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Economic research institutions, policy discourse, and channels of influence in Brazil (1995 – 2005)

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Economic research institutions, policy discourse, and channels of influence in Brazil (1995 – 2005)

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All errors are my own.

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Abstract

Economic research institutions, policy discourse, and channels of influence in Brazil (1995 – 2005)

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In this thesis, I study the economic policy models supported by influential academic economists in Brazil over the eleven years following the implementation of the Plano Real. I focus on two economic research institutions: the Economics Department at the Pontifícia Universidade Católica do Rio de Janeiro (PUC-Rio) and the Institute of Applied Economic Research (IPEA). I first show how economists affiliated with these institutions were in a position to influence policy due to their prestige, academic power, and strong formal and informal ties to the policymaking bureaucracy. I then analyze working papers published by PUC-Rio and IPEA from 1995-2005 and show that the institutions produce three distinct, coherent economic policy discourses. I conclude by showing parallels between economic policy outcomes in Brazil during the period and the economic policy ideas found in the working papers.

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Chapter 1: Introduction

1.1 Scope of the Argument

Since the beginning of its consolidation in the 1930s, the discipline of economics, especially in its most orthodox formulations, has presented itself as a positive science searching for value-neutral truths about the function of a market economy (Mirowski 1998, Kirchgässner 2008, Blaug 1994). However, both the way economics is practiced internally within the discipline and how it is applied to policy issues outside of the academy demonstrate distinctly normative epistemological conceptions of its subjects (Foucault 2002; Zein-Elabdin and Charusheela 2004) and ideological political ideas (Wiles 1979, Heilbroner 1988). Within its practices are implicit and explicit economic policy models that prescribe the type and degree of involvement of the state in the economy (Jacobsen 1995; Faria 2003).

The central objective of this thesis is to investigate the economic policy models supported by influential academic economists in Brazil. In this sense, it is principally a detailed history of approximately a decade of economic research output by several groups of Brazilian economists. These groups were specifically chosen for their influence on the profession of economics within the country and their specific attachments, both formal and informal, to the policymaking apparatus in the federal government.

Historically, the practice of economics and associated policy models have had distinct influences on the conceptualization and formulation of economic policy. In Brazil, early 20th century debates between non-economist economic liberal thinkers and industrialists laid the precepts for an increasingly professional class of economists who have dominated the policymaking bureaucracy since World War II. Those economists conceptualized and formulated the various types of state-led industrial policies that were the norm until the end of the 1970s. In the decade and a half that followed, in the context of high inflation, high debt, low growth, and worsening social indicators, Brazil began to move towards free market-oriented economic policies. In 1994, the passage of the Plano Real ended high inflation while at the same time consolidated and deepened market reform. What followed was the election and reelection of Plano Real Finance Minister Fernando Henrique Cardoso in 1994 and 1998, respectively. He was succeeded by Luis Ignacio "Lula" da Silva in 2003. Both were former economic leftists[1] who, in spite of their backgrounds, continued the process of market liberalization while restricting the role of the state in the economy.

Where did the model for these last eleven years of policy come from? What is this model's position in the context of the domestic and international discourse on economic development and market reform? Were there groups of economists that supported these positions? Were these groups in a position to influence policy outcomes? To answer these questions I use the working paper collections of two academically and politically powerful economic research institutions in Brazil to investigate the economic knowledge they produced during this period. The first is the Economics Department at the Pontifícia Universidade Católica do Rio de Janeiro (PUC-Rio), a small but prestigious collection of academics which has had strong informal connections to the economic policy apparatus in the Brazilian government since the 1980s. The second is the Institute of Applied Economic Research (Instituto de Pesquisa Econômica Aplicada – IPEA), a large body of academics and technicians formally connected to the Brazilian Ministry of Planning (MPO) and with informal ties to key economic policymaking positions.

[1] Cardoso was a notable Marxist sociologist in the 1960s and 1970s; Lula, a former labor organizer.

1.2 STRUCTURE OF THE THESIS

This thesis is structured as follows: in the remaining parts of Chapter 1, I first discuss the relevant concepts and literature dealing with economic discourse and policy in Brazil. I then outline my method for investigating that relationship.

In Chapter 2, I give an brief overview of mainstream economic theory and then outline its relationship to development economics and associated policy models in the post-war period and the policy debate in the wake of the 1980s debt crisis. I then describe the various economic discourses that were prevalent in Brazil, focusing on the research institutions where these ideas were formulated and their relationship to the policymaking apparatus.

In Chapter 3, I first explore the epistemological means through which the economic knowledge produced by PUC-Rio and IPEA becomes part of the larger body of "Brazilian economic thought" and exerts its role on broad economic policy discourse. I then chart the specific relationships both institutions have with the governmental institutions that are in charge of creating and implementing economic policy.

Chapters 4-8 analyze the economic knowledge produced by PUC-Rio and two regional sections of IPEA from 1995-2005 by doing a comprehensive reading of the working papers produced by each institution. In both cases, I focus on the implicit and explicit policy models that come from technical economic documents.

The final chapter concludes by comparing the economic policy discourses present at the PUC-Rio and IPEA with the actual policies implemented by the Brazilian government from 1995-2005 and suggesting further avenues for research.

1.3 CONCEPTS AND LITERATURE

Viewing economics as discourse involves considering the discipline, and the language it uses, as a social practice that is both constructed by material, political, and cultural contexts and is actively constructing those same forces (Foucault 1972, Fairclough 2002). With regard to the former, I am principally concerned with the spaces that construct economic discourse,[2] specifically those that effectively group that discourse into competing and overlapping theoretical communities and schools of thought. Those spaces include both physical academic and research institutions that house different economists, as well as the spaces found in journals and sub-disciplinary classifications through which their discourse is filtered. In this sense, this study is focusing on the spaces that construct the production of economic knowledge.

Economic discourse also actively constructs political, cultural, and epistemological realities. Of those, this study emphasizes how the discipline specifically constructs policy, analyzing the social and epistemic effects principally as channels of economic discourse into the public sphere. Those same institutional, academic spaces that construct the discourse are also the routes through which economic knowledge can influence the conceptualization and formulation of policy. As such, this study is concerned with the different policy models that are present within this discourse.

Since the 1950s, policy changes in Brazil during this period have corresponded to the changing degrees in influence of different Brazilian economic research institutions and their economic policy models. Domestic, regional, and international economic discourses contained implicit and explicit policy models which were used by policymakers for social policy, economic planning, and macroeconomic policy. Internationally, the concurrent spread of the sub-discipline of development economics

[2] The phrase "economic discourse" here, and elsewhere in the text, refers to the practices of a literature within the discipline of economics, not the language and practices of material economic structures.

outside of the economic mainstream and the consolidation and internationalization of neoclassical economics in the United States were the main external influences. By the mid 1980s, development economics had largely merged with mainstream neoclassical discourse into its own specific economic policy model called the Washington Consensus. Regionally, economic structuralism, the specific type of development economics practiced by the Economic Commission on Latin America (ECLA) was also relevant to the production of economic knowledge in Brazil.

Studies of the state-led industrialization period[3] have emphasized the various schools of economic thought within Brazil that developed in domestic research and policy institutions, both in support of and in competition to international and regional practices. In general, various types of state-led planning policy discourses were the most widely implemented by the Brazilian government. Accounts of the period of market reform in the 1980s and early 1990s[4] show the rise of research institutions and schools of thought that followed neoclassical methods and privileged market-oriented policy models, as well as the gradual spread of those models into the economic practices of the Brazilian government. The culmination of this was the aforementioned Plano Real, which was conceptualized and formalized into policy almost exclusively by the academics from the economics department at PUC-Rio.[5]

There is quantitatively less research on the relationships between economic ideas and policy in the decade following the Plano Real (1995 to 2005), and often it is considerably more "piecemeal," in that it merely covering the period as an extension of

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[3] For analyses of the early period when the "developmentalists" dominated see Bielschowsk (1988), Sikkink (1991), and Sola (1998). For more general perspectives on the period, see Vavrus (2007), Loureiro (1997b), Bresser-Pereira (1984), and Mantega (1984, 1997).

[4] See Paulani (1997), Pio (1997, 2000, 2001), Presser (2001), and Sola (2001).

[5] The relevant history of economic ideas, policies, and institutions during the period leading up to 1995 will be narrated in more detail in Chapter 2.

economic policy discourses from the previous period.[6] Some of the more relevant pieces only deal with one or two aspects of the issue; however they represent some the first attempts to analyze economic policy discourse in the post-Plano Real period.

Ruediger (2006) analyses the social networks that connect the economics department at PUC-Rio to different parts of the policymaking bureaucracy for the eleven-year period starting in 1992. He demonstrates the quantitative dominance and homogeneity of PUC-Rio economists in the Brazilian government, especially within the Central Bank. His study deals very little, however, with the ideas of the economists, as he is principally emphasizing ways in which certain elites dominate policy formation at the expense of civil society, social movements, and industry.

In a study by Novelli (2007), this perspective is complemented by a more thorough analysis of the differences in background between specific policymakers in the Cardoso and Lula governments, specifically in the macroeconomic policymaking apparatuses.[7] Novelli argues that there was a movement from the dominance of PUC-Rio economists to a growth in investment bankers and academics from other orthodox economic institutions. As a result, he shows there was general continuity of macroeconomic policy between the two administrations. Though he refers to specific policy outcomes, like Ruediger, Novelli alludes to, but doesn't investigate the economic policy models that come out of the institutions that house the discourse.

Arestis, Paula, and Ferrari-Filho (2007) is on the other end of the spectrum. They discuss the relationship between economic policy models and the production of economic knowledge with Brazilian policies in the Lula government from 2003-2006. They outline

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[6] For example Pio (2000, 2001) details how the economic knowledge produced at PUC-Rio informed the practice of the Plano Real, but doesn't extend his study to the period beyond. Novelli (2002) discusses the economic discourses that influenced Central Bank policies; however its coverage of the period following the Plano Real are minimal.

[7] Chapter 6 discusses this bureaucracy in more detail.

an economic discourse, "New Consensus Macroeconomics" (NCM), and describe a market-oriented economic policy model that comes out of it. They show the use of monetary policy models by the Central Bank that match the economic discourse of NCM, as well as Finance Ministry policies that match its logic. In contrast, Leiva (2008) outlines a different discourse, Latin American neostructuralism, and claims that it was the dominant paradigm in Brazilian economic policy during the Cardoso and Lula administrations. The neostructuralist competitive globalization model, he argues, was part of the market-oriented policies of both administrations, specifically present in social policy. However, in neither study do the authors establish a connection between their respective theoretical model and any group of domestic economists who were in positions to influence economic policy.[8]

Bridging the gap between economic ideas and economic policy is Santana (2007), who investigates the networks of professional academic economists and their relationship to macroeconomic policy discourse. He first outlines policymakers with training in economics who were in the first Cardoso government, emphasizing their training and institutional affiliations. Second, he forms those actors and other prominent economists into "professional networks" based on their affiliations and their opinions published as editorial columns in Brazilian newspapers. His work is very aware of the role played by all of the facets of economic knowledge that I wish to emphasize: policy models, professional affiliations, and socio-political channels of policy influence. However, as much of his research is preliminary, it does not go much beyond the networks of economists at the expense of most other factors.

[8] This is perhaps unfair to Leiva, as his study is deeply interested in institutions, economists, economic ideas – specifically neostructuralism – and their influence on economic policy in Latin America. However, as applied to Brazil, his inspection is not nearly as deep or explanatory of dominant economic policy discourses during the 1995 – 2005 period.

While the above literature on Brazilian economic research and policy during the Cardoso and Lula administrations all represent positive contributions, they do not paint a complete picture of the relationship between institutional economic knowledge production, policy discourse, and channels of policy influence. First of all, there is a clear emphasis on one specific facet of economic discourse: monetary policy.[9] Economic policy discourses also prescribe what role the state should play in the labor market, enacting development plans, engaging in industrial policy, engaging in trade policy, and even the practice of more economically-oriented social policies. Second, by themselves the texts all underemphasize at least one important aspect of economic knowledge production. A comprehensive approach would shows aspects of economic policy discourse in terms of a larger model.

Lastly, the methods by which scholars of this period associate economic ideas and policy models with institutions are not done very formally. This is not to say that there needs to be a quantification of this process, but instead greater depth in the investigation of the ideas themselves and how they fit together as a comprehensive economic policy discourse. From their texts, there is no strong evidence that an economic policy model can be associated with any specific institutional economic knowledge community.

1.4 METHODOLOGICAL APPROACH TO THE CASE STUDIES

The analysis used in this paper is two-fold. First, the study began inductively, with a review of previous literature on the period, collections of interviews with prominent economists, and histories of the institutional economic structure and its influence in policymaking leading up to Cardoso's term in 1995. This review, combined with further analysis of the federal government economic policy apparatus, led to the

[9] This is also very common among the analyses of the period from 1980-1995 mentioned earlier in this section. In both cases, there are exceptions, but the clear emphasis is on monetary policy models.

selection of PUC-Rio and IPEA as two institutions of academic economists with considerable influence. In order to more deeply formalize this relationship, I focused on a selection of key economic policy posts and tracked the presence of economists that were affiliated with either institution. Affiliation, in this context, included graduate level academic training and formal employment.[10] Also, as the notion of policy influence goes beyond formal placement within the government, I discuss factors like the disciplinary prestige of each group as well as formal ties[11] between the institutions and the government.

Once the relationships between PUC-Rio, IPEA, and the government are established, the second stage of analysis is to investigate the economic policy discourse that is present in the research output of the institutions. I use the working paper archive from 1995 to 2005 (inclusive) from each institution as a proxy for those ideas. I focus on working papers instead of formal publications to avoid some of the necessary lag that accompanies the peer-review process and temporally separates intellectual output from policy implementation and economic events.

The selection of papers was done generically, with regard to author, as to establish a fully-fleshed out economic policy perspective from the entire institution. For PUC-Rio, most papers were considered as an example of policy discourse. A total of 141 out of 181 total papers were analyzed for the study,[12] though not all will be cited. IPEA produced considerably more working papers during this period; as such the selection of working papers was done more inductively, specifically focusing on papers that deal with direct aspects of development policy – as defined by PUC and IPEA economists – and

[10] When this history was not explicitly available on government websites or online (auto) biographies, interviews, newspaper articles, and secondary sources referencing these "affiliations" were used to establish such a relationship.
[11] In IPEA's case these ties come largely from its place within the government, while for PUC, I consider formal and informal research partnerships with the federal government.
[12] See Appendix A for the full list of PUC-Rio working papers analyzed.

less emphasis on technical papers that may hide underlying policy models. A total of 199 out of 783 IPEA working papers were analyzed for this study.[13]

Each chapter is divided by subject and focuses on each group's research output on that topic. This is done to track the coherency of arguments and policy models within each group, as well as to highlight the differences between them.

[13] See Appendix B for the full list of IPEA working papers analyzed.

Chapter 2: Economic ideas and policy models in Brazil and abroad

2.1 The international context: Pre-1980

Mainstream, orthodox economic theory is largely a reflection of the evolution of neoclassical economics. This school of thought is the foundation for a broad spectrum of theories about the workings of the capitalist economy, which is difficult to consolidate into a single policy model. However, several authors have posited comprehensive definitions of the theory that I consolidate here in four central characteristics. The first is methodological individualism, in that the individual producer and consumer form the basic unit of economic analysis. Neoclassical theory often starts with the actions of a generalized individual, universalizes their behavior, and then posits certain truths about the function of the economy.

The second is that these individuals have the basic characteristics of a "homo economicus" or an individual that engages in perfectly rational welfare maximizing behavior, whose underlying preferences are revealed through purchasing behavior. The third aspect of neoclassical economics is the emphasis on perfect information and a lack of uncertainty. A common assumption of these theories is that individuals or producers are perfectly aware of all market information and that they know and act rationally as if they are perfectly aware. Consolidating the previous three characteristics is the final idea that markets also tend towards equilibrium. In perfectly competitive markets, in which no firm or individual can influence the price of a good, the market forces of supply and demand shift the prices of a specific industry towards partial equilibrium and the prices of an entire economy towards general equilibrium. This equilibrium is considered to be "Pareto optimal" in that no individual's material wellbeing can be improved without reducing the wellbeing of others. As a result of these four characteristics, neoclassical economics argues that Pareto-efficient equilibriums can be found in any market or economy.[14] Both implicitly and explicitly, traditional theory advocates only minimal state involvement in the market economy.

The dominance of early neoclassical theory (and its similarly orthodox theoretical antecedents) was challenged in the 1930s by John Maynard Keynes' critique that emphasized market uncertainty, demonstrated the complicated effects that the existence of money has on markets and behavior, argued that markets and prices were not inherently stable, and that, as a result, the market on its own could arrive at equilibrium with an unnecessarily high rate of unemployment (Hall 1989). This was absorbed into the mainstream through the neoclassical synthesis – the origins of modern macroeconomic policy models – which claimed that without some government policy manipulating the level of demand in the economy, there could be artificially low levels of employment (Laidler 2006).

What that government policy should be, however, was divided amongst those synthesis macroeconomists. On one side, monetarists argued that it was principally money supply, either too much or too little, that led to recessions and inflation and thus generally opposed state intervention in the economy unless done through the money markets. On the other side were neo-Keynesian[15] economists who saw the world as not necessarily in a Pareto optimal state, and therefore prescribed "second best" policies to rectify various market imperfections, usually macroeconomic.[16] In contrast to both of these, is the broad group of "post-Keynesian" theories that reject the equilibrium

[14] This definition was consolidated from Prado (2001), Dequech (2007), Guerrien (1998). Arnsperger and Varoufakis (2006), and Ascher (1996).

[15] Not to be confused with the New Keynesian movement that has risen into prominence since the 1980s.

[16] The debate between monetarists and neo-Keynesian existed institutionally in the United States. Schools like Harvard, the Massachusetts Institute of Technology, Yale, and the University of California-Berkeley were considered major neo-Keynesian research programs, while the University of Chicago was a center for monetarism. See Laidler (2006), Salant (1989), Barber (1997), and Colander and Klamer (1987) for more discussion of this issue.

interpretation of Keynes.[17] Historically, these theories developed largely outside of mainstream economics in the United States[18] and generally emphasized imperfect competition, uncertainty, the disequilibrium effects of money, and concepts of "increasing returns to scale" all of which violated certain early neoclassical principles (King 2003).

The historical debate on economic policy in the developing world can largely be seen as work done adapting the two mainstream theories to development issues or creating theories directly against them. Table 1 outlines three categories of economists that characterized economic development theory before its decline in the 1970s. Early high development theorists[19] were scattered around academia in the United States and Europe, some working with United Nations institutions like the United Nations Development Program. They argued that to analyze low-income countries one needed to reject the belief that there was a universal theory of human and economic behavior that that applied to both industrial and underdeveloped countries. This universalism is what Hirschman (1981) calls "monoeconomics:" the belief that the economic rules that governed neoclassical theory universally applied to the problems faced by underdeveloped countries.

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[17] In 1937, John Hicks formalized Keynes argument into what is known as the "investment saving/liquidity preference money supply model" (IS/LM) which showed the economy arriving at an equilibrium interest rate, or price of money, relative to economic output (Laidler 2006). As such, neo-Keynesian economics is often called "Hicksian."

[18] This was not necessarily true in England, where Cambridge University housed what many consider to be early post-Keynesians. The importance of Cambridge is that, like the orthodox universities in the United States and in other parts of England, it trained economists from the developing world. For an example of the effect of this training in India, see Ambirajan (1996: 87n)

[19] This classification comes from Krugman (1994).

Table 1: Principal economic development perspectives pre-1980

	High development theory	Structuralism
Prominent theorists	• Gunnar Myrdal • Paul Rosenstein-Rodan • Alfred Hirschman	• Raul Prebisch • Celso Furtado
Notable research centers	• UNDP	• ECLA
Theoretical orientation	• Pluralist • Difference-based	• Anti-neoclassical • Difference-based
Basis for development analysis	• Structural rigidities • Industrialization	• Structure of international economy • Structural inflation • Industrialization
Methodology	• Balanced/un-balanced growth • Sector analysis	• Historical structural analysis
Policy model	• Industrial investment	• ISI

	Neoclassical development	Monetarism
Prominent theorists	• Hollis Chenery • Albert Fishlow • John Williamson	• Milton Friedman • David Laidler
Notable research centers	• World Bank • Regional Development Banks	• University of Chicago • Universidad Católica (Chile) • IMF
Theoretical orientation	• Neoclassical • Neo-Keynesian • Monoeconomic	• Orthodox neoclassical • Monoeconomic
Basis for development analysis	• Low income • Dual sectors	• Short-run price lags • Price rigidities • State inefficiency
Methodology	• Sector analysis • Project evaluation • Econometrics	• Econometrics
Policy model	• Diverse	• Anti-inflationary monetary policy • Market deregulation • Financial liberalization

Unlike mainstream theories, development economists like Hirschman emphasized structures of developing economies that could prevent market forces from operating efficiently and generating growth. They emphasized the effects of extra-economic values on the actions of economic agents, dualistic structures marked by segmentation, and "different" labor, factor, and infrastructure conditions that inhibited economic growth. Theorists would analyze the sectors of the economies where they saw market and coordination failures and argued for increased state investment in those industries to overcome the failures and promote linkages between sectors to maximize that effect (Ascher 1996).

Another theory built against the mainstream is economic structuralism, a school of thought and policy discourse affiliated primarily with the Economic Commission for Latin America (ECLA). The theory presented interpretations of historical economic structures, trade relations, and inflation that contradicted classic economic trade optimism and the neoclassical belief that incomes in countries would largely equalize at equilibrium. The main founder of this theory, Raul Prebisch (1959), specifically argued against the liberal, orthodox, "optimistic" view that expanded international trade would lead to improved global efficiency and welfare. ECLA structuralists were also specifically opposed to the monetarist perspective that inflation was principally a monetary phenomenon, instead seeing it as an outgrowth of structural bottlenecks in the economy that could be overcome with state investment or would disappear once the development process was complete.

