BUILDING POLICY CAPACITY: ECONOMIC AND SOCIAL POLICIES IN BRAZIL (1988/2016)

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Introduction:

• Debate on state capacity for public policies reemerges over recent decades

• Studying state capacity is frequently justified by its practical importance in economic development and lasting social change

• However, despite extensive literature, there are still misunderstandings about the aspects that make up and determine this concept, which means different things to different scholars (Cingolani, 2013; Jessop, 2001; Koga et al.; 2018).

• As a common-sense expression, the concept is marked by intense polysemy and definitions that are too broad or too narrow, making problematic its conceptualization and operationalization for the analysis of national governments (Cingolani, 2013; Kocher; 2010; Enriquez, Centeno, 2012; Lindvall, Teorell, 2016; Gomide, Pereira, Machado, 2017; Gomide et al, 2018).
State capacity to elaborate and implement public policies:

- Capacity as a form of power - Lindvall, Teorell (2016), linked to ideological priorities (Enriquez, Centeno, 2012)

- Although state capacity cannot be observed or measured, the use of resources expresses priorities established by each government that commands the state apparatus
  - Input capacity: human and financial resources, and legal mandate (Saguin et al, 2018)
  - Financial, human and information resources (Lindvall, Teorell, 2016)

- Not a fixed feature, but contingent on the correlation of political forces at a given historical-conjunctural moment and on the political and economic context in which public policies are inserted

- Political prominence of different groups, as well as their political agenda, influenced the mobilization of resources that amplify or reduce the potential state capacity to elaborate and implement different public policies
How have different economic contexts and governmental political-ideological orientations influenced policy capacity?

We analyze the recent process of building policy capacity within the Brazilian State

- 3 cases chosen express the priority of these areas in the agenda of each government:
  - FHC’s government (1995-2002): the State’s financial dimension as credibility guarantor for investors who buy public debt securities - National Treasury Secretariat as a case study, a department created within the Ministry of Finance in the context of the 1980s fiscal crisis;
  - PT’s governments (2003-2016): social policies to fight poverty and to improve housing conditions among the urban poor - the National Secretary of Citizenship Income, within the Ministry of Social Development, and the National Secretariat of Housing, within the Ministry of Cities, both created at Lula’s government
The progressive construction of state capacity in the fiscal area: National Treasury Secretariat (STN)

Two interconnected processes explain the creation of STN (Loureiro, Calabrez, 2017):

1. Need for centralized control over the federal budget, including the prerogatives of releasing and contingent resources

2. Increasing importance of public debt, both as a form of state financing and its interdependence with macroeconomic variables
The progressive construction of state capacity in the fiscal area: National Treasury Secretariat (STN)

- Increased importance of public debt, spanning all governments since this time, in the context of the country’s integration in the globalized economy, has raised STN’s relevance within the institutional structure of the Brazilian State:
  - Functional specialization of STN’s internal bodies, complexity of its activities and even greater appreciation of its professional staff

Table 1: Applicants/candidates per place in STN’s examinations (IPEA, 2009)

<table>
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<tr>
<th>Year</th>
<th>Proportion applicants/candidates per place</th>
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<tbody>
<tr>
<td>2002</td>
<td>37</td>
</tr>
<tr>
<td>2005</td>
<td>82</td>
</tr>
<tr>
<td>2008</td>
<td>107</td>
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The intermittent process of building state capacity in housing policies

- 1986 – 2002: a process of institutional instability and fragmentation of federal housing policies began, given the lack of resources and the reduced priority in the presidential agenda.
- 2003: change in the correlation of forces between political actors + creation of Ministry of Cities.
- 2003–2006 (Lula’s first mandate): in a context of budgetary and financial constraints, MCIDADES focused on its institutional structuring and on the creation of organizational-operational capacity (Wu et al, 2015).
  - Double meaning: MCidades loses leadership and agenda power, but increases its organizational capacity, leveraging the legitimacy of its programs and the availability of human and financial resources.
The intermittent process of building state capacity in housing policies
Building capacity in social assistance policies: the case of MDS

- This policy trajectory has also been marked by institutional and programmatic intermittency.

- FHC’s government: launched new initiatives to reduce poverty, which were characterized by institutional, programmatic and informational fragmentation and by operational challenges: income transfer programs were launched by various ministries with different access doors and information and benefits systems, in a scenario of difficult inter-institutional coordination.

- 2004: change with creation of MDS - integration of three areas with themes that were highly esteemed by the president and his political party and had distinct programs and institutions: Food and Nutrition Security, Social Assistance and Income Transfer.
The intermittent process of building state capacity in housing policies

MDS’s launching and gradual consolidation helped to enhance the political-systemic capacity of these policies, with impacts on the analytical and operational capacities of this new institution, and on its human, financial and informational resources.

CHART 5- Number of Families Registered at CadÚnico (in millions)
Results

Concept allows to concretely capture **how power relations at a given historical-conjunctural moment**, guaranteed by support coalitions and neutralization of actors with veto power, **manifest themselves within state apparatus**, impacting on:

- allocation of financial, human and informational resources that underpin the achievement of the prioritized objectives
- on the organization and training of the bureaucratic apparatus of government, creating institutions or strengthening existing ones that assume a leading role in the execution of government priority policies

Public policy areas matter?

Future government?

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<th>STN (Finance)</th>
<th>SNH (Cities) and SENARC (Social Development)</th>
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<td>Public debit management: Fundamental function in the stage of globalized capitalism. Brazilian State faced the need to be structured internally to meet the requirements of investors in the financial market</td>
<td>Social policies: more contingent and dependent character in relation to the dominant political forces in each government</td>
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<td>Continuity, remaining relevant in governments with different political-ideological orientations</td>
<td>Resources mobilized to realize the potential of state capacity in these areas suffer important oscillations. Recent dismantling in social policy areas is additional evidence. Cases suggest that different social policy institutions present diverse degrees of resilience to keep unchanged their policy capacity when faced with major changes</td>
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