Decentralization of governmental action in Brazil in the 90s: challenges of the political-institutional environment

A descentralização da ação governamental no Brasil dos anos noventa: desafios do ambiente político-institucional

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Abstract. This article analyzes the particularities of the decentralization of the state’s action which took place in the Federative Republic of Brazil in the 1990s. It presents the circumstances surrounding the political-institutional government environment which constructed the scenario in the implementation of decentralized management in the healthcare sector. It identifies challenges in rebuilding federative relations arising from the field of macroeconomic management, the social policies management and the attempts to rearrange the public sector and public administration in institutional and management terms. The aim is to reflect on the situation of federal, state and municipal governments when implementing decentralizing processes. The conclusion is that decentralization in the country was operated in the midst of the strengthening of the nation as well as of convergence and tension between two distinct projects to reform the state: a liberalizing transnational economic project of state modernization, and a national project, socially built, to expand and universalize rights and to redemocratize the state. The federative innovations, in addition pressures and influences of those two projects, determined the intergovernmental relations in reorganizing the management of public policies.

Key words. Public policies, Government management, Federalism, Decentralization, State reform

Resumo. O artigo realiza aproximação às especificidades da descentralização da ação estatal ocorrida na República Federativa do Brasil nos anos noventa, apresentando condições do ambiente político-institucional governamental que compuseram o cenário da implementação da gestão descentralizada do setor saúde. Identifica desafios para a recomposição das relações federativas oriundos do campo da gestão macroeconômica, da gestão das políticas sociais e dos ensaios de rearranjo institucional-gerencial do setor público e da administração pública, visando à reflexão sobre a situação dos governos federal, estaduais e municipais na implementação dos processos descentralizadores. Conclui que a descentralização no país foi operada em meio ao fortalecimento da federação e às convergências e tensões entre dois projetos distintos para reformar o Estado: um projeto econômico transnacional, liberalizante, de modernização do Estado, e um projeto nacional, socialmente construído, de ampliação e universalização de direitos e de redemocratização do Estado. As inovações federativas, em adição a pressões e influências destes dois projetos condicionaram as relações intergovernamentais na reorganização da gestão das políticas públicas.

Palavras-chave. Políticas públicas, Gestão governamental, Federalismo, Descentralização, Reforma do Estado
In the last twenty years, the government environment of management and operation of national decentralizing strategies has become more complex due to the globalization phenomenon.

Analyzes of national decentralization experiences in different sectors of governmental action have made it clear that, in order to understand them, it is necessary to consider heterogeneous and contradictory impacts of global phenomena on national and local structures and procedures, in addition to motivations and processes which are different, specific and uneven in terms of intensity and direction.

Studies on federal experiences show that in states thus organized politically, the complexity of decentralizing processes is even greater, since it is necessary to balance regulation, responsibility and autonomy in shared financing, as well as in decentralized management of national policies by different levels and political-administrative subnational units.

This article examines dimensions of the Brazilian government decentralization experience which have influenced renovation in the state’s action in the 1990s decade. It aims to analyze, beyond the governmental dynamics of the healthcare sector, pressures and influences – external and internal – interacting in the macro-political management environment of the federal government which, while determining the federative relations, has provided a context for the intergovernmental negotiation processes when formulating and implementing national strategies.

To that end, it identifies challenges in rebuilding federative relations to the conduction of governmental action during that decade, arising from the field of macroeconomic management, the social policies management and the attempts to rearrange the public sector and public administration institutionally and in management terms.

From a bibliographic review of Economy and Political Science studies which approach the federative issue, it analyzes the national particularities of the decentralization of the state’s action which constructed the scenario in the implementation of decentralized management in actions and public healthcare services, in the context of establishing the Unified Health System (SUS).

Thus, it intends to make a contribution to understanding the situation of federal, state and municipal governments when implementing SUS and to contextualize the behavior and choices of government representatives of all three government spheres when directing health policies.

Government management in Brazil in the 90s: a transitions environment

It is a difficult and ambitious task to analyze the political-institutional environment of the Brazilian government in the 1990s decade, considering the context of economic globalization, the state’s re-democratization, the reorganization of the Brazilian federation and changes in the public institutions.