Like orthodox development theory, the policy prescriptions called for state investment into the economy that promote industrialization, specifically through the model of Import Substitution Industrialization (ISI). This called for policies that shifted domestic industry towards the manufacture of previously imported goods - for example, tariffs and import licenses on manufacture goods and overvaluing the exchange rate to reduce inflation and make capital imports cheaper for those industries. There was also an expanded role for the state in directly subsidizing or even owning companies in strategic sectors (Bruton 1998).

Neoclassical development theory was largely the application of neoclassical empirical and theoretical methods to the problems analyzed by the high development theorists. Outside of academia, they were prominent in the international development banks like the World Bank and Inter-American Development Bank. Many of them conceptualized development problems in terms to make them more amenable to neoclassical analysis. For example, the state of being "low-income," they argued, could prohibit growth, investment, and limit comparative advantages. This later perspective was more conducive to neoclassical perspectives that used the language of "low-level equilibrium trap" (Ascher 1996).

These economists built mathematical multiple sector models, used modern econometrics to measure income distribution, and adapted neoclassical growth models to apply to theories pioneered by the high development theorists. Those models could then be used to support planning policy (Chenery 1979). Econometric analysis of development phenomena were used to falsify previously untested theories. Notable for this study is a group of economists at the University of California-Berkeley, Albert Fishlow being the most famous, who investigated income inequality in developing countries. Specific policy advice was diverse among the theorists, but it tended to favor export-oriented and market complementing planning and investment.

While not a branch of development economics, per se, monetarism played a key role in the development policy debates within academia and within governments. With its strongest research center in Chicago, it also had considerable influence in the

Universidad Católica in Chile[20] and the International Monetary Fund (IMF).[21] Based on theoretical and econometric[22] analyses of policy effects on price levels and efficiency, monetarists argued for financial liberalization, price deregulation, and anti-inflationary macroeconomic policy through fiscal austerity (Giffen 1999).

2.2 THE INTERNATIONAL CONTEXT: 1980 – 2005

The debt crisis of the 1980s spelled the end of the dominance of the above development perspectives, which had been slowly in decline over the previous decades. Development discourse became dominated by what is often called the "Washington Consensus" policy model, which advocated a radical – for many Latin American countries – withdrawal of the state from the economy. As it was supported by the main development institutions (the IMF and World Bank), it became the locus for debate on policy models that should be used by governments in developing countries. Perspectives on the Washington Consensus vary across numerous competing schools of thought in economics, so for the sake of brevity I will focus on the most prominent and influential for the Brazilian context.

John Williamson (1990) coined the term "Washington Consensus" (WC) to summarize what he argued were the dominant policy positions of Washington, D.C.-based institutions like the United States Treasury, the IMF, and the World Bank, as well as most mainstream development economists. As Table 2 shows, the policies advocated include a general reduction and reallocation of spending away from industrialization

[20] The influence of Chicago-style monetarism in Chile is very well-documented; see Silva (1991), Huneeus (2002), and Hira (1998), among many.
[21] Chwieroth (2010) argues that the IMF actually followed a more conservative branch of neo-Keynesianism not monetarism; however, for the purposes of this study, their policy recommendations were nearly identical as was their influence on Brazilian economics and economic policy.
[22] These analyses are notably controversial, see Hendry (1980) for a broader critique of econometric evidence during this period and Laider (1981) and Tobin (1981) for the relationship between that critique and monetarism.

policy towards basic needs social policy (reforms 1, 2, and 8); liberalization of flows of trade and capital (4-7), and an efficient marketplace with minimal state taxation and regulation (3, 9, 10).

Table 2: Washington Consensus (WC)

1) Fiscal adjustment to prevent inflation
2) Spending on social policy and infrastructure instead of industrial policy
3) Lower taxes and broaden tax base
4) Financial liberalization
5) Market-oriented exchange rate[23]
6) Trade liberalization
7) End discrimination against foreign direct investment (FDI)
8) State industry privatization
9) Private sector deregulation
10) Create and enforce property rights

The intellectual justification for this consensus has its roots in the minimal state and austerity-oriented macroeconomic models of monetarism and its neomonetarist[24] successor, which is pessimistic about the power of monetary policy to increase growth and employment past their "natural" potential and principally views monetary policy in terms of price expectations (Dean 1985; Goodfriend and King 1997).

The low growth rates and debt defaults of most Latin American countries in the 1980s also led to a reinvention of Latin American structuralism at ECLA into what was termed "neostructuralism." As shown in Table 3, similar to the WC, neostructuralists

[23] The original Washington Consensus referred to a "flexible exchange rate" specifically meaning an intermediate regime somewhere between entirely fixed or free floating, however in later analysis, Williamson (2000) argues that this was not the common belief, with the IMF opposed to intermediate regimes. As such, I have changed this to "market-oriented" to generalize the opposition to ISI policies that contained different exchange rates for different goods as an aspect of industrial policy.

[24] I use this term to generalize the development policy model based on the macroeconomic orthodoxy that began to replace monetarism in the 1970s and largely consolidated into what is sometimes called the New Classical Synthesis, New Neoclassical Sythesis, or New Consensus Macroeconomics (See Arestis, Paula, and Ferrari-Filho 2007; Blanchard 2009; Laidler 2006; and Goodfriend and King 1997 for discussion of this development). The more common label for this policy model is "neoliberal"; however several other theories that will be outlined here have also been called "neoliberal," so I chose a more specific nomenclature.

argued for a reorientation of economies towards the global market and stabilization-promotion policies, all framed in the context of competitive insertion into the global economy. These include trade liberalization coupled with moderate government support for export industries (reforms 3 and 6); austere stabilization policies, but with restricted exposure to financial capital (1, 4); and selective deregulation with the goal of supporting business flexibility to adapt to integration (5, 7). To reduce inequality, there was a similar argument in favor of a limited social safety net combined with prioritized social spending on education.

Table 3: Neostructuralist consensus[25]

1) Stabilization-oriented macroeconomic policy
2) Inequality-oriented social policy
3) Regional trade integration
4) Capital controls
5) Privatization with regulation
6) Competitive global insertion
7) Labor market deregulation

Methodologically, per its name, neostructuralism is based on an empirical revision of basic structuralism, in which ECLA economists argued that the trade-pessimism and state policy-optimism of ISI were shown to be false by the debt crisis and thus market reform and stabilization were needed (Leiva 2008). Unlike neomonetarist WC perspectives, there is a continued emphasis on the need for industrialization[26] and active state policies to restructure and promote an internationally competitive industrial export sectors, following the logic of policy successes in Asia (Lewis 2002).

[25] Adapted from Hira (1998) and Leiva (2006, 2008).

[26] This emphasis is considerably less so than in ISI, however. In fact a prominent critique of the previous model is its neglect of agriculture and rural sectors at the expense of urban industry.

This pair of policy recommendations was followed, with different degrees of enthusiasm, throughout much of Latin America.[27] Many countries successfully stabilized and paid off debt, though there were few countries that resumed growth at rates as high as before the crisis and there was a persistence of widespread poverty and inequality, prompting a new debate on the reasons for low growth rates and socioeconomic stagnation. Concurrently, there were a series of currency crises that led to growing criticism of global economic integration, especially in terms of financial capital. As such, in the 25 years following the debt crisis, the Consensus was debated, augmented, and/or rejected in ways that line up into five theoretical interpretations. Those perspectives range from the strictest adherents to the orthodox model at the IMF, to the most ardent critics, here the "development structuralists."

The neomonetarist perspective, similar to its predecessor, emphasizes the distortionary effects of state intervention on the price of commodities and currency. The initial Washington Consensus is largely an outgrowth of that perspective, seeing barriers to trade and price restrictions as creating macroeconomic instability and general economic inefficiency.[28] The neomonetarist response, most notably voiced by the IMF, was that low growth rates were the result of a failure of countries to liberalize sufficiently. This led to what Rodrik (2006) has called the "augmented Washington Consensus," shown in Table 4. These reforms detail ways to deepen the original reforms, including emphases on appropriate institutional frameworks for successful liberalization (1, 2, 5, 8), a policy space to fight inequality (9, 10), and a degree of skepticism about full financial liberalization (Singh et al. 2005). The emphasis on various state and market

[27] Chile is seen jointly as both the most "neoliberal" and "neostructural" in Latin America; however, considering the most serious policy reforms in Chile occurred before the debt crisis, it is difficult to relate this directly to the Washington Consensus debate.

[28] The initial Washington Consensus has been called a policy model that promotes "getting the prices right."

"institutions" reflects the growing influence on mainstream development economics of neo-institutional economics, which studies the role that formal and informal rules and norms played in reducing transaction costs in incomplete markets (Thorbecke 2006).

Table 4: Augmented Washington Consensus[29]

1) Promote responsible corporate governance
2) Reform the state to decrease inefficiency and corruption
3) Labor market flexibilization
4) Free trade agreements
5) Financial codes and standards
6) Moderate capital controls
7) Independent Central Banks using inflation targeting
8) Complement privatization with a competent regulatory framework that promote competition
9) Social safety nets
10) Targeted poverty measures

Reform 7, the emphasis on inflation targeting regimes, bears special consideration, because it expands into a broader macroeconomic policy model that represents the "neo" in neomonetarism. Based on a belief in the relevance of inflationary expectations and a natural rate of unemployment, inflation targeting policies are a strict, technocratic "rule" that Central Banks follow in order to promote price stability. A policy not focused on prices stability, this perspective argues, will only cause inflation and instability without actually generating any economic growth. This is a broad framework for macroeconomic policy that, in the absence of significant changes to the structure of a developing countries' economic policy structure, leads to growth-constricting interest rate levels (Saad-Filho and Morais 2002; Arestis, Paula, and Ferrari-Filho 2007).

A different, more humble, revision also took place amongst World Bank researchers and economists like John Williamson who largely supported the Washington

[29] Adapted from Rodrik (2006).

Consensus when it was first formulated. They agree with some aspects of the augmented IMF adaptation, but they differ in that they clearer reject the minimal state arguments[30] that underlie the neomonetarist model. The second is a rejection of "one-size fits all policy," which leads me to term this set of policies the "Flexible Washington Consensus" shown in Table 5.

While there is a general agreement that the initial model was and still is important, it needs to be supplemented by "institutional reforms" that fix the judiciary, state policymaking bureaucracy, and structure of the market like property rights protection and bankruptcy laws. In order to promote equity, countries should promote microfinance, land reform, and primary education spending (Williamson 2003; Rodrik 2006). This flexibility includes monetary policy, where authors reject the universality of macroeconomic policy recommendations for central bank independence, strict adherence to interest rate rules, and complete financial liberalization (Rojas-Suarez 2003).

Table 5: Flexible Washington Consensus

1) Flexibility for policymakers depending on the local context
2) Lack of evidence for success of strict adherence to initial Washington Consensus reforms
3) Neo-institutional reform
4) Moderate capital controls
5) Land Reform
6) Microcredit
7) Education spending

A third response to the initial WC debate argues for a "post-Washington Consensus," outlined in Table 6, which gives considerable caveats to each aspect of the initial consensus. This perspective lacks a central institutional center, but includes

[30] Williamson (2000, 2003) has argued repeatedly that, with the proper interpretation, the original Washington Consensus has no relationship to minimal state "neoliberal" theories and is in fact a pro-poor realignment of the state.

prominent economists like former World Bank president Joseph Stiglitz and Harvard economist Dani Rodrik. This group sees institutional reform as important, but they believe it is not the central barrier to growth. The growth theories they promote, allow for a series of "second-best"[31] state interventions to overcome a country'd barriers – institutional, cultural, structural, or otherwise – to successfully integrate with the global economy. These interventions can include capital controls, trade protections, and industrial investment as long as the proposed benefits outweigh the economic distortions, measured in a neoclassical[32] sense, and do not lead to macroeconomic instability (Stiglitz 2003; Rodrik 2006; Headey 2009).

Table 6: Post Washington Consensus

1) Flexibility for policymakers depending on the local context
2) Neo-institutional reform
3) Institutional reform insufficient
4) Reforms that target both state failures and market failures
5) Reinsert the state into the development process with industrial policy
6) Strategic trade liberalization
7) Capital controls

While neither of the previous "revisions" to the initial policy reform perspectives engages with early Latin American neostructuralism,[33] there is a group of economists within ECLA who adapt much of the earlier market reform narrative back into a growth and development perspective. These theories still reject the trade pessimism of early

[31]This division mirrors the monetarist/neo-Keynesian divide mentioned earlier, albeit in a significantly different academic/economic context.
[32] Rodrik (2007) specifically argues that neoclassical economics is flexible enough to apply to development economic problems and claims, like Williamson, that minimal state "neoliberalism" is not implied by economic theory. In this vein, he has argued that "neoliberalism is to neoclassical economics as astrology is to astronomy" (Rodrik 2002).
[33] There is no engagement with the theory as a coherent discourse; however individual neostructuralists are often cited by the "post-Washington Consensus" economists in support of "flexible" policies.

ECLA structuralists, but they use early high development theorists like Hirschman as the bases for industrial policy suggestions coupled with post-Keynesian views of macroeconomic policy and international capital flows (Ocampo 2004; Cedrini 2008).

As shown in Table 7, these development neostructuralists follow much of the logic of the neoclassical Post WC, arguing, contrary to the neomonetarists, that market-based reforms have generated many of the contemporary development problems. Economists in this group work to reinterpret "stabilization" to critique policies that promote recessions (high interest rates and spending freezes) or exposure to international financial crises (financial liberalization) (Ocampo 2004). Opposed to the early neostructuralists, labor market flexibility is questioned and there is a space for policies that protect unions. Another difference is that while neostructuralists argued for social policy solutions to social problems like inequality and poverty, the development revision argues that macroeconomic and industrial policy must work to meet those goals as well (Moreno-Brid, Caldentey, Nápoler 2004).

Table 7: Post Neostructuralist consensus

1) Economic policy subsumed to social goals 2) Anti-cyclical macroeconomic policy 3) Capital controls 4) Labor market re-regulation 5) Technology investment and industrial policy 6) Economic policy oriented towards social goals

Table 8, summarizes those theoretical currents. There are clear cleavages in terms of methodology – structuralism versus neoclassical economics – and in recommended policy models as in those outlined above.

Table 8: The Washington Consensus debate 1980 – 2005

	Neomonetarist	Flexible institutionalism	Second best development
Institutional affiliations/ prominent economists	• IMF	• World Bank • John Williamson	• Dani Rodrik • Joseph Stiglitz
Theoretical foundations	• Neoclassical • Neo-institutionalist • Monetarism	• Neoclassical • Neo-institutionalist	• Neoclassical • High development theory
Principal policy orientation	• Washington Consensus • Augmented Washington Consensus	• Washington Consensus • Flexible Washington Consensus	• Post-Washington Consensus

	Neostructuralism	Development Neostructuralism
Institutional affiliations/ prominent economists	• ECLA • Ricardo Ffrench-Davis	• ECLA • José Ocampo
Theoretical foundations	• Structuralism	• Structuralism • High development theory • Post-Keynesianism
Principal policy orientation	• Neostructuralist consensus	• Post neostructuralist consensus

2.3 DEVELOPMENT ECONOMICS AND ECONOMIC POLICY IN BRAZIL

This section will focus on a brief history of economic ideas and policy in Brazil, emphasizing the research and policy institutions where these ideas were formulated, debated, and enacted. The legacy of economics in Brazil can be traced back to the second quarter of the 20th century when business-allied industrialists argued for state-supported modernization policy against liberals who were both ideologically opposed to state intervention and were generally in favor of an un-industrial, “agrarian” Brazil (Lima 1976, Bresser-Pereira 1984). With the rise of ECLA and high development theory in the post-War period, the industrialists became a mixed group of theorists who supported a range of policies including more inward oriented development (ISI) and those who wanted state policy to promote inflows of foreign investment. Both were in favor of expansive planning and development policy. On the other side were the liberals and monetarists who supported limited government and monetarism (Bielschowsky 1988; Sola 1998).

There were few academic centers of economics at this time, so the divide was institutionalized within the federal government. The development group was largely based in the Brazilian Economic Development Bank (BNDE) which ended up directing planning policy in the 1950s and early 1960s. The level of training of the BNDE economists was relatively low, so the institution had formal agreement with ECLA to provide training. Within BNDE there was a divide between the “nationalist,” inward-oriented structuralists led by Brazilian ECLA economist Celso Furtado, and the technocratic planners whose investment policies were closer to international high development theories (Mantega 1997). The liberals were based in the Bureau of Currency and Credit (SUMOC) – the direct predecessor to the Central Bank – and tasked with running monetary policy (Bielschowsky 1988).[34]

The divide between the two BNDE groups – the inward-oriented structuralists versus the outward-oriented planners – increased as political tensions surrounding planning policy grew and inflation began to increase in the early 1960s. This lead to the coalescence of a group that Mantega (1997) calls the “authoritarian” developmentalists.

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[34] See also Maria Conçeição de Taveres’ interview in Loureiro (1997a). She was on the ISI side of the BNDE policy group and became formally linked to ECLA.

In line with their name, they stayed in power after the 1964 coup, while the structuralists in BNDE were forced out of the government or lost their influence.

It was during the post-coup era when the major academic research centers began to play a more important role. Graduate-level economics programs were started at the Fundação Getulio Vargas in Rio (FGV-Rio), where SUMOC-oriented economists had professorships, and the Universidade de São Paulo (USP), which initially housed prominent developmentalists. Also started in 1964 was the Institute of Applied Economics (IPEA) in the newly formed Ministry of Planning, whose first minister was non-structuralist BNDE technician Roberto Campos. The institution replaced BNDE as the principal nucleus of planning research and policy (Loureiro 1997b). Some IPEA economists were based in Rio de Janeiro (IPEA-Rio) and did more relatively theoretical economic research and others in Brasília (IPEA-Brasília) worked more on direct policy studies.

Some structuralists at BNDE left the country during the height of political repression during the coup to work with ECLA, but by the 1970s many such politically left economists had returned and had taken up posts at the Universidade Estadual de Campinas (UNICAMP). The last major research center during this era was the Universidade Federal do Rio de Janeiro (UFRJ) which developed close ties both with UNICAMP and with IPEA. Over this period, the influence of neoclassical economics (and development theory) began to take a stronger hold in Brazil. For example, IPEA worked with UC-Berkeley theorists on inequality issues (D'Araújo, Farias, and Hippolitoujo 2005), and new professorial hires at programs like FGV-Rio began to include more economists trained in the United States (Loureiro 1997c).

Policy during this period was largely in the hands of these groups. At the start, when Roberto Campos was Minister of Planning (1964-1967), IPEA was the principal group tasked with planning (D'Araújo, Farias, and Hippolitoujo 2005). When USP economist Antônio Delfim Netto was Minister of Finance (1967 – 1974), he brought his own team from the university[35] and controlled planning and economic policy from Finance (Mantega 1997). During the last five years of this period, the Minister of Planning, founding IPEA president João Paulo dos Reis Veloso (1969-1979), relied more heavily on IPEA and UFRJ[36] (Lessa and Earp 2007). Economists from FGV-Rio also held key posts in Finance, Planning, and the Central Bank during this period, usually focusing on monetary policy and budgeting while the other groups engaged in planning. Overall, policies largely focused on major investments in heavy industry with comparatively little social spending, resulting in very high growth rates, high inequality, and high inflation.

The debt crisis of the 1980s led to three key changes in economic policy debate in Brazil: the rise of democracy and the discrediting of institutions that were associated with the dictatorship, most notably FGV-Rio; the discrediting of state-led industrial policy in Brazil and internationally; and the crisis itself, as it created a wealth of issues in the economy for policymakers and academics to confront, mostly notably debt obligations and hyperinflation. In terms of policy debates in this period, the relevant additions to the above list of institutions are the business school at the Fundação Getúlio Vargas in São Paulo (FGV-SP) and the economics department at PUC-Rio. With the addition of these schools, the left/right spectrum broadened accordingly. The choice of where to place institutions along this spectrum comes from various analyses of the practice of economics during the 1980s and early 1990s and those institutions' relationship to policy debates in the same period.

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[35] The so-called "Delfim boys."

[36] UFRJ had a unique skill set as they specifically trained economics in industrial/organizational economic theory.

At the start of the 1980s, the monetarist orthodoxy was represented by USP economists Delfim Netto (Planning minister 1979 – 1985) and Affonso Celso Pastore (Central Bank president 1983 – 1985), who attempted to combat the debt crisis and inflation through orthodox contractions in monetary supply and austere fiscal policy. However, while the policies were successful at reducing the foreign debt burden, they failed to contain the triple digit inflation (Morran and Witte 1993). During the following nine years, various "heterodox" economists moved in and out of the federal government in attempts to stabilize what grew to be a four-digit annual inflation rate by 1989.

Economists from the UNICAMP were prominent within Brazilian Economic and Social Development Bank (BNDES), the successor to BNDE, and argued that inflation and macroeconomic instability were largely associated with external constraints created by the global debt crisis and international price increases. They argued that the price fluctuations due to currency instability and mismanaged stabilization policies forced consumers to speculate that prices will continue to rise (Presser 2001). At FGV-SP, a contemporary structuralist thesis was developed to explain what they called "inertial," expectation-fed inflation combined with the structuralist bottle-neck based inflation theory. This belief was tested with the Bresser Plan in 1987, named after then Finance Minister and FGV-SP economist Luis Carlos Bresser-Pereira (Paulani 2006; Loureiro 1997b).[37]

Disenchantment with the role of FGV-Rio in supporting the dictatorship and its associated state-led industrialization policies led both many of the younger economists trained at the institute and others trained in formal neoclassical economics in the United States to start settling in the PUC-Rio economics department. Prominent PUC-Rio

[37] See Bresser-Pereira (1986) for an explanation of the role played by his "neostructuralist" model in his policy choices.

economists also followed the inertialist hypothesis,[38] but with a more neoclassical interpretation and style of analysis that eventually led to the formation of the Plano Real in 1994[39] under then-Finance Minister Fernando Henrique Cardoso. The plan included a non-orthodox component (the creation of a new unit of currency, the Real) and an orthodox fiscal austerity and liberalization program that had been largely opposed by UNICAMP and been either opposed or underemphasized by FGV-SP and USP economists (Paulani 2006).

