Public management policy change in Brazil: 1995-1998

Francisco Gaetani

1 Introduction

Fernando Henrique Cardoso’s presidencies were marked by substantial reforms and policy initiatives in the public sector, notably macro-economic stabilization, trade liberalization and privatization. But there was an important policy domain in which significant reforms occurred that was listed neither in the influential Washington consensus nor in Cardoso’s party manifesto (PSDB, 1994): public management. More interesting, this time public management reforms did not happen within the context of a regime change as it was the case in the Vargas, Castelo Branco and Sarney 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 lack of awareness about what was going on in the field in other countries, and the prevalence of a traditional view of public administration within the supranational institutions like the World Bank and the Inter-American Development Bank (BRESSER PEREIRA, 2002)

At the end of Cardoso’s first mandate a constitutional amendment related to reforms on the public sector apparatus was approved with the support of a qualified majority of the Congress, after almost three years spent in debates, negotiations, reformulation and deliberations. 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 to government employees. The least likely of planned constitutional reforms had been approved thanks to Luiz Carlos Bresser Pereira’s entrepreneurial actions and skillful strategy (MELO, 2002).

The Brazilian reform captured foreign attention. Under Bresser Pereira’s leadership and intellectual influence, 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 Pereira’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 re-election, 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, Budgeting and Management absorbed its functions. Bresser Pereira was transferred to another ministerial post. The reform label – managerial administration – was replaced by another: entrepreneurial management. Bresser Pereira’s team was dissolved and reassigned to new areas. The reform moved to a new implementation stage under other group direction.

This text is an account of the public management reform episode. It applies a narrative structure (BARZELAY et al, 2001) to establish the chain of events that need to be explained. The narrative is organized around key events within the episode and related to its occurrence. The entrepreneurial role of Bresser Pereira is given significant attention. Some of the relevant events are selected for analysis 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
comparisons. The narrative structure of the episode is presented in Figure I. The text refers to the events included in the diagram.

Some specific questions need to be listed in advance in order to identify puzzles that need to be answered 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 Pereira’s success in persuading the government to adopt his ideas? Why did it take three years for Congress to approve a final proposal? To what extent did the reform content make it possible and produce policy change? What factors explain the exclusion of the issue from the agenda during the transition between the first and second mandates, just after if faced an uphill struggle inside the Executive and in Congress? Those questions are answered within the text and referred to in the events structure (Figure 1, next page).
The Managerial Reform of the State Policy Cycle
Brazil 1995-1998

PE1 Governing Brazil
- Impeachment
- Constitutional Revision
- Cardoso candidature

PE2 Macroeconomic Policy-Making
- Nomination of Cardoso
- Implementation of the Real Plan

CE1 Governing Brazil

CE2 Macroeconomic Policy Making

E1-1- The Predecisional Stage
E1-1-1 Establishing MARE and getting it off the ground
1) Deciding to give a role to Bresser and to set up MARE
2) Recruiting a team & followers
3) Developing a approach and organizational strategy

E1-1-2 Alternative Specification
1) International Lesson Drawing
2) Writing the Plan Director
3) Preparing a Constitutional Amendment

E1-1-3 Getting clearance from the President for Constitution Reform
1) Modifying the proposal
2) Building governor’s support
3) Cardoso signs off

E1-2 The Decisional Stage

E1-2-1 The Constitutional Amendment Process in Congress
1) Cardoso presents amendment
2) Negotiations with the Committee

E2-2-2 Decision Making within the public management policy subsystem
1) Implementing a new HR Policy
2) Creating Agencies and Quangos

R1-1 - Establishing international linkages and building external support
R2-2 – Creating the Regulatory Agencies


PE = Prior events; CE = Contemporaneous events; E = Events within the episode; RE = Related events; LE = Later events
Itamar Franco became president at the end of 1992, when he replaced the impeached president Fernando Collor. One year later, at the end of 1993, there was little hope that Franco could reach any one of the ambitious goals — Constitutional Revision, Macroeconomic stabilization, Social Security Reform and other — that he had established in his mandate. In a desperate move, he chose his Foreign Minister, Senator Cardoso\(^1\), a well-known social democrat and intellectual, to be his fourth minister of finance in less than two years. The constitutional review\(^2\) was aborted because of a budgeting commission scandal that paralyzed Congress and forced the resignation of several deputies. The country was eager for another fresh start after the frustration that followed the first presidential election in thirty years.

Cardoso put together a solid and experienced economic team under the coordination of Carvalho, an old friend and reputed executive. Against all the odds, a successful macroeconomic stabilization plan was formulated and implemented within months, on the verge of new presidential elections\(^3\). Backed by the plan’s success, Cardoso became the Franco’s presidential candidate\(^4\), leading a broad coalition formed by his center left party and the center right liberals. The more the impact of the elimination of inflation was felt by the population\(^5\), the more his political support grew, independent of ideologies or manifesto ideas. Cardoso was easily elected president in the first round, although he had been virtually unknown to the majority of the population until a few months before.

Given his extraordinary political capital, he had a free hand to organize his cabinet. Few weeks before his inauguration, he invited Bresser Pereira, an old friend who had been the coordinator of the fundraising activities of his campaign, to join the

\(^1\) See Prior Event PE21 on the diagram.
\(^2\) See Prior Event PE12 on the diagram.
\(^3\) See Prior Event PE22 on the diagram.
\(^4\) See Prior Event PE13 on the diagram
\(^5\) See Prior Event PE23 on the diagram.
government. Bresser Pereira was a hybrid, a mixture of political activist, academic economist and private executive. He had been Finance Minister for a few months during the Sarney presidency (1985-1990). Bresser Pereira had also participated in the Montoro’s 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 Montoro´s Home Office Secretary and later became the state bank president.