The complexity of the interactions involved is reflected in the variety of approaches by different scientific fields, in the thematic diversity of studies and in the diverging assessments on the results of such processes, frequently interconnected.

That task, however, is aided by information and analyses in our national scientific literature which greatly clarify the economic, political and institutional changes which marked the Brazilian state in the 1990s, allowing advances in the description and understanding of this complex situation.

Taking as a starting point the contribution made by Castro and Carvalho, it can be said that the 1990s decade, from the government management point of view, was a transition decade of which the broadening of the political process and the management of macroeconomic policies were central dimensions.

The Federal Constitution of 1988 established a detailed documentation of citizenship rights and an important federative reorganization, expanding the state’s obligations and introducing the need for change in the pattern of relations between the government spheres as well as between governments and society.

Such changes included, with respect to the political-institutional environment of governmental action:

i) the expansion of democracy, in the context of restoring the democratic state ruled by the law and strengthening of the local power;

ii) the adoption of a standard of social protection based on new law and social justice concepts, focusing on universalizing policies;

iii) the expansion of the Brazilian federation by incorporating municipalities as effective members detaining political-administrative autonomy equal to that of the national, state and federal district levels;

iv) political and financial decentralization of state management through the devolution of public resources and increasing the level of political and fiscal autonomy of subnational units;

v) expanding the sub national governments’ responsibilities, especially within the management
of social policies, by transferring duties from national to state and municipal levels\textsuperscript{7,20,21}; and:

vi) the institution of new ways to exercise public control over the Executive which are derived from relieving political tension; the Judiciary's strengthening and increase in autonomy; the creation of the Public Attorney's Office and the inclusion of social participation in the processes of government deliberation\textsuperscript{8,12}.

In addition to the transitions imposed by such an expansion of the political process, there were others derived from the inclusion in the national agenda of items in the international economic agenda of state modernization and reform. This has been characterized as a "late adaptation" of the Brazilian government to the international context of macroeconomic adjustment and hegemony of liberalizing policies\textsuperscript{8,22}.

The rearrangements in the Brazilian state resulting from those different transformation forces have not yet been sufficiently evaluated, and further more conclusive studies and research are awaited. One could say, however, that the reorganization of government action promoted by such changes has faced significant difficulties in public institutions.

The implementation of the constitutional project of universalizing rights and of strengthening subnational governments encountered a centralized institutional structure, both administratively and financially, emerging from a long period of military dictatorship in which the federal government concentrated political and coercive resources toward a centralized planning of public interventions. This sacrificed weakening the political and financial power of subnational levels of government and society.

The erosion of the developmentist pattern of state intervention in the economy and in society, running its course since the 80s and intensified by the new liberalizing guidelines for the economic policy, shook the corporate structure of power and the traditional activity of the state in the economy and public financing. This destabilized political and financial relations between the federal government and state governments, economic and social agents\textsuperscript{8, 23}.

Thus, elected leaders were faced with the task of fulfilling the new constitutional obligations, renovating federal relations, redefining relations between the state, economy and society and adjusting public finances. Such tasks were executed in the midst of an important readaptation of political and economical interests. The democratic institution rebelled against authoritarian and clientelist procedures and he society, in constant reorganization, presented multiple and diverse demands.

Amongst the demands which created pressure for change in public management, the following can be highlighted:

i) inclusion of significant parts of the population as beneficiaries of public actions and services;

ii) incorporation of approximately 5,000 municipalities to the political debate and to the operation of public policies in a representative way;

iii) intensification of public control over governments and local services, and especially over decentralized social policies;

iv) expansion and broadening of spaces for social participation in state management; and

v) demands for more integrity of governmental conduct through the increasingly more active presence of judges, public attorneys and auditors of accounting courts in following public activities and interventions.

Those demands required government heads of all three political-administrative levels in the Brazilian federation to provide innovative and appropriate institutional and management answers. The last two caused spending to rise in a scenario of strong pressure to reduce expenses and costs with government programs, in addition to repositioning when forming and implementing national and local public policies.

