

PUBLIC MANAGEMENT POLICY CHANGE IN BRAZIL: 1995-1998

FRANCISCO GAETANI

United Nations Development Program

ABSTRACT: *This article focuses on public management policy change in Brazil during the first term of President Fernando Henrique Cardoso. It explains the process of policy change, and is centered on the main events of the period 1995-1998. The events refer to actions and activities relevant to the policy cycle. Analytical categories of the multiple streams theoretical framework are used to dissect the policy change process. The selected events belong to the three streams of Kingdon's model: politics, problems and policy. The narrative gravitates around the issue career within the processes of agenda setting, alternative specification, and decision making. Special attention is focused on the role played by a policy entrepreneur: Minister of Administration and State Reform Luiz Carlos Bresser Pereira. Institutional and noninstitutional factors help us understand and explain the episode. Topics such as the relationship between the executive and the legislature, organizations' mandates, constitutional provisions, and governmental dynamics are identified and linked to the central subject of the episode. Topics such as economic shock, political dynamics, and personal idiosyncrasies are explored when they play a relevant role. The episode is narrated so as to allow comparisons with other cases.*

Public management reforms have been a recurrent issue at the top of the Brazilian decisional agenda. The country has gone through several major public management reforms and reform attempts since the 1930s. The 1937, 1967, and 1988 reforms resulted in new constitutional provisions. Others were influential without being necessarily formalized at constitutional-level terms, like Kubitschek's executive groups, Hélio Beltrao's debureaucratization ministry in 1979, and Fernando Collor de Mello's disastrous downsizing of the federal administration in 1990. A third group of initiatives never broke through the decisional stage, like the administrative reform proposed by Getúlio Vargas in 1953, the recommendations of the commission in charge of administrative studies in 1956, and the suggestions of the *Amaral Peixoto Report* in 1963.

This article focuses on the public management reform that occurred during Cardoso's first term (1995-1998) and that resulted in a constitutional change.

Direct all correspondence to: Francisco Gaetani, Human Development Unit, United Nations Development Program, SCN Quadra 2 Bloco "A", 7º andar, Brasília DF-Brasil 70712-901. E-mail: gaetani@undp.org.br

Cardoso's presidencies were marked by substantial reforms and policy initiatives in the public sector, notably macroeconomic stabilization, trade liberalization and privatization. But there was an important policy domain in which a significant reform occurred that was identified neither with the influential Washington consensus nor with Cardoso's party manifesto (PSDB 1994): public management. This time, public management reforms did not happen within the context of a regime change as was the case in the Vargas¹ (1934-1937), Castelo Branco (1964-1967), and 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). The policy landscape was not particularly favorable because of the weakness of the academic community (Gaetani 1999), the unawareness about what was going in the field in other countries, and the prevalence of a traditional view of public administration in the 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 the Congress after almost three years spent in debate, negotiation, reformulation, and deliberation. The amendment included provisions authorizing new forms of public sector organizations (like agencies and quangos), different forms of employment relationships within the public sector, and the mitigation of tenure constraints on government employees. The less likely of planned constitutional reforms had been approved, thanks to Bresser Pereira's entrepreneurial actions and skillful strategy (Melo 2002).

The Brazilian reform captured foreign attention. Under Bresser's leadership and intellectual influence, *Centro Latinoamericano de Administración para el Desarrollo* (CLAD) published a continental manifesto—*A 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's persuasive argumentation, the Inter-American Development Bank provided Brazil with a loan to implement the public management reforms. Even 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 approval by Congress and Cardoso's reelection, the reform lost momentum and was dropped from the executive branch's agenda. The ministry in charge of the implementation of the reforms was extinguished, and the Ministry of Planning absorbed its functions. Bresser was transferred to another ministerial post. The reform label of managerial administration was replaced by another one: entrepreneurial management. Bresser's team was dissolved and reassigned to new areas. The reform moved to a new implementation stage under other group direction.

This is an account of the public management reform episode. It applies a narrative structure (Barzelay et al. 2003) to establish the chain of events that need to be explained. The narrative is organized around key events within the episode. Some of the events are analyzed because of their relevance. The events' initiation and termination, as well as their internal dynamic, are explored in a comparable way in order to allow further comparison. The narrative structure of the episode is presented in figure 1. The text refers to the events included in the diagram.

Some specific questions need to be asked in advance in order to identify puzzles that need to be solved later. What factors explain the occurrence of a reform that apparently came out of the blue? Where did the reformist ideas come from? What factors explain Bresser's success in persuading the government to adopt his ideas? Why did it take almost three years for Congress to approve the constitutional amendment proposed by President Cardoso? To what extent did the reform content make it possible to produce policy change? What factors explain the exclusion of the issue from the agenda during the transition between the first and second terms, just after it faced an uphill struggle inside the executive and in Congress?