Bresser Pereira aspired to be Minister of Foreign Affairs but his personal profile as well as political and corporatist reasons 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 with many responsibilities, as was the case with the Secretary of Federal Administration (SAF). SAF was a Secretary of State linked to the Presidency.

Cahim, Bresser Pereira’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 into the political arena. The choice of Bresser Pereira looked perfectly convenient and politically costless at the time.

A few days before Cardoso’s inauguration, Carvalho and Bresser Pereira agreed that the latter should be at the top of a Ministry, not only a secretary of state with

---

6 Later, it would become clear that the shadow of the ex-Finance Minister was a threat to the economic team since the very start of Cardoso’s presidency. Bresser Pereira was condemned to face difficulties not only because of his state reform mandate but because of the threat he represented to the economic team in terms of the political economy debate within the government, irrespective of whether he meant to join it or not. As a personal appointee of the president (and given his previous background) he could always become a political and economic alternative.
ministerial-level status\textsuperscript{7}. Bresser Pereira successfully demanded that the ministry should specify his mandate in its name. Therefore he took over a new ministry called \textit{Ministerio da Administracao e Reforma do Estado} - MARE (Ministry of Administration and State Reform). A ministry was a more powerful institutional 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\textsuperscript{8}. As a minister, Bresser Pereira would not have the automatic access to the President that a Secretary of State of the Presidency allowed.

3 An accidental reformer

Bresser Pereira 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. Neither public management reform was on the administration's initial agenda nor did Bresser Pereria have any previous familiarity with the issue despite his long and successful professional trajectory.

The ministerial team was formed by a homogeneous group of alumni from São Paulo’s branch of the Getulio Vargas Foundation\textsuperscript{9}. Bresser Pereira tried to bring more reputed intellectuals to the key positions of MARE but he was turned down in several cases. Bresser Pereira did not succeed because of skepticism with respect to the possibility of making a difference and the insufficient incentives for

\textsuperscript{7} See Event 1
\textsuperscript{8} The debate around MARE's creation was a preview of the competition problems that Bresser Pereira would face in dealing with Carvalho at the Home Office. Jurisdiction disputes as well as disputes over access to Cardoso’s ears would mark their coexistence for the next four years.
\textsuperscript{9} The specification is important because the São Paulo branch was not the historical base of the public administration Brazilian policy community, a position occupied by the Rio de Janeiro headquarter. In spite of the fact that both branches belonged to the same organization, they were
experienced professionals to join the government. There was also a reputation problem. One of Bresser Pereira’s legacies when he left the Finance Ministry was a juridical claim related with the indexation of wages when he launched a failed stabilization plan. A large number of employees appealed to the judiciary system to recover those losses and later won the case. As a result, people tended to consider Bresser Pereira as a potential liability because of his tendency to allow his voluntarism to prevail over his judgment capacity.

Bresser Pereira also successfully co-opted a residual group of public managers, a career that had been created during the re-democratization process. Although this group was reduced to less than half of the members it had when awarded the first, and until then, unique promotion, they intended to be a professional vanguard in the Fabian style of the state reform process. After just a few months, there was a clash among the core group of these careerists because of their reluctance to join the managerial credo. But, thanks to their influence and his own envisioning capacities, Bresser Pereira decided to resume public promotions to the public managers’ career as well as to budgeting analysts and other important terminal careers like analysts of finance and control.

In organizing periodic public exams, Bresser Pereira resumed 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. MARE would always count on the members of these revamped cadres at second and third hierarchical levels (but not on the top positions). Although managerialism was emphasized as the key element in Bresser Pereira’s rhetoric, he de facto implemented unprecedented progressive public administration measures that had been tried since the thirties.

also rivals and took different paths. Rio de Janeiro was oriented towards public administration and economics while São Paulo concentrated on business administration and local government.

10 See Portarias 1731 and 1732, 04/07/2002
11 See Related Event 13 on the diagram.
4 Initial positioning

Given Cardoso’s previous commitment to the aborted constitutional review in 1993, Bresser Pereira’s initial attitude was consistent with the administration’s general approach to the problem: removing from the constitutional text everything that should be subject of ordinary legislation – the “deconstitutionalization” approach. Administrative reform was supposed to join other constitutional reforms like the social security, fiscal, regulation and political system reforms on the executive branch pipeline of negotiations with Congress. However, it did not occupy a high position on the government’s agenda (nor on the public’s agenda). Bresser Pereira 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 with frustrating results by the Social Security Ministry later. Therefore he opted for a detailed constitutional reform strategy that gravitated around a constitutional amendment. In doing so he also upgraded the importance of MARE’s task because it put administrative reform in the group of the government priorities.

By the same time a more precise definition of the state reform issue emerged. Bresser Pereira 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 taken in the first months of the new administration. First, MARE’s mandate should concentrate on the reform of the state apparatus. Second, two other controversial issues – regulatory agencies and social security of civil servants - should not be addressed by MARE but by other ministries (The Chief of Staff and

---

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

13 The first was Bresser’s choice. The second was a presidential choice, influenced by coalition reasons.
sectoral ministers and the Social Security Minister, respectively). Both decisions reduced MARE´s friction with other areas of the executive branch and provided a more clear 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 of the challenge of rewriting the chapter on public administration of the 1988 Constitution.