The federative relations were restructured in this setting of multidimensional challenges for the reorganization of government action. This required the federal, state and municipal governments find a new position in terms of formulation, negotiation and implementation of public policies.

Challenges
in the macroeconomic management field

In the macroeconomic management field, one can say that the main challenges to the organization of decentralized management of public policies arose from the fact that fiscal and taxing decentralization, approved by the 1988 Constitution, took place in a context of macroeconomic adjustment.

According to Afonso and Lobo\textsuperscript{16}, the fiscal-financial scenario, favorable to state and municipal finances since the end of the 1970s, was intensified by strong political mobilization for the country's redemocratization. The fiscal decentralization was consolidated by 1995. The states and municipalities collected 34% of the global tax burden and spent 44% of it, after intergovernmental transfers. Of all federal funds passed on, 65% were spent
with a high level of autonomy by subnational governments.

The municipalities' share in the division of the national tax revenue, according to the course of available revenue, suffered an increase from 10% to 17% in the period of 1965-1995 - making them the most favored by the Constitution. The states lost a quarter of what they used to absorb in the tax reform of the 1960's, receiving approximately 27% of the total taxes in 1995.

As for national public spending, in the same year, of the total consolidated non-financial government expenses in the three levels, the federal government was responsible for 54%, the state governments for 30% and municipal governments for 16%, comparatively the lowest participation by the federal government and most relevant by municipal governments in the post-war period.

Furthermore, according to Serra and Afonso, in 1998 the subnational governments were accountable for 62% of the payroll of active civil servants, for 71% of other costings and for 78% of the fixed investments.

In the first half of the 1990s, thus, one could observe the rise in participation rates of subnational governments in direct generation and allocation of tax revenue, those governments' greater participation in expenses with personnel, assets and services and greater autonomy in managing their budgets in relation to the central government.

According to those authors, such rates placed the Brazilian federation as one of the more advanced in terms of local autonomy amongst the developing countries.

In the domestic sphere, however, the adverse conditions of political, economic and social crisis created a demand for an effective federal rearrangement of public finances and the establishment of decentralized management of public policies.

Among the problems identified, Afonso and Lobo highlight as obstacles to the local generation of revenue and efficiency and efficacy in the allocation of public funds: i) lack of solidity of the foundations of the taxing power attributed to the subnational governments; ii) the weakness of wealth and economic dynamics in different regions and localities; iii) insufficient technical qualifications and cultural resistance to the collection of taxes; iv) the public administration's institutional weakness; and v) the need to implement management information systems and to produce adequate monitoring and assessment tools.

Analysis also states that fiscal decentralization was not planned and organized in a way which would reconcile the redistribution of revenue and division of charges. This would be a permanent threat to economic efficiency and to the quality of public services. Additionally, the remaining great differences in tax burdens between the more developed states and municipalities in the federation consolidated different levels of dependence of subnational governments on federal financial transfers or on services offered in another jurisdiction in order to provide effectively for the local needs.

Macroeconomic adjustment policies made this scenario become more complex. The state's priorities in the economic agenda followed the international guideline to promote fiscal balance and create an economic environment of stable rules through consistent policies to control inflation, reducing government borrowing and floating currency, all of which would ensure foreign and domestic investments necessary for growth.

The fiscal-financial issues acquired special importance during the Fernando Henrique Cardoso administration. According to Serra and Afonso, it was about combining economic stability, a positive external image, central control of public borrowing, public borrowing of subnational governments and a balance in distributing rights and duties amongst the federal units through measures to restrict the autonomous political and financial behavior of governors and mayors.

Thus, the goal was to limit the habit of passing on the subnational governments' costs and debt to the federal government, to counter the consequences of abuse perpetrated by governors while using state banks and strategic state-owned companies during the democratic transition, to modify the non-cooperative pattern of competition between state governments, as well as to restrict the states' interference in foreign trade.

Several measures were proposed. The federal government sent the National Congress proposals for tax reforms; eliminated state taxing on primary and commodities and work in process exports; played a part in the privatization of state banks; created successive refinancing of domestic and foreign debt of the states and large municipalities; suspended the issuing of new state or municipal bond debt; induced the denationalization of state companies, remodeling economic sectors; and encouraged the decentralization of state responsibilities.