The left/right spectrum during this period is largely reflected in these debates over inflation in the build-up to the Plano Real, as shown in Figure 1, which summarizes the historical evolution of the principal research centers and their ideological orientation on a market versus state spectrum. The extremes of the spectrum, with UNICAMP's "eclectic post-Keynesianism" on the left (Presser 2001) and FGV-Rio on the right, still reflect that divide between the BNDE and SUMOC from the pre-1964 era[40]. Based on style of training, citation patterns, and theoretical contributions to the inflation debate the post-1980 period can be expanded to fill out the spectrum. IPEA has been traditionally seen as a representing the center, not due to an ideological centrism, but due to a heterogeneous emphasis on practical and technical skills and policy contributions (Loureiro 1997b; D'Araújo, Farias, and Hippolitoujo 2005). USP, though its most prominent economists were associated with orthodoxy in the early 1980s, is seen as the center of the debate due to its large size (and associated heterogeneity) and analyses of its core curriculum.[41] Similar analyses put UFRJ to its left. FGV-SP, as a business school,

[38] The direct lineage of this theory for both schools is the work of FGV-Rio economist Mario Simonsen in the 1970s (Ramalho 2003).

[39] PUC-Rio economists had been a part of several of the stabilization teams in the interim, but were never successful at controlling policy until given free reign by Finance Minister Cardoso.

[40] Loureiro (1997c) argues that the divide is considerably more stark then in this early period, however, especially considering the institutions' conflicting roles during the military dictatorship.

[41] During the series of stabilization plans after 1985, the most prominent USP economists at major posts (Finance and the Central Bank presidency from 1990-1991) were U.S.-trained and worked with UNICAMP

emphasizes more traditional microeconomic theory in its training, but it has a notable contingent of structuralist influenced development thinkers (Loureiro 1997b; Rego 1997).

Figure 1: Ideological orientation of Brazilian economic institutions[42]

<table>
<tr><td></td><td colspan="10">Left/statist --Right/liberal</td></tr>
<tr><td>Pre-1945</td><td colspan="6">Industrialists</td><td colspan="4">Liberals</td></tr>
<tr><td>1945 – 1964</td><td colspan="6">BNDE</td><td colspan="4">SUMOC</td></tr>
<tr><td>1964 – 1979</td><td colspan="2">UNICAMP</td><td colspan="3">UFRJ</td><td colspan="2">IPEA</td><td colspan="2">USP</td><td>FGV-Rio</td></tr>
<tr><td rowspan="2">1980 – 1994</td><td rowspan="2">UNICAMP</td><td rowspan="2" colspan="2">UFRJ</td><td rowspan="2">FGV-SP</td><td colspan="4">USP</td><td rowspan="2">PUC-Rio</td><td rowspan="2">FGV-Rio</td></tr>
<tr><td colspan="4">IPEA</td></tr>
</table>

economists in the BNDES to attempt a mixed heterodox/orthodox plan (Carvalho 2000, 2006; Presser 2001).

42 The ideological distribution along the rows is simply ordinal: the spacing between groups does not indicate degree of ideological difference.

Chapter 3: Channels of economic policy discourse

3.1 Economic policymaking in the Brazilian government

In order to gauge the direct and indirect influence of economic policy discourse, it is necessary to explain the nature and function of specific aspects of the Brazilian federal government bureaucracy. The first democratically elected president in Brazil since the 1964 coup, Fernando Affonso Collor de Mello, instigated an intense ministerial reform of the economic policymaking apparatus. Most notably he combined the three most powerful departments, the Ministry of Industry and Commerce, the Secretary of Planning and Coordination, and the Ministry of Finance into a single ministry. This was reversed after Collor's impeachment in 1992 and the policymaking apparatus remained as follows throughout the period in question: planning based in the Ministry of Planning, Budget and Management (MPO), industrial policy in the Ministry of Development, Industry, and Foreign Trade (MDIC), and control of expenditures in the Ministry of Finance (MF).

The principal vehicles of policy direction are the Multi-Year Plans (PPA) established by the constitution of 1988 to coordinate expenditures and make them transparent. The MPO is the principal institution in charge of writing the PPA and approving or denying proposals by different ministries for inclusion within the program itself (Calmon and Gusso 2002). While having less control over the formulation of the plan, MF has considerable influence in choosing what parts of plan are funded. Loureiro and Abrucio (1999) argue the reforms implemented during Cardoso's terms in office allowed the MF to gain almost autonomous policymaking power within the bureaucracy. One of its more powerful arms is the the Office of the National Treasury (STN), which can manipulate the PPA and other spending plans through selective funding.

Two other relevant subsections in Finance are the Economic Monitoring Office (SAE) and the Economic Policy Office (SPE). After its creation, the SAE took on the de facto role of investigating anti-trust violations, price-fixing, and other regulations against anti-competitive behavior. The SPE is responsible for formulating policy proposals, analyzing macroeconomic statistics, and – especially notable for this study – coordinating collaborations with other ministries and research institutions (Loureiro, Abrucio, and Rosa 1998). The Ministry is also in charge of financing credit lines to export industries through the PROEX program.

The Central Bank of Brazil is technically a part of MF, but it operates autonomously regulating the supply of money in the economy. It is composed of a President and seven directors. Four of those directors have a clear role in formulating economic policy. The first two directors are responsible for the theoretical background for all policies, serving as a filter for economic knowledge within the bank. The second two transform that research into specific monetary policies.

The Director of Economic Policy (DIPEC) is in charge of doing general research about the nature of the Brazilian economy and coordinating work with other ministries and academic departments about macroeconomic issues. In 2000, this director was supplemented with a Director of Research (DIESP) which was specifically tasked with developing and coordinating studies of economic models necessary for an inflation targeting monetary policy regime. The Director of International Affairs (DIREX) is tasked with promoting exchange rate stability and balance of payments equilibrium through monetary policy. Lastly, the Director of Monetary Policy is in charge of coordinating adjustments to the money supply to preserve price stability (Banco Central do Brasil 2008).

The Central Bank is instrumentally autonomous from the other ministries, but policy goals come from the National Monetary Council (CMN) which is presided over by the Minister of Finance, and also includes the President of the Central Bank, the Minister of Planning, and the President of the Central Bank. The CMN has the power to issue "resolutions," which include new financial rules and changing or eliminating regulations. The Technical Commission on Currency and Credit (COMOC) acts as the technical support team for monetary policy planning. It is chaired by the President of the Central Bank, and includes all eight Central Bank directors, the Executive Secretary of the MPO, the Secretary of Treasury, and the Secretary of Economic Monitoring in the Ministry of Finance (Ministerio da Fazenda 2004; Banco Central do Brasil 2007). In terms of directing the budget, controlling expenditure, and coordinating monetary policy, the Central Bank, Ministry of Finance, and Ministry of Planning have the most administrative power and influence.

The other major economic development-oriented ministry, MDIC, had less direct power in allocating money or deciding national policy. However, BNDES has a significant role. It is an autonomous subsidiary of MDIC, and has considerable power in the development process. During the Cardoso government, the BNDES was the organ responsible for financing state industry restructuring and privatization (Cavalcante 2004). It also was tasked with distributing constitutionally mandated expenditures for labor market social safety nets, a relatively large piece of the federal budget. The BNDES is also responsible for allocating funds, not constitutionally mandated, for the industrial and trade policies put forth by the MDIC. For example, it is in charge of policies that subsidize credit for equipment exports (FINAMEX). Beyond having allocative influence over policy, the BNDES is the central research institution for the ministry.

3.2 INTELLECTUAL CHANNELS OF DISCOURSE

Within the federal government policymaking ministries and banks, economists, by profession, have had considerable influence. Academic training in economics has historically been one of the preferred means for gaining access to the administrative, research and policymaking bureaucracy of the Brazilian government (Loureiro 1997b). From 1996 – 2006, within the higher levels of the federal government, the largest single disciplinary group of those with masters degrees, approximately 25 percent studied economics. The same proportion holds true for those with doctoral degrees (D'Araujo 2007: 42-44.) When considering ministers, from 1985 – 2006 the trend is even more dominant as over 40 percent of those with Masters and Doctorates have degrees in economics (Ibid.: 74-75). Considering the dominance of the discipline itself on the federal government policymaking bureaucracy, it is necessary to establish the discursive influence that IPEA and PUC-Rio have within economics in Brazil. To do this, I consider the formal relationship the institutions have with academic journals and their influence in terms of citation patterns. I also am interested in the research relationships between the institutions and the bureaucracy of the federal government, especially in terms of co-authorships or coordinated studies within the working institutions' respective working paper series.

Of the two institutions, IPEA has the most relevant formal connections to academic journals. During the period in question, it published three different journals on economic issues, *Desafios do Desenvolvimento* (DD), *Planejamento e Políticas Públicas* (PPP),and *Pesquisa e Planejamento Econômico* (PPE). During the period in question, DD likely had very little influence in diffusing IPEA discourse as it didn't begin publishing until mid-2004. PPP, however, was published biannually from 1996 onwards. Of the three, PPE is the most influential and prolific; it is a triennial publication and has been historically a part of the economic planning debate since its establishment in 1971. For one, the Brazilian Ministry of Education ranks it among the seven top economic journals in the country (Issler and Pillar 2002). According to Azzoni (2000), from 1981-1998, PPE was the most cited journal within Brazil in percentage of total citations and total number of citations by other Brazilian journals.

PUC-Rio does not publish any journals itself, but both IPEA and it are some of the most cited economic institutions in Brazil. In terms of total published articles from 1981-1998, PUC-Rio and IPEA rank third and fourth, respectively. Weighting those results by the Ministry of Education rankings moves them up a spot to second and third (Ibid.).[43] Beyond this domestic influence, PUC-Rio is consistently one of the highest ranked economics programs in Brazil in terms of mainstream, international publications as well,[44] demonstrating its academic influence in Brazilian economists who rely on neoclassical models and methodologies.[45]

The research output from IPEA and PUC-Rio also has a series of connections with the policymaking bureaucracy as well. Of the two institutions, the direct research connections between PUC-Rio and the federal government are relatively weak. However, there are direct connections between trade and labor market research with relevant policy making apparatuses. From 1998-1999, Ministry of Labor financed a series of labor market studies with PUC-Rio and IPEA-Rio economists. They also have had trade policy research sponsored by the Ministry of Development, Industry, and Foreign Trade (MDIC).

Within the working paper series – which will be explored more in the following chapters – there were a number of connections, through co-authorships and sponsorships

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[43] USP is the highest ranked department in this study according to both methodologies.
[44] Some examples of these studies include Issler et al. (2007) and Faria, Araujo Jr., and Shikida (2007).
[45] IPEA, as it is not a formal academic department, is rarely ranked when measuring research output and influence.

between IPEA and the economic policymaking apparatus. IPEA economists based in Brasília co-wrote papers with economists from the Secretary of Treasury, BNDES, and the general MDIC bureaucracy. IPEA economists based in Rio authored texts with the BNDES and the Central Bank. IPEA's Rio-based macroeconomic research department (DIMAC) has an agreement with the Chamber of Foreign Trade (CACEX) in the MDIC to do literature reviews of trade policy documents. This gives DIMAC economists a channel to influence the economic policy canon to which foreign trade bureaucrats are formally exposed.

IPEA as a whole has a considerable amount of direct technical and research connections with the federal government. They have partnership agreements with the BNDES and the Caixa Econômica Federal (CAIXA), a major state-owned bank within the Ministry of Finance targeted at low-income Brazilians, to share statistics and collaborate on research. The institution also has a formal role in the PPA policymaking process. They are called upon during the formulation of the PPA, its annual evaluation, and are involved in proposing subsequent revisions. The former director of DIMAC, Ricardo Varsano, indicated in an interview that the role of IPEA was considerable. He claims that this is due to the nature of federal government administration, saying:

> IPEA had a relevant contribution to offer…because the other actors involved – basically in the areas of budget and planning, which are now well structured into the Ministry of Planning – have to manage and deal with an enormous amount of [short term] procedures…with a tight timeframe. Their functions are essentially operational (D'Araújo, Farias, and Hippolitoujo 2005: 211-212; my translation).

Varsano is claiming that, by nature of their positions in the bureaucracy, the government planners don't have the ability to engage in the type of policymaking research and analysis that is required for the PPA. The formal role of IPEA is elevated, meaning that it has considerable influence on the process of spending and planning in federal government.

Considering these attachments, the available research channels for IPEA and PUC-Rio economic knowledge production to impact economic policy are considerable. IPEA, as the larger institution with a formal attachment to the government, has the most specific connections between its research production and the policymaking bureaucracy. However, both institutions have considerable influence within the economics discipline in Brazil, being among the most cited economists in the country and – in the case of IPEA – controlling one of the most prolific academic journals. This is especially important considering the role that advanced training in the discipline has a path into high level government employment.

3.3 SOCIO-POLITICAL CHANNELS FOR DISCOURSE

Specific economists from IPEA and PUC-Rio had a direct role in the policymaking process by holding important economic policymaking positions inside the federal government. Throughout the eleven-year-period, PUC-Rio was the single most dominant group within the Central Bank and also held key appointments in Finance, Planning, and the BNDES – especially those associated with monetary policy and the CMN. IPEA-affiliated economists were just as prolific, but with no Central Bank posts and a relatively high representation in Finance and Planning. In Finance, specifically, there was a large contingent of economists that were affiliated both with PUC-Rio and IPEA-Rio.

However, while both groups still maintained important positions during Lula's time in office – most notably within the Central Bank – they held relative fewer posts. Posts in the monetary policy apparatus were often given to economists associated with private international finance or more orthodox domestic institutions. Posts in the fiscal policy apparatus were more broadly spread between economists associated with center-left academia with the exception of more prominent positions in the finance ministry which tended to be held by more orthodox economists and policymakers.

The professional and academic backgrounds of officials in 15 different economic policy posts were analyzed to investigate the influence of PUC-Rio and IPEA economists. As shown in Table 9, those positions include a mix of economic policy administrators, research directors, and heads of the Central Bank (CB), Finance, Planning, and the BNDES. A majority of those posts are part of the CMN or COMOC, which together direct monetary policy. In order to see the relative prominence of PUC-Rio and IPEA in different parts of the bureaucracy, I classified each position as being either part of the Central Bank, the Ministry of Finance, or Planning/Development (including both the BNDES and the MPO).

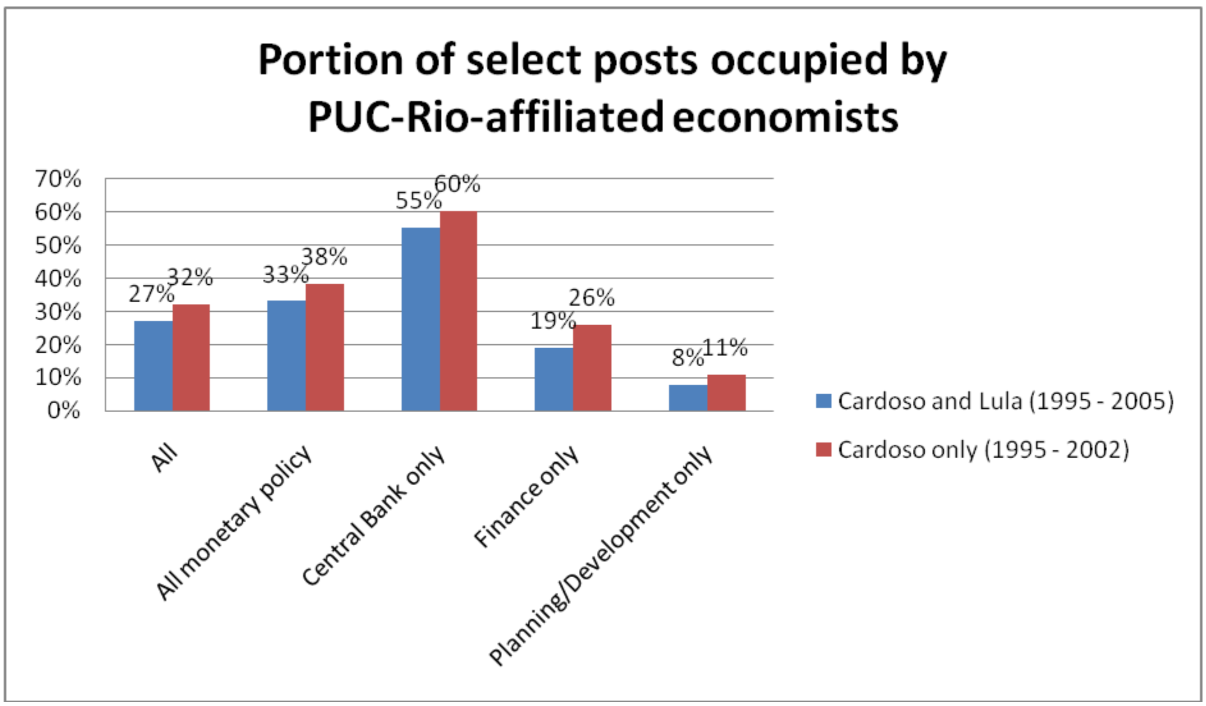
Table 9: Key federal government economic policy posts

Position Title	Classification	Member of CMN/COMOC?
Central Bank President	Central Bank	Yes
Director of Economic Policy (CB)	Central Bank	Yes
Director of International Affairs (CB)	Central Bank	Yes
Director of Monetary Policy (CB)	Central Bank	Yes
Director of Research (CB)[46]	Central Bank	Yes
President (BNDES)	Planning/ Development	No
Minister (MF)	Finance	Yes
Secretary of Economic Policy (MF)	Finance	Yes
Secretary of Treasury (MF)	Finance	Yes
Executive Secretary (MF)	Finance	Yes
Secretary for Economic Monitoring (MF)	Finance	No
Secretary of Revenue (MF)	Finance	No
Minister (MPO)	Planning/ Development	Yes
Chief Economist (MPO)	Planning/ Development	No
Executive Secretary (MPO)	Planning/ Development	Yes

[46] Position initialized in 2000, formally created in 2002.

Figures 2 and 3 show the portion of the above posts that were occupied by PUC-Rio and IPEA-affiliated economists, respectively. As shown in Figure 2, on average, from 1995-2005, PUC-Rio economists held more than a quarter of the 15 economic posts considered for this study and more than 30 percent during the Cardoso regime. Focusing only on monetary policy (i.e. CMN/COMOC seats), PUC-Rio's representation is even higher: 33 percent overall, rising to 38 percent during the Cardoso administration. PUC-Rio was best represented in the five Central Bank directorships included, holding a majority of posts on average.

Figure 2: Portion of select posts occupied by PUC-Rio-affiliated economists[47]

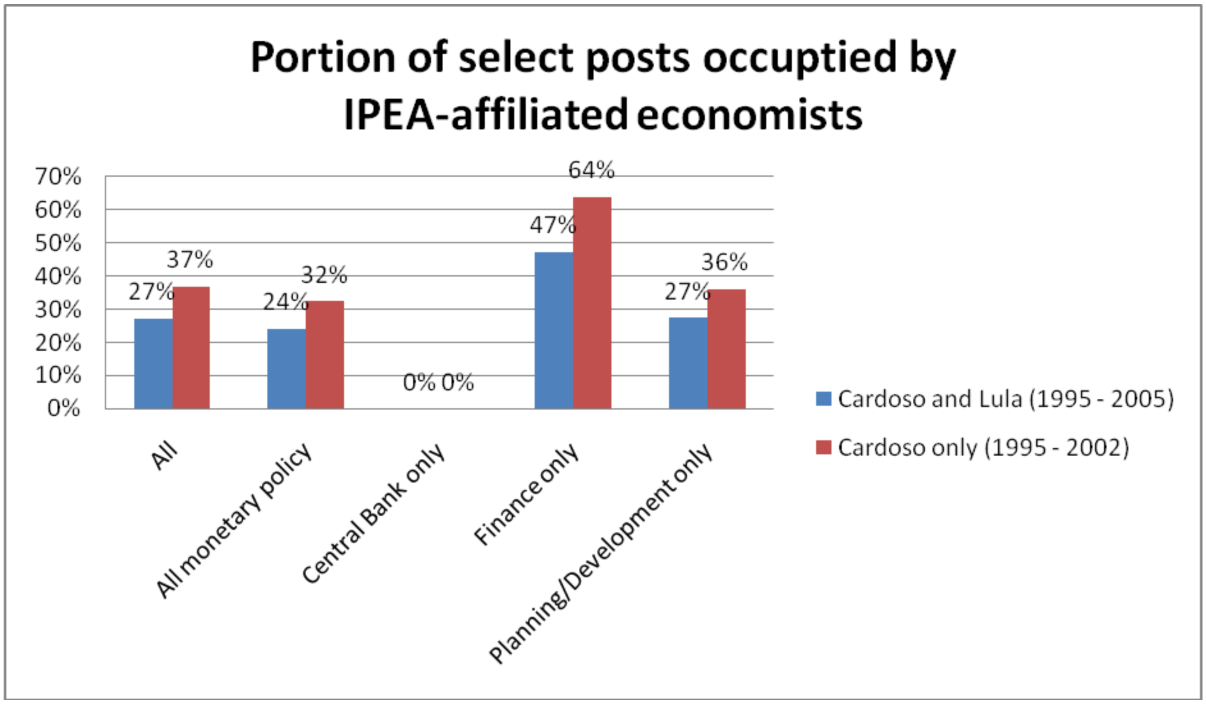


Like PUC-Rio, IPEA-affiliated economists were well-represented in the economic policy positions under study: more than a quarter overall. As shown in Figure 3, the

[47]See Appendix C for more information on the positions used in this calculation.

group was especially prominent in the Ministry of Finance during the Cardoso years, holding nearly 65 percent of the Finance posts under consideration.[48]

Figure 3: Portion of select posts occupied by IPEA-affiliated economists[49]



Between the two, the figures make it clear that PUC-Rio held more posts on the Monetary Policy – most notably the highly influential Central Bank directorships – side of the economic policy bureaucracy with IPEA-affiliated economists better represented in planning and budgetary posts. In both cases, IPEA and PUC-Rio economists were much better represented in key economic policy posts under Cardoso than under Lula. In fact,

[48] An account by IPEA-affiliated economist Marcelo Piancastelli de Siqueira lends credence to the prominence of IPEA in Finance posts: "During the eight years of Pedro Malan's [Minister of Finance, 1995 – 2002] administration, the Ministry of Finance was run completely by IPEA technicians, beginning at the top with the minister. Even I was an adjunct under-secretary in Treasury from 1997-1998. In the Ministry of Planning, many key posts were also in the hands of IPEA technicians." (D'Araújo, Farias, and Hippolitoujo 2007: 304; my translation)

[49]See Appendix C for more information on the positions used in this calculation.

there were almost no IPEA economists in the positions of study under Lula, and PUC-Rio economists only remained in the Central Bank.