In his second month in office, Bresser Pereira was giving interviews about his perception of the state reform problem as well as the government intentions in terms of priorities and strategies. He immediately triggered public controversy around the tenure issue, perceived as a constraint to intra-state adjustment needs. The rigidity of the 1988 Constitutional provisions was identified as the main bottleneck to be overcome. Employment relationships as well as organizational matters were both 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 Pereira generated an immediate conflict with Eduardo Jorge, the Secretary of the Presidency, who had been a close Cardoso advisor since when the president was a senator in the 1980s. Jorge was also a PhD in public administration and had worked closely with Cardoso during the 1988 National Constitutional Assembly period. In his personal view, the government did not need to change the constitution to promote administrative reforms. His perspective was closer to Beltrão´s ideas that tended to minimize the role of changes in legislation and structures as signs of public management policy change.

---

14 The Chief of Staff of the Presidency – Carvalho – publicly overruled Bresser Pereira and asked him to avoid provocative statements that could embarrass the government, specially with respect to issues that had not been sufficiently discussed within the cabinet.
In the first meeting of Cardoso’s cabinet in February, Bresser Pereira’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 the one hand, Bresser Pereira’s performance captured the president’s attention to his proposal. On the other hand, he provoked concerns on other ministries who were suspicious of his voluntarist 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.

5 Generating a policy alternative

As a fast mover, Bresser Pereira 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 Cintra who had tried to build up a public policy approach anchored in the Ministry of Planning in the late 1980s. He met Osborne who suggested him to pay attention to what was going on in New Zealand and Britain. He visited Britain where he made a first contact with Jenkins, a key operator of 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 Pereira’s ideas and the contacts with the policy proposals that were floating around the world and the stimulating debate with some advisors\(^{15}\) resulted in a new formulation\(^{16}\) (MARE, 1995). The proposal of state apparatus reform was summarised in Table 1 in which Bresser’s ideas were

---

\(^{15}\) 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 a harder time at the implementation stage.

\(^{16}\) See Event 2 on the diagram.
presented. The state institutions were grouped in four sectors: strategic core, exclusive activities, non-exclusive activities and production for the market. The plan suggested that the first and second sectors should be kept as state property while the third and the fourth should be transferred to the private sector. The third group of institutions should be publicised, i.e., transferred to the non-profitable private sector given its public character. The fourth group of institutions should be privatised, i.e., sold to profit oriented firms.

Table 1 Forms of Property and Forms of Administration

<table>
<thead>
<tr>
<th>Forms of Property</th>
<th>Forms of Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State</td>
</tr>
<tr>
<td>STRATEGIC CORE</td>
<td>Judiciary, Legislative, Heads of Ministries, Public Ministry</td>
</tr>
<tr>
<td>EXCLUSIVE ACTIVITIES</td>
<td>Regulation, Inspection, Fostering, Public Safety, Basic Social Security</td>
</tr>
<tr>
<td>NON-EXCLUSIVE ACTIVITIES</td>
<td>Universities, Hospitals, Research Centers, Museums</td>
</tr>
<tr>
<td>PRODUCTION FOR THE MARKET</td>
<td>State Owned Enterprises (Utilities, Banks, Steel)</td>
</tr>
</tbody>
</table>

MARE (1995: 63)

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 third and fourth groups while traditional public sector rules should be reserved for the core state activities. The provisions of the second group were unclear. 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, when the positions or the institution were supposed to be terminated.

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

At that time MARE was fully operational and began to generate some initial data that provided empirical evidence to most of Bresser Pereira argumentation. A diagnosis of the executive public administration emerged and allowed the development of a broader strategy based on five points. First, data should be always used to strengthen the reform proposals. Second, the public opinion debate should be diverted from the president and concentrated on the minister or MARE in order to preserve 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 within Congress. Finally, MARE should keep the initiative in all reform fronts independently of the negotiation status of the constitutional amendment. Therefore the reforms should be tackled simultaneously to advocacy, implementation and negotiation activities.

6 Reaching the executive decisional agenda

Bresser Pereira ambitious approach to the reform involved a dual packaging strategy. On the one hand there was the proposal to be sent to the Congress,

\[17\] See the Boletins Estatísticos edited by MARE (several numbers).
where it would need to get a two-thirds majority to change the Constitution. On the other hand there was a White Paper to be elaborated in order to provide an instrument to advocacy to the simultaneous reform implementation. Proposing a constitutional amendment guaranteed a high level of attention to MARE’s initiatives. The expectation of negotiations of the proposal in the Congress created a sense of urgency that provided legitimacy to the efforts of Bresser’s team to implement the reforms.

MARE worked frantically during 1995 in order to get the executive approval of both 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\textsuperscript{18}. The chamber was a collegial mechanism created by Carvalho in order to allow consensus building and induce government cohesiveness around sensitive issues to be pushed through the Congress agenda\textsuperscript{19}. In principle Cardoso was supposed to coordinate the activities but he designated his Chief of Staff minister to represent him\textsuperscript{20}. The chamber included important ministries like Planning and Labour which did not really play any relevant role in the process. The stage was dominated by the clash of Bresser Pereira against Carvalho and Jorge.

