administrative reform.

The case of Brazil is analytically interesting in comparative terms. The scholarly literature on contemporary administrative reform is centred on United Kingdom, New Zealand, and Australia in the 1980s and 1990s. A common feature

of these cases is across-the-board changes in government-wide institutional rules affecting expenditure planning and financial management, civil service and labour relations, procurement, organisations and methods, and audit and evaluation. What Brazil shares with these cases is change in rules affecting civil service employment relations, and organisation and methods. However Brazil's administrative reform differs in that the scope of change was much narrower than in UK, NZ and Australia

The differences can partly be attributed to institutional factors (Weaver and Rockman, 1993). The institutional structure of Brazil's governmental system is less well suited to achieving policy change than Westminster systems. The separation of powers system generally expands the number of veto points. The fragmented party system makes it necessary to assemble coalitions for policy proposals on an issue-by-issue basis. Rules concerning some aspects of public management are provisions codified as constitutional law. None of these reinforcing institutional factors were present in the Westminster systems that exemplify the New Public Management (NPM). Therefore, policy change was harder to achieve in Brazil.

However, this institutionalist line of argument explains too much. If Brazil's governmental system is institutionally inhospitable to policy change, why did any change occur? This article seeks to provide an answer to this question, by employing standard frameworks developed by political scientists. These frameworks¹ structure a discussion of the process leading to policy change. This process is characterised, in part, by the joint influence of both institutional and non-institutional factors. Institutional factors range from fundamental governmental arrangements such the separation of the executive and legislative powers, to the organizational role and routines of a particular bureau such as central agency. Non-institutional factors include such influences as public mood, personnel turnover, policy spillover effects, problem definition and dispositions of key participants. As we will see, such non-institutional factors help to account for the passage of the constitutional amendment in 1998. .

The constitutional amendment

A constitutional amendment was the instrument adopted to deliver the administrative reform. In order to provide an understanding of this process we

¹ Conceptual frameworks for explaining policy change differ in how contributing factors are generally seen to interact and converge over time. For instance, Baumgartner and Jones (1993) base their framework on concepts of system dynamics. Kingdon (1984) bases his framework on both theories of collective decision-making and notions of entrepreneurship applied to public settings. Levitt and March (1990) base their framework on how groups evaluate outcomes of direct and second hand experience. These frameworks are nonetheless similar in important respects. They are "processual". Their goal is to explain change. They can be applied to particular cases. Human agency and intentionality play a significant but not exaggerated role. And temporal relationships among factors are recognised as critical. Accordingly, all three approaches will be used to analyse the Brazil case.

identify how this issue came to age, by whose hands, the main points, the format adopted and the circumstances of the episode.

The constitutional amendment aimed transforming the decisions of the National Constitutional Assembly of 1988 that put the public sector in a straightjacket rigid rule bound bureaucratic system. It was proposed by Bresser Pereira – Minister of the Administration and State Reform (MARE) – to President Cardoso in the second term of 1995, during his first year in office. It came as a surprise because the issue was not in the previous government agenda, in the campaign manifesto or in Cardoso's initial priorities. The *modus operandi* – a detailed constitutional amendment – contrasted with the strategy of removing from the Constitution contested issues, adopted in the Pension and Taxes reforms. At the same time a white paper – a consultation document for public discussion - was produced for purposes of advocacy and national debate.

The initiative of a constitutional amendment was part of a self called managerial reform. The main points of the proposal were: removing tenure, suppressing the unique regime of employment relationships in the public sector, allowing plural forms of state organisation, creating mechanisms for reducing public sector employees' wages, redefining the competencies of the three powers in issues related with organisational and personnel management. The tenure' removal was an attempt of change without precedent in Brazilian history, a kind of taboo in all discussions about administrative reform. The proposal previewed that in certain cases of redundancy or bad performance civil servants could be fired.

Liberation management (Light, 1998) was pursued through a contingent approach which included extinguishing the previous unified civil service. Diversity in labour relationships and state forms of organisation should be matched. Different types of public sector organisation should count with distinct kinds of employees, contracted for instance on private basis, not reduced to statutory civil service regime. Important organisational innovations were the proposal of social organisations and agencies (executive and regulatory), inspired respectively in the British and American public sector. These bodies reminded pre-existent institutions like public foundations and autarchies. However, they incorporated some refinements like the concept of public but not state owned bodies, in the case of the social organisations, and the notion of core state functions and jurisdiction in the exclusive state activities (MARE, 1995).