Additionally, it negotiated and obtained approval in the National Congress the bill for the Fiscal Responsibility Act (Supplementary Law number 101, May 4th, 2000), which sets forth a maximum limit for debt and spending on personnel on national, state and municipal levels; demanded the formulation of tri-annual goals; forbade new state...
and municipal debt rollover by the central government; and established punishments for those responsible for fraud.

Within the scope of the federal government, in order to reach elevated and increasing fiscal surpluses in a decentralized fiscal and taxing system, it resorted to increasing tax rates, to untying 20% of revenue of constitutional funds tied to the states and municipalities and to the excessive expansion of social contributions to the federal revenue. The restrictions imposed by the adjustment and fiscal reorganization measures, in addition to those for containing the predatory federalism performed in the 80s, may have contributed to controlling abusive and irrational governmental spending from the technical point of view – something that should be better assessed, as well as to increase the frequency of federal fund transfers, integral to the stability of political negotiation processes between federation units.

However, they also contributed to the deterioration of the quality of taxing and limited the goals of strengthening the federation, above all the autonomy of subnational governments in public policies management, generating permanent intergovernmental conflicts. It can also be said that financial, institutional and administrative changes led to political and operational difficulties which contributed to the state governments’ immobility in performing their new responsibilities – which, for some, would have resulted in too many responsibilities being transferred to the municipal governments.

As to the formulation and implementation of policies operated in a decentralized way, there is great consensus in the literature regarding the effects of macroeconomic policy which affected social policies negatively, as summarized by Fagnani:

i) reduction in fiscal revenues due to economic stagnation;

ii) intensification of domestic borrowing of states and municipalities, caused by the high interest monetary policy;

iii) recentralization of funds in the federal sphere through ways adopted by the federal government to rearrange its revenue;

iv) subtracting parts of state revenue in order to stimulate exporting;

v) heavy charges imposed on subnational units for the consolidation and refinancing of state borrowing; and

vi) disorganization of state and municipal public finances in the face of contradictory strategies of the central government in the fields of economic management and the social policies management.

In addition to those effects, Arretche also points out that the rigidity of the federal budget caused by the fact that there was little space for introducing new spending items made it difficult to coordinate national policies.

Thus, in spite of the expansion of public revenue, growth in tax collection and, in a smaller scale, growth in current expenses during the decade, it can be said that the difficulties presented, aggravated by the strong opposing pressure on the economy and by cuts in government expenses in the financial circuit, compromised the capacity for public investment and control over government spending, reaching the whole public administration.

In summary, it seems fair to conclude within this setting that the decentralization of governmental action in the 1990s decade took place in a contradictory economic environment including:

i) increase in the global tax burden;

ii) restriction of the government’s ability to mobilize public funds;

iii) a relative autonomy of subnational governments in direct generation and allocation of tax funds;

iv) the federal government’s control over subnational public finances;

v) intensification of public borrowing;

vi) limited capacity for public investment and controlling government spending in all three government levels; and

vii) institutional weakness of the public administration.

Most studies show that municipal governments, in spite of the difficulties, were the least adversely affected because they benefitted from an increase in the amount of equity.

The challenges faced by the municipal level of government were related to consequences of the effective decentralization of power and charges which took place during that decade and to the lack of a national urban policy. The following add to the low and limited capacity for tax collection of the new federative units: the precarious bureaucratic structure; municipalization without social participation of relations between local governments and between these and state governments; intense metropolization; progressive omission of the metropolitan management states; and persistence of inequities of all kinds in the horizontal axis.

Finally, it is worth noting an important aspect of the federal government’s performance which seems to have challenged the state’s conduction of decentralizing processes. It is the concentration of power and bureaucratic insulation established in
the search for the ideals of fiscal balance and stable rules, in the pragmatic context of the national economy's management.