The Reform of the State Apparatus, 1995-1998

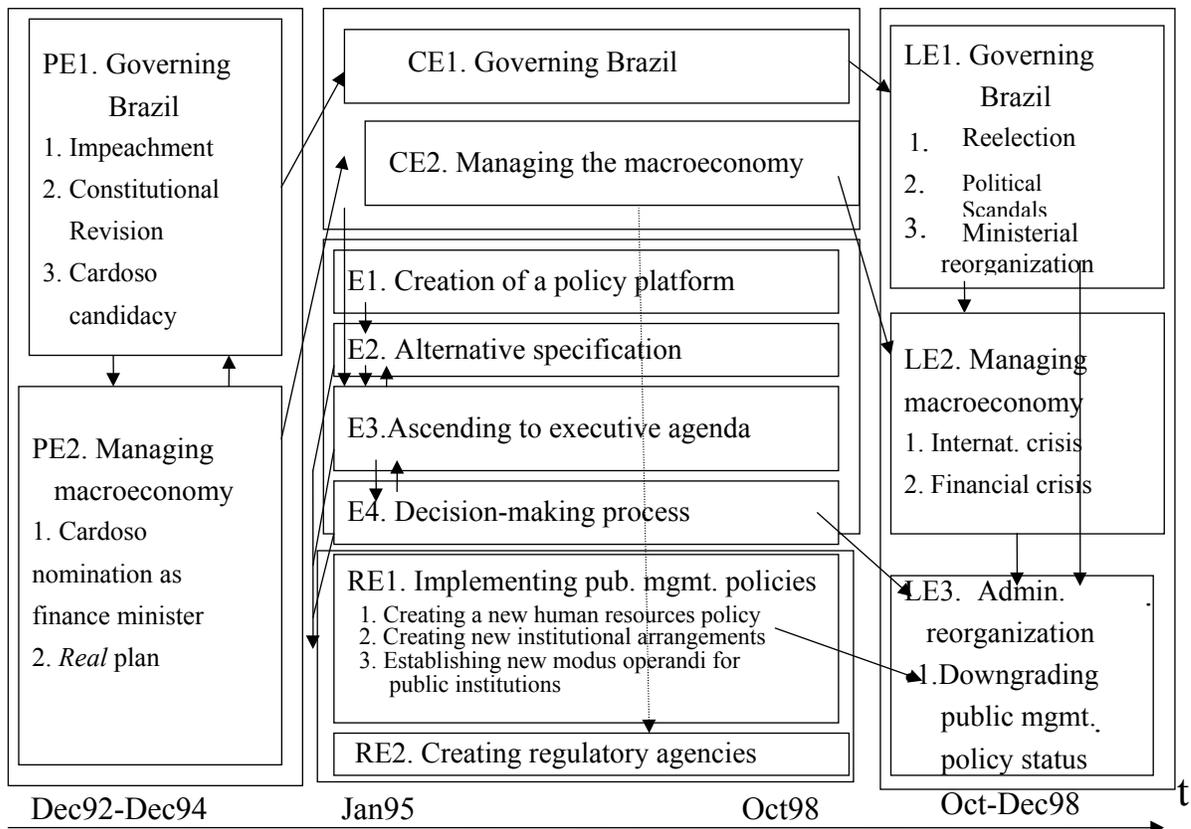


FIGURE 1: Narrative Structure of the Episode

Note: PE = prior events, CE = contemporaneous events, E = events within the episode, LE = later events, and RE = related events.

AN ENABLING INTERREGNUM

At the end of 1992 Itamar Franco became president, after replacing the impeached Collor. One year later, at the end of 1993, there was little hope that Franco could reach any of the ambitious goals—constitutional revision, macroeconomic stabilization, social security reform, and others—that he had established as his mandate. In a desperate move, he chose his foreign minister, Senator Cardoso, a well-known social democrat intellectual, to be his fourth minister of finance in less than two years. The constitutional review was aborted because of a budgeting commission scandal that paralyzed Congress and forced the resignation of several deputies. The country was ready for a fresh start after the frustration that followed thirty years without a presidential election.

Cardoso put together a solid and experienced economic team under the coordination of Clovis Carvalho, an old friend and an executive of some repute. Against all the odds, a successful macroeconomic stabilization plan was formulated and implemented in time for the new presidential elections. Backed by the plan's success, Cardoso became Franco's presidential candidate, leading a broad coalition formed by his center left party and the center right liberals. The more the elimination of inflation was felt by the population, the more his political support grew, independent of ideology or party platform. Cardoso was easily elected president in the first round, although he had been virtually unknown to the majority of the population until few months before.