The amendment also detailed the mechanism of availability, a constitutional disposition that allowed government to keep their employees in leave paying their salaries accordingly to a proportion between the years of activity and the number of years required to retirement. This expediency measure aimed containing personnel expenditure. It was attempted in 1990, during Collor de Mello disastrous passage through the government. However the Supreme Court decided to revert it on the grounds of insufficient clarity of the constitutional legislation. The inclusion of this element in the Constitutional amendment was fundamentally economically

motivated. It provided a softer alternative than firing civil servants in case of eventual cost cutting measures.

The last important measure was the re-establishment of the checks and balances between the three powers in administrative and personnel issues. The Congress and the Judiciary took advantage from the re-democratisation context of the National Constituency Assembly and introduced in the constitutional text of 1988 self-organisation, budgeting and remuneration capabilities. This reaction against the hypertrophy of the executive during the authoritarian regime made them unaccountable and opaque, not subject to public control. The Constitutional Amendment introduced a common treatment to the three powers, all of them subordinated to democratic voting procedures.

The article explain the change in the agenda status of the issue and the process of policy alternative specification through scrutinising the period between Cardoso's election in October 1994 and the decision to send the proposal to the Congress in mid 1995. Cardoso's election in the first round of the presidential election was a decisive event that stabilised the political stream after a long period of turbulence since the end of the military dictatorship². He had been the Finance Minister since 1993 and implemented the macro economic stabilisation plan – the Real Plan - in March 1994. The text will analyse what factors pushed administrative reform towards the executive decisional agenda and how they combine and converge in order to explain what happened.

The main factors that explain change in the agenda status of administrative reform

A heterogeneous group of factors contributed to make room for manoeuvring administrative reform towards the presidential agenda. The combined occurrence of this elements and their mutual reinforcing influence triggered conditions for the generation a policy alternative capable of capturing presidential attention.

The election of a new president is a natural opportunity for personnel turnover. Bresser Pereira became Ministry of Administration and State Reform in the personal Cardoso's quota of the Cabinet. Bresser Pereira had plenty of liberty to nominate his team, a not frequent room in Brazilian's typical coalition government. The higher officials invited and appointed to join his team were a relatively homogeneous group, basically professionals formed in Getulio Vargas Foundation of Sao Paulo. Once he was teacher of most of them, his ascendance over the team made the new script diffusion easier and more effective, given the low level of conflict and tension in the group.

² Brazil had six presidents from Figueiredo to Cardoso between 1984 and 1995.

The creation of MARE was the first immediate consequence of Bresser Pereira participation in the government and a requirement for the multiple roles that he would play later. His nomination was accompanied by the creation of an institutional platform (Bardach, 1998) required to the performance of a group of roles that included enabling policy specification, delivering public management measures, and supporting public entrepreneurship. MARE fulfilled functional requirements for governmental actions in the public management sphere. At the same time MARE supported Bresser's personal performance as policy formulator, negotiator, decision-maker, and reform advocate. MARE provided an institutional domain to public management policies, with territorial borders and resources required to performing policy delivery. As a central agency with systemic and pervasive scope for action MARE joined Finance, Planning, and the Home Office as a core ministry of executive.

In restraining the scope of MARE's mission to the state's apparatus reform Bresser Pereira narrowed the central agency jurisdiction but concentrated strengths in the ministry mandate. MARE's installation signalled the issue enhancement and ascendance of administrative reform to the specialised executive agenda. It also implied in the emergence of an issue network. The creation of a central agency redefined the problem and signalled that what was at stake was the state's organisational structure and *modus operandi*. A new policy image was forged because the new label projected a new purposeful mandate: reform of the state. The mandate, explicit in MARE's name, provided a new issue positive and assertive tone. The new problem definition (Rocheftort and Cobb, 1994) implied in establishing MARE's jurisdiction: civil service, organisation and method, purchasing, and state's real states.