According to Castro and Carvalho, this tendency was manifested diversely, but incessantly, in the several government coalitions of the decade. In the Collor administration, such concentration and insulation were expressed by the President's centralizing, autocratic and non-adherent style, him being against negotiations with the National Congress and political parties. In the Itamar Franco administration, given the setting of the Real Plan's implementation, during the establishment of a decisive administrative structure for the macroeconomic management which isolated the monetary and exchange policies from political negotiation, even though, unlike the previous administration, they did maintain non-monetary economic reforms open to competitive political procedures. The Fernando Henrique Cardoso administration proceeded with the insulation of key areas of the administration process of macroeconomic policy in spite of the expansion of political negotiation of reforms and observance to new brakes and counterweights to the Executive.

Such forms of concentration of power and attempts to reach political isolation from bureaucracy represented innovations in the federal government's previous political use of the macroeconomic administration, restricting established behaviors by social and economic groups.

The configuration taken up by the management of macroeconomic policies in the decade and the technocratic/pragmatic view which began to direct decisions in that field contributed to imposing important limits to an efficient government decentralization process, particularly of social areas, enlisted below:

i) the ministries' operational capacities were subject to the nuclear economic team's decisions;

ii) political and financial instability in the implementation of decentralizing strategies;

iii) permanent uncertainty as to the sustainability of changes proposed by the federal government;

iv) intergovernmental political conflicts subject to the management of public borrowing;

v) increase in complexity of sector and intergovernmental negotiation processes in coordinating public policies;

vi) increase in tension between levels of government and subnational units.

The effects of such conditions in rebuilding federal relations posed relevant difficulties for defining jointly and implementing institutional changes necessary to execute the constitutional project of a protective, democratic and decentralized Federative State.

Challenges in the field of social policies management

The circumstances in the political-institutional setting of governmental action in the 1990s were even more challenging to the management of social policies.

Studies on the social policies of the decade show that the strict rules established for rectifying public finances, the liberalizing guidelines for modernizing the state, the rearrangement of the social protection model and the distortions in the implementation of social security did not reduce the scope of the state's interference in the social area. The changes expanded the range of programs and reached new levels of the population thus far unassisted.

The innovations affected the social policies' concepts, financing, organization, modus operandi and management style within initiatives related to decentralization, the establishment of new parameters of fund allocation, redefining the public/private relationship in providing goods and services, the expansion and multiplication of society's participation mechanisms and reinforcing state regulation.

Even points of view critical of the social issue's segmentation, the division of policies operated, lack of a combining society project, the separation of economy and politics in the Fernando Henrique Cardoso administration all demonstrate the diversity reached in the social field and acknowledge advances, in formal terms, as to the number and range of action of the set of government programs.

Positive aspects can be identified in healthcare, education and social care when it comes to restructuring government management and experimenting with new institutions, especially regarding the municipalization of social services, e.g.: institutionalization of the state and municipal governments' participation in formulating national policies; inclusion of new players in the decision-making process through sector committees and initiatives to create intermunicipal consortiums, participatory budgeting and demand-driven programs.

The scientific literature also records proposals for active policies toward generating work and income and micro financing – of a compensatory nature, for professional qualification or toward deregulation of the labor market, and in the field of urban...
policies, sanitation and housing programs in order to address most critical situations of poverty.

Finally, it is worth mentioning the greater possibilities of following and analyzing policies and programs through greater access to official data which are updated and made available by governmental information systems.

Thus, it can be said that the different government levels and federative units experienced countless innovations in dealing with old and new problems which arose and/or accumulated in the various government sectors during the decade.

In our perspective, which aims to indentify challenges in the field of social policies to the intergovernmental relations when organizing decentralized management of public policies, it is important to highlight that the changes demanded great effort in terms of political, technical and operational learning by the ruling elites and technical teams of federal, state and municipal governments during their implementation, in addition to taxing and fiscal efforts necessary to finance such innovations.

The challenges in standardizing and operating the proposed changes, whether this involved reorganizing political relations between the federative units and between the government and society or coming up with solutions which were both technically consistent and compatible with the new demands created by a democratic governmental management, required: i) negotiating constitutional amendments and supplementary laws; ii) redistributive policies and, in that sense, defining allocation criteria to finance decentralized management, negotiation of intergovernmental financial transfer conditions and monitoring their execution in order to achieve pre-established goals; iii) joint and integrated management of operations between different government levels and federative units; and iv) management of pressures from the various economic, political and social interests under reorganization.