Those clashes had different motivations. In Barzelay’s terms (BARZELAY, 1986), 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 policy different perspectives. And both were much better placed than Pereira to influence Cardoso, because, unlike Bresser Pereira, they had instantaneous physical access to him. As a result, successive versions of both documents were generated and continuously refined until they were considered

\textsuperscript{18} See Event 3 on the diagram.
\textsuperscript{19} The chamber was both a co-ordination and decision making arena that Carvalho had piloted successfully during the launching of the Real plan. Cardoso decided to adopt it to deal with co-ordination problems in some government sectors like state reform.
\textsuperscript{20} The chambers were mechanisms typical of Carvalho managerial style but did not fit in the president’s profile or modus operandi.
minimally adequate to be published. The stress had been huge and the price had been high in terms of political capital. Ironically, the more Bresser Pereira changed the proposal to attend his key interlocutors’ demands the more they became suspicious of the robustness of the proposal.

MARE counted on the economic team acquiescence because of the alignment of the plan’s main proposals with fiscal priorities. Bresser Pereira attached the reform approval to the consolidation of the “real” (the new Brazilian currency), a piece of rhetoric that worked on the defining moments of the reform debate at the beginning of Cardoso’s first mandate. 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 the payroll distortions. His team’s determination, as well as the adoption of modern information technology control systems, paid off. As a result, MARE gained credibility to move forward on the innovative areas of the public management design. Unfortunately, Bresser Pereira’s insistence in questioning some aspects of the macro-economic policy – he never left 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 to the finance and planning ministries.

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 Pereira 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

---

21 The version of the Constitutional Amendment sent to Congress would be the 58th (MELO, 2002: 189). Although this was considered natural, as part of a continuous refinement, it contributed to reduce the credibility of his team on Carvalho and Jorge’s eyes.

22 See Related Event 11 on the diagram.
been approved at that time\textsuperscript{23}. Therefore, the best thing they could do was to support strongly his proposal in order to get its approval as fast as possible so as to allow them to fire redundant employees. 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. The issue moved from the executive to the legislative arena\textsuperscript{24}.

Bresser Pereira had 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 the 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 public sector functioning. You will have to convince the government”\textsuperscript{25}.

In this speech, Cardoso skillfully marked three positions. First he gave his support to sending the proposal to Congress. Second he distanced himself from the process, transferring the task of the executive to Bresser Pereira. Finally he did not explicitly commit the presidential resources with negotiations neither within the cabinet nor with Congress. Bresser Pereira was condemned to face an uphill struggle in multiple fronts to persuade the three audiences Cardoso had mentioned. The presidency effectively supported the negotiation later on but the terms of the negotiation were not under Bresser Pereira control.

7 Implementation during negotiation

\textsuperscript{23} According to the Camata Law, the states could not spend more than 60\% of their current revenues with the pay roll. Only two states could accomplish this target at that time.
\textsuperscript{24} See Event 4 on the diagram.
\textsuperscript{25} The quotation is derived from the comments of a participant of the meeting.
In the Brazilian political system, sending a project to Congress is an important step towards enacting a 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, now also influenced by the government coalition supporters. The executive can always change it later. Second, the executive can also use the provisional measures\textsuperscript{26} to ensure that its proposals will have legal effect if Congress does not vote them timely. Therefore, the government frequently publishes an ordinarily legislation before Congress decides about it. Third, sixty per cent of constitutional votes are needed to approve a constitutional amendment, a quorum that pushes the limits of the presidential coalition support.

The implementation process of the public management reforms began simultaneously with the submission of the proposal to Congress\textsuperscript{27} for three reasons. First, the approval of new legislation by Congress takes time, especially on the case of a constitutional amendment (MELO, 2002). Second, there was a case to be built with the public opinion in order to exercise pressure over Congress to approve the amendment. The Whiter Paper was written especially with this aim. Third, the more implementation measures 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 in several fronts: human resources (recruiting, training, allocating etc), innovative organizational issues, procurement, international loans, negotiation and advocacy. The minister championed directly most of them. Given the unpredictable pace of the reform in Congress, Bresser Pereira tried to implement everything that did not depend on legislative approval, although taking the future changes for granted. It was a conscious tactic decision

\textsuperscript{26}About medidas provisorias see AMORIM NETO AND TAFNER (2002).
\textsuperscript{27}Another example of the shortcomings of the linear model of policy making analysis: implementation before final decision making.
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 pay roll, 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 pay roll. 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. Third, Bresser Pereira determined that public examinations should be carried out on 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 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 an unprecedented program of continuous education based on new public management ideas. At the same time ENAP formed the recently 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 traditional 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 the legislation had occurred in 1993. Bresser Pereira adopted a sensible and fresh approach to the problem. Given his personal experience as a private executive, he knew how important it was to provide a more simple and manageable perspective in contrast with the over-bureaucratization

28 See Law 9527, 10/12/1997
29 See Related Event 13 on the diagram
derived from legalist dominant views. The technical approach adopted resulted in a new piece of updated legislation and a new law was approved\textsuperscript{31}.

The design and assimilation of the new organizational forms proved to be more problematic\textsuperscript{32}. 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 imported bodies at odds with administrative law. In spite of Bresser Pereira’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. The public employees and the top managers were not convinced either. They did not see how Bresser Pereira could honor terms of agreement that were supposed to commit a flow of resources over time without the Budgeting and Treasury engagement on the negotiations.

More seriously, gradually a paradox took shape. While Bresser Pereira’s deputy piloted the ministry’s machine, the innovative aspects of the reform were carried out by the Secretary of State Reform. The focus of new policy ideas was only one: the Secretary of State Reform in which the reformers were concentrated. The Secretary was the area that demanded most support to sell new organizational arrangements to the executive bodies. The negotiations of the organisational challenges of the proposal were under the Secretary responsibility as well. The fate of the implementation of the reform was being defined on the creation of new organizations like executive agencies and social organizations. But the Secretary of State Reform was isolated in the government and, gradually, within MARE. The Secretary of State Reform did not count on sufficient resources\textsuperscript{33} 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.