Given his extraordinary political capital, he had a free hand to organize his cabinet. A few weeks before his inauguration, he invited Bresser, another old friend who had been the coordinator of the fundraising activities of his campaign, to join the government. Bresser 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 presidency (1985-1990), and had also participated in the state administration in São Paulo (1982-1986), together with some other important ministers of Cardoso's cabinet like Jose Serra (planning), Clovis Carvalho (chief of staff) and Paulo Renato (education). Bresser had been Governor Franco Montoro's home office secretary, and later became the state bank president.

Bresser aspired to be minister of foreign affairs, but his personal profile as well as political and corporatist considerations blocked his ambitions. He told the president, however, that he would be glad to contribute to his government in a challenging position close to Cardoso, like the secretary of federal administration (SAF). SAF was a secretary of state linked to the presidency.

Romildo Cahim, Bresser's predecessor, had been chosen to sign the anti-corruption commitment of the president, but he made no serious attempts at implementing public management policies. After Collor's disastrous downsizing period, Franco's inactivity was not perceived as a huge problem because at least the federal executive machine could rest and recover from its debacle under the previous presidency. Therefore, SAF was perceived by politicians as an unattractive position because they would have neither resources nor the media to project themselves onto the political arena. The choice of Bresser looked perfectly convenient and politically costless at that time.

A few days before Cardoso's inauguration, Carvalho and Bresser agreed that the latter should be at the top of a ministry, not only a secretary of state with ministerial level. Bresser successfully demanded that the ministry should specify his mandate in its name. Therefore he took over a new ministry called *Ministerio da Administracao e Reforma do Estado* (Ministry of Administration and State Reform, or MARE). A ministry was a more powerful platform in terms of resource mobilization and political status. However, there was a loss involved in this choice, neither properly perceived nor correctly evaluated at that time.² As a minister, Bresser would not have the easy access to the president that secretary of state of the presidency allowed.

AN ACCIDENTAL REFORMER

Bresser and Cardoso were founders of the Brazilian Social Democratic Party (PSDB), but the party manifesto did not propose any innovative approach with respect to public management issues. The main ideas were related to the historical progressive public administration challenge: the creation of a merit-based civil service, the battle against corruption, and the professionalization of the bureaucracy. Public management reform was not on the administration's initial agenda, nor had Bresser any previous familiarity with the issue despite his long and successful professional career.

The ministerial team was formed by a homogeneous group of alumni from the São Paulo branch of the Getulio Vargas Foundation.³ Bresser tried to bring more reputable intellectuals to the key positions of MARE, but in several cases he was turned down because of skepticism with respect to the possibility of making a difference, and insufficient incentives for experienced professionals to join the government. There was also a reputation problem. One of Bresser's legacies when he left the Finance Ministry was a juridical claim related to the indexation of wages when he launched a failed stabilization plan. A large number of employees appealed to the judiciary to recover their losses, and later won the case. As a result, people tended to consider Bresser as a potential liability because of his tendency to allow his wishes to prevail over his judgment.

Bresser also successfully co-opted the residual group of public managers created during the redemocratization process. Although reduced to less than half, they hoped to be the professional vanguard of the state reform process. After just a few months, these careerists clashed with Bresser because of their reluctance to accept the managerial credo. But thanks to their influence and Bresser's own envisioning capacities, public promotions to public management careers, as well as to budgeting analysts and other terminal careers, were resumed.

In resuming periodic promotional exams, Bresser restarted the regeneration of the executive core that had been aborted in 1988-1989, and provided MARE and the Ministry of Planning with a qualified and fresh workforce to implement public management initiatives.⁴ MARE would always count on the members of these revamped cadres at the second and third hierarchical levels (but not in top positions). Although managerialism was emphasized as the key element in Bresser's rhetoric, he de facto implemented the unprecedented progressive public administration measures that had been proposed since the thirties.

INITIAL POSITIONING

Administrative reform was supposed to join other constitutional reforms like the social security, fiscal, regulation, and political system reforms in the executive branch negotiations with Congress. But, it occupied a high position neither on the government's agenda nor the public's. Given Cardoso's previous commitment to the aborted constitutional review in 1993, Bresser's initial attitude was consistent with the administration's general approach to the problem: removing from the constitutional text everything that should be the subject of ordinary legislation—the deconstitutionalization approach. However, Bresser immediately realized that given Brazilian political and juridical culture, the trick could not work on sensitive matters like administrative reform. Neither Congress nor Brazilian civil society would agree on providing the government a blank check, a strategy tried later with frustrating results by the Social Security Ministry.⁵ Therefore, he opted for a detailed constitutional reform strategy that gravitated around a constitutional amendment.