The discussion of a policy alternative was organised around the 1988 Constitution provisions. Seven years after there were some increasing concerns about some of its deliberations: the rigidity of state apparatus and the need of alternatives for an always-decided-but-never-implemented bureaucratic system of careers. The constitutional legislation reflected a pure legalist and progressive public administration mandate. It was deeply influenced by the re-democratisation mood and by anti-corruption concerns. But it placed a straitjacket in the state apparatus. Obsolescence, inefficiency, and inadequacy became the dominant image of the public sector. The state became un-manageable given the mismatch between the legal provisions and the political and economical dynamic. This perception emerged just in the day after, in 1989. Thus, the 1988 Constitution was identified as the retrogression (MARE, 1995; and Bresser Pereira, 1999) responsible for this situation. Paradoxically no champions took its mandate. It was a discredited proposal defended only by isolated voices in the bureaucracy and in the opposition (Santos, 1997).

Bresser Pereira's attributes played a decisive role in pushing administrative reform towards the presidential agenda. His background and multiple skills were essential for his nomination for government. He was an ex-minister of finance and reputed academic. He was an important cadre of PSDB, Cardoso's party, and the

financial chief of the electoral campaign. He was also an entrepreneur with personal experience in private business, where he occupied strategic administrative positions in big retail group. Bresser Pereira was a staffing solution that came together with an organisational solution (MARE's creation). He intentionally generated spillovers, such as MARE's creation, and produced an issue dynamic marked by momentum effect. His persuasive rhetoric (Gaetani, 1998), political transit, and professional credentials convinced the President and his close ministers, Home Office and Finance, that administrative reform should integrate the group of structural reforms to be pursued.

The Real Plan³ was a policy event in the macro economic domain that generated contextual effects and long term consequences in the political as well as in policy streams others than the economic. It provoked a system inflexion⁴ because stabilised the political stream at the same time that produced a shock over other areas. Spillovers came as surprises from the macroeconomic policy arena to other domains like public expenditure, public management, and social security. Budgeting gained relevance again and re-acquired importance in face of the cash flow. Public sector wages could not be used anymore as source for transference of resources to other sectors. Delaying updates in pensions was not enough to adjust the social security balance. Moreover, the law was brought to life because it recovered pertinence in a context where no more creative accounting inflationary mechanisms were available.

Combining the problem, policy, and political streams

Problems were redefined; policies were formulated; and presidential decisions were taken in the first semester of 1995. Six months are a period surprisingly short for an issue climbing the executive agenda. However MARE generated a proposal that galvanised the executive in spite of the absence of indicators that anything likely would occur. Also intriguing was how Cardoso, the Economic team and the Home Office agreed in sending the proposal to Congress after being persuaded in doing so in few months. The explanation for this episode lies in the combination of the previously mentioned factors and in the way Bresser Pereira entrepreneurial action championed the initiative.

Once installed MARE aligned itself with the Finance and Planning Ministries in order to guarantee a position close to the government priority –

³ Cardoso was the Finance Minister since May of 1993 of Franco's government. The first phase of the macro stabilisation plan was launched in March of 1994. The new currency - Real - was introduced in July of the same year, when Cardoso was already campaigning for president via capitalising and personalising the stabilisation issue.

⁴ A system inflexion is marked by a change from negative to positive feedback. The idea of punctuated equilibrium "evokes the images of stability interrupted by major alterations to a system." (Baumgarten and Jones, 1993: 18).

macroeconomic stabilisation – and neutralising potential threats related with its jurisdiction. MARE proposed to play the role of a partner in policy and political terms oriented to adjust consolidation. The association was emphasised by dramatising the linkages between the approval of administrative reform and the Real Plan next steps, mainly states adjustment⁵. With this alliance Bresser Pereira attached MARE with the most important governmental priority and guaranteed resources to immediate actions. In defining the scope of his proposal as reform of the state apparatus Bresser strengthened his jurisdiction over two important areas of public management: state design and civil service. The restraints adopted allowed Bresser Pereira emphasising the need to provide measures required to consolidate the macro economic stabilisation adjustment. In few months the only interest group threatened by losses by MARE's proposal – permanent civil servants – were isolated and did not find policy alternatives capable of avoiding the loss of tenure rights