\textsuperscript{31} See Law 9648, 27/05/1998
\textsuperscript{32} See Related Event 12 on the diagram
\textsuperscript{33} The IADB loan arrived in May 1998, too late to make a difference in the first mandate.
The adoption of a multiple dimensional formulation i.e., to fight the reform in multiple fronts at the same time presented some congestion problems. The nested reforms’ strategy had produced a multiple speed reform process. But the accumulation of impasses in fronts like human resources, new forms of public sector organisation, the three branches negotiations and others weakened the reform impulse. The more the government marched to its end, the more the resources drain aggravated in the area that demanded more support.

During 1997, Bresser Pereira realized that 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 have enabled the executive to bring them into existence. That had been also the case of the regulatory agencies\(^{34}\). 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 knew it since the beginning but wanted the constitutional amendment to institutionalize the proposal. Bresser Pereira also expected that the implementation of social organizations and executive agencies would reinforce the reform case with Congressmen. A provisional measure was enacted allowing the government to create both new organizational bodies\(^{35}\). But the list of potential candidates had been reduced from more than twenty to a few special cases\(^ {36}\).

8 The long decision making period

The amendment trajectory in Congress was influenced by three main factors: the legislative dynamics, the interest groups’ capacity of making pressures and the executive timetable of priorities.

---

\(^{34}\) See Related Event 2 on the diagram and Laws 9427, 26/12/1996; 9472, 16/07/1997, and 9478, 06/08/1997.

\(^{35}\) See Laws 9637, 15/05/1998 and 9640, 27/05/1998.

\(^{36}\) There was only institution chosen to become executive agency (INMETRO) and five to become social organizations (one state owned TV and four science and technology institutes).
The literature on executive-legislative relationships in Brazil provides arguments for two opposite interpretations. The first suggests that the president is 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 important matters because of the fragility of his congressional base (LAMOUNIER, 1996 AND MAINWARING, 1997). The second suggests that, in spite of the above-mentioned features of the Brazilian political system, the president has plenty of resources available to get voted whatever he wants, given his capacity of trading favors and resources for votes when the situation requires. The approval rating of the executive projects submitted to final voting reveals a huge rate of success (FIGUEIREDO AND LIMONGI, 1999, AND PEREIRA, 1999). Critics suggest, however, that projects arrive at that stage only when they are ready to be voted on the grounds of previous backdoor logrolling practices. Intermediate explanations suggest that the truth lies somewhere on the middle because both phenomena occur in different circumstances.

The Constitutional Amendment faced strong opposition at both Committees through which it had to pass. In both cases, Bresser Pereira’s political skills as well as the executive support were decisive to put it through. But the concessions stripped the project of most of its important aspects like the limits of public wages and tenure removal.

With respect to the interest groups involved in the Constitutional Amendment debate, Bresser Pereira faced two types of opposition: explicit and implicit. The explicit opposition was championed by the civil servants unions. However the unions have neither the votes nor the strength to obstacle the government proposal. The other type of opposition, however, was much stronger and effective: Congress and the Judiciary bureaucracy and the juridical establishment. Public

---

37 See Melo (2002) for a detailed account of the issue trajectory at the Congress.
38 The Forum of Careers Typical of State – self designated – tried to keep negotiations with MARE during all the period but without success (CHEBUB, 2002)
management reform was not a theme capable of mobilizing the public opinion attention, except in the case of tenure. Bresser Pereira 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 with respect to this issue.

There was a more serious problem, however. The constitutional amendment included a provision that established limits to both branches establishing their own wages. Given the chain of administrative linkages between top political wages like those of the congressmen and judges and the ordinary wages of the bureaucrats, the wages of the latter in the two branches depended on the former payments. Neither Congress nor the Judiciary accepted that the executive could establish limits to their remuneration.

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

Once the amendment was sent to Congress, Bresser Pereira had to continuously fight for the executive’s attention. There were always other projects that deserved priority like the social security or the president re-election constitutional amendments. 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 Pereira did not have enough political support to make it move faster. Exasperation, however, was not necessarily a good advisor. Ironically, the approval of the Provisional Measure that created social
organizations and executive agencies weakened Bresser Pereira’s position. Together with the water down of the tenure removal from the constitutional text, the provisional measure reinforced Jorge’s old perception that after all 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 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 Pereira’s place in the last 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” in the words of a key government minister. After all, at that stage the government, needed to approve anything to avoid demoralization in the eyes of the public. The executive gave up the remuneration limits and the final project was at last voted practically without dents. The government was so relaxed about its low political risk after so many changes that the amendment finally approved few weeks before the voting of the presidential re-election constitutional amendment.

9 Declaring victory and moving on

In the beginning of 1998, Bresser Pereira painfully realized that he had lost the battle within the government to implement the reforms. In the political front, he could not over-rule 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 distanced himself. In the implementation front, he did not have the instruments to persuade executive institutions to become executive agencies and social

---

39 See Later Event 11 on the diagram.
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. In his own turf, tensions between his team were flourishing in spite of his ascendance over his supporters.