Additionally, governments of all three levels had to deal with permanent tension between public governmental authorities of economic and social areas when defining the destination of budget funds and the financing of decentralized management regarding the offer of public services, as previously mentioned.

The impact of those challenges on reorganizing federative relations can be better understood if one considers that, regardless of their success or failure, the social development-oriented programs pushed important boundaries regarding the national and local capacity to manage institutional changes.

One could say that the reorganization of the social area in the 1990s was:

i) conducted nationally by different and confusing pro-government coalitions, pressured by internal and external reform movements which were difficult to reconcile;

ii) conducted by indebted state governments, with their scope for action restricted by high fiscal repression and decrease in their investment capacity;

iii) conducted by municipal governments which, although favored by a vertical distribution of funds and with greater investment capacity, were still gathering power and reorganizing to perform their new duties; and

iv) under strong pressure from the society within social representation committees' activities and other mechanisms of public control from the Executive over different government sectors.

Considering what has been described, one could say that there was a combination between the extremely challenging macroeconomic circumstances to the state's conduction of decentralization of its actions in Brazil in the 1990s and difficulties arising from the political-operational range, variety and complexity of social reforms proposed.

Challenges in the institutional and management rearrangement of the public sector

In order to conclude this analysis of the political-institutional setting which characterized the government's decentralization scenario in the 1990s, it is worth making a brief reference to some innovations regarding the public sector's institutional re-adjustment and the management reform of the public administration, which had great impact on the state's assets and on the administrative model, in addition to demanding considerable management efforts.

Such innovations were proposed in the light of the National Destatization Program (PND), launched in 1990 in the beginning of the Collor administration (1990-1992), and renovated in both of Fernando Henrique Cardoso's terms office (1995-2002); of the Voluntary Retirement Program (PDV); and of the State Reform Plan, developed by the Ministry of Federal Administration and State Reform (MARE), both during the Fernando Henrique administration.

Launched in April 1990, the PND's purpose was to reorganize the state's strategic position in the economy by transferring to the private sector state
activities which were not considered integral to the execution of national priorities. The goal was to, on the one hand, rectify public sector’s finances and reduce public borrowing and, on the other hand, economically restructure the private sector, especially to modernize the country’s industrial park infrastructure, which was necessary to increase its competitiveness.

During the period of 1991-2001 state-owned companies of several sectors were transferred to the private sector – steelmaking, petrochemical, fertilizing, mining, telecommunications, railway transportation, baking, roads and ports, achieving results which amounted to US$103.3 billion, including those privatized within the states and concessions companies in the telecommunications area.

The privatization of state companies and banks was intensified from 1997 with the Fernando Henrique Cardoso’s administration determination to act upon the states’ financial crises and to rupture structural mechanisms of state public borrowing production, as mentioned previously.

Controversially, some authors believe that although the financial impact of the destatization on public borrowing was restricted, in the sense that it was absorbed or neutralized in the financial circuit by the current monetary policy, the privatization which took place not only interrupted spending that would lead to increase in debt, but it also had a positive effect of disorganizing clientelist networks historically established between the state’s companies, the politicians and private companies.

The Voluntary Retirement Program (PDV), launched in 1997 and aiming to allow better allocation of human resources, promote the Administration’s modernization and help balance public finances, showed poor results in its three editions. 7,800 civil servants adhered to the program in 1996, 5,700 in 1999 and 1,418 in 2000.

It is believed that this reduction in active personnel in the period of 1995-2000 could be credited to the restriction in the number of civil servants hired through civil service exams and to the rise of voluntary retirements rather than to the program itself. Furthermore, the privatization process of state-owned and government controlled companies contributed to decreasing the number of civil servants in the Executive by transferring active employment relationships from the public administration to the private sector – data points to a reduction of 14 thousand employees subject to the Consolidation of Labor Laws who were hired by federal government controlled companies in the period of 1991/2003.

The federal government also stimulated voluntary retirement in the states through financial support provided by Caixa Econômica Federal (Federal Savings Bank) to state programs. In this scenario, the initiatives resulted in a more significant number of resignations. The states’ PDVs let go 100 thousand employees, representing a reduction of 4.5% in expenses with active personnel.