However, both institutions were still strong within the discipline and practice of economics in Brazil during the Lula era, and the prominence of formally trained economists in the administration did not significantly decrease during Lula's first three years in office (2003 – 2005).[50] Both institutions still had the formal and informal research ties to the federal government economic research apparatus (as mentioned earlier), with IPEA having a key role in industrial policy. In 2004, then IPEA president Glauco Arbix said that "the primary contribution to the formulation of the current government's industrial policy came from IPEA" (D'Araújo, Farias, and Hippolitoujo 2005, 422; my translation).

[50] What can be seen in looking at Lula's appointments over the period is a transition away from IPEA and PUC-Rio economists overall to economists affiliated with more clearly left/right economic research and policy institutions. For example, UNICAMP/UFRJ-affiliated economist Carlos Lessa was president of the BNDES followed by USP economist/sociologist Guido Mantega who is considered to the theoretical left, while many posts in the Central Bank and Finance went to orthodox economists from FGV-Rio or former investment bankers. See Appendix C for more details.

Chapter 4: Economic policy discourse at PUC-Rio and IPEA

4.1 PUC-RIO

The vision of development found in the economic discourse at PUC-Rio is based on a profound critique of the state-led industrialization method that was dominant until the 1980s. That "outdated" model of development is looked down upon as being "inflationist" and biased towards instability and inefficiency. Classic and structuralist economic development are seen as being largely to blame for their theoretical justifications for these policies. The development model for PUC-Rio economists then is based on trade and financial openness, macroeconomic stabilization, and a deep reform of the institutions of the state.

By 1995, the economy was considerably open and the Plano Real ended hyperinflation. However, the lack of a speedy resumption of growth and reduction in poverty led the PUC-Rio economists to consider why the economy appeared to be stagnant and stable. Like the international neomonetarists, they view this not as a failure of the free market model, but a result of a lack of sufficient depth to the reforms. Specifically, they blame the failure of the federal and state government to reform spending patterns and a lack of fiscal discipline. This concept of fiscal imbalance was the overarching logic for all policy models. For one, it rationalized financial liberalization and privatization to take the place of the state investment the financing of industrial policy. It also was a consistent justification for continuously high interest rates and contractionary economic policy which slowed economic growth.

Rectifying that fiscal imbalance was central to a broader policy model in which the state needed to limit its role in all aspects of the economy to horizontal regulation, the promotion of coordination through research and information dissemination, and investment in education and infrastructure. With very few outliers, these policies were the consensus of the wide spectrum of economic knowledge produced within PUC-Rio's working paper archive. Together this forms a "stabilization cum liberalization" discourse that emphasizes markets and price stability above other goals.

4.2 IPEA

In contrast, the economic discourse produced at IPEA during the eleven-year period in question reflects the history of heterogeneity in theoretical, educational, and ideological backgrounds that has long been a staple of the organization. The texts reflect a broad range of subjects covering regional development, urban development, social policy, labor markets, inequality, poverty, monetary policy, among other themes.

That heterogeneity is due in part to the sheer quantity of working papers produced during the eleven-year period, especially relative to the PUC-Rio. IPEA published an average of 56 more working papers per year than PUC-Rio during the period in question leading to a total of 783 working papers. Due to this high volume of production, the analysis of IPEA discourse will focus on those explicitly dealing with questions of "economic development" and the policies that are associated the models used by IPEA. This limits the breadth of aspects of the policy model that can be included in the analysis, but the depth into questions of "development" will be considerably greater.

In working paper 1000, IPEA published an analysis of the economic knowledge produced in the preceding nine-hundred and ninety-nine subdividing that production into a number of "categories" of discourse, one of them being "Economic Development." The section summary itself, like the other subcategories, avoids taking a stand on any polarizing issues, only mentioning the "themes" that are present in the texts. Even so, the final paragraph summarizes the nature of the economic policy model found in the economic discourse at IPEA.

> Outside of IPEA, in the 1980s and 1990s, a vision that argued against the need for "development economics" emerged under the pretense that the policies that should be adopted in low and medium-income countries shouldn't be significantly different from those in rich countries. This perception and the frustrating results of import substitution and foreign aid in many countries contributed to the weakening of the research agenda on growth and industrialization. In Brazil, high inflation that remained until 1994 also stole much of the attention of researchers who previously had worked on development themes.
>
> The intellectual production of the Institute reflected these facts. Not only was it occupied less with economic development topics, but it began to deal with them in a less integrated form. However, after a decade of low inflation and low growth, the interest in development has returned. Lastly, Brazil has changed a lot, and for the better, during the forty year existence of IPEA, but the challenge of development continues to still be present (IPEA1000[51]: 18; my translation).

This quote expresses the contradictions found within the IPEA discourse on economics development, first of all the rather universal movement away from the belief in "old" model of state-led economic development combined with the desire to still write and produce economic knowledge around "development" themes.

At first glance, it appears as if the production of economic knowledge at IPEA is too heterogeneous for there to be consistent ideologies and policy models in their work. It has economists arguing for a range of levels of state involvement from market fundamentalism reform narratives to Marxist critiques of contemporary capitalism and coauthor works with economists from similarly diverse institutions. However, IPEA is a large institution that is divided both thematically by research interest and regionally between Rio de Janeiro and Brasília. From these divisions clear economic discourse and policy cleavages are revealed.

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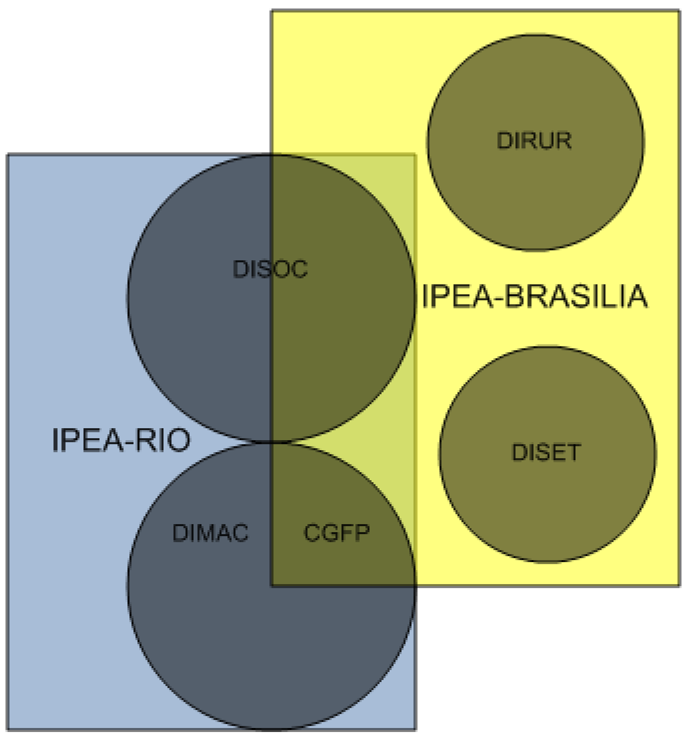
[51] See Appendix B for all IPEA working papers cited in this chapter. The number corresponds to the working paper number. Citations labeled "IPEA" (Appendix B) or "PUC" (Appendix A) refer to each group's respective working paper archive.

The diagram in Figure 4 shows the geographical and administrative divisions within IPEA. IPEA-Rio is composed of a central directorship, a social policy center (DISOC), and a macroeconomic research department (DIMAC). IPEA-Brasília hosts economists from DISOC, a subsection of DIMAC that focuses on budgetary and finance issues (CGFP), as well as a sectoral research department (DISET) and a regional and urban studies section (DIRUR).

Figure 4: Structure of IPEA



In terms of academic prestige, IPEA-Rio is viewed most favorably, as it has more foreign-trained economists and it works more within the context of neoclassical methodological orthodoxy.[52] In many ways, due to its location, IPEA-Brasília had a more policy-oriented role and was closer to the federal government both formally and

[52] The UC-Berkeley economists that worked with IPEA were largely based in Rio.

informally. Many researchers were tasked with analyzing and quantifying spending patterns, creating budget proposals, as well as generally conceptualizing appropriate state interventions.

However, in respect to policy model and methodology, the CFGP located in Brasília is more consistent with DIMAC and IPEA-Rio economic discourse, implying that the macroeconomic studies department exerts direct influence on its subsection. The opposite is true with DISOC research in Brasília; its methodology and policy frameworks are closer to the economic knowledge produced at IPEA-Brasília. As such, the economic knowledge produced at IPEA, will be analyzed as two distinct economic discourses.

4.3 IPEA-Rio

This group includes the Rio group of DISOC economists and CGFP technicians in Brasília. In regards to economic policy, the academic discourse produced by IPEA-Rio and the GCFP is based principally around the construction of adequate state policies that promote growth and socioeconomic development in the context of market reform. The role of the state is generally minimal, focusing on reforming state institutions, implementing targeted social policies, and promoting development through horizontal investments in infrastructure and technology promotion. While generally neoclassical with respect to methodology and basic assumptions, they are not strictly "monoeconomic" like PUC-Rio. They support a new development economics which recognizes that Brazil may require different policy models from those in developed countries in order to overcome its specific structural problems. This language is similar to the Flexible Washington Consensus model mentioned in Chapter 2. This, however, does not mean a stark divergence from PUC-Rio, as they are profoundly critical of state-led import substitution industrialization and as such and defend market liberalization and support fiscal adjustments to contain inflation. However, they argue that the market reforms, while a net positive, were not sufficient for growth and there is a requirement for a new development model based on a national consensus for reform. In this sense, beyond technical monetary policy and public debt analyses, the knowledge production IPEA-Rio functions as a development-oriented version of the discourse found at PUC-Rio. The orthodox emphasis on fiscal disequilibrium and inefficiency of the state is taken basically *a priori,* so in their economic policy prescriptions they task themselves with theorizing industrial and social policies that promote development within the context of a globalized economy without violating the principals of market reform.

They argue that liberalization, stabilization, and a reduced role of the state in the economy has restructured the Brazilian economy in a way that is generally positive, but requires a broad set of reforms to be entirely successful and more complete. This involves improving the function of the state through legal reform, efficient regulation for privatized sectors of the economy, and reforming the industrial policy framework. This is supplemented by arguments in favor of a "growth *cum* foreign savings" model that promotes expanding the role that foreign financial capital plays in financing development. The state still has a role, as market reform has not sufficiently restructured Brazilian industry and labor markets in a way that is conducive to sustainable development. IPEA-Rio discourse argues that, as a result, the state needs horizontal policies that support export industries, a national system that encourages labor market integration and social safety nets for those negatively affected by structural reforms. In all cases the focus is on creating an activist, but efficient state that can make the globally integrated domestic market more efficient.

Beyond promoting economic growth and financing infrastructure, IPEA-Rio discourse emphasizes social policy over economic policy as the principal means of combating poverty and inequality. There is substantial discourse on poverty and inequality statistics that ultimately corresponds to the PUC-Rio policy model that focuses on macroeconomic stability, education, and targeted conditional cash transfers as the best methods to promote "growth with equity."

4.4 IPEA-BRASÍLIA

IPEA-Brasília, a group that includes all Brasília-based technicians excluding the CGFP, is the first of the three institutionalized academic communities whose economic discourse is not founded on an unqualified denunciation of the logic governing state-led industrialization. Instead, economists generally argue that Import Substitution Industrialization and other state-led development policies played important roles in stimulating economic growth and socioeconomic development, though they ultimately failed by promoting macroeconomic instability, inefficiency, and technological underdevelopment. However, many are also skeptical about the innate benefits of broad market liberalization, and argue that those policies are not necessarily sufficient to rectify the limitations of state-led industrialization. In this vein, the policy discourse at IPEA-Brasília, therefore, is seeking to improve both models by creating industrial, trade, and labor policies that promote the competitiveness of exports, promote innovation and the diffusion of technology, and the absorption of the unemployed into the economy.

The basis for this perspective primarily comes out of the two most prolific departments at IPEA-Brasília, DISET and DIRUR, which principally analyze sectoral policies and regional and urban development, respectively. There are also considerable linkages, through co-authorships and sponsorships to centers of theoretical left development discourse like UNICAMP and ECLA. Methodologically, there is a clear inheritance from structuralism and neostructuralism, with emphases on the clear role that the state needs to have in order to promote growth, stability, and economic development. This foundation frames a policy model that promotes fiscal discipline, limits on financial capital, and an improved trade balance as preferred ways to promote stability.

Within IPEA-Brasília discourse, economists argue that eliminating the trade deficit should be accomplished by promoting exports through horizontal and vertical policies that focus on science, technology, and innovation. In order to combat unemployment, poverty, and inequality, export-oriented policies need to be accompanied by regional and sectoral state investments that create internal markets and promote higher wages. Lastly, the discourse at IPEA-Brasília promotes increased social spending and making poverty reduction part of a comprehensive approach including the aforementioned investment policies.

Chapter 5: Development policy

Among all three institutional groupings, I argue that there are clear differences between the development models and perspectives argued by economists in the three groups. For one, PUC-Rio's goal of moving away from "development economics" is reflected in the fact that quantity of texts relating to the broad role of the state, industrial policy, and other questions of "economic development" was strikingly sparse relative to other topics. In contrast, due to the wealth of available working papers at IPEA during the period in question, and its status as an "applied economics" institution, the development model promoted by IPEA-Rio is more fleshed out then its counterpart at PUC-Rio. Similarly, the institutional emphasis on regional and sectoral policy frameworks at IPEA-Brasília creates an ample body of texts that analyze the role of the state in economic development.

Table 10 summarizes these differences. I show that within the PUC-Rio working paper archive, the broad consensus was that the new "development model" was based on a clear movement towards the free market as the stimulant for development. State-led industrialization and the economic interpretations that supported it were soundly rejected based on the inefficiencies it promoted through industrial development policies and its forgiveness for macroeconomic instability. The place for the state was seen as a coordinator, not financier, for "private" initiatives. In contrast, economists at IPEA-Rio, while supporting many of those reforms and agreeing with PUC-Rio's critiques of the state, focused on the preferred means of creating state policies within those constraints that are targeted to the specificities of Brazil, a contrast to PUC-Rio's "monoeconomics."

Table 10: Development policy model

Institution	Theoretical foundations	Perspective on past state-led industrialization	Primary roles of the state in the economy
PUC-Rio	• Neo-monetarism • Neoclassical • Monoeconomic	• Negative • *Primary* cause of contemporary economic problems	• Macroeconomic Stability • Complement the free market
IPEA-Rio	• Neo-institutionalism • Neoclassical • Neostructuralism • Difference-based economics	• Negative • One of *many* causes of contemporary economic problems	• Macroeconomic Stability • Complement structural market reform
IPEA-Brasília	• Development neostructuralism • Heterodox • Difference-based economics	• Mixed • Beneficial for industrialization • Its failure not due to active state involvement	• Facilitate structural economic change

Institution	Principal development policies	Principal funding for development
PUC-Rio	• Liberalization • Fiscal adjustment • Social policy	• Private capital • Fiscal adjustment
IPEA-Rio	• Neo-institutional reform • Minimal industrial policy • Social policy	• Foreign savings • Fiscal adjustment
IPEA-Brasília	• Substantive industrial policy • Employment generation policy	• State spending • Domestic savings

Both groups in Rio were principally interested in the role of the state in promoting stability and saw fiscal reform as a means to both promoting stability and funding the minimal industrial policies they supported. The main differences between the two are subtle: PUC-Rio broadly promoted free market policies like liberalization and expanding the role of general private capital; IPEA-Rio focused on the policies and direct interventions meant to help the economy develop and adapt to the new free market structure. This group's "new development model" places itself specifically within the context of the mainstream debate on the relative merits of the Washington Consensus, generally arguing for a neo-institutionalist view of state reform as opposed to a general removal of the state from the economy.

In Brasília, IPEA economists also argued for policies that support and promote structural change. This emphasis on structural change is very similar to IPEA-Rio and as a result they share similar perspectives on a number of policies. However, IPEA-Brasília economists are less optimistic about the sustainability of foreign capital as the principal engine of long-run economic growth, even coupled with horizontal trade policies. They argue that there are structural deficiencies within the system itself that require an active role for the state in strategic sectors and regions to promote dynamism, innovation, and quality employment in the Brazilian economy.

5.1 PUC-Rio

A critique of state-investment as being inefficient was present in all pieces of the PUC-Rio working paper archive, whether specifically dealing with economic development or general economic theory. Gustavo Franco (PUC354) critiques the "inward-oriented growth model" as being based on old-fashioned trade mercantilism, causing economic inefficiencies. Government investments were viewed as being caused by rent-seeking and lobbying much in line with mainstream neoclassical political economy.[53] For example, Carneiro (PUC410) argues that state investment policy promotes the formation of strong rent-seeking business lobbies that reap the benefits of subsidies and exemptions that "generate more inflation and social inequality in the name of false progress" (16, my translation). Ferreira (PUC483) specifically sees lobbying in terms of neoclassical Pareto efficiency models, arguing that class-based lobbying is inefficient. Werneck (PUC337) worries that popular and political pressures will promote more state intervention. The state is seen as both inefficient and prey to rent-seeking actors in the economy to the detriment of stability and development.

In line with Carneiro's assessment, the major critique of state intervention found in the PUC-Rio's economic discourse comes from their view that development led by the state was based off of instability and inflation. For example, in his preceding text, Carneiro derides classic practitioners of development economics such as Hirschman, Myrdal, and Furtado as inflation apologists. He claims that instability due to the state-led industrialization model was one of the principal factors that limited economic development and growth. Franco (PUC487) argues along similar lines, calling the previous model *desenvolvimento inflacionista*,[54] in which macroeconomic instability was used to finance state deficits and was allowed to persist due to structuralist views of inflation. In a later piece (PUC354), he argues specifically that it was the inefficiencies of the state itself that led to high levels of inflation. Following the same logic, Werneck (PUC487) contends that any return to growth requires stability, specifically through less government expenditures. Within this body of economic discourse created at the PUC-

[53] Neoclassical political economy argues that state investment creates interest groups that spend their resources to lobby for policy support from the state. These concentrated coalitions support policies in their benefit at the expense of the unorganized majority who would, ostensibly, benefit from market reform (Grindle 1991).

[54] "Inflationist developmentalism"

Rio, macroeconomic stability is the overriding concern for all economic policy reform to the degree that free market-oriented policies appear almost as a subtext to the overriding importance of fighting inflation. The prevalence of "instability" being the overriding cause for concern in economic knowledge production at the PUC-Rio will be considered later in this chapter when discussing monetary policy.

However, PUC-Rio economists did produce strategies for development beyond the considerable emphasis on macroeconomic stabilization as a central prerequisite. Economists say there are persistent problems in the economy like the low growth rate, high unemployment, and the stagnation of inequality and poverty. The authors continually reject the idea that the reforms themselves are to blame, contending, for example, that such views reflect "selective memory" (Abreu PUC493). Considering that claim, the actual policies to deal with those problems are, unsurprisingly, noticeably different from those presented by the classic development economists.

Amadeo places himself conceptually within the high economic development theory lineage, arguing that, in respect to trade liberalization and international integration, "opening itself becomes a development strategy" (PUC367: 27). Drawing from Hirschman's analysis of unbalanced growth, he argues that linkages to international capital will replace domestic linkages providing the new means of financing investment, the diffusion of technology, and income generation. Arguing that Hirschman would contend that the elimination of those domestic linkages would impede growth and development, Amadeo claims that "the advantages of entering the international network are greater than the disadvantages of the de-linking of the domestic productive system" (28).

Carneiro concurs, arguing that growth in the Brazilian economy came, and will come, from trade liberalization, the abandonment of sectoral public investment, and the broadly conceived "reform of the state," which includes privatization and institutional reform. However, unlike Amadeo, he does not seek to place his piece within the context of linkage, as his rhetoric against classic development economists is considerably polarizing.

Carneiro argues that Celso Furtado and other structuralists saw "the process of capitalist development as a trajectory towards the triumph of socialism in the region" (PUC410: 1; my translation). Similarly, Franco breaks with developmentalists arguing in favor of monetary policy that reflects that fact that there "stopped being a uniqueness to Brazil relative to the rest of the world…we stopped being different" (PUC487: 28-29; my translation; original emphasis). This is a clear argument for a "monoeconomic" view of economics and economic policy, especially as applied to Brazil. From this perspective, in both of his relevant working papers (Ibid. and PUC354) he argues that openness, privatization, and market-based monetary policy are the keys to development. Gonzaga, Issler, and Marone (PUC348) also believe development policy needs to move away from difference-based economics, emphasizing the importance of economics with stable rules.

Is there a role for the state in promoting development in the economic discourse produced by the PUC-Rio? From these perspectives it appears that the state is seen as dispensable in the process of economic development beyond removing itself and stabilizing the monetary system. The economic discourse is more complex than that, however. Garcia (PUC336) and Bernard and Garcia (PUC375) use neoclassical macroeconomic growth models to demonstrate the importance of infrastructure in economic growth. There is a practical argument that the state will need to finance these projects, but it is also argued that due to the fiscal austerity that is required for stabilization there should be an increased role for the private sector.