Then, “the creator decided to destroy the creature”, in the words of a participant of the process. Bresser Pereira was frustrated by the difficulties faced within the government and conscious of the limits of the presidential support. The presidential re-election constitutional amendment was the only real issue at the agenda at that stage. Bresser had concluded that MARE could not perform its mission without the instruments – notably the budget - to implement the reform. Therefore, why not merging MARE and the Ministry of Planning, an idea immediately sponsored by Carvalho\textsuperscript{40}? After all, after the approval of the constitutional amendment the reform was just “a matter of implementation”, as Bresser Pereira wrote in a last newspaper article in1998 (FSP, 12/1998).

Bresser Pereira’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 convoked his reliable old colleague to take care of a sensitive issue. After Cardoso’s easy win at the elections´ first round, the president appointed him to the Ministry of Science and Technology, an area with which Bresser was presumably familiar and an appealing piloting sector to 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 Pereira’s deputy. The later was led by a Carvalho´s advisor. Both were located at the Ministry of Planning, although SAP had ministerial status.

\textsuperscript{40} See Later Event 3 on the diagram.
The new appointee for the Ministry of Planning, Budgeting and Management – Pedro Parente – was perceived by Carvalho and Bresser Pereira as a man capable of implementing the reforms. He was supposed to be the bridge between both the areas of planning and budgeting, in the one hand, and public management, in the other. A policy cycle had finished and the transition towards a new one had began.

10 The proposal shortcomings and its impacts over the policy process

A closer look to Bresser Pereira impressive struggle to negotiate and simultaneously implement the reform suggests some intriguing questions with respect to some aspects of the design of the proposal and the policy process. There were some elements of the proposal that demanded further clarification at the same time that support was desperately demanded. But how to conquer allies in the context of a vague proposal?

Some design inconsistencies were evident since the moment of the presentation of the plan. Bresser Pereira expected to overcome them on the way of its implementation but it did not happen. There was the problem of the forms of administration with respect to each one of the four sectors: a mix of bureaucratic and managerial for the strategic core and managerial to all three others. Presumably the expression “forms of administration” referred to contract agreements, management of public expenditure and personnel regime. If this was the case some problems could had been anticipated since the elaboration of the plan. First, there was no point in searching for a mix between bureaucratic and managerial forms of administration with respect to the strategic core. By all means there is no how avoid the bureaucratic form of public sector organization in these areas. Second, the sector of exclusive activities was designed to be subject to an “agencification” process. However there were doubts about the performance agreements between the parental ministries and the new organizational forms (executive agencies and social organizations) as well as with respect to the
personnel regime of these new agencies (statutory or private legislation). The problems derived from the combination of flexibility in terms of public expenditure and “rigidity” in terms of personnel regime were not anticipated at that time. There was not a consensus within the government about which careers should remain belonging to the statutory regime. Third, the same problems were expected to occur in the regulatory agencies that were created in order to replace previous regulatory arrangements dominated by state owned companies. The terms of relationships between the utilities ministries and the respective agencies were not properly clarified as well as the personnel regime that should be adopted in these regulatory agencies.

How these contradictions did not emerge at that time? Four reasons can be pointed out as tentative answers to this question: the managerial rhetoric adopted by Bresser Pereira, the lack of available solutions to the problems that were raised, the bias against bureaucrats power, and the anxiety to align the reform with the hegemonic macro-economic ideas of the government.

First, Bresser strong managerial rhetoric blinded the debate. Bresser adopted a straightforward positive tone to refer to all managerial aspects of the proposal and a negative tone to refer to the bureaucratic elements of the design. The adoption of bureaucratic mechanisms at the strategic core sounded like an inevitable concession, not a desirable outcome. There were explicit mentions of a progressive linearity between forms of administration from patrimonialism to managerialism with bureaucracy in an intermediate position (MARE, 1995: 20-21). The challenge was to build a managerial state, not a bureaucratic one. Moreover,

---

41 The evidence of the government divisions about what careers that should be considered typical of state activities was the project sent to the Congress at the sunset of the first mandate. Under the leadership of Carvalho – not Bresser Pereira - the executive presented a very restrictive definition in order to anticipate future concessions. The strategy revealed self-defeating and the project was not effectively considered. Later on the definition was expanded when the government formalised the creation of the careers of the management cycle, during the second mandate.

42 Bresser indeed took care of key bureaucratic public management policies like human resources. The public selection for strategic careers, the publishing of human resources data and the control over the pay-roll were examples of measures that demonstrated his concerns. But he did not
with respect to the strategic core MARE’s document did not mention any sector of the executive. The implicit presumption was that the executive was supposed to be hollowed and subject to an intense agencification process.

Second, many of the concepts proposed in the White Paper were new in Brazil, although clearly inspired by the British Next Steps initiative. Most actors involved in the process could not argue – pro and against – something that they could not really understand yet, in spite of Bresser Pereira team efforts to persuade the government about the advantages of the proposal. Therefore the reform became a matter of belief – or especially disbelief - not comprehension, in most of the governmental areas. The British example was the case at stake. They also faced initial difficulties. They also had to persuade reluctant actors. The precise answers were supposed to be generated along the process, i.e., through the interaction between the reform team and those who were in the institutions targeted to be re-structured. The phenomenon was particularly evident in the interaction between the Secretary of State Reform and the federal organizations scheduled to be transformed in social organizations and executive agencies. Not enough convincing arguments were provided to the candidate institutions to become pilot experiments. Besides, not even the economic area of the government had assimilated the advantages of a arms-length approach in a context of structural adjustment. Without the backup of the planning, budgeting, and treasury areas MARE did not have the instruments to support more than pilot initiatives.