Other limitations to the privatization and voluntary retirement processes coordinated by the federal government had a negative impact on reorganizing governmental actions in the 1990s, such as lack of support to the creation of new state institutions for economic regulation and to institutional empowerment in the subnational spheres for reorganizing and qualifying new and expansive decentralized managing functions - which might have compromised, according to Abrucio, the following stage of the state reform.

The public administration’s situation in that decade proves to be even more complex from the financial and operational sustainability point of view if one considers the tendency of increase in inactive personnel’s participation in the proportion active/inactive in conjunction with: decreasing number of civil servants hired through exams; the public organizations’ tendency to fulfill personnel needs by resorting to external agents such as cooperatives, international organizations, among others; and the successive conflicts between the Executive and the Public Attorneys’ Office as to the legality of such types of labor contracts and mediation.

As for the State Reform Plan, although its proposals for redesigning and redimensioning the state apparatus (strategic groups, the state’s exclusive activities, non-exclusive services and production of goods and services to the market, flexibilization of the labor contract, management contracts) were widely known and discussed among the Ministries, its implementation was pending.

It is believed that the MARE’s initiative to promote an administrative reform was unsuccessful in the 1990s due to the low level of consensus as to its effects on the provision of scarce goods and on the government’s capacity to regulate the provision of utilities and services managed by third parties; because it was ill received by the governmental bureaucracy and misunderstood by the public opinion.

Rezende believes that the administrative reform designed by the MARE reproduced the sequential failure phenomenon, internationally identified in contemporary experiences of management reforms, which consists in the interruption, discon-
tinuity or reorganization of reforms without any improvement in bureaucratic systems' performance. Such a problem consists of implementation limits, generally associated to what the author names "control problem".

The "control problem" results from the contradiction which emerges in the political coordination of reform goals of fiscal adjustment and institutional change, especially in decentralization contexts, where the tension between control and delegation is stronger. It is situated in a common ground between the simultaneous initiatives for the expansion of control mechanisms over the bureaucratic apparatus, aiming at reducing costs and elevating economic efficiency, and flexibilizing such mechanisms. The purpose is to ensure more autonomy, authority and responsibility to the decentralized entities. According to Rezende, the "control problem" would be at the center of the implementation difficulties for the administrative reform proposed in 1995.

Nevertheless, it can be said that the debate over the Reform Plan, as well as some implemented activities, left some extremely relevant issues for the quality of public management as a legacy for the years 2000, according to the conclusion of a seminar conducted by MARE in 2002: i) necessary organization of budget and financial information of the national and subnational government levels for a sensible fiscal management; ii) the importance of local innovation in order to strengthen citizenship; iii) the need to challenge the lack of intersector political coordination in the management of public policies; iv) increased importance of accountability; and vi) democratization of governmental information through electronic government initiatives.

Final thoughts

The analysis of national particularities in the setting of the political-institutional governmental action in Brazil in the 1990s, carried out in this article in the light of national literature which addresses the changes that took place in the Brazilian federative state, allows for the consideration that government decentralization in the country was operated in the midst of convergence and tension between two distinct state reform projects, in permanent interaction in the government management spaces which can be thus identified: a liberalizing transnational economic project of state modernization, and a national project, socially built, to expand and universalize citizenship rights and to redemocratize the state.

Such projects put pressure on the public agenda for political and institutional transformations in the pattern of developmentist government intervention, new federative relations, new relations between the government, the market and the society, and in the formulation of public policies. The first project involved mainly development in the field of macroeconomic policies management; and in the second in the field of social policies management.

A review of those two projects' propositions for governmental decentralization in the 1990s allows stating that they converged with regard to valuing democracy, efficiency, transparency and public control in reorganizing state interventions. They also converged in stimulating decentralization/municipalization in offering social services. Tensions arose regarding the roles and responsibilities of the government, the size of the public sector and control over public spending.

The context analyzed influenced the decentralization of governmental action in healthcare and the national execution of sector policies in that decade - which will be the subject matter of a specific article.

References