Managerialism (Pollitt, 1990) was adopted as the new leitmotiv of administrative reform. Bresser took office with a preliminary diagnosis that the previous attempts to restore a classic bureaucratic public administration in fact produced disastrous side effects: rigidity, inefficiency, formalism, and rent-seeking behaviour (Bresser Pereira, 1999: 9-10). The policy image assigned to the Constitution provisions was "retrogression". In changing the focus to managerialism Bresser elicited flexibility and goal orientation as key ingredients to be pursued by a new formulation. At the same time the managerial state was presented as the historical development of public administration, after the patrimonialist and bureaucratic stages. The new face of the issue acquired a positive tone. It was coined to address distinct audiences such as public opinion, higher officials, businessmen, and politicians. Bresser Pereira revived the advantages of the decentralised public sector apparatus existent between 1967 and 1988 - identified as a condition for the emergence of the developmental state. The constitutional amendment was presented as a upgraded comeback to a successful pattern, in fact a re-packing of managerialism.

Promoting policy change through design implied in a deliberate and purposive exercise. "Design is concerned with drawing causal links between a problem and its solutions so as to shape a policy outcome" (Roberts and King, 1996: 3). The task of mobilising allies for an administrative reform had been historically considered a challenger in democratic contexts given the fact that the

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The Real Plan cleared economic governmental transactions from the inflation distortions and highlighted two time bombs: the level of the pay roll and the retirement legislation. The inconsistency between wages costs and the current state revenues were unsustainable. The removal of tenure was presented as a requirement to the promotion of institutional adjustments. Budget balances were supposed to be achievable through personnel adjustment besides other cost cutting measures. Flexibility was considered essential not only in managerial terms but specially in order to allow labour market fluctuations in the public sector workforce.

fundamental reforms of 1937 and 1967 occurred under authoritarian regimes⁶ (Piquet Carneiro, 19??). The reform proposed was not a natural extension of the macro stabilisation plan. Neither the president nor the economic team tried to create spillover public management effects. But Bresser provided an ad hoc construction that attached the administrative reform to the consolidation of the Real Plan and simultaneously co-opted the support of the governors to the project. An important subsequent measure post Real Plan was the Camata Law⁷, approved in the first year of Cardoso's government and destined to discipline state expenditures. Given the federalist features of Brazilian government and the economic relevance of state economies the national government was engaged in suppressing the financial drains derived from recurrent political pressure from the states' governors to cover chronic deficits. They joined the economic team as political allies of Bresser Pereira project because they need to expand their room of manoeuvre to promote regional adjustments⁸.

The policy strategy adopted helps to explain why the reform of state apparatus moved fast first from a systemic agenda to the governmental agenda and secondly to a decisional agenda. A detailed constitutional amendment⁹ allowed the executive to establish the discussion around its own terms. The alternative was specified in a way that a mosaic of interrelated problems could be raised, discussed and analysed at the same time that a matched policy solution was provided. The visibility of the government position, the national debate about the White Paper, the image projected by an enabling design, and the economic functionality of the reform contributed decisively to explain how the issue progressed successfully up to the presidential agenda. Bresser skilfully aligned the allies in the Executive making the proposal launching looking natural, necessary, and desirable. At the end of the first semester the president, the Home Office minister, and the economic team were already convinced that the administrative reform should join the package of governmental priorities' projects to be sent to the legislative.

Once provided a policy alternative Cardoso did not have particular motives to resist to the project. The economic team was sympathetic to the project because

⁶ The assumption of this position is that state reforms are power demanding which favours their initiative in centralised and authoritarian regimes.

⁷ The Camata Law no82/1995 provide three years for the states adjusting their pay rolls in terms of their participation over total revenues. Four years later the Congress approved the Complementar Law no99/1999 because few states could promote the required adjustments in the former period. The new legislation kept the previous percentual limit – 60% of the current revenues – and extended the transitional period for more four years.

⁸ A national forum of state's secretaries of administration was institutionalised. They met monthly under MARE's co-ordination and leadership in order to establish a common course of action and to exchange experiences within themselves.