Thirdly, Bresser Pereira adopted an ambiguous attitude towards the merit-based careers of the executive. On the one hand he resumed public selections for

---

emphasise those elements of his crusade, as if he were accelerating a delayed civil service reform in order to promote a managerial revolution.

43 The questions designed to diagnose the situation of the Brazilian public sector were almost a copy of those used in the UK (Jenkins, 1987), a natural consequence of the British technical co-operation established at that time. Kate Jenkins, the leader of the British team, had been involved directly in the implementation of the Next Steps initiative process.

44 Similar confusions also occurred in the process of creation of the regulatory agencies but these initiatives were out of MARE’s jurisdiction.
careers that should integrate the core executive. On the other hand he did not spend time and resources in organizing career plans a la traditional public administration proposals. Bresser knew the attempt to build a core merit based career on the direct administration in São Paulo during the 1970s in Getulio Vargas Foundation, the where he was a teacher. He had flirted with this idea when he worked in Montoro´s government in São Paulo during the 1980s. He had signed the decree that created the budgeting and finance careers when he was Ministry of Finance for a brief period – six months in 1987 - in Sarney´s government. But he did not want to build up a French style elitist approach to the state bureaucracy. Moreover, some of his key appointed official in MARE perceived this possibility as a risk to their own positions. Therefore, Bresser´s reformist team downgraded the importance of the new cadres hired through public selections in spite of using many of them as reform soldiers, but not officials, a factor that deprived the reform of an effective high profile army, mainly out of MARE. The most striking evidence of the ambiguities with respect to the core strategic careers was the proposal that detailed the public employment regime that was sent to the Congress in 1998. The project was piloted by the Chief of Staff Ministry, not by MARE. The proposal narrowed the definition of what careers belonged to the strategic core of the executive in such a way that the government was demoralized. In the original project only the juridical and police careers belonged to Executive nucleon. The government intention was to begin to negotiate in a strong position. It did not work. Another proposal was presented few months later in order to expand the concept and to incorporate other careers that belonged to the Forum de Carreiras Típicas de Estado (FCTE). In spite of the unsuccessful negotiations with MARE (CHEBIBUB, 2000) during the period 1995-1998 the FCTE played a relevant role

45 The story of the leading organisational candidates revealed that the internal motivations – not necessarily the positive aspects of MARE’s proposal - were decisive to their selection as pilot projects.
46 The failure of the negotiations between MARE and the careers that constituted the Forum of Typical State Careers was a symptom of this lack of understanding between high officials and career leaders (CHEBIBUB, 2000)
47 The indoctrination process at ENAP emphasised new public management ideas, but not these new career civil servants responsibilities as reform protagonists.
as a political interlocutor with the executive and with the legislative with respect to these issues.

Fourth, the Plan was carefully designed to align the reform principles with structural adjustment requirements. In fact, Bresser presented the proposal to a certain extent as a requirement to consolidate the macro-economic stabilisation process. MARE played a key role in controlling the payroll and cutting privileges and controversial benefits of public sector employees, measures that generated political credits to Bresser Pereira reform efforts to the eyes of the economic team. However, the proposal did not conquer the Planning and Finance support to any one of the delegation and arms-length managerial ideas contained in Bresser´s plan. Performance agreements, devolved budgets, personnel flexibility and similar concepts were perceived as extremely suspicious by an economic team that regarded itself as the macro-economic stabilization guardians. But their reserves were not explicit neither made clear when MARE turned its efforts to implementing the reform while the constitutional amendment was being negotiated in the Congress.

In short, the contradictions of Bresser Pereira appealing proposal were explored neither at the time it was launched nor during the first moments of the implementation process. Even Carvalho and Jorge opposition tended to be perceived as a personal problem – and to a good measure it was. No deeper internal critics were made at that time, a factor that contributed to the march of the reform on vulnerable basis. Table 2 summarizes the problems of proposal design.

**Design Problems of MARE´s proposal**

<table>
<thead>
<tr>
<th>Strategic Core</th>
<th>Proposal strategy</th>
<th>Public Expenditure and Personnel Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Limited to top areas of the Direct Administration, Bureaucratic solution but with emphasis on hollowing the</td>
<td></td>
</tr>
</tbody>
</table>

49 Projeto de Lei Complementar 248, de 1998 – Emenda Modificativa
<table>
<thead>
<tr>
<th>Exclusive Activities</th>
<th>Judiciary, Legislative and Public Ministry</th>
<th>Executive Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Key State Functions</td>
<td>Resumption of public selection to strategic careers like budgeting analysts, public managers, and finance and control analysts</td>
<td>Absence of an initial definition that these careers should be empowered and should belong to the core group of state careers &amp; Inadequate public employment proposal</td>
</tr>
<tr>
<td>- Executive Agencies</td>
<td>Agencification of areas like tax inspectors, social security, public safety and fostering &amp; data.</td>
<td>Resistance of parental ministries and mismatch between managerial and flexible financial arrangements and bureaucratic careers&lt;sup&gt;50&lt;/sup&gt;.</td>
</tr>
<tr>
<td>- Regulatory Agencies</td>
<td>Privatization and creation of regulatory agencies (out of MARE´s jurisdiction)</td>
<td>The agencies were supposed to work on managerial basis but without neither a bureaucratic personnel regime nor a clearly defined performance agreement with the parental ministries</td>
</tr>
<tr>
<td>Non-Exclusive Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Social Organizations</td>
<td>Publicization and creation of social organizations</td>
<td>Most of the public institutions scheduled to be transformed in social organizations resisted to the proposal because a) they were used to public funding and did not trust on the MARE financial backing to their needs and b) the personnel solution proposed was private, not bureaucratic and most of the public sector employees of those institutions did not want to loose their civil servant ´s</td>
</tr>
</tbody>
</table>

<sup>50</sup> The government did not make clear since the start that those traditionally insulated state careers were supposed to be included in the strategic group of state careers.
Production for the Market | Privatization (out of MARE’s jurisdiction) | Coherent solution although out of MARE’s control

The main consequence of these flaws was the practical impossibility of conquering allies within the executive during the process of implementing the reform. Typical evidences of those problems were the insignificant number of institutions eligible to become executive agencies and social organizations until 1998, the conflictive situation of the regulatory agencies and their parental ministries, and the proposal that defined the careers that should belong to the strategic core that was sent to the Congress at the end of the first mandate. In all three cases there was not a coherent approach within the executive in spite of the stable political environment.

The only important ally Bresser Pereira conquered at that time - already 1998 - was the Inter-American Development Bank who decided to support the reform with a loan in spite of the difficulties MARE had faced in selling the reform within the executive branch. Ironically it was too late for MARE, given the dynamic imposed by the combination of the re-election campaign and the international financial crisis. Even in this case there were some design problems because in spite of the loan orientation to strength the strategic core most of the main initiatives were programmed to other areas.

11 Conclusions

Bresser entrepreneurial role was so evident that the reform became personalized. He defined the problem in his own terms on the beginning of the issue career in a way that neutralized potential opposition at the predecisional stage. 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 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 to move Bresser Pereira from MARE and extinguished the ministry. The issue did not survive at the top of the government agenda without his champion, no matter his shortcomings. Implementation took place on other basis, although the legacy of Bresser Pereira was beyond dispute.

There was substantive policy change in two public management policy sub-domains: organizational arrangements as well as personnel legislation. Social organizations as well as executive agencies became part of Brazilian institutional landscape, although in exploratory basis. Three new forms of employment arrangements emerged from the reform: civil service, private contracts and public contracts. In spite of all defeats and concessions during the negotiation stage Bresser Pereira 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 Pereira restless actions and determination. The context played a role as well as the institutional features of the Brazilian political system. The political stream was stable over the period as well the economic domain. But it is hard to conceive 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 unequivocal, thanks especially to ENAP role in providing training on large scale on new concepts, techniques and tools.

The Brazilian case provided an interesting example of successful public entrepreneurship – even if partial - in a hostile environment. It suggests that more
attention should be paid to the role of individuals in policy processes in spite of the controversies of this kind of approach. Entrepreneurship is a matter of individual behavior as well as 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.
Bibliography

AMORIM NETO, Octavio and TAFNER, Paulo (2002) Governos de Coalizão e Mecanismos de Alarme de Incêndio no Controle Legislativo das Medidas Providsórias in Dados 45. 1. 5-38
BARZELAY at all (2001), London, London School of Economics (mimeo)
CLAD (1998) A New Public Management for Latin America, Caracas, CLAD
FOLHA DE SÃO PAULO, Dezembro 1998
Constitutional Amendment 19, 08/04/1998
LAMOUNIER, Bolivar (1996) A Democracia Brasileira no Limiar do Século XXI São Paulo, Fundação Konrad Adenauer
LIMONGI e FIGUEIREDO, Argelina (1997) Processo Decisório no Congresso e comportamento Parlamentar: Plano Collor e a Reforma da Previdência, Caxambu, ANPOCS (mimeo)
Portarias 1731/1732, 04/07/1997
Law 9527, 10/12/1997
Law 9625, 07/04/1998
Law 9637, 15/05/1998
Law 9648, 27/05/1998
LOWI, Theodore (1964) American Business, Public Policy, Case Studies and Political Theory World Politics, July 677-715
MARE (1997) Logic of Control, Brasília, MARE
PSDB (1994) Mãos a Obra, São Paulo, PSDB
Summary: The paper focuses on public management policy change in Brazil during the first mandate of President Cardoso. It adopts a narrative mode to explain the process of policy change. It is centered on the main events of the period 1995-1998 relevant to the episode. The events refer to actions and activities relevant to clarify 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 the model: politics, problem 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: the Minister of Administration and State Reform, Bresser Pereira. Institutional and non-institutional factors are mentioned when they help to understand and explain the episode. In the first case, topics like the relationship between the executive and the legislative, organizations’ mandates, constitutional provisions, and governmental dynamics are identified and linked to the central subject of the episode. In the second case topics like economic shocks, politics dynamics and personal idiosyncrasies are explored when they play a relevant role in the episode. The episode is narrated in a framework capable of allowing comparisons with other cases, according to a methodology designed specifically for this purpose. In doing so, the author expects to contribute to enriching a research agenda related with public management policy change in emerging countries that do not fit the usual cases of public management reforms of the international literature.
Personal data: Francisco Gaetani is a Brazilian Federal Civil Servant, member of the career of Public Managers, Master in Public Administration and Public Policy at London School of Economics and Political Science and a PhD candidate in the Government Department. He is also the current Director of Formation at the National School of Public Administration and a lecturer in the Economic Department of the Catholic University of Minas Gerais. His personal data for further contacts are: 00 55 061 4457028 (telephone), 00 55 061 445 7167 (fax), Escola Nacional de Administração Pública, SAIS Área 2-A, Brasília DF-Brasil 70619-900 (address) F.Gaetani@lse.ac.uk or Francisco.Gaetani@enap.gov.br