By the same time, a more precise definition of the state reform issue emerged. Bresser and his team knew that they needed a tractable definition to work on it. They needed to specify an issue image under their jurisdiction in order to structure the specialized agenda around which the reform should be pursued. Two decisions were made in the first months of the new administration.⁶ First, MARE's mandate should concentrate on 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 sectoral ministers and the social security minister, respectively). Both decisions reduced MARE's friction with other areas of the executive branch, and provided a clearer focus of its mandate with respect to the public management domain. The scope of MARE's mission had been also reduced, which allowed a more cohesive approach to the challenge of rewriting the chapter on public administration in the 1988 constitution.

In his second month in office, Bresser gave interviews about his perception of the state reform problem as well as government intentions in terms of priorities and strategies. He immediately triggered public controversy around the tenure issue, perceived as a constraint to intrastate adjustment needs.⁷ The rigidity of the 1988 constitutional provisions was identified as the main bottleneck. Employment relationships, as well as organizational matters, were crystallized in a way that blocked state action. MARE concentrated its initial efforts on the review of the constitutional provisions in order to scrutinize all topics that needed to be updated and adjusted to the government view.

In picking the constitutional text as the main focus of his attention, Bresser generated an immediate conflict with Eduardo Jorge, the secretary of the presidency, who had been a close Cardoso advisor since the president was a senator in the 1980s. Jorge was also a Ph.D. in public administration, and had worked closely with Cardoso during the 1988 National Constitutional Assembly period. In his view, the government did not need to change the constitution to promote administrative reforms. His perspective was closer to Beltrão's, and tended to minimize the role of changes in legislation and structures as signs of public management policy change.

In the first meeting of Cardoso's cabinet in February, Bresser's proposal of a detailed strategy to review the constitution caused 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. On one hand, Bresser's performance captured the president's attention for his proposal. On the other hand, he provoked concerns from the other ministers, who were suspicious of his personal style and innovative ideas. His fast move pushed the reform of the state apparatus to the list of structural reforms that should be considered as priorities of the Cardoso government. Politics followed policies (Lowi 1964). In fact, politics followed entrepreneurial actions that raised expectations around policies.

GENERATING A POLICY ALTERNATIVE

Bresser was personally involved in taking stock of the national and international record of the public management issue. He met Beltrão and assimilated his concerns with over-bureaucratization. He met Antônio Octávio Cintra, who had tried to build up a public policy approach anchored in the Ministry of Planning in the late 1980s. He met David Osborne, who suggested he pay attention to what was going on in New Zealand and Britain. He visited Britain where he made a first contact with Kate Jenkins, a key operator in the Next Steps agencies process. He also began to frequent the international public management policy circuit in order to get in touch with different perspectives about public sector reforms.

The fusion of Bresser's ideas with policy proposals that were floating around the world, and the stimulating debate with advisors,⁸ resulted in a new proposal (MARE 1997). The public sector should be split into three areas: one remaining under state control, one transformed into public but not state-owned organizations, and one that should be privatized.

Within this framework, most of the secondary administrative functions of these organizations should be contracted out. Accountancy and employment legislation of the private sector should be adopted in the second and third groups, while traditional public sector rules should be reserved for core state activities. Moreover, tenure should be removed and firing mechanisms should be introduced in the public sector in two special circumstances: insufficient performance over time and organizational redundancy situations.

The proposal included other relevant elements, like the establishment of a limit to public wages in the three sectors, the review of distortions in human resources legislation, and the creation of new forms of public-sector organizations like the executive agencies, social organizations, and others. The administration took notice at the same time that public debate concentrated on the tenure issue, a public-opinion dogma at that time. Bresser was successfully capturing the administration's and the media's attention, while other ministers were barely familiarized with their missions.

MARE was fully operational at that time, and began to generate initial data that provided empirical evidence for most of Bresser's arguments. A diagnosis of the executive public administration emerged that allowed the development of a broader strategy, based on five points. First, data should be used to strengthen the reform

proposals. Second, public opinion debate should be diverted from the president and concentrated on the minister or MARE in order to protect Cardoso. Third, the constitutional amendment should be the working plan of the ministry. Fourth, a white paper should be written to support public advocacy required to smooth the amendment negotiation in Congress. Finally, MARE should keep the initiative in all reform fronts independent of the negotiation status of the constitutional amendment. Therefore, the reforms should be tackled simultaneously to advocacy, implementation, and negotiation activities.

REACHING THE EXECUTIVE DECISIONAL AGENDA

MARE worked frantically during 1995 in order to get executive approval of two important documents: the constitutional amendment and the white paper on the reform of the state apparatus. A state reform chamber had been created to discuss and approve both. The chamber was a collegial mechanism created by Carvalho to allow consensus building and induce government cohesiveness around sensitive issues to be pushed through Congress.⁹ In principle, Cardoso was supposed to coordinate the activities, but he designated his chief of staff minister to represent him. The chamber included important ministries like planning and labor, which did not really play any relevant role in the process. The stage was dominated by the clash of Bresser against Carvalho and Jorge.

Those clashes had different motivations. In Barzelay's (1986) terms, there were problems of competition with the chief of staff minister 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 policy perspectives. And both were much better placed to influence Cardoso because, unlike Bresser, they had easy access to him. As a result, successive versions of both documents were generated and continuously refined until they were considered minimally adequate to be published. The stress had been great, and the price had been high in terms of political capital. Ironically, the more Bresser changed the proposal to attend to his key interlocutors' demands, the more they became suspicious of the robustness of the proposal.¹⁰

MARE counted on the economic team's acquiescence, because of the alignment of the plan's main proposals with fiscal priorities. Bresser attached the reform approval to the consolidation of the *real* (the new Brazilian currency), a piece of rhetoric that worked in the defining moments of the reform debate at the beginning of Cardoso's first term. But complicity does not mean effective or sufficient support. The economic team's perspective was shaped around cost cutting measures. Bresser engaged immediately on expenditure control efforts, especially with respect to payroll distortions. His team's determination, as well as the adoption of modern information technology control systems, paid off. As a result, MARE gained the credibility to move forward on innovative areas of the public management design. Unfortunately, Bresser's insistence in questioning some aspects of the macroeconomic policy (he never gave up his political economist hat) made the same interlocutors suspicious about his real intentions. Given his intellectual competencies, previous experience in

executive posts, and personal relationship with the president, some people always perceived him as a potential candidate for the finance and planning ministries.

The public positioning of the governors that supported Cardoso's coalition convinced the president that he had nothing to lose in sending the proposal to Congress. MARE's advocacy work was decisive at that stage. One of its main advocacy arenas was the Secretaries of Administration National Forum. Backed by detailed figures, Bresser successfully persuaded the state governors who took office at the same time as Cardoso that if they did not adjust their payroll they would not be capable of delivering popular and effective public services. A federal law that established tight controls and parameters for public expenditure had just been approved.¹¹ Therefore, the best thing they could do was to support his proposal in order to get it approved as soon as possible so as to allow them to fire redundant employees. The issue moved from the executive to the legislative arena.

Bresser won the initial rounds against the two goalkeepers of the presidency, and had neutralized the reluctance of the economic team with respect to his plan. The president gave his endorsement to 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 public opinion that the proposal is in the country's best interest. Second, to negotiate the proposal with Congress. 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 government."¹²

Cardoso's words were skillful. First, he gave his support for sending the proposal to Congress. Second, he distanced himself from the process, transferring the task of the executive to Bresser. Finally, he did not explicitly commit presidential resources to negotiations with the cabinet or with Congress. Bresser was condemned to face an uphill struggle on multiple fronts to persuade the three audiences Cardoso mentioned. The presidency effectively supported the negotiation later on, but the terms of the negotiation were not under Bresser's full control.

IMPLEMENTATION DURING NEGOTIATION

In the Brazilian political system, sending a project to Congress is an important step toward enacting new legislation, but not as significant as one could ordinarily presume. First, it does not mean that the executive has arrived at a final and cohesive position about the issue at that stage. The negotiation within the executive goes on, influenced by government coalition supporters. The executive can always change proposals. Second, the executive can also use provisional measures to ensure that its proposals have legal effect even if Congress does not vote on them in a timely fashion (see Pessanha 1998 regarding *medidas provisórias*). Therefore, the government frequently publishes implementing regulation before Congress decides on the authorizing legislation. Third, 60 percent of the congressional vote is needed to approve a constitutional amendment, a quorum that pushes the limit of presidential coalition support.

The implementation process of public management reforms began simultaneously with the submission of the proposal to Congress for three reasons.¹³ First, the approval

of new legislation by Congress takes time, especially in the case of a constitutional amendment (Melo 2002). Second, there was a case to be built with public opinion in order to exercise pressure over Congress to approve the amendment. The white paper was written especially with this aim. Third, the more implementation measures that were taken during the period in which the amendment was under Congress' consideration, the more the whole piece of legislation would look natural and inevitable.

MARE's activities were structured on multiple fronts: human resources (recruiting, training, allocating, etc.), innovative organizational issues, procurement, international loans, negotiation, and advocacy. The minister directly championed most of them. Given the unpredictable pace of the reform in Congress, Bresser tried to implement everything that did not depend on legislative approval, as though taking the changes for granted. It was a conscious, tactical decision that looked reasonable at that time, when the size of the obstacles had not yet been fully revealed.