Amadeo (PUC334) contends that the structural shift in the market that creates more efficient businesses integrated into the international system requires increased state action as part of a long term development strategy. However, he argues against "neostructuralist dreamers" who emphasize vertical policies that involve subsidizing specific sectors. Instead, he argues, the state should limit itself to a coordination role, funding studies, proposals, and advice. Only in horizontal tax policies and infrastructure investments should the state use financial incentives in its development projects. Infrastructure here is considered broadly to include professional training and policies that promote the institutionalization of technology diffusion within domestic industry. This broad view of infrastructure is shared by Abreu (PUC493) who emphasizes targeting "clusters" for horizontal policies. Abreu is the outlier, in that he argues for the minimal use of vertical policies if used sparingly and targeted at market failures. However, the use of such policies, he contends, is necessarily limited by preeminence that must be given to fiscal discipline and macroeconomic stability.

5.2 IPEA-Rio

The methodological basis for development analyses at IPEA-Rio can be found most explicitly in Bonelli and Gonçalves' (IPEA540) study of changes in Brazilian industrial structure. As in modern neoclassical macroeconomic development theory, they argue that the root of all socioeconomic development is increases in per capita income which leads to increased consumer power and increased domestic demand. This is echoed by Bonelli and Gonçalves (IPEA645) and Miranda, Rodriques Júnior, and Silva (IPEA597) all of which focus on the importance of per capita income in financing future development.

Within the discourse, however, it is widely claimed that growth needs to be supplemented with policies that support reductions in inequality. Most specifically dealing with that issue, Paes de Barros and Mendonça (IPEA525) argue that increased access to education is the key to creating pro-growth externalities by increasing human capital, decreasing population growth, and decreased poverty. These policies are part of a larger belief that there needs to be an active state in the development process. Varsano (IPEA417) argues any development model should not "give in to the pressures of those who promote a 'Minimal State,' which would be incapable of fulfilling its function – indispensable in Brazil – as the agent of social development" (17; my translation). This direct opposition to a minimal state is a clear and direct divergence from the development model supported by PUC-Rio, and is similar to the language used by John Williamson.

However, though there is a role for the state within the discourse, like PUC-Rio there is a consistent rejection here of state-led industrialization. For example, Bacha and Bonelli (IPEA1018) blame growth problems on the inefficiency of domestic production and the consumer patterns that developed to defend against inflation during ISI. Even when not explicit, similar critiques of the ISI model are present within all development policy texts. However, while PUC-Rio's critique was coupled with a rejection of difference-based development economic theory, IPEA-Rio believes such a theoretical orientation is necessary.

Throughout the body of working papers, there is a recurring critique of mainstream economic tools. Even as neoclassical models are used, there is persistent sentiment that orthodox versions of those models fail to account for the specific reality in Brazil. For example, in his search for the best means to measure the Plano Real's impact on labor markets, Urani (IPEA380) argues that "if the Brazilian economy operated like a neoclassical macroeconomic model, with perfectly flexible labor markets and perfect competition, the answers to these questions would be trivial" (1; my translation). In a similar vein, Brito and Bonelli (492) argue that mainstream theories of growth don't adequately explain the development-enhancing externalities of the industrial sector. In another example, Barros and Franco (IPEA986) believe that traditional indicators that emphasize income as the proxy for development need to be supplemented by family-oriented development indexes in Brazil.

Framing the development question within the context of the mainstream debate about efficacy of the Washington Consensus is also a justification for a revival of difference-based development economics. From this debate, Pinheiro (IPEA989) concludes that there was a resurgence "in the perception that the economy in poor countries was different from rich countries and that there was, therefore, need for a theory of economic development" (8; my translation). Basically, the "theory of development" at IPEA-Rio comes out augmenting the Washington Consensus and adapting it, as in the "flexible" WC, to Brazil.

Pinheiro (IPEA989) and Pinheiro, Bonelli, and Schneider (IPEA1035) lament the lack of a "development consensus" that they see as having being central to economic success in East Asia. The lack a uniform model, they argue, increases uncertainty which reduces productivity and undermines long-term investment. As such, the piecemeal and politically practical nature of reforms during the 1990s was partially responsible for Brazil's low growth rates. They blame the lack of consensus on the high priority of stability during the early phases of market reform and on general frustration with the lack of growth and relative stagnation of poverty and inequality indicators following Washington Consensus-based reforms.

In response to those perceived failures of the Washington Consensus, IPEA-Rio discourse attempts to synthesize the three mainstream perspectives on market reform into its own Brazil-centric policy model. They agree with the most orthodox view that there needs to be deeper liberalization and destatization, especially to promote macroeconomic stability and efficiency. They also support the neo-institutionalist view that promotes "second generation reforms" aimed at improving the performance of the state as a market facilitator. This is done by reforming and modernizing its regulatory structure so that property rights are protected, financial capital flows easily, and information-based market failures are fixed.

5.3 IPEA Brasília

Like the Rio-based economists, development discourse at IPEA-Brasília can be framed in terms of its representation of the history of state-led industrialization in Brazil. Resende and Teixeira (IPEA844) see ISI as having had an important role in stimulating industrialization that would not have happened without the involvement of the state. The principal problem was its failure to promote technology and innovation-based growth, which made Brazilian industries inefficient and promoted unsustainable import patterns, specifically in capital goods industries. Liberalization, they argue, plays an important role in promoting efficiency and increases access to technology, but does not make the trade balance any more sustainable. Thus, the role of the state is to promote innovation with industrial policies. This perspective is echoed by Aurea and Galvão (IPEA616) who argue that the state planning was an important phase in the process of industrialization, especially in promoting technology imports. However, like Resende and Teixeira, they argue that it failed to stimulate autonomous innovation and domestic growth in technology.

Mendes and Teixeira (IPEA) move beyond the critique of ISI, and focus on specific aspects of structuralism, specifically the contributions of Celso Furtado, that they argue are relevant in the contemporary phase of development. They cite the utility of his theoretical perspectives on the role of internal markets, his emphases on the dynamic capability of certain sectors, and his focus on regional aspects of development. IPEA-Brasília discourse, especially coming from DIRUR, also notes the considerable importance of the state in the development of Brazil's historically poorer regions. Galvão and Vasconcelos (IPEA665) argue that the state-led industrialization policies helped with broader regional development patterns that benefited peripheral regions. However, due to the lack of sustainability of those investment levels, the reconfiguration of the state that began in the 1980s reversed many of those gains.

Similarly, in their analyses of the history of regional development, Gomes and Vergolino (IPEA372; IPEA533; IPEA712) argue that the state had a fundamental role in their development. Investment in infrastructure and state-provided lines of credit directly expanded aggregate demand, promoting economic growth and stimulated private investment. However in the poorest regions, where the local economies were dependent on state investment, overall (public and private) investment rates fall dramatically with reductions in government expenditures.

Justifications for state interventions are also based on the lessons of the East Asian economic development path. Villela and Suzigan (IPEA421) argue that the East Asian experience demonstrates the viability of industrial policies to promote competition. Lastres (IPEA519) argues that globalization does not lead to a broad spread of technology and references Japanese technology policy as a way to reconcile this and promote development.

These historical accounts of Brazilian development lay the empirical and theoretical base for a variety of state interventions in the economy. The methodologies used in the studies move away from neoclassical methods, instead basing their studies on structuralist import demand models or post-Keynesian macroeconomics. Their citation patterns, author associations, and institutional affiliations reinforce those theoretical foundations.

Chapter 6: Macroeconomic policy

There are differences in the development models argued by the three groups of economists, as demonstrated above; however the direct policy implications are not necessarily clear from this broad level of analysis. I argue that articles from the working paper archive on specific macroeconomic issues show clear policy-based cleavages on issues like government spending, interest rates, and the role of foreign financial capital. As Table 11 shows, excluding a general consensus on the need for a fiscal adjustment, the differences between the Rio group and IPEA-Brasília are very stark. On the one hand, PUC-Rio and IPEA-Rio are deep critics of the role of the state in the economy. They see overspending as the primary driver of instability and thus propose a growth model financed by foreign capital instead of the state. The macroeconomic policies required for this include fiscal austerity, consistently high interest rates, and financial liberalization – the logic being that financial austerity decreases overall instability and reduces inefficiency; high interest rates promote currency stability; and financial liberalization provides the capital for economic growth. Neither group is universally opposed to legal limitations on financial capital, however, even if they are generally pro-liberalization.

Table 11: Macroeconomic policy model

Institution	Causes of instability	Fiscal policy	Monetary policy goal
PUC-Rio	• Overspending • Inherited inefficiencies from ISI	• Fiscal adjustment is the most important policy change • Pro-LRF	• Promote stability • Reduce inflation
IPEA-Rio	• Overspending • Inherited inefficiencies from ISI	• Fiscal adjustment • Pro-LRF	• Promote stability • Reduce inflation
IPEA-Brasília	• Trade imbalance • Financial openness	• Mixed • Fiscal adjustment is generally a lesser concern	• Promote stability • Reduce external dependency

Institution	Monetary policy	Capital controls
PUC-Rio	• Contractionary until fiscal adjustment • Inflation-targeting	• Mixed • Fiscal adjustment and financial development more important
IPEA-Rio	• Inflation-targeting	• Mixed • Fiscal adjustment and financial development more important
IPEA-Brasília	• Interest rates are too high	• In favor

The difference between the two is principally in terms of rationale for these policies. IPEA-Rio economists see those policies as a reformulation of the role of the state away from ISI-style intervention to a more efficient regulator and coordinator that helps domestic business compete through horizontal intervention. PUC-Rio, as in their development model, wants the state to focus on constructing institutions that promote a free, efficient – largely deregulated – market.

In contrast, I show that IPEA-Brasília is deeply critical of both models. Their working papers demonstrate a belief that high interest rates and openness are a primary generator of instability and an inhibitor of economic growth – opposite to the Rio group's belief that they are the foundation for macroeconomic stability. From this base, IPEA-Brasília economists argue for policies that eliminate the current account deficit, critique the vulnerability created by complete financial liberalization, and recognize the need for the Brazilian government to follow the principles of fiscal responsibility to keep inflation low. As compared to the Rio group, there is less complete discussion of monetary policy frameworks and mathematical models for determining interest and exchange rates.

6.1 PUC RIO

At PUC-Rio, the argument is largely framed in terms of macroeconomic stability and the best ways to promote it through fiscal policy, monetary policy, and financial market reforms. The main policy arguments are for high interest rates, reduced spending, and some level of continued financial deregulation. In terms of fiscal policy, government over-spending is heavily blamed for instability and is the primary driver for arguments on interest rate levels. Authors want "responsible" fiscal "discipline" as part of "virtuous" macroeconomic policies that avoid "naïve" intervention and fiscal "dominance." This is to avoid market "distortions" that prevent "optimal" market reactions to "natural" shocks: clearly using normative neomonetarist language. Goldfajn and Rigoban (PUC438) describe macroeconomic instability as an "original sin" suffered by developing countries that prevents growth. They argue explicitly, along with Franco (PUC354), Carneiro

(PUC351), Garcia and Bevilaqua (PUC407), and Goldfajn and Olivares (PUC416) that government spending is one of the main causes of this instability. In the context of this fiscal "indiscipline" and increased international integration, contractionary monetary policy marked by high interest rates is seen as the principal way to keep stability.

Beyond overspending, a secondary argument for high interest rates is the international context that requires constant capital inflows. The authors argue that high interest rates are needed during currency crises (Goldfajn and Gupta PUC396; Goldfajn and Baig PUC399) and in the context of a floating exchange rate (Carneiro PUC 429; Carniero and Wu PUC496; PUC459). Though there is a consistent argument within the working paper archive that high interest rates associated with stabilization policy are having detrimental effects on the economy, in every case they conclude that interest rates need to stay high in the context of overspending.

For example, Amadeo (PUC361) is concerned that this contractionary monetary policy combined with trade liberalization has led to a model of "stability with stagnation." The stagnation is difficult for all actors in the economy, exemplified by low growth and regressive redistribution in the labor market. However, he argues that the high interest rates are necessary initially to support the exchange rate-based stabilization model which is worth the cost because it promotes efficiency and reduces inflation. His emphasis is not fiscal discipline, but instead on a period of "waiting out" the low growth phase as productivity increases gradually translate into sustainable growth.

Not until after the movement from the exchange-rate based stabilization model to the "inflation targeting" method in 1999 did PUC-Rio discourse return to the detrimental effects of high interest rates on the economy. Following the logic of Amadeo's "waiting out" period, the movement away from an exchange rate anchor to control price levels might have represented an opportunity to move away from contractionary monetary policy and allow growth to resume. The texts on this issue at PUC-Rio speak directly to this. Various authors say that they would prefer to support a reduction in interest rates because the current levels reduce economic growth and contribute to the budget deficit, but the need to promote stability and make Brazil attractive to investors supersedes those concerns.

Garcia, Gino, and Olivares (PUC409) and Garcia (PUC464), for example, address this concern head-on, arguing that because of high levels of currency risk and country risk[55] high interest rates were required for stability. From this, their "interpretation of the evidence presented here… is that the only way to reduce real interest rates in the Brazilian economy is to continue following the reforms that reduce the Brazilian economy's macroeconomic risk" (Garcia, Gino, and Olivares: 30; my translation). The reforms that lower that risk involve showing a commitment to market-orientation of the economy and a fiscal adjustment.

This argument that high interest rates are necessary until market reforms are complete and fiscal disequilibrium is eliminated is widespread in the PUC-Rio's economic discourse on monetary policy after 1999. For example, Carneiro (PUC429) argues that interest rates will fall with further financial development and fiscal discipline, while Carneiro and Wu (PUC435) expand upon that idea to contend that an improved economic model is necessary to lower interest rates. That model involves the continuation of the structural movement towards export-oriented economic growth. They argue that this shift should not occur through state-led investment, as it will compromise fiscal austerity and reproduce the same inefficiencies as the previous development model. What should be done, in their perspective, is to have a balanced budget with low inflation

[55] Currency risk lowers investment due to fear that assets held in a foreign currency will lose value, while country risk refers to other types of investment risks like future capital controls or high levels of sovereign debt.

which will generate investor confidence (reduce country and currency risk) and allow for stable growth. Lowenkron and Garcia (PUC507, PUC508) also argue that it is a “confidence” issue that requires high interest rates until there is considerable fiscal adjustment as high interest rates are needed to prevent capital flight.

Following this logic, many papers argue that increased flows of foreign financial capital are good for the economy; however, there are differences on the degree to which these flows should move without restriction. The differences are based on whether there should be any controls asserted on the flows of financial capital at all. Those who argue the former contend that some types of investment capital can causes instability in a variety of ways. Those who favor complete liberalization emphasize that instabilities in Brazil are the root of financial capital-based instability. As a note, the texts themselves have more coauthors associated with mainstream neoclassical economics departments in the United States.

The widespread view of PUC-Rio economists that financial capital inflows are positive for the economy is based on the argument that flows can finance and support exchange rate based stabilization, develop domestic financial markets, and finance economic growth. However Carneiro and Garcia (PUC333) and Garcia and Barcinksi (PUC357) are concerned that financial flows can increase debt if the flows are due to high interest rates, delay fiscal adjustment by creating a capital account surplus, and spread instability during international financial crises. Franco and Pinho Neto (PUC479) claim it is “ingenuous to want to deregulate capital flows completely,” if only do to the practical legal and political considerations. They, along with Carneiro (PUC369), are open to the idea of largely unspecified, limited, capital controls.

Other PUC-Rio economists argue that the negatives associated with capital inflows are better dealt with through domestic market reform than through capital controls. Bekart, Garcia, and Harvey (PUC341; PUC342) argue that financial development comes from allowing foreign investors to speculate in domestic capital markets. This creates welfare-increasing "fair pricing," decreases capital flight, and prevents a few speculators from distorting the market as a whole. From this they argue for the elimination of transaction and capital gains taxes, a liberalized exchange rate market, and policies that don't discriminate against foreign investors. Regulation should exist that is focused on communicating risk and encouraging trading, not in the form of legal barriers to capital mobility. Similarly, Bevilaqua and Loyo (PUC390) argue that unilateral liberalization of financial services and banking is necessary in order to improve efficiency in domestic financial institutions.

Goldfajn and Baig (PUC400), Goldfajn and Valdes (PUC401), and Goldfajn (PUC422) contend that volatility caused by exposure to international financial capital flows could be rectified by improving upon the "fundamentals." These fundamentals include universalized formal regulation that doesn't discriminate between foreign and domestic capital, a market-based exchange rate, and a fiscal adjustment.

Even those who explicitly expressed reservations about completely free flows of capital contend that domestic institutional reform and macroeconomic stability are central to dealing with volatile capital. For example, Carneiro (PUC369) argues that the fiscal imbalance contributes to instability more than volatile flows of capital. While arguing against the political impracticality of complete liberalization, Franco and Pinho Neto (PUC479) are mainly concerned with inability of the state to craft effective financial regulations in the context of uncontrolled flows of foreign capital. This is because, they argue, that "the form of constructing liberalization is incredibly important, as freedom subjected to controls that are informal, arbitrary and overbearing can be as ineffective as a prohibition" (43; my translation). This is reflective of the wider view of PUC-Rio economists: the need to construct a "free market" state that is able to adequately administer and regulate a liberalized economy, similar to the language of the Augmented WC.

As such, this "division" over the efficacy of capital controls is rather minor. There is uniform belief that international capital flows are on the whole positive and that the principal concern is about which specific institutional reforms need to be made so that complete, or virtually complete, financial liberalization can be passed. Those institutions are argued to include the state spending apparatus, domestic financial markets, and horizontal regulations.

6.2 IPEA-Rio

IPEA-Rio economists, like those at PUC-Rio, see state policy interventions and over-spending as drivers of macroeconomic instability. In general, their policy recommendations are almost identical as well. The main differences come from justification and language. Unlike those at PUC-Rio, authors were initially pessimistic about the ability of the ability of the Plano Real to promote stability and saw inflation targeting as the inevitable and preferred monetary policy model. Secondly, while in favor of spending reductions, IPEA-Rio economists place it in terms of their broader development model as a "second generation reform." Pinheiro, Bonelli, and Schneider argue that there "is a strong complementarity between first- and second-generation reforms, in the sense that the first significantly increase the role of markets in the development process, while the second create the conditions for markets to function effectively" (IPEA1035: 46).

The technical works on monetary policy are based on creating new models that can be used to measure interest rates (IPEA447), stabilization policies (IPEA579;

IPEA798; IPEA806; IPEA1128), exchange rates and risk (IPEA393; IPEA537; IPEA1106), and the effects of inflation (IPEA753). The policy concerns that come out of related texts are largely based around the fears of vulnerability associated with high interest rates and Brazil's debt to GDP ratio – a similar worry of PUC economists. Rocha and Moreira (IPEA581) argue that the need for consistent capital inflows to stabilize the exchange rate and keep inflation low creates a vulnerability to financial crises. There is a general concern among IPEA-Rio economists that the exchange-rate anchor used to stabilize the economy during the Plano Real would not be sustainable because of its effects on the exchange rate and the aforementioned vulnerability to external crises.

For example, Maka (IPEA520) argues that the movement from the Plano Real to an inflation targeting regime is inevitable as the gains from the currency anchor are temporary, and in the long run the real exchange rate will return to equilibrium and benefit from cheap imports. In order for debt to be sustainable and to keep the economy stable, Samy de Castro et al. (IPEA602) and Sachsida and Texeira (IPEA660) argue that the exchange rate anchor will need to be dropped and the currency will need to be devalued. From a similar perspective Sachsida, Teixeira, and Ellery Júnior (IPEA662) model the relationship between interest rates and the exchange rate arguing that monetary policy can't be used to target both at the same time.

To complement inflation targeting, IPEA-Rio papers see fiscal adjustment policies both as a tool for macroeconomic stability and as a way to allow the government to responsibly intervene in the economy to support market reform. The argument is that fiscal adjustment is necessary to reduce debt and to create "space" both for the government to focus on priorities and to allow more room for private savings and investment. Carvalho et al. (IPEA977) address the former arguing that there needs to be a reduction in spending or an increase in revenue in order to keep debt levels sustainable.

Dealing with the later, Varsano (IPEA417) argues in favor of a fiscal adjustment that is focused on shifting funds away from state-led industrial projects towards social policy. Consolidating the two are a series of texts recommending specific reforms directed at limiting government expenditures. All of these were written in the aftermath of the Fiscal Responsibility Law of 2000, which restricted the amount that can be spent by federal, state, and local governments. The authors advocate further institutionalization of spending caps and reforming constitutionally-required expenditures.

In terms of stability, Cândido Júnior (IPEA781) argues that fiscal imbalance is the principal cause of inflation and that the taxes that are used to finance it “distort” the economy. Giambiagi (IPEA1123) concurs also saying that taxes are “distortionary” and that a reduction in fiscal expenditures will allow a reduction in interest rates. In order to achieve this, he argues that Brazil should consistently aim for a target deficit level of zero, which could be met through a permanent cap on expenditures past that level and a reform of the social security system. Pêgo Filho and Pinheiro (IPEA 1007) say that the existence of “passive expenditures” like social security, workers compensation, health insurance, and implicit guarantees for state companies is what lay behind increases in debt levels after the passage of the Fiscal Responsibility Law. Their solution is to centralize all those expenditures and allow the Finance Ministry to adjust funding based on performance and incorporate an institutionalized spending cap. Mora and Giambiagi (IPEA1142) argue that this legal limit on expenditures should also be used to limit the budgets of city and state governments.

Considering the budgetary limits prescribed by IPEA-Rio economists, the main emphasis is on foreign capital as a source for development financing. Like PUC-Rio, authors argue that financial liberalization is an important means to promote foreign capital inflows with the caveat that such change needs to be accompanied by proper regulations and controls.