⁹ Melo (1998) attributes to the detailed strategy the success of administrative reform. In contrast, the deconstitutionalising mainstream route adopted in the pension reform was a political failure given the resistance of the Congress to give the government a "blanket check" - the image that the transference of the issue jurisdiction from the Constitution to the common legislation suggested.

of its potential impact in public expenditure in the future. The governors - always important political actors in the political scene - favoured the project. The main points were consistent with the government general goals. The proposal appeared coherent with international trends and national needs. The opposition was minimal and circumscribed to the left and the judicial establishment. The potential losers were civil servants (Pierson and Weaver, 1993), not a particularly relevant political electorate for Cardoso's coalition. The executive could also work on improvements of the project once it arrived in the Congress. Why not take advantage from the momentum?

In contrasting the Brazil's case with the agenda setting and policy specification processes of United Kingdom, Australia and New Zealand it is useful to dis-aggregate the institutional from the non institutional elements of the analysis. Four institutional factors deserve attention in comparing Brazil and the leading NPM cases: the creation of a central agency as a platform for the reforms, the absence of an elite careerist bureaucracy in front of it, the legalist approach, and the federalist angle. First, in Brazil, MARE played the role of locus for alternative specification, advocacy basis, policy development, and projects' delivery. Second, the permanent bureaucrats played a key role in formulating and/or implementing new government policies in New Zealand, United Kingdom and Australia, in contrast with the secondary role they had in the Brazilian case. Third, the constitutional amendment format was also specific from Brazil, a difference from the common law tradition environment of the focused English speaking countries. Finally the states' governors were important political players in Brazil policy specification process, while only in Australia regional innovations had some kind of (limited) role in the influencing broader solutions.

Non-institutional factors need also to be explained in order to provide a proper comparison. Five aspects of the Brazilian process are worthy to be considered: the macro economic stabilisation plan, the entrepreneurial role performed by Bresser Pereira, the lateral role played by the economic team, the format of the proposal, and the irrelevance of the lack of experts in the debate around the issue. First, the spillovers of the Real plan as well as the effects that it produced over the pay roll and retirement system were an external shock to the public management domain without a parallel on other nations. Second, Bresser Pereira multiple public entrepreneurial roles (Roberts and King, 1996) in an inhospitable environment also do not have a similarity with what happened in the other cases although in the United Kingdom Thatcher political leadership is recognised as an important factor, even if in controversial extension. Third, the Treasury played a leading role in formulating, negotiating and implementing NPM reforms in frontrunners. The same did not happen in Brazil in spite of the importance of the Finance Minister in the political and economic domains. Fourth, no other country began its reforms with an ex ante presentation and public discussion of a global plan to restructuring the state apparatus, although New Zealand reforms were conceived in terms of a global logic. Nevertheless Brazil reforms were not comprehensive in broader terms as it occurred in the other three

countries where the reforms achieved areas like procurement, auditing, public expenditure, and evaluation. Fifth, there was not an established community of experts in public administration in Brazil, on the contrary of UK, NZ, and Australia. However this community did not play a leading role in any of the three countries. The academic community in fact only took note of the historical phenomenon of NPM in the end of 1980s and beginning of 1990s.

Issue traffic in the governmental agenda

After creating a successful momentum effect through the fast agenda setting and policy specification processes the issue traffic in the governmental agenda (Braybrooke, 1974) moved to interrelated fronts: MARE, the public arena and broader political system, and the Congress. On the contrary of Westminster types of regimes the legislative plays a potential important role because it can block and substantively change executive initiatives. There was a waiting time during which the legislative steps' sequence was fulfilled. This period was used to deliver actions consistent with the project in question in order to keep the momentum of the initiative and to increase political pressure over the Congress. Once the political agenda was open with the project being sent to the Congress persuasion became critical. Bresser Pereira's team need to work on parallel, on the executive and legislative branch, in a coherent and mutual reinforcing way.

MARE was the main locus for the proposal refinement and the platform for developing the advocacy work pro the reform. Bresser active leadership and persistence in mobilising political and media support for the project was recognised as a key element for making up the president's mind and persuading politicians to support the initiative (Melo, 1998). At the same time several actions were carried out: generation of instrumental information for the pay roll control, implementation of total quality management programs, recruitment on merit basis, training and human resources development programs, and negotiation of international support for the administrative reform¹⁰. These initiatives included also traditionally neglected areas like control of pay roll, organising and publicising sensitive and conflictive information, implementing computerised information systems, and simplifying purchasing. The cascade of actions kept the flux of positive effects. Meanwhile more complex negotiations involved in the creation of social organisations and executive agencies were taken in parallel.

¹⁰ Bresser Pereira successfully obtained support from the World Bank, Inter-American Development Bank and DFID/UK for MARE's projects. These initiatives included funding, technical assistance, purchasing of equipment, organisation of events, and private consultancy.

MARE's higher officials¹¹ became promoters of the discussion around the country. They joined the minister in the discussions in federal, state and local public sector institutions. They kept a permanent contact with the media and public opinion shapers. They interacted all the time with the other sectors of the government in order to sell the project. Championed by Bresser Pereira administrative reform became in fact a national issue, not restricted to the political and governmental decisional systems. After a initial hostile reaction the media the project conquered public sympathy in spite of all doubts and difficulties in highlighting it in a comprehensible way the decisions at stake. The main ideas associated with MARE's attitudes were that "there was no alternative", "the reform was inevitable", and "the reform would be certainly approved". In doing so MARE played with time taking advantage from it and creating a sense of irreversibility, desirability and urgency that helped to shape public opinion and politicians mood about the reform.

International linkages established in the period played an important role in terms of vicarious learning (March and Levitt, 1990). The United Kingdom policy changes' model was chosen as a source of inputs and dialogue. International technical co-operation agreements and resources feed the relationship between Brazilian higher officials and a team of British consultants¹² in order to diffuse NPM ideas and discourse in Brasilia's public culture. The World Bank (Fogel et al. 1998) and the Inter-American Development Bank (Elena, 1998) became sponsors, interlocutors, and active observers of the Brazilian experiment. This interaction became a locus for a flux of NPM frameworks followed by specific projects designed accordingly with these prescriptions. On the contrary of the Westminster regimes which learned from their direct experience and a certain level of contagious effects, Brazil attempted to conceptualise and deliver public management policy change under influence of international successful practices.

The decisional locus moved to the Congress, the policy venue where the proposal would be continuously developed from that stage on. The executive could simultaneously push the decisional agenda and control the refinement of the proposal, given the majority of Cardoso's coalition. The mechanisms of approval of a Constitutional amendment previewed a sequence of steps that included analysis and voting of Committees in the House of Deputies and in the Senate before voting. Hence, there were several potential occasions for vetoes and reformulation of the

¹¹ Bresser Pereira's team was basically formed by his ex-students in Getulio Vargas Foundation, Sao Paulo, one of the few academic centres with tradition in public administration programs. Although some permanent bureaucrats were present in the second and third levels there is some controversy about how successfully he co-opted careerist civil servants for MARE's project. Bresser Pereira (1999) believes that the bureaucrats were key allies to MARE's project. Santos (1997) and Gaetani (1998) minimised this adhesion.

¹² Kate Jenkins, one of the Next Steps agencies formulator and executive lead a team formed by retired British Civil servants and public management consultants, in a program was funded by DFID

executive proposal given the limits of the executive control over his majority, always subject to bargains and negotiations in a fragmented political system. The Home Office was responsible for the pace of the executive initiatives. It also controlled the political negotiations with the parties and politicians in tune with Bresser Pereira in the administrative reform case.

The project gained an important and surprising push when arrived in Congress. The House of Deputies was the most risky part of the project route because the executive did not have a broad majority as in the Senate and because of its relatively jurisdictional superior importance in comparison with the High House. The first issue station was the Constitutional and Justice Committee of the House of Deputies, responsible for accepting or not the executive initiative on Constitutional grounds. The project was approved in October of 1995 with minor modifications. Then, a high profile¹³ specialised Committee was constituted in order to analyse and report the project. The executive monitored the process closely and MARE¹⁴ joined the committee in the organisation of a public debate about the project¹⁵. A surprisingly process of issue expansion¹⁵ occurred at that stage because the *relator* decision in printing his mark in the executive initiative in order to take political advantage of the occasion. He refined the proposal and detailed the cases in which civil servants could be fired. The first case was continuous low performance measured periodically. The second case was extinction of positions in case of expenditure excesses (above Camata Law limits). Bresser Pereira (1999) recognised that the precise definition of redundancy as excess of personnel was a required concession for breaking down full tenure. Once an agreement was achieved between the *relator* and the Government the project was approved slightly modified and moved forward.

The role played by the Legislative in Brazilian case revealed two things: in separation of powers' regimes the Congress can make a difference and the changes are not necessarily against government initiatives. The Legislative is always a locus of policy making, alternative specification and decisions bargaining. In Westminster regimes the conflicts are processed before the proposals arrive at Parliament, in the executive or in the dominant party. The Congress is a policy venue that can also be instrumental to governmental purposes. The process of public opinion consultation and clarifying policy proposals can take place in the Congress stage without loss of control of the initiative by the government. There

¹³ The president of the Committee was an ex-Federal Administration Minister and the "Relator" was an ex-governor of Rio de Janeiro, both them maverick politicians in their parties.

¹⁴ The most relevant critiques came from the judicial establishment, concerned with the shift from a priori procedural controls to management through results mechanisms.

¹⁵ The process of issue expansion could be evaluated by the number of modifications suggested by the Reporter: 125. In fact the Reporter produced three successive documents in a cascade of technical regimental manoeuvres that resulted in the final approval of the project by the Committee in October of 1996. The government did minor concessions and got a deal around a project more detailed than its original proposal.

are in fact more opportunities for vetoes but also for improvements and refinements, even if they were not anticipated. Interest groups mobilisation and politics dynamics can also play a relevant a role. In fragmented political systems even single deputies strategically positioned can make a difference like the *relator* in this case. He interfered in the process motivated by a personal political instinct, not party orientation, programmatic commitments or bargains about other issues. This type of episode is unthinkable in the institutional context provided by Westminster regimes.

The issue traffic in the Congress lost momentum after its approval in the Senate. The traffic of the project in the Senate occurred without problems. No changes were introduced and the proposal was practically ready to be voted in the beginning of 1997. Two interrelated factors explained the delay: agenda congestion and competition for jurisdiction with the Home Office. Home Office was responsible for pacing the executive projects in the Congress. Two projects had priority over administrative reform: the pension reform and the proposal of presidential re-election. Both them absorbed the executive attention and political capital. In fact they had priority¹⁶. However at that time a competition within the executive between MARE and the Home Office around administrative strategy matters began to crystallise. Both Ministers were executive managers with a large experience in the private sector and were personal presidential choices. Paradoxically the similarities and common ideas intensified the conflict over political control over key issues related with the reform of the state apparatus like social organisations and regulatory agencies. The essential interagency co-operation between central executive ministers at the core of the executive became problematic because of the institutionalising of the conflict over policy ownership of implementation issues related with the emergent state design.

Administrative reform matured on waiting. The constitutional amendment was approved in the middle of 1998, few months before the presidential election, an indicator of the degree of maturation of the project. Bresser Pereira successfully paved a consensus around the project. The level of confidence was so high that the government did not fear losing votes from the interest group potentially jeopardised by the project: civil servants who lost their fully tenure rights. Inter-branch collaboration allowed also the dilution of the negative effects potentially derived from the risk of politicians being punished by electors concerned with the issue. The approval of the president re-election possibility and the convergence of polls suggesting his victory on the first round cleared the agenda. The collapse of pension reform revealed that the government majority was fluid in cases where a clear alternative was not provided. Bresser strategy paid off and the smooth approval of the reform began to be perceived as preliminary for the second Cardoso's mandate.

¹⁶ The government failed in approving the pension reform because the Congress refused to sanction the deconstitutionalising strategy adopted. But on the other hand Cardoso easily conquered the right to dispute a second mandate.

Conclusion

The fragmented nature of Brazilian political system provided an expressive number of opportunities to block Bresser Pereira's initiative. Nevertheless he succeed in overcoming the multiple veto points on the way of the project in spite of the fluidness of government majority and the sensitiveness of some elements of the proposal.. A combination of design attributes, entrepreneurial action, and rhetoric skills ensured political support for the approval of a constitutional amendment. Short term barriers were removed by persistent negotiation and persuasion in all issue stops of the proposal trajectory. Acceptance was conquered over time and cross the board in spite despite institutional and non-institutional barriers. In fact he took advantage from the obstacles and transformed some of them in chances for pushing the proposal He capitalised politically some institutional elements of the governmental system like the political weigh of the governors and focus events like the macro economic stabilisation plan. At the end an innovative administrative reform was approved in the context of a democratic regime, one of the most impressive policy outcomes of Cardoso's first government.

A new equilibrium was achieved at the end of Cardoso's first mandate. Cardoso's second government began under a new public administration constitutional framework. The reform was approved but paradoxically MARE's was extinguished and Bresser transferred to the Science and Technology Ministry. MARE's previous attributions were distributed to two new secretaries: Federal Administration, in the Planning Ministry, and Management, in the Home Office. The entrepreneurial sources of positive effects were removed. The issue dropped from the executive agenda. Further developments took place in specialised executive bodies. Few months later Bresser Pereria and Clovis Carvalho (the Home Office Minister) left the government. The Secretary of Federal Administration was extinguished and the Secretary of Management was absorbed by the Ministry of Planning, later relabelled as Budgeting and Management.

Explanations to what happened after the decisional stage are beyond the purpose of this article but five factors are worthy noting. All them are related with features of the Brazilian policy learning process. March and Levit (1990: 30) argue that intelligent organisational behaviour is hard when "actions and learning occur simultaneously as several nested levels of the system." First Bresser Pereira did not succeed in gaining the adhesion of front line ministers like health and education, in principle key interested actors in the reform. Second the tensions with the Home Office undermined MARE's authority with the federal bureaucracy. The lack of a decisive support from Home Office signalised to the internal audiences of the government that the president was not effectively committed with the reform. Third, the economic team did not block the reform but did not engage in its implementation efforts. No linkages were established between the macro economic cost cutting practices and the performance micro management of federal public bodies, present for instance in FMI (United Kingdom) and performance budgeting (New Zealand). The finance and planning ministries signalised interest only in

potential savings that the reform could allow. The initial positive tone Bresser Pereira struggled to prevail was replaced by cost cutting dimensions of the initiative. Fourth, the reformist team was circumscribed to MARE. There were no contagious effects spreading through the ministries, on the contrary. The restrictive aspects of the managerial controls implemented by MARE also printed a negative tone in the relationships with other ministries¹⁷. Fifth, the president himself did not involve himself with the implementation of the project, on the contrary. He kept a distance to these "operational" issues, perceived as details not consistent with the top executive functions. Finally, Bresser Pereira was strongly identified with the reform and vice versa. His exit, followed by the dispersion of his team, signalled the end of a reformist cycle. All these elements were present in the transition between Cardoso's first and second mandate.

Bresser Pereira's multiple entrepreneurial roles deserve, however, special credit for at least four theoretical significant reasons, all them departures from the benchmark case. First he provided a different kind of NPM doctrinal argumentation that came from his historical academic background in political economy. Bresser Pereira came from the Cepalian developmental tradition updated by the paradigm change in economics in the 1980s. Second his proposal exemplified a variation of NPM type of reforms outside developed countries. Moreover, the Brazilian case reveals that NPM has concrete echoes in developing countries out of the Anglo-Saxon cultural spectrum. Third, it showed that there are other approaches to NPM not based exclusively on public choice formulas. The pluralist design provides a more contingent approach to the problem of public sector organisation than, for instance, the New Zealand radical shift towards a contractual state. Finally he succeeded not only as a formulator but also as a negotiator because he built supportive alliances in a context of ad hoc fluid coalitions. His strategic public management work pointed out the potentialities of entrepreneurial action in apparently adverse circumstances.

In tracing the way the agenda process and the decision-making stage occurred in Brazil we dissected how the problem, political, and policy streams evolved from an equilibrium situation to another. We also highlighted the processes that revealed the issue traffic from a diluted systemic agenda to the specialised executive agenda, and broader governmental agenda. Special attention was given to MARE's trajectory as a platform for policy specification and actions delivery. Bresser cumulative entrepreneurial roles and functions also were scrutinised given his championship of the reform. We outlined along the text the contrast with the institutional and non-institutional elements of the benchmark compound at the same time that we registered the developments of a NPM variant of reform in an important Latin American country, implications for another developing nations. Finally we mentioned plausible elements that should be considered in further

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The insulation of the reformist team and the predominance of the negative tone over the positive aspects of the reform in the relationship with governmental agencies reminds DASP falling trajectory. MARE and DASP did not survive their creators, in spite the differences of regime (authoritarian x democratic) and design (bureaucratic x managerial).

investigations required to analysing the developments of Brazilian public management reforms.

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