On the human resources front, MARE immediately delivered impressive results. First, data about the federal payroll, a classic unknown black box, began to be generated, refined, and published for the first time in Brazilian administrative history. Second, MARE implemented information technology based systems to manage the payroll. The results in terms of savings and corruption control were immediate. This sole initiative accounted for most of the credibility and respect that MARE gained with the economic team. Moreover, it was a public and transparent crusade.¹⁴ Third, Bresser determined that public examinations should be carried out on an annual basis for strategic careers like public managers in order to equip a hollow executive with manpower essential to perform governmental functions. Bresser wanted civil servants recruited on a merit basis to populate the core of the executive branch. Fourth, the National School of Public Administration (ENAP) was aligned with MARE's policy, and delivered a program of continuous education based on new public management ideas. At the same time, ENAP recruited fresher civil servants for strategic careers, and carried on a publishing strategy that emphasized the reform ideas.

Procurement was another area immediately tackled by MARE. Procurement had always been a bottleneck in the relationship between the state and the private sector. It had always been a source of complaints by all those in the public sector concerned with responsiveness and timely and effective delivery. An imperfect change in legislation had occurred in 1993.¹⁵ Bresser 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 more simple and manageable perspective, in contrast with the over-bureaucratization derived from dominant legalist views. The technical approach adopted resulted in an updated piece of legislation, and a new law was approved.¹⁶

The design and assimilation of the new organizational forms proved to be more problematic. The concepts of executive agencies and social organizations were not properly understood, as one could naturally expect. They did not fit in the Brazilian juridical system. They looked like imported bodies at odds with administrative law. In spite of Bresser's efforts, most of the ministries whose organizations were potential candidates to be transformed into executive agencies and social organizations were not persuaded by the reform rhetoric. Public employees and top managers were not

convinced, either. They did not see how Bresser could honor terms of agreement that were supposed to commit a flow of resources over time without budgeting and treasury engagement on the negotiations.

More seriously, a paradox gradually took shape. While Bresser's deputy piloted the ministry's machine, the innovative aspects of the reform were carried out by the secretary of state reform. The area that demanded most support was selling new organizational arrangements to the executive bodies. The fate of the implementation of the reform was being defined in the creation of new organizations like executive agencies and social organizations. But this was the area that counted on fewer resources to deliver its mission, in spite of the motivation of the team. Without the economic team support and facing internal tensions, the reform lost momentum when the candidates to be transformed into innovative structures became skeptical.

During 1997, Bresser realized MARE could carry on with the plans to create new organization structures because it did not require a constitutional amendment. A simple *medida provisória* could enable the executive to bring them into existence. That had also been the case of the regulatory agencies.¹⁷ Therefore, he could accelerate their implementation without having to wait for the approval of the amendment that was facing an uphill struggle in Congress. He had known this from the beginning, but wanted the constitutional amendment to institutionalize the proposal. Bresser also expected that the implementation of social organizations and executive agencies would reinforce the reform case with Congress. A provisional measure was enacted allowing the government to create both new organizational bodies.¹⁸ But the list of potential candidates had been reduced from more than twenty to a few special cases.¹⁹

THE LONG DECISION-MAKING PERIOD

The amendment trajectory in Congress was influenced by three main factors: legislative dynamics, pressures from interest groups, and executive priorities.

The literature on executive-legislative relationships in Brazil provides arguments for two opposite interpretations. The first suggests that the president is the hostage of an unmanageable Congress, given the weakness of the Brazilian political party system. In this interpretation, the president is forced to build and manage a huge and highly costly coalition each time he needs Congress to vote on important matters, because of the fragility of his congressional base (Lamounier 1996; Mainwaring 1997). The second suggests that, in spite of the above-mentioned features of the Brazilian political system, the president has plenty of resources available to get a vote on whatever he wants, given his ability to trade favors and resources for votes. The approval rating of executive projects submitted to final voting reveals a high rate of success (Limongi and Figueiredo 1999; Pereira 2000). Critics suggest, however, that projects arrive at that stage only when they are ready to be voted on, after backdoor, logrolling practices. The truth probably lies somewhere in the middle, because the phenomena occur in different circumstances.

The constitutional amendment faced strong opposition in both committees through which it had to pass (see Melo 2002 for a detailed account of the issue trajectory in

Congress). In both cases, Bresser's political skills, as well as the executive support, were decisive enough to put it through. But concessions stripped the project of most of its important aspects, such as limits to public wages and tenure removal.

With respect to the interest groups involved in the constitutional amendment debate, Bresser faced two types of opposition: explicit and implicit. The explicit opposition was championed by the civil servants unions. However, the unions had neither the votes nor the strength to obstruct the government proposal. The other type of opposition was much stronger and effective, coming from Congress and the judiciary bureaucracy, and the juridical establishment. Public management reform was not a theme capable of mobilizing public attention, except in the case of tenure. Bresser successfully persuaded the executive that tenure should be mitigated in some cases, but he did not make a dent on the legislative and judiciary positions on this issue.

There was a more serious problem, however. The constitutional amendment included a provision that established limits on both branches in setting their own wages. Given the chain of administrative linkages between wages for congressmen, judges, and bureaucrats, payments to the former determined wages to the latter two groups. Neither Congress nor the judiciary accepted that the executive could limit their remuneration.

The coordination of the issue-traffic of governmental projects in Congress was under the responsibility of the secretary of the presidency and the Chief of Staff Ministry. Therefore, they had three crucial capacities: establishing voting priorities, defining the desired sequence of projects, and negotiating final project texts given the broader interests of the president. The constitutional amendment had been included among the government priorities in spite of Jorge's and Carvalho's reluctance. They gave in thanks to Bresser's persistence, the president's acquiescence and the fact that sending a proposal to Congress did not effectively commit the government to the proposal.

Once the amendment was sent to Congress, Bresser had to continuously fight for the executive's attention. There were always other projects that deserved priority, like social security or the constitutional amendment permitting the reelection of the president. There was never a good moment to push it to the top of the executive-legislative agenda. But nothing moves in Congress without being pushed. It became evident that Bresser did not have enough political support to make it move faster. Ironically, the approval of the provisional measure that created social organizations and executive agencies weakened Bresser's position. Together with the watering down of the tenure removal in the proposed constitutional amendment, the provisional measure reinforced Jorge's old perception that there was no point in changing the constitution in order to implement public management reforms. Second thoughts about the strategy adopted were disseminated within the inner circle of the presidency. A consensus slowly emerged: the champion involved in a policy specification process should not be the same person responsible for the reform implementation.

Finally, when the negotiations arrived at an impasse, the chief of staff and the secretary of the presidency stopped acting as brokers and took Bresser's place in the final-hour negotiations, especially with the judiciary and Congress about the limits of their remuneration. The result was a new round of concessions in order to get

something approved. After all, at that stage the government needed to approve something to avoid public dissatisfaction. The executive gave up the remuneration limits, and the final project came to a vote practically unscathed. The government was so confident about its low political risk after so many changes that the amendment was finally approved a few weeks before the vote on the presidential reelection constitutional amendment.

DECLARING VICTORY AND MOVING ON

In the beginning of 1998, Bresser realized that he had lost the battle within the government to implement the reforms. On the political front, he could not overrule the chief of staff and the secretary of the presidency. His relationship with Cardoso did not provide him with enough political capital to win the dispute over jurisdiction borders and policy ideas from which the president had distanced himself. On the implementation front, he did not have the instruments to persuade executive institutions to become executive agencies and social organizations. The economic team had narrowed its priorities to fiscal targets, and did not support innovative projects that sounded suspicious in terms of resource demands in the short term. On his own turf, tensions within his team were flourishing in spite of his ascendancy over his supporters.

Then, the creator decided to destroy the creature. Bresser was frustrated by the difficulties faced within the government, and conscious of the limits of presidential support. The presidential reelection constitutional amendment was the only real issue on the agenda at that stage. Bresser concluded that MARE could not perform its mission without the instruments—notably, the budget—to implement the reform. Therefore, why not merge MARE and the Ministry of Planning, an idea immediately supported by Carvalho? After all, with the approval of the constitutional amendment, the reform was just “a matter of implementation,” as Bresser wrote in a last newspaper article entitled “Um Novo Aprendizado” in *Folha De São Paulo* on 10 December 1998.

Bresser’s final act was taking a leave from the ministry to take over the fundraising functions of Cardoso’s presidential campaign. Once again, the president called on his reliable, old colleague to take care of a sensitive issue. After Cardoso’s easy win in the election’s first round, the president appointed Bresser minister of science and technology, an area with which he was presumably familiar and an appealing piloting sector for the reform projects, especially in organizational matters.

MARE was extinguished and its functions were reassigned to two areas: the Secretary of State of Public Administration (SAP) and the Secretary of Entrepreneurial Management (SEGES). The former was headed by Bresser’s deputy. The latter was led by a Carvalho advisor. Both were located at the Ministry of Planning, although SAP had ministerial status.

The new appointee for the Ministry of Planning, Budgeting, and Management, Pedro Parente, was perceived by Carvalho and Bresser as a man capable of implementing the reforms. He was supposed to be the bridge between the areas of planning and budgeting, on one hand, and public management, on the other. A policy cycle had finished and the transition toward a new one had begun.

CONCLUSION

Bresser's entrepreneurial role was so evident that the reform became personalized. He defined the problem in his own terms at the beginning of the issue career in a way that neutralized 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 performed a key political role in negotiating the constitutional amendment within the executive branch as well as with the Congress. In short, he catalyzed the three streams in the way required to promote policy change, according to Kingdon's (1995) formulation.

The epilogue was sad, but revealing. When Cardoso promoted a reshuffle of his cabinet because of a political scandal and the international financial crisis, he took advantage of the turbulence and moved Bresser from MARE and extinguished the ministry. The issue did not survive at the top of the governmental agenda without Bresser's championing. Implementation took place in other venues, although the legacy of Bresser was beyond dispute.

There was substantive policy change in two public management policy subdomains: organizational arrangements as well as personnel legislation. It is not fair to say that social organizations as well as executive agencies became part of the Brazilian institutional landscape, but precedents were created, although on an exploratory basis. Three new forms of employment arrangements emerged from the reform: civil service, private contracts, and public contracts. In spite of all the defeats and concessions during the negotiation stage, Bresser successfully enabled a more flexible public sector.

All the main policy processes—agenda setting, problem definition, issue image formulation, alternative specification, and decision making—derived from Bresser's actions and determination. The context of the institutional features in the Brazilian political system played a role as well. The political stream was stable over the period, as well as the economic domain. But it is hard to conceive of the reform without his decisive interference. The public management debate became part of the national scene. A policy community flourished under the leadership of MARE's activities. The dissemination of New Public Management ideas was possible mainly through ENAP's role in providing training on a large scale on new concepts, techniques, and tools.

The Brazilian case provides an interesting example of successful public entrepreneurship—even if partial—in a hostile environment. It suggests that more attention should be paid on the role of individuals in policy processes, in spite of the controversies in this kind of approach. Entrepreneurship is a matter of individual behavior, as well as a functional role. More research should be carried out in order to clarify its potential as an explanatory factor of policy change, as the episode suggests.

NOTES

1. Vargas was Brazilian president during two periods: 1930-1945 and 1951-1954. During the first period he occupied the presidency as chief of a revolutionary government (1930-1934), as a constitutional president—although chosen by the Congress—during the period

1934-1937, and as a dictator in 1937-1945. Later he returned to the presidency directly elected by the people, in 1951.

2. The debate around MARE's creation 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 would mark their coexistence for the next four years.

3. The specification is important because the São Paulo branch was not the historical base of the Brazilian public administration community, a position occupied by the Rio de Janeiro branch. In spite of the fact that both branches belonged to the same organization, they were also rivals and took different paths. Rio de Janeiro was oriented toward public administration and economics, while São Paulo concentrated on business administration and local government.

4. See Portarias 1731 and 1732, 4 July 1997.

5. See Melo (2002) for an interesting comparison between the administrative, fiscal, and social security reform. Melo argues convincingly that Bresser's strategy is one of the key explanations for the relative success of his public management reform, in contrast with the deadlocks and failures that characterized the other reforms.

6. The first was Bresser's choice. The second was a presidential choice, influenced by coalition considerations.

7. The chief of staff of the presidency—Carvalho—publicly overruled Bresser and asked him to avoid provocative statements that could embarrass the government, especially with respect to issues that had not been sufficiently discussed within the cabinet.

8. The secretary of state reform concentrated a creative group of public administration experts. They played an influential role in the policy design stage, but later faced difficulties at the implementation stage.

9. The chamber was both a coordination and decision-making arena that Carvalho had piloted successfully during the launch of the *real* plan. Cardoso decided to adopt it to deal with coordination problems in some government sectors like state reform.

10. The version of the constitutional amendment sent to Congress would be the 58th (Melo 2002,189). Although this was considered natural, as part of continuous refinement, it contributed to the reduction of the credibility of his team to Carvalho and Jorge.

11. According to the Camata Law, states could not spend more than 65 percent of their current revenues on payroll. Only two states could accomplish the target at that time.

12. Personal notes taken in two interviews with a high official of MARE in Brasília, June 2000, later confirmed by another high official in the Ministry of Planning, Budgeting and Management, Brasília, December 2001.

13. Implementation before final decision making is another example of the shortcomings of the linear model of policymaking analysis.

14. Law 9527, 10 December 1997.

15. Law 8666, 21 June 1993.

16. Law 9648, 27 May 1998.

17. Laws 9427, 26 December 1996; 9472, 16 July 1997; and 9478, 6 August 1997.

18. Laws 9637, 15 May 1998 and 9640, 27 May 1998.

19. There was only one institution chosen to become an executive agency (INMETRO), and five to become social organizations (one state-owned TV station and four science and technology institutes).