For example, Almeida (IPEA389) is wary about financial liberalization noting that it needs to be accompanied by banking regulations that limit market based inefficiencies that are due to a lack of financial development. He argues that "both the theoretical and empirical evidences [sic] are also not enough to give strong support to the most radical arguments favoring extensive financial liberalization" (14). He argues that the goal of policy should be to find the optimal degree of government regulation and intervention that allows external financial capital to be the most productive. Mendonça and Pires (IPEA1121) second this with a study that shows that a deregulated current account does not necessarily promote stability and reduce inflation and as a result that policy should focus on the best degree of liberalization. Pires (IPEA1061) argues that without financial development, capital controls are necessary for macroeconomic stability.

The arguments on the other side of the capital controls spectrum are not necessarily contradictory; they just emphasize the importance of domestic conditions over capital controls. Aurélio (IPEA496) argues this exact point claiming that in order to improve financial liberalization, the answer is not capital controls but further domestic development. He says quick moving portfolio capital may lead to instability, but believes that capital controls are ineffective at limiting their entrance into the system. As such, the best policy response is promoting stability, infrastructure, and human capital in order to encourage long-term capital investments.

Magalhães (IPEA715; 932) is similarly pessimistic about the ability of capital controls to regulate inflows. Even though he argues that financial liberalization is often negatively correlated with growth, the preferred method is domestic financial development as capital controls would increase Brazil's risk profile, because they signal a lack of political commitment to liberalization. That institutional reform involves increasing monitoring power of regulatory agencies, reducing incentives that privilege debtors, and further enforcement of contract laws. Relating financial development to first- and second-generation Washington Consensus reforms, Pinheiro and Bonelli (IPEA1118) contend that increased financial development and a proper regulatory framework is the "institutional" companion to financial liberalization. By decreasing the cost of investment, growth can begin again.

6.3 IPEA BRASÍLIA

Both of the Rio-based institutions differ only slightly in their treatment of macroeconomic policy issues: both support or defend high interest rates, view financial liberalization as an important part of their development model, and consistently argue for fiscal adjustment measures over all other policy instruments. The IPEA-Brasília critique, however, is principally framed in terms of their critiques of state-led industrialization and the instability caused by contemporary market reform.

For example, in the development models used by Resende and Teixeira (IPEA844) and Aurea and Galvão (IPEA616) there is a critique that the new economic model has not fixed the recurring trade deficit. In their view, this is because the hierarchy of importation hasn't changed and is very similar to the state-led industrialization period. They argue that

> All analysts are unanimous in noting the profound transformations of the Brazilian economy in the 1990s, which were manifested in a substantive change in the productive structure of the country…However, in the traditional context in which there are limited means to generate significant innovation autonomously, once again technology imports have prevailed as the principal means to meet the requirements for a new stage of this country's economy (IPEA616: 7; my translation)

Their argument is that, while liberalization has affected the economy, it has not fixed the fundamental need for imports of foreign innovations. This importation pattern, they contend, leads to persistent unsustainable current account deficits which make the economy reliant on capital inflows and thus exposed to crises. Lastres (IPEA519) conceptualizes this in terms of broad vulnerability in the market-oriented model as evidenced by "the fragility of trade performance expressed in the growing trade deficit…[and] the increasing vulnerability of financing the current account deficit with the entrance of relatively short-term capital" (65). He is arguing that there is an interrelation between a problematic trade balance, increased debt, and vulnerability to crises as a result of technology underdevelopment. Laplane and Sarti (IPEA629) and Negi and Laplane (IPEA1002) argue that reliance on FDI to finance development has similar problems as it increase imports without substantially boosting exports. They also claim that due to the transnational structure of foreign companies that invest in the country, they are more sensitive to trade imbalances. As a result, they are likely to respond to Brazil's overvalued currency with increased imports, increasing vulnerability.

The IPEA-Brasília working paper archive also sees this vulnerability in domestic financial systems. Studart and Hermann (IPEA799) argue that, while financial liberalization helped promote a return to growth and low inflation in the beginning part of the 1990s, it revealed a flaw in the model after the Asian crisis. The free movement of capital triggered a banking crisis in Brazil and its major regional partners. What happened, the authors argue, was an "increase in microeconomic efficiency at the expense of macroeconomic efficiency" (113; my translation; original emphasis). That is, the increase in foreign capital flows made domestic markets more efficient, but increased instability in the economy as a whole. The solution, they argue, is to use some level of controls that lower vulnerability and protect domestic banks in times of crisis. Stability would come from financing growth through domestic savings and financial institutions, instead of relying on FDI and international capital flows. Miranda (IPEA829) argues that high interest rates are one of the barriers to the creation of long-term domestic credit markets which would reduce the dependency on unstable foreign capital.

While IPEA-Brasília economists critique the instabilities of liberalization, they are also critical of previous state-based industrialization patterns which promote inflation through overspending. As they propose many interventions for the state, they need to create budgetary space for development policies. Alvez, Soares, and Amorim (IPEA473) argue that the state needs to recoup its capacity to implement social policies, which requires a fiscal adjustment. Afonso, Araújo, and Biasoto Júnior (IPEA1141) contend that more "fiscal space" is needed for infrastructure spending that doesn't unbalance the budget. Lyra (IPEA413) also contends that limited fiscal expenditures are necessary in order to keep perceived investor risk low. Galvão and Vasconselos (IPEA665) agree that monetary stability is one of the basic foundations for successful industrial policy. While other texts do argue that fiscal stability is important, the priority is generally low, especially relative to PUC-Rio and IPEA-Rio economic discourse.

Chapter 7: Industrial and trade policy

Another more specific aspect of the development policy model emphasized by the institutions was the role of the state in supporting domestic industries through trade protection, subsidies, or even direct state-ownership. As shown in Table 12, all three groups take different perspectives on these issues. PUC-Rio economists see liberalization and privatization of existing state industries as the basis for their new development model. They argue that the role of the state should not go beyond horizontal infrastructure investment, the development of an efficient regulatory framework, and facilitating voluntary coordination among domestic industries.

The papers by IPEA-Rio economists also see privatization and liberalization as important for development and growth. However, they believe that the domestic industries need government support to adapt to the new free market economy. These policies could be minimal vertical investments and subsidies, but would largely focus on broad horizontal investments targeted at supporting technology and export industries and flexible trade protections that respond to subsidized international competition.

Again, on the other end of the spectrum is IPEA-Brasília. I show that, following the logic of their macroeconomic model, they see the trade liberalization as contributing to increased instability and dependence. They argue for a more expansive policy to strategically promote export industries through trade policy and to also directly invest in domestic industries to promote technology, employment, and economic dynamism. While not directly opposed to past privatization, they argue that the remaining state-run businesses could be utilized to support strategic industrial goals.

Table 12: Industrial and trade policy

Institution	Perspective on trade liberalization	Trade policy	Scope of industrial policy
PUC-Rio	• Central to the new economic model	• Further liberalization and regional integration	• Principally horizontal
IPEA-Rio	• Necessary, but not sufficient for development • Requires industrial policy	• Further liberalization and regional integration • Defensive trade policy	• Principally horizontal, minimally vertical • Support export industries • Promote technology
IPEA-Brasília	• Wary of the effect of liberalization on the trade balance • Requires industrial policy	• Defensive and compensatory trade policy	• Horizontal and vertical • Support export industries • Promote technology • Create internal markets

Institution	Policy tools	State-run industries
PUC-Rio	• General infrastructure investment, with increased private financing • Voluntary industrial coordination, without fiscal incentives	• Pro-Privatization • Improved regulatory framework to prevent market failures
IPEA-Rio	• General and targeted infrastructure investment • Limited sectoral fiscal incentives	• Pro-Privatization • Neo-institutional state reform to prevent market failures
IPEA-Brasília	• Expansive infrastructure investment • Expansive regional investment • Broadly-based sectoral fiscal incentives	• Use existing state industries to supplement industrial policy

7.1 PUC-Rio

The central elements of PUC-Rio's industrial and trade policy model are trade liberalization and privatization. The discourse on the first two categories represents a considerably homogenous call for the removal of all trade barriers with regard to the former and arguments in favor of the destatization of government-run enterprises in the later. The industrial and trade policy specifics supported in the PUC working paper archive were largely covered when talking about economic development. However, several more examples will be discussed in this section.

In terms of trade liberalization, Abreu's texts on trade negotiation strategies continuously argue that liberalization is good for economic growth due to gains in productivity resulting from inherited business practices, the diffusion of technology, and increased efficiency (PUC371, PUC419; PUC457). Beyond that, however, another interesting continuation of the stabilization cum liberalization discourse is argument that liberalization itself disciplines the macroeconomic policy:

> To the extent, however, that binding trade liberalization commitments are made, there is a powerful implied macroeconomic discipline imposed by the sheer size of the main economy involved in the initiative. The scope for the adoption of unsustainable policies is significantly curtailed by the likely consequences on trade and FDI flows (Abreu PUC468: 28).

Abreu is arguing that deeper trade liberalization limits the desire and ability of a state to engage in the type of economic policies that cause instability.

The discourse associating trade policy with macroeconomic policy is reflected in the recurring concern about the most effective way to engage in trade integration and whether or not to formally coordinate macroeconomic policy to prevent instability. Bevilaqua (PUC378) argues that international capital flows make actual coordination difficult due to speculative attacks on the currencies. From this he contends that "the adoption of sustainable fiscal and monetary policies in all Mercosur economies which place a high priority on price stability will be the best form of coordination" (23). In this sense, coordination involves a collective commitment to fiscal "responsibility" and monetary policies targeted towards low rates of inflation. An earlier text by Abreu and Bevilaqua (PUC340), conceives of this in more moralistic terms:

> There seems to be no substitute to macroeconomic convergence as assured by a collective commitment to *virtuous* macroeconomic policies which stress the paramount importance of price stability and a sustainable balance of payments in a context of continued market reform (29; my emphasis).

Thus policies that align with the economic discourse produced by the PUC-Rio on inflation and market reform are seen as a necessary component to fuller trade integration and liberalization.

The analyses of privatization by PUC-Rio economists spends little time arguing for or against the sale of state businesses, as privatization is continually asserted as a way to decrease government spending and make the distribution of goods and provision of services more efficient. As such, the majority of their discussions focus on the manner in which privatization should be done as to maximize its economic and social benefits. Generally this involves the creation of regulatory institutions to prevent market failures. Abreu (PUC372) specifically echoes this point claiming that the privatization process needs to be more than just a transfer of businesses from the public sector to the private; it must have a regulatory framework.

In regard to power generation and distribution, Figueira de Mello (PUC365) and Werneck (PUC373) argue that for successful privatization of electricity there need to be regulatory institutions that are constant and stable. In respect to waste and sanitation, Figueira de Mello (PUC447) argues that the structure of control by various state actors needs to be reformed before privatization. Once reform has taken place, a regulatory framework should be created, and only then should the private sector can take control.

7.2 IPEA-Rio

Both IPEA groups devote considerably more papers to exploring the role of the government in engaging with private industry. The policy model promoted by IPEA-Rio, as analyzed so far argues that improved institutions, foreign capital flows, reduced expenditures and trade liberalization are necessary for stabile economic growth. Unlike the stark defense of market reform by PUC-Rio, IPEA-Rio economists say that, to accompany this reconfiguration of the role of the state in the economy, industrial policies are needed to correct market failures associated with liberalization. Market failures are conceived in a context of a "structural transition" in which the second role for the state, after liberalization, is accelerating and aiding that transition by promoting exports and encouraging technology diffusion and innovation.

The basis for the IPEA-Rio industrial policy model is the argument that liberalization has not been sufficient at increasing employment and stimulating economic growth. Bonelli and Fonseca (IPEA557), Pinheiro, Bonelli, and Schneider (IPEA1035) and Pedroso and Ferreira (IPEA728) contend that while productivity has increased, without industrial policies, it has failed to lead to an increase in national income. Chamon (IPEA552) blames this specifically on the capital intensive nature of the new economic structure.

In discussing the benefits of FDI, Bonelli (IPEA584) argues that stimulating economic growth is more important than reducing trade barriers in encouraging investment. He fellows this up in a later article (IPEA810) noting that slow growth in the new market economy hasn't created enough quality jobs. Calvacanti and Fritschtak (WB821) worry that the system is unsustainable because of recurring current account deficits and an over reliance on short term capital flows to finance them. To reinstate growth, IPEA-Rio economists argue that industry needs to complete a structural transition to increase international competitiveness.

This structural transition is conceptualized in a variety of ways. The above text by Calvacanti and Fritschtak focuses on the movement towards a "knowledge economy" in which industry has a high stock of technology and human capital, promoting an increase in the service sector. Arbache and Corseuil (IPEA801) consider this as a shift towards a technology-dependent economy with increased levels of capital intensity. Bonelli and Gonçalves (IPEA645) see the associated decrease in industrial growth after trade liberalization as another phase in the development process. The growth in the service sector at the expense of industry, they argue, is Brazil beginning to replicate the economic patterns of developed countries like the United States. Gonçalves (IPEA590) argues that this transition to flexible, international economy has moved too slowly in Brazil relative to Europe, the United States, and Asia mainly because those countries promoted individualized industrial policies that facilitated the restructuring of the economy. Based on a similar perspective, Pinheiro (IPEA989) believes that the Washington Consensus-oriented "theory of economic development" leaves a clear space for industrial policy.

There is a general consensus within the economic discourse on what shape this industrial policy should take. First of all, policies should be principally, if not entirely, horizontal. Second, the emphasis should be on promoting technology adoption and modernization. Lastly, it should be coordinated with a trade policy that reacts to predatory market forces.

Within IPEA-Rio industrial policy discourse, Hay (IPEA551) is the strictest in preference for horizontal over vertical policies. He argues that vertical policies are inconsistent with Brazil's free market economy and that they could likely promote corruption and inefficiency. The central horizontal policies he recommends are broad infrastructure investments, market-oriented regulation and reform, and financial development. Hay is the most minimalist in his industrial policy proposals, moving only slightly beyond basic neo-institutionalism. Other economists expand the roll of industrial policy slightly. Gonçavles (IPEA590) agrees that institutional reforms and infrastructure are important, but he proposes targeting those investments in areas where high technology industries are being built. Brito and Bonelli (IPEA492) and Metesco and Tafner (429) argue that innovation and the diffusion of technology require targeted investments in industries by region. The type of sectoral policy specific for this is prioritized infrastructure and fiscal incentives that subsidize private research and development. On trade policy, Hume, Piani, and Miranda (WP1108) argue that "rule of origin" laws in regional free trade agreements are veiled protectionism in favor of other countries and should allow for compensatory industrial policy.

Guimarães (IPEA409) synthesizes these perspectives in his discussion of the ways to reform the instruments of industrial policy from their role as facilitators of state-led industrialization to productive parts of a market economy. This involves prioritizing industries with high technology content, strategic industries involved in the international marketplace, and industries that generate positive domestic externalities. Examples of policies are subsidizes that seek to neutralize the effect of high domestic interest rates on export industries and mechanisms that protect domestic industries anti-competitive trade practices like foreign subsidies, dumping, and examples of the aforementioned "veiled protectionism." Guimarães argues that the way the state can promote "strategic industries" without returning to the inefficiencies of ISI is to focus on industries that are already internationally competitive.

A further complement to these policies is an agreement with PUC-Rio on the role of state-run industries: they should be privatized and accompanied by neo-institutionalist state reform. IPEA-Rio economists argue that such institutional reform needs to be spread to the entire economy as a prerequisite for development. There is a clear consensus that the removal of the state in direct industrial production was positive both for market efficiency and macroeconomic stability, but that those reforms need to be supplemented by adequate regulations and legal structures. This institutionalist perspective argues that the state needs to improve its legal system governing contract law and property rights while regulating markets to promote efficiency. In terms of juridical reform, Pinheiro (IPEA963; IPEA966) studies the relationship between legal systems and economic growth, concluding that enforcing private property and contract law is essential. In fact, he argues that in countries with poorly functioning legal systems and inefficient regulation, market intervention serve as a substitute for a properly functioning legal system. In this sense, legal reforms are needed to replace the state institutions that used to dominate the Brazilian economy. Regulatory reform is part of this change.

Salgado (IPEA941) argues that, in the context of privatization and market reform, regulation is needed to improve the functioning of markets with imperfect information and to prevent anti-competitive behavior. This argument envisions well-functioning regulatory agencies that are a central feature of what she calls the "new development model." In their analysis of failed hydroelectric industry privatization, Moereira, David, and Rocha (IPEA978) concur. They believe that lack of information and excessive risk were the main causes of the failure and that a comprehensive regulatory would make privatization successful.

Pinheiro (IPEA964) comes to a similar conclusion in his analysis of successful and failed privatization projects. Success, he argues, comes from sequencing and facilitating market-based access to competitive financing – essentially, timing and financial development. Failures have come from a weak regulatory presence due to legal underdevelopment and the structure of regulatory institutions. The principal solution to this problem is to

> Consolidate a new regulatory culture, strengthening and giving a more homogeneous mandate to the regulatory agencies. In particular, these need to be distinguished for the economic role they are expected to play, fostering investment, maximizing total welfare, preventing administrative expropriation, etc., and not for simply being another administrative form of executing the same functions that characterized these agencies in the pre-reform period (27).

In this sense, regulations are perceived as part of a broadly conceived reform of the state to facilitate effective markets in the context of the globalized economy. IPEA-Rio economists argue that the legal, financial, and regulatory reforms are meant to replace antiquated state-interventions that are seen as promoting inefficiencies and restricting market-oriented development.

7.3 IPEA-BRASÍLIA

Of the three groups, IPEA economists in Brasília are the most in favor of using state economic policy tools to protect and promote domestic industry. As shown previously, the IPEA-Brasília development model creates a discursive space for considerable state involvement in the structure of the economy. Principally, industrial and trade policies are meant to promote technology and innovation as part of a broad structural change in the economy leading towards an improved national innovation system, labor market, and sustainable current account. The specific aspects of the broad change involve export promotion policies, substantial state investment in technology and research, and comprehensive regional development plans. These policies are interrelated and seen as vital parts of the development model.

The relatively weak export sector is seen as one of the primary reasons for the failure of market liberalization to achieve sustainable economic gains. Gomes and Ellery Jr. (IPEA1087) say that even with increasing trade liberalization, only a small number of firms actually engage in exporting. Of that number, almost half only export to countries within Mercosul and that half is smaller and less productive then more internationally oriented firms. One of the reasons for this, argues Moreira and Morais (IPEA930), is that Brazil is disadvantaged in free trade clauses that allow governments to privilege domestic firms in contracting and expenditures. The relatively high level of government spending in the European Union and the United States is seen as decreasing the ability of Brazilian firms to competitively export to their markets. The belief that protections in developed countries are harmful to Brazilian industry is present in the analysis of the proposed Free Trade Area of the Americas by Carvalho and Parente (IPEA635). They argue that due to the competitive advantage held by the United States, the agreement could be unfavorable to the Brazilian trade balance unless non-tariff barriers in those countries are removed. Leal (IPEA517) is also worried about the ways that trade agreements limit the ability of states to engage in industrial policy in an economic context that increasingly requires such interventions.

Export promotion is, therefore, an important part of industrial policy discourse. Lyra (IPEA413) argues for a comprehensive series of vertical and horizontal policies to increase the competitiveness of export-oriented industries. He is in favor of existing policies such as FINAMEX and PROEX which essentially seek to compensate for limited domestic credit markets and high interest rates through lines of internationally competitive, subsidized credit. New industrial policies, he argues, should focus on reducing capital costs through infrastructure investment and tax reductions, promoting productive domestic and foreign business partnerships, and neo-institutionalist regulation and reform. Moreira and Santos (IPEA836) argue that PROEX is an example how public policy can be efficient, even when investment decisions are made entirely by the state. They propose that PROEX should be used strategically to promote industries with high technology content and sectors which look to be competitive internationally.

This emphasis on technology and improving the quality of exports is an important role for industrial policy in promoting economic development in the context of structural deficiencies in the free market model. In their study of the levels of technology in Brazilian export industries, Negri and Freitas (IPEA1044) and Arbix, Salerno, and Negri (IPEA1023) contend technology and innovation are the key factors in explaining which sectors and firms are most internationally competitive. The policies to promote technology are based in a methodological critique of neoclassical growth models. Lastres (IPEA519) argues that, contrary to mainstream theory, globalization leads to an unequal international distribution of technology that national industrial policy must work to rectify. Viotti (IPEA1057) argues that mainstream science and technology models don't make sense for developing countries as they are essentially technological latecomers that compete primarily by imitating. As such, he argues that orthodox policy prescriptions – which are based around investing in basic research, promoting competition, and enforcing intellectual property law – are too limited for success in developing countries.

These perspectives promote a series of policies for Brazil to overcome what Resende and Teixeira (IPEA844) call the "structural deficiencies in its national system of innovation" (24). Beyond the mainstream recommendations, which are seen as having a subsidiary role, the economists argue for credit lines targeted at research and development and sectoral policies that enhance dynamic, technology-intensive industries.

Miranda (IPEA829) synthesizes these perspectives into a broad policy framework. First, institutional reforms of capital and credit markets are necessary to fund development. Second, there is a need for horizontal policies such as negotiating the opening of the European and U.S. markets, the expansion of basic research, and the promotion infrastructure development. Lastly he argues for vertical, sector-oriented policies that focus on dynamism. One example is fiscal incentives that promote the integration of domestic productive and research processes to create more dynamism and support innovation. Specifically, the state would support the purchase of internationally competitive domestic goods, make it easier firms in different parts of the productive process to merge, and encourage the remaining state-controlled businesses to form linkages with private domestic companies. In this sense, there is an opposition to further privatization – even if no authors argue explicitly for re-nationalization.

There is also a regional aspect to economic development and industrial policy in the IPEA-Brasília discourse. The historical analyses of regional all emphasize the importance of the state in stimulating investment and economic growth. For example, the analysis of regional technology inequalities by Aurea and Galvão (IPEA616) argues that a comprehensive policy of regional integration and development is necessary to for underdeveloped regions to increase their share of production. Diniz (IPEA375) argues that there need to be policies that compensate poorer regions for the negative effects of liberalization and the reduction of the state. Building off this belief, Galvão and Vasconcelos (IPEA665) develop a proposal for a national regional development fund. They argue that this fund needs to be funded and dealt with as a national issue in order to achieve sufficient funding and comprehensiveness, but with policies that are targeted towards micro-regional issues. The basic policies for this fund involve using vertical and horizontal incentives to target projects with large local externalities, such as investments in infrastructure that are linked to technology development and subsidies for trade.

Chapter 8: Labor markets and socioeconomic policy

The last category under comparison is the groups' perspectives on poverty, inequality, and unemployment – both in terms of analysis of problems and proposed policy responses. Tables 13 and 14 outline the differences between the groups. I show that all three see the main labor market issue as high unemployment and low job quality (in terms of wages and duration of employment) for the employed. The Rio groups' policy response differs from IPEA-Brasília, however, in that both working paper archives argue for deregulation of labor in order to increase formal employment, reform of job security system in order to reduce excess flexibility, and a national system of labor integration and social safety nets to reduce market failures. I show that the policy models advocated in labor market studies by PUC and IPEA-Rio are nearly identical, which makes sense as both institutions have a substantive presence in the others' working paper series as coauthors, have similar citation patterns, and reference each other in acknowledgements.

IPEA-Brasília working paper texts on labor markets focus on both improving the function of labor markets through better regulation and giving the state an active role in the generation of employment itself. The group blames the structural reforms for employment issues instead of government regulation and intervention, a central divergence from the Rio groups' critique. The focus on the need for state investment to increase employment is another cleavage, as PUC and IPEA-Rio say the state should only promote voluntary coordination improve market efficiency and use social policy instead of direct investment.

Table 13: Labor market analyses

<table>
<tr><th>Institution</th><th>Labor market problems</th><th>Sources of labor market problems</th><th>Labor market policy</th></tr>
<tr><td>PUC-Rio</td><td rowspan="3">• Low job quality
• High unemployment</td><td rowspan="2">• Existing policies create high turnover
• Existing policies increase the cost of labor
• Labor market has not adjusted to structural reforms</td><td rowspan="2">• Reform FGTS
• Deregulate labor code
• Flexibilize labor laws
• Improve public employment system
• Mixed view on minimum wage</td></tr>
<tr><td>IPEA-Rio</td></tr>
<tr><td>IPEA-Brasília</td><td>• Mixed view on flexibility
• Labor market has not adjusted to structural reforms</td><td>• Mixed view on flexibilization policy
• Pro FGTS
• Public employment system must be accompanied by employment generation policy</td></tr>
</table>

Table 14: Socioeconomic policy

Institution	Sources of poverty and inequality	Policy solutions
PUC-Rio	• Inflation • Past patterns of social spending • Low education	• Fiscal adjustment • Education spending • Conditional cash transfers • Mixed view on minimum wage
IPEA-Rio	• Inflation • Low education	• Education spending • Increased investment in basic services and infrastructure in poor areas • Conditional cash transfers • Mixed view on minimum wage
IPEA-Brasília	• Labor market • Market liberalization	• Increase social spending (education, basic needs) • Link anti-poverty policies with employment and wage generation programs • Increase minimum wage

The analysis of income inequality and poverty at the Rio group is similar, with minor divergences. PUC economists see the legacy of state-led industrialization as a primary root of contemporary income issues, and – as with most PUC papers – see fiscal reform as an important part of the policy response. Beyond this, IPEA-Rio and PUC-Rio are largely in agreement: they see education differences as the main driver of inequality and see social policy (not economic) as the best response to poverty, arguing for conditional cash transfer policies and increased primary education spending. In contrast, IPEA-Brasília argues that social spending needs to be accompanied by state interventions that promote increased employment and wages.

8.1 PUC-Rio

PUC-Rio's economic discourse on development policy, liberalization policy, and monetary policy gives a broad systemic view for how market reforms and stabilization are necessary for growth and development: stabilization cum liberalization. However, there is little mention of the specific channels through which these reforms work to increase employment and wages while reducing poverty and inequality. These specifics are found in the discourse on labor markets and social indicators. I show that economic knowledge produced around labor issues deal with technical labor market analysis and policy diagnostics, but all are strikingly homogenous in the models and policies they support. The labor market texts argue that the structural changes caused by liberalization have led to increases in productivity, which have been accompanied by wage stagnation and an increase in unemployment. These reforms are claimed by PUC-Rio economists to have been necessary, and that their poor effects are due to the various inadequacies of existing labor laws. Texts on poverty stress the importance of macroeconomic stability to prevent the "inflation tax" from affecting the poor and a considerable emphasis on government-funded primary and secondary education as the central factor in the reduction of inequality and poverty.

The discourse on labor market policy first and foremost does not argue that there should be a change in the stabilization cum liberalization pattern of economic growth elaborated earlier, though there is a claim that the policies have led to increased unemployment. Amadeo and Soares (PUC356) argue that openness has caused a "structural break" between increases in production and increases in employment. Gonzaga (PUC362), Camargo (PUC386), Camargo, Neri, and Cortez Reis (PUC405), and Cotez Reis and Gonzaga (PUC427) explain this in similar terms contending that the increase in openness and competition has lead to increased productivity in the industrial sector of the economy while decreasing the amount of labor employed in production. Other sectors have increased employment as a result, but not in sufficient levels to absorb the workers from the sector that had previously employed the most people in the formal labor market. In this context, unemployment has increased while, arguably more important to PUC-Rio economists, job quality has decreased.

This discourse on the nature of the labor market leads to the PUC-Rio's central argument about the labor market: it is too flexible in job duration and too inflexible in wage and salary adjustment. Gonzaga (PUC355; PUC475) argues that the former is what causes the low job quality: as businesses don't invest in the human capital of their workers, a high level of which is needed for "high quality" employment. He, along with Amadeo and Camargo (PUC335), Amadeo and Perró (PUC 353), and Camargo, Neri, and Reis (PUC405), argues for the reform of the FGST – an unemployment insurance policy that is funded by a portion of a worker's salary – which produces "perverse" incentives for workers to want to be fired and for employers to want to fire them. Labor policy, they argue, should reward employees who stay at jobs longer and employers who employ keep them and that a social safety net system would be better based around the concept of "unemployment benefits." Public and private partnerships for professional training, they argue, could also be useful tool to increase human capital and the quality of jobs. This is similar to the development policy model earlier that included "professional training" as a component of more broadly conceived infrastructure.

The majority of the labor market discourse, however, is concerned with a lack of salary flexibility due to state interventions in the labor market. They argue that this inflexibility is the principal reason why unemployment is high over any opposing interpretations. As such, PUC-Rio economists critique the idea that decreasing the hours worked per week will lead to increased employment. They contend that it would have little effect, especially relative to reducing state interventions that increase the cost of labor (Gonzaga, Aquino, and Menezes Filho PUC458; Pereira and Gonzaga PUC394). Examples of such interventions are minimum wage policy (Neri, Gonzaga, and Camargo PUC393; Gonzaga and Scandiuzzi PUC347) and a regulated labor code (Amadeo and Perró 353; Cortez Reis and Gonzaga PUC427; Camargo, Neri, and Cortez Reis PUC405).

The later is consistently argued as the most important feature to increased salary flexibility and has an interesting ontological rhetoric. Camargo (PUC386) wants to follow the Chilean and English model of flexibility through labor code deregulation as they are argued to have been the most successful countries at reducing unemployment. The process would allow workers and businesses to negotiate directly together without state arbiters. However, not only does Camargo argue that it is beneficial to the labor market; he supports the ideological shift from away from the belief that worker organization is a public good which allows labor to be "free riders." In the Chilean and English model, he claims that the "logic of the reform was the promotion of individual responsibility, at the expense of solidarity and collectivism" (25; my translation). In this sense, unions are a market-based meritocracy instead of an organization serving extra-economic, social functions.

Considering the structural changes in the labor market and the economy as a whole following liberalization and stabilization that is accompanied by the continuous presences of rhetoric that critiques state-intervention for socio-economic goals, how do economists at the PUC-Rio deal with two principal social questions facing Brazil: the high level of poverty and the high level of inequality? There is still an emphasis on the benefits of stabilization and critiques of inefficiencies in government spending; however, there is also a dogmatic view that education is the ultimate explanatory variable behind poverty and inequality and is thus the state instrument on which policies are based.

First of all, considering the effects of the Plano Real, Amadeo and Neri (PUC383) and Neri and Camargo (PUC406) argue that stabilization was the primary reason for a substantial drop in poverty and inequality in the following years. However, they argue that this is a onetime fall in those levels, which represents a necessary, but not sufficient condition for continued poverty and inequality reduction. From this conclusion there is a discursive space for economic policy models that address these concerns. The majority of this work that fills this space is by Francisco Ferreira, a PUC-Rio economist affiliated with the World Bank. Beyond drawing coauthors from the PUC-Rio and IPEA-Rio, he consistently writes with international World Bank academics. Within his academic production, he sparingly deals with "structural" arguments for inequality, except to reject the idea that class conflict explains inequality (PUC415), critique previous models of social spending (Camargo and Ferreira PUC417), and the lack of access to infrastructure for those in extreme urban poverty (Ferreira and Paes de Barros PUC404) and those in rural areas (Ferreira and Lanjouw PUC428). The critique of class conflict based explanations echoes Soares and Gonzaga (PUC380) who claim that there is not a labor market duality based on socioeconomic status in Brazil.

The overriding explanatory variable is that broadly differential "returns to education" and lack of access to quality education are what cause inequality and poverty, respectively. The aforementioned studies as well as economic pieces produced by Ferreira and Leite (PUC456), Bourguignon, Ferreira, and Menéndez (PUC478), and Ferreira, Lanjouw, and Neri (PUC418) use econometric analyses of census data to show the importance of education relative to race, class, or geographic barriers to social mobility. Beyond the implicit and explicit policy recommendations that justify further state investment in education, there are few policy specifics to promote further education. The exception are articles by Camargo and Ferreira (PUC443), Bourguignon, Ferreira, and Leite (PUC452), Bourguignon, Ferreira, and Leite (PUC477) that promote the use of conditional cash transfers as a means to promote enrollment and immediately decrease existing extreme poverty.

8.2 IPEA-Rio

The combination of minimalist, strategic industrial policy with institutional reform and further liberalization is the IPEA-Rio policy model to create economic growth. However, in order for those gains to be transferred into increased employment there are a series of labor reforms that are central to IPEA-Rio discourse.

At IPEA-Rio, there are two complementary discourses on what policy reforms would be best for the Brazilian labor market. The first is the importance of lowering the cost of employment through a "flexibilization" of contract laws and government required benefits. Ramos and Reis (IPEA468) argue that the union-based labor code other non-wage labor costs like required work hours and worker protections reduce incentives to employ labor. This process has lead to growth in the informal labor market (Ramos IPEA914; Ulyssea IPEA1070) and a decrease in overall employment (Ramos and Britto IPEA 1101). These texts argue that the rules themselves need to be adapted and made more flexible to create employment in the context of market reform.

An accompanying line of argument focuses on aspects of the market itself that are too flexible and argue for reformation of state policies that create over-flexibility. Barros, Camargo, and Mendonça (IPEA478), Corseuil et al. (IPEA855), and Barros, Cruz, and Mendonça (IPEA499) discuss flexibility in terms of high turnover rates which they claim lead towards unemployment and a decrease in the private provision of human capital. Like PUC-Rio, they blame this on the "perverse incentives" for both workers and employers to terminate employment inherent in the FGST and labor compensation laws.

Carvalho and Pinheiro (IPEA671) defend the system itself as part of a broader labor policy framework, but agree that significant reforms need to be made to the policy to reduce turnover.

This dual discourse of state-created inflexibility and over-flexibility is consolidated by Neri, Camargo, and Reis (IPEA743). This is a revised version of PUC405 with an IPEA-Rio economist as the lead author which argues for removing both types of state distortions from the labor markets. What the state should do, they and the above texts argue, is focus on fixing informational failures in the labor market with job placement programs and facilitating structural change through job training programs. This includes reformed versions of the FGST and a social safety net network that includes state-provision of unemployment benefits. This is a movement slightly beyond what was discussed at PUC-Rio, in that it sees clear (non-state) market failures that it seeks to correct through training and placement.

The IPEA-Rio discourse on poverty and inequality emphasizes quantitatively determining levels of poverty and inequality, investigating their sources, and using those empirics to recommend policies. They argue that the above labor, industrial, and infrastructure investment policies are central to job creation and a decrease in absolute poverty. However, like PUC-Rio, the economic knowledge produced at IPEA-Rio focuses on education being the primary explanatory variable for inequality and therefore the primary means to combat poverty. In a subordinate role to education are a spectrum of minimalist social needs-oriented policies such as conditional cash transfers, municipal service, and infrastructure investment. There is no discursive consensus on the role of minimum wage policy in reducing poverty and inequality, aside from a general agreement on the ambiguity of evidence that supports its use.

The economic knowledge on the empirical existence of poverty produced at IPEA-Rio is dominated by Sônia Rocha. In her contributions to IPEA discourse she reviews existing poverty literature (IPEA398), charts the effects of the Plano Real on poverty (IPEA439), analyzes municipal poverty (IPEA536), and discusses poverty measuring methodology (IPEA368; IPEA553; IPEA609). Neri (IPEA709) also measures municipal poverty indicators. While the majority of these are attempting to lay an empirical foundation for future research, there are some implicit and explicit policy recommendations that come from this discourse. First of all, the Plano Real promoted a one-time absolute drop in the poverty levels in the country, implying that low inflation is important for poverty reduction. The second set of policies believes that urban poverty requires investment in infrastructure and job creation. The last is the argument that policies should address the roots of poverty by providing quality, universal education.

The relationship between poverty and other aspects of inequality and other social indicators is analyzed further in depth by other IPEA-Rio economists, especially Ricardo Paes de Barros who directed IPEA-Rio and DISOC during different periods during the time in question. Barros and Mendonça (IPEA377; IPEA538; IPEA535) lay the foundation for his argument that a reduction in inequality in combination with economic growth is the best means to reduce poverty. For example, while Barros and Mendonça (IPEA366) argue that poverty is caused by the labor market, it is mainly due to the low quality of the labor force and the low quality of available jobs. As such, the roots of poverty are in the unequal distribution of human capital that occurs before entering the labor force. Barros et al. (IPEA834) argue this point as well, contending that increasing returns to education is what causes inequality. The analysis of labor market segmentation by Ramos (IPEA374) contributes to this perspective, claiming that the labor market accounts only for small portion of national inequality. This economic knowledge is the basis for an overall emphasis on expanding access to education, thus increasing the distribution of human capital, as the best means to reduce inequality and poverty.

While education is important for long-term inequality reduction, IPEA-Rio economists argue for the use of immediate social policies to lower existing poverty rates. Barros and Carvalho (IPEA985) focus that such policies need to be flexible to recognize different local needs, conditional on other policies that promote education and public health, and entirely integrated. Considering the nature of the Brazilian budget, the authors argue that there is ample room for this type of spending. Lavinas and Varsano (IPEA534) envision this as a conditional cash transfer program that is incorporated nationally, funded by the central government, and targeted towards families. However, they argue that this should be supplemented by a coordinated infrastructure plan and basic services plan, similar to that the proposal mentioned earlier by Rocha, that focuses on increasing access to health, transportation, energy, and communication systems especially in urban areas where there is a high concentration of poverty. Lavinas et al. (IPEA748) supplements this with an analysis of current food security programs, arguing that a direct income transfer would have the greatest impact and be the most efficient way to deal with hunger issues. Like Barros and Carvalho, these authors believe the former set of "social" policies won't stretch the budget. However, infrastructure and utility investment can be costly, so they make a point to emphasize the need for fiscal discipline to avoid inflation, which disproportionately hurts the poorest.

The discourse on the costs and benefits of minimum wage are mixed. Soares (IPEA873) argues the minimum wage has very small effects on inequality. Studies by Coresuil and Carneiro (IPEA849) contend that the minimum wage lowers formal employment in all sectors. Neri, Gonzaga, and Camargo (IPEA724) and Foguel, Ramos, and Carneiro (IPEA839) argue the same, though their studies demonstrate that it also decreases poverty. Contradictory studies by Foguel et al. (IPEA739) and Barros, Corseuil, Samir (IPEA779) say that minimum wage decreases poverty and increases poverty, respectively. As such, IPEA-Rio does not offer a coherent minimum wage policy. In their literature review of relevant studies, Corseuil and Servo (IPEA880) agree with this conclusion. Their Brazilian canon is primarily the IPEA-Rio and PUC-Rio texts already analyzed, and from it they conclude that "there isn't a consensus in the theoretical literature, not even specifically neoclassical literature, about the effects of minimum wage increases" (4; my translation).

8.3 IPEA-BRASÍLIA

The discourse at IPEA-Brasília on labor markets focuses on both improving the function of labor markets through better regulation and giving the state an active role in the generation of employment itself. First of all, there is a mixed perspective on whether or not labor laws should be reformed to make markets more flexible. Beyond that, however, there is consensus that any regulatory reforms should be coupled with social safety nets, job placement programs, and professional training regimes. IPEA-Brasília economists, contrary to the IPEA-Rio, portray such policies as being insufficient to generate more employment and higher wages, requiring the active role of the state in promoting internal markets to absorb excess labor. This involves large investments in infrastructure and prioritizing sectors that have high wages and backward linkages with industrial policy. The discussion on poverty and inequality is less robust than at PUC-Rio or IPEA-Rio, but the body of texts that exist argue that social policies should be linked to the aforementioned employment generation programs, receive more funding, and include more public participation in their formulation.

Lyra (IPEA413) and Alves et al. (IPEA437) argue that labor market flexibility is an important aspect of adapting the Brazilian market and will generate more employment. This includes reforming regulations governing hours of work, overtime payments and compensation, and making contract law industry-specific. This perspective is contrasted starkly with Cardoso Jr. (IPEA814) who associates labor deregulation with the negative aspects of markets reform, causing decreasing incomes and job precariousness. All, however, agree on the need for a series of social safety nets including the FGST, unemployment compensation, and basic needs subsistence for the poorest. Ramos and Carneiro (IPEA503) specifically reject the thesis that the FGTS increases high turnover, arguing that such criticism fail to take into account differentiated job quality. High turnover, they argue, actually comes from the behavior of those in low-wage positions, and the way to decrease turnover is to increase the relative amount of high-wage employment opportunities.

Along with the social safety nets, IPEA-Brasília authors argue that a national employment system is needed. Alves et al. (IPEA437) describe the characteristics as including improved professional training programs and job placement. However, the authors argue that this is not enough to compensate for the negative aspects of market reform, especially in the context of a developing country:

> The Brazilian state has the opportunity to learn from the experience of countries where globalization and the process of modernized production is in an advanced stage. In those developed countries where the ideology of the Minimal State is predominant and where policies were adopted, for example, that reduced worker rights and indiscriminately cut social spending, the social problems began to increase…In developing countries, the costs of these adjustments are even higher…In this sense, government actions need to consider that Brazilian social problems differ, a lot, from those found in developed countries, and that, because of this, there is a need for larger public policies that deal with the negative aspects of this process (41; my translation).

This idea exemplifies the difference-based nature of the economic development model presented by IPEA-Brasília economists. They view the minimalism of policy interventions in the developed countries as being inappropriate for the social reality of countries like Brazil. The discourse that argues for the augmentation of a national employment system is based on similar language. Ramos and Freitas (IPEA568) contend that focusing on job placement and training only works to reduce unemployment that is created through incongruence between the existing supply of labor, which makes more sense in developed countries. Cardoso Jr. (IPEA751) echoes this point, claiming that the focus is principally on the supply of labor and not on the structural causes which are based on the demand for labor (i.e. characteristics of the supply of employment). The policies are ineffective at dealing with those problems because they don't reflect Brazilian reality, and are simply an imitation of the policies put in place in developed countries.

As such, in the economic policy discourse at IPEA-Brasília, there is a clear role for "demand side" policies that generate additional employment. Principally, those involve using industrial policy and state investment to target employment. Bahia, Furtado, and Souza (IPEA926) and Arbache (IPEA903) contend that industrial policies that only focus on modernization and competitiveness do not increase employment. This is because efficient, high technology industries tend to employ less workers. Their answer is to focus on increasing inter-sectoral linkages and targeting industries with an affinity for such linkages, so that growth in exports leads to an increase in overall employment. Costanzi (IPEA1039) frames this in terms of developing "internal markets" which means focusing on wages as much on general growth. For example, even if agribusinesses are generating economic growth, they produce less jobs than a comparable investment in an industry that pays higher wages. Internal markets, he argues, generate demand for services and construction which absorb many of the lower-skilled workers who are marginalized in the modernization process. Arbache and Neri (IPEA918) concur, claiming that targeting sectors that pay the highest wages will have the most impact.

These authors also claim that there is a clear role for state infrastructure investment, not only as a tool that improves the efficiency of markets, but to generate employment. Lima (IPEA387) argues that infrastructure, state stimulation of private investment, and state-subsidized access to credit are the central means to fix regional employment issues. As in the previous texts, the key is having increased wages which create demand for employment by those not directly affected by the influx of state spending. For such a policy to ultimately be effective, however, Oliveira and Carneiro (IPEA692) and Oliveira and Cruz (IPEA704) argue that the expenditures need to cover the entire country. They contend this is because regional unemployment patterns reflect national trends.

The IPEA-Brasília texts are also clear that even with employment generation policies there is a need for direct anti-poverty policies for those that are negatively affected by structural market reforms. Those policies however, need to be linked with employment generation, as part of a comprehensive poverty reduction strategy. Resende (IPEA725) argues that all government ministries should be coordinating their work towards fighting social exclusion. The planning ministry should coordinate the policy and the ministry of finance should target resources towards the programs. The majority of expenditures should go into education, basic needs, and job creation. The employment policies that Resende advocates complement the broader labor market discourse at IPEA-Brasília. He argues that there needs to be investment that increases wages, increased spending on unemployment insurance, and an increase in the food subsidy paid to support the families of poor workers. As part of wage policy he, along with Alves et al. (IPEA473), propose increasing the minimum wage in order to help the poorest. Castro et al. (IPEA988) also argue that there needs to be increased social expenditures and that such funds should be excluded from fiscal adjustment policies.

Chapter 9: Ideas, economic policy, and avenues for further research

9.1 Economic policy in Brazil: 1995 – 2005

I have now established the channels of influence for PUC-Rio and IPEA and fleshed out competing economic policy discourses within the institutions. Does economic policy during this period reflect that influence? Table 15 briefly summarizes the strongest external contexts faced in all three administrations in order to better contextualize their governing decisions.

Table 15: Political and economic context 1995-2005

Administration	**Cardoso (1994 – 1998)**	**Cardoso (1999 - 2002)**	**Lula (2003 – 2005)**
Political context	• Anti-inflation	• Macroeconomic stability	• Campaigned towards the center
Economic context	• Plano Real-based stability • Dependence on capital inflows • Extreme social inequality	• Financial crisis • Dependence on capital inflows • Extreme social inequality	• Dependence on capital inflows • Extreme social inequality
Ideological context	• Social democracy	• Social democracy	• Leftist

Looking at this table, the policies pursued by Lula and Cardoso are not necessarily counter-intuitive, except so far as both Cardoso and Lula have leftists pasts. However, emphases on promoting stability, fighting inequality, and reforming the state do not necessarily imply any specific policy. The choice of depth and type of reform, whether to use social or economic policy to target inequality, and what type of macroeconomic policy regime best promotes "stability," is largely contested, as the differences between policy recommendations by institutions on the opposing sides of the spectrum – for example later ECLA policies versus neomonetarist – clearly demonstrate. Also, as shown in the previous chapters, institutions that are considered relatively similar in terms of policy models, can have significantly different answers to what constitutes the best policy to fit the above contexts.

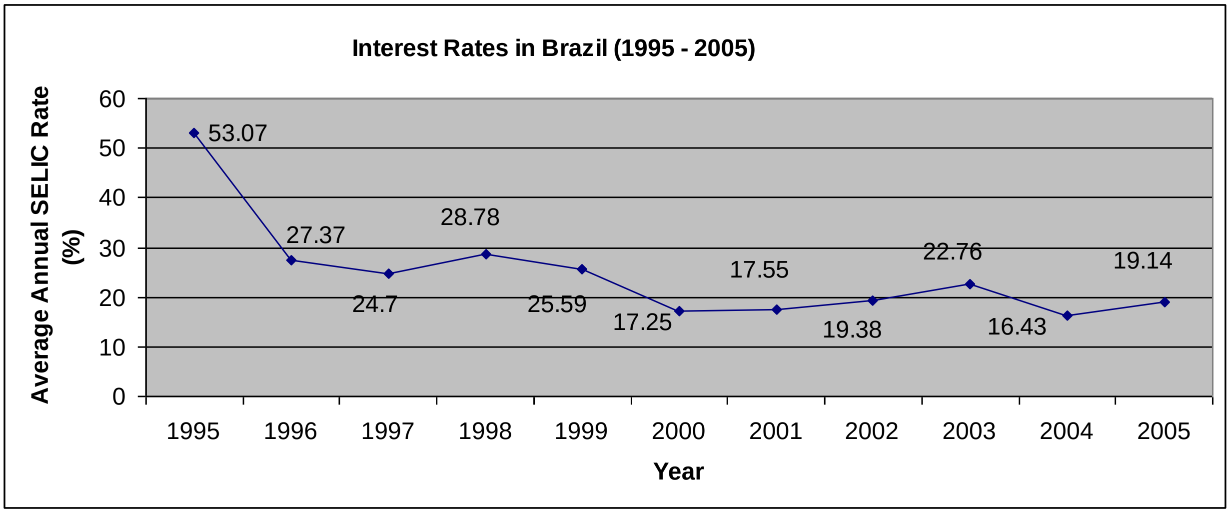
Considering this, the influence of both PUC-Rio and IPEA can be seen in the actual policies put in place by the Brazilian government from 1995 – 2005. However, it is also clear that none of the three relatively different economic policy models found within the two institutions had clear, unmitigated access to policy. Throughout the period, there often was not the political will for comprehensive reform that required more than just support of the presidency and industrial policy choices often represented a compromise between different discourses. Even considering those compromises, PUC-Rio and IPEA-Rio macroeconomic discourse dominated the control of monetary and fiscal policy as a whole, while the influence of IPEA-Brasília can best be seen in the language of the Multi-Year Plans, but not in policy action.

For all the full eleven years, the neomonetarist macroeconomic model supported by PUC and IPEA-Rio was the foundation both of exchange rate-based stabilization and the eventual switch to inflation targeting. A variety of fiscal reform measures were implemented, though not always to the depth desired by those who focus on fiscal disequilibrium as being the key problem in the Brazilian economy. General expenditures were influenced by the focus on fiscal reform, as a reduction in spending placed clear limits on the scope of industrial policy. Industrial policy itself was initially limited, but the language of the 2004 – 2007 PPA creates a space for planning. Even so, instead of using such policies as the general basis for socioeconomic development, fighting poverty and inequality, was primarily seen as a task for social policies. Conditional cash transfer programs and education were targets of such policies.

In the first term of the Cardoso government, monetary policy was dominated by the tools to support the Plano Real which was implemented in 1994. Keeping inflation low relied on allowing the liberalization of imports to lower prices and using the exchange rate as an anchor to retain the value of currency. The exchange rate was on a crawling peg based around a one to one parity with the dollar (Cardoso 2004). This inflow of imports and the increasing value of the dollar promted the Central Bank to keep relatively high interest rates to fix the current account deficit and keep the Real at a high value. As shown in Figure 5, interest rates were kept at their highest level in 1995 immediately following the Plano Real at 53.07 percent. Regardless, though they dropped considerably in 1996, over the next years of the exchange rate anchor they remained above 24 percent.

After the financial crisis in 1999, the CMN began using an inflation targeting monetary policy regime. This meant that instead of using currency stability to keep inflation low, the Central Bank was tasked with meeting a specific inflation rate goal which they had relative autonomy in the monetary policy they used to meet it. This policy was initiated by the Cardoso government, but was kept in place by the Lula government. Inflation rates dropped slightly to an average of 18.77 percent from 2000 – 2006.

Figure 5: Interest rates in Brazil: 1995 – 2005[56]



These interest rates, both as part of the Plano Real and the inflation targeting regimes, were some among the highest in the world. From 1995 – 2003, when Brazilian interest rates averaged 26.27 percent, the comparable domestic interest rate in developing countries was 5.83 percent. In industrial countries it was even lower, at an average of 1.89 percent (Gonçalves, Holand, and Spavoc 2007). This tight monetary policy was put forth by the CMN and implemented by the Central Bank, along the lines of the economic discourse argued by PUC-Rio and IPEA-Rio economists, and was moderately opposed by IPEA-Brasília.

Another key issue of broad monetary policy was restrictions on the entrance of foreign capital into the economy. While both IPEA and PUC-Rio were both tentative about supporting complete liberalization, the Rio de Janeiro based economists (and those at CGFP) were generally positive about the role of foreign capital and were more likely to think that capital controls were not a solution to financial instability. During the

[56] Data from Giambiagi et al. (2005) and Santos and Dalari (2007).

Cardoso government there was considerable reduction in controls on capital. Terra and Soihet (2006) and Carvalho and Garcia (2006) established indexes which measured the changes in regulations on the inflows and outflows of foreign capital. They are based on analyzing whether new regulations restrict flows or liberalize them. Both indexes show that, from 1995 – 2003, there is a steady decrease in the level of legal rules that prevent capital flows from entering or leaving Brazil.

Such an index doesn't exist for the Lula administration, but the government did make some key reforms that allowed greater freedom to external capital flows. The most notable is a major reform of the exchange rate code by the CMN. It included the elimination of CC5 accounts, the existence of which allowed federal banking institutions regulate the purchase of foreign currency by individual Brazilians (Ghinis 2006). Some of the associated reforms were the freedom to buy and sell foreign money for external investment without mediation, the elimination of a requirement to document your foreign investment for the Central Bank, and the ability to include service exports as part of "simple" currency exchange operations along with commodities (Pratres 2004). This was part of a broad current account reform which made it easier for individuals to move their money outside of Brazil and also created incentives for individuals to move their money into the country.

The body of research at IPEA and PUC that called for a fiscal adjustment did not diminish over the eleven year period in question, indicating that the state reforms that reduced expenditures were not seen as sufficient by many of their economists. Even so, a variety of fiscal reform measures were introduced during the period, principally by the Cardoso government. From 1996 to 1998, there were four different fiscal adjustment measures passed that included tax increases and significant cuts in expenditures. During the Plano Real, an "emergency social fund" was created as a temporary fund to balance the budget until more permanent budget reform (Bacha 2001).

In 1996, this fund was renamed the "Fiscal Stabilization Fund" and was extended for several more years. It involved channeling 20 percent of all federal revenues, after constitutionally required transfers to municipalities, into the fund. In 1997, two more fiscal laws were passed increasing taxes, cutting state employee pay and overtime benefits, and a fifteen percent reduction of all expenditures, excluding social assistance, health spending, and land reform. Last of the four, the Fiscal Stabilization Program in 1998, increased taxes, moderately reformed social security, further reduced expenditures, and extended the Fiscal Stabilization Fund (Font 2003).

The Law of Fiscal Responsibility passed in 1999 was probably the most important of the fiscal adjustment measures taken by the Cardoso, government as when so far as to reform state and city budgets. The law put limits on payroll expenditures and set strict regulations for balanced budgets that included prison terms for public servants seen in violation of the law (Ibid.) As the Federal government routinely absorbs sub-national government and debts, this policy was seen as a long term way to keep the budget balanced. This pattern of reduced government spending with a focus on creating budget surpluses continued in the Lula administration. There were significant budget surpluses for each year from 2003 – 2005. What accounted for those surpluses was a decrease in amount of wages paid to public employees and a reduction in infrastructure spending (Barbosa-Filho 2008).

An aspect that was both part of the broad industrial policy framework, and a means of increasing revenue and decreasing expenditures was the privatizations of state-controlled firms. The privatization process of selling state-run industries to the private sector began under Collor, but the vast majority of privatization measures were initiated by the Cardoso government through the National Destatization Program (PND) managed by the BNDES. According to the BNDES (2002), between 1995 and 2002, the PND sold off state petrochemical, oil, and mining firms. While Collor has largely focused on industrial sectors, Cardoso expanded the program to cover services and infrastructure. So during that period telecommunications, transportation, and many public utilities were privatized along with many domestic financial institutions. Lastly, some remaining public companies became open to foreign investors who were allowed to hold minority shares in the firms. Over fifty percent of the capital used to purchase the companies came from outside of Brazil, with the rest coming from a variety of domestic businesses and financial institutions. The largest years of privatization in this period, by total value of sales, were 1997 and 1998, and privatization largely tapered off by 2002.

Beyond privatization, industrial policy was strictly limited in the Cardoso government. Especially during Cardoso's second term, the BNDES presidents changed the bank from its role in export-promoting industrial policy towards acting as a general financial institution – promoting subsidized credit horizontally instead of strategically (Couto and Abrucio 2003). From 2003 – 2005, the first years of the Lula government, there were no federal privatizations. In fact, Lula stopped the process of privatizing three subsidiaries of Electrobrás, a large state-run electricity firm (Lock 2005)

Other vehicles of industrial policy were also limited during the Cardoso era. The development projects budgeted for in the PPAs, which largely dictated economic planning at the federal level were largely subservient to the market reform and monetary policy goals. IPEA technician Garcia (IPEA726) shows that only 20 percent of the programs in the Cardoso's first PPA (1996 – 1999)[57] were close to fully enacted.[58]

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[57] For a more detailed picture of the industrial policies pursued within the PPA see Bonelli (IPEA 810).

[58] Garcia measures this by the ratio of programs that received at least 90 percent of their initial budget to those that did not.

The main role for the state, beyond monetary policy and liberalization, was to engage in social policy. PUC-Rio and IPEA-Rio both discuss the context of extreme poverty and social inequality in Brazil, but were largely opposed to using macroeconomic or industrial policy to combat it. Instead, the administration, as in the economic policy discourse, worked towards combating that situation with social policy. Cardoso's second PPA (2000 – 2003) included the Fund to Fight Poverty which paid helped pay for social infrastructure in poor regions and, most notably, fund the Bolsa Escola program, which paid the poorest families in Brazil to send their children to school (Font 2003). The administration also started or expanded several other similar targeted cash transfers for health, food, and fuel (Giambiagi 2005a). Lula consolidated the above programs into a single conditional cash transfer program called Bolsa Familia, as part of his 2003 Zero Hunger program. He gradually increased funding for the program over his first years in office (Vaitsman, Andrade, and Farias 2009). While in Lula's first PPA (2004 – 2007), he laid out a path for an expanded role for the state in the economy, through employment generation policy, the main emphasis in practice was a mix of stabilization policy with social policy (Barbosa-Filho 2008).

9.2 Conclusion: Avenues for further research

This study has been, first and foremost, a history of economic ideas and the production of economic knowledge. I worked to place the relatively under-studied eleven-year-period (1995 – 2005) of Brazilian economic thought in its historical and contemporary context, first by narrating the history of the relevant theories of development economics and their origins, and second by discussing the way those debates were reflected in the history of Brazilian thought up until 1994.

Looking at the policymakers in some of the most influential economic policy positions in the federal government demonstrated two key groups of scholars: economists at PUC-Rio and IPEA. Using the working paper archives from both institutions, I showed that both PUC-Rio and, once divided regionally, IPEA produced research that supported coherent economic policy discourses. They ranged from a relatively orthodox neomonetarist interpretation at PUC-Rio, to a left-leaning perspective with origins in economic structuralist at IPEA-Brasília.

There are three ways to expand this study that could potentially give further insight into the ways that economic knowledge is produced, formed into coherent policy narratives, and gains influence in the economic policy apparatus in Brazil.

The first is an expansion of institutions included in the case study. While universities like UNICAMP and FGV-Rio were classified as "left" and "right," respectively, there was no in-depth analysis of their economic research output. Looking at what institutions were best-represented during this period[59] presents several other institutions that are worthy of archival research into the economic knowledge they produce. One group is other Brazilian universities like UNICAMP, FGV-Rio, USP, UFRJ, and the Universidade de Brasília (UnB). A second would include international financial institutions like the IMF, World Bank, and the collection of various investment bankers that held key posts. The last is the Brazilian Center for Analysis and Planning (CEBRAP), a collection of economists and sociologists that have been very influential both in the development debate academically and in the practice of policy: Fernando Henrique Cardoso was a founding member, as is current (2010) finance minister Guido Mantega and (2010) presidential candidate José Serra.

[59] See Appendix C.

This long list of institutions deserving further study motivates the next area for development: methodology. While working paper archives are a powerful tool to argue for coherency (or a lack thereof) in the economic policy discourse produced by research institutions, they are large and unwieldy for comprehensive discourse analysis of the style done in this study. Further research could work to develop and build off of advanced in content analysis and coding methods in order to analyze larger bodies of research by multiple groups of academics.[60] Such methods would facilitate direct analyses and could allow for statistical inference on the influence of economic research and economic policy outcomes. Another useful methodological tool would be interviews with key players in the policy debate to further investigate what recruitment choices and patterns lead to the dominance of specific groups of economists.

A final way to build off of this research would involve a deeper analysis of development and planning policies put in place during both administrations. Because the role of economic policy was limited, it would be especially relevant to study the subtle effects different schools of thought in different parts of the bureaucracy had on export credit policies, infrastructure investment choices, interaction with the remaining state-run enterprises, and other types of state interventions.

[60] See Chwieroth (2007) and Babb (2004) for examples of innovative methods for measuring the economic ideas in an institution.

Appendix A: PUC-Rio working papers[61]

1995

333 Private international capital flows to Brazil.
334 Contra a inevitabilidade dos paradigmas.
335 Regulations and flexibility of the labor market in Brazil.
336 O financiamento à infra-estrutura e a retomada do crescimento econômico sustentado.
337 The changing role of the state in Brazil
338 International trade, outsourcing and labor: a view from the developing countries.
339 Openess and inflation: a new assessment.
340 Macroeconomic coordination and economic integration: lessons for a Western Hemisphere Free Trade Area.
341 The contribution of speculators to effective financial markets.
342 The role of capital markets in economic growth.
343 Stabilization, volatility and the equilibrium real exchange rate.
344 Dual resource transfers and the secondary market price of developing countries' external debt
345 The Brazilian debt renogotiation : a cure for overhang?
346 Dual resource transfers and interruptions in external debt service.
347 How does government wage policy affect wage bargaining in Brazil?
348 Educação, investimentos externos e crescimento econômico: evidências empiricas.

1996

351 Política monetária e a remonetização Pós Real.
352 Public external debt and dual resource transfers. fev. 1996. 27p.
353 Adjustment, stabilization and the structure of employment in Brazil
354 The Real Plan.
355 Rotatividade, qualidade do emprego e distribuição de renda no Brasil.
356 Quebra estrutural da relação entre produção e emprego na indútria brasileira.
357 Capital flows to Brazil in the nineties: Macroeconomic aspects and the effectiveness of capital controls.
358 Rentabilidade do setor tradable e geração de empregos.
360 Leilões de títulos da dívida pública pelo Banco Central do Brasil: um estudo dos fatores condicionantes da dispersão das propostas para os BBCs.
361 The knife's edge of exchange rate based stabilization.
362 The effects of openness on industrial employment in Brazil.
364 Desemprego regional no Brasil: Uma abordagem empírica.
365 Os impasses da privatização do setor elétrico.
367 Opening, stabilization and the development prospects for Brazil.

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[61] Full text of all papers is available at http://www.econ.puc-rio.br/textos.html

1997

369 Capital flows and Brazilian economic performance.
371 O Brasil e a ALCA: interesses e alternativas.
372 Procurement e privatização dos serviços de eletricidade e telecomunicações no Brasil.
373 Privatização do setor elétrico: especificidades do caso brasileiro.
374 Despesa previdenciária: análise da sua composição, efeitos da inflação e bases para uma alternativa intermediária de reforma.
375 Public and private provision of infrastructure and economic development.
376 Public sector debt dynamics in Brazil.
377Houve precarização do setor serviços? Qualidades dos trabalhadores e empregos entre 1989 e 1996.
378 Macroeconomic coordination and commercial integration in MERCOSUR.
380 Determinação de salários no Brasil: dualidade ou não-linearidade no retorno à educação?
381 Emprego industrial no Brasil: uma análise de curto e longo prazos.
382 O impacto do Mercosul sobre o emprego setorial no Brasil.
383 Macroeconomic policy and poverty in Brazil.
384 A sustentabilidade dos déficits externos. dez. 1997, 28p.

1998

385 The quality of the federal net debt in Brazil.
386 Produtividade e preços relativos. O mercado de trabalho no período pós estabilização.
387 A nova proposta de reforma tributária do governo: limites do possível e incertezas envolvidas..
389 Capital flows, capital controls and currency crisis: the case of Brazil in the nineties.
390 Openness and efficiency in Brazilian banking..
392 Brazil, the GATT, and the WTO: history and prospects.
393 Efeitos informais do salário mínimo e pobreza.
394 Partilha do trabalho e a demanda dinâmica por trabalhadores e horas.
395 The political economy of exchange rate policy in Brazil, 1964-1997.

1999

396 Does monetary policy stabilize the exchange rate following a currency crisis?
397 Distribuição regional da efetividade do salário mínimo no Brasil.
398 Labor market regulations and the demand for labor in Brazil.
399 Monetary policy in the aftermath of currency crisis: the case of Asia.
400 Financial market contagion in the Asian crisis.
401 Liquidity crises and the international financial architecture.
404 The slippery slope: explaining the increase in extreme poverty in urban Brazil, 1976-1996.
405 Emprego e produtividade no Brasil na década de noventa.

406 Distributive effects of Brazilian structural reforms.
407 Banks, domestic debt intermediation and confidence crises: the recent Brazilian experience.
408 Debt management in Brazil: evaluation of the Real Plan and challenges ahead.
409 O prêmio de risco da taxa de câmbio no Brasil.
410 Crescimento econômico e instabilidade no Brasil.
411 Uma nota sobre a composição ótima da dívida pública - reflexões para o caso brasileiro.

2000

413 Should we be afraid of managed care? A theoretical assessment.
415 Os determinantes da desigualdade de renda no Brasil: Luta de classes ou heterogeneidade educacional?
416 Is adopting Full Dollarization the solution? Looking at the evidence.
417 The poverty reduction strategy of the government of Brazil: a rapid appraisal.
418 A new poverty profile for Brazil using PPV, PNAD and census data.
419 Latin American and Caribbean interests in the WTO.
420 The Russian default and the contagion to Brazil. março 2000.
421 State-government bailouts in Brazil.
422 The swings in capital flows and the Brazilian crisis.
423 The pass-through from depreciation to inflation : a panel study..
426 A securitização de hipotecas no Brasil.
427 Desemprego e deslocamentos setoriais da demanda por trabalho no Brasil.
428 Rural non-agricultural activities and poverty in the Brazilian northeast.
429 Inflation targeting in Brazil: what difference does a year make?
430 As muitas reformas da previdência social.
431 Criação e destruição de postos de trabalho por tamanho de empresa na indústria brasileira.
434 Understanding inequality in Brazil: a conceptual overview.
435 Juros e câmbio: haverá combinações de instrumentos menos desgastantes para as metas de inflação?
436 Tax reform in Brazil: small achievements and great challenges.
437 Aprendizado evolucionário, inércia inflacionária e recessão em desinflações monetárias.
438 Hard currency and financial development.
440 Tarifação de energia elétrica e perspectiva de excesso de demanda.
441 Very high interest rates and the cousin risks: Brazil during the Real Plan.

2001

442 Contas externas e política monetária
443 O Benefício Social Único: uma proposta de reforma da política social no Brasil.
444 Monetary policy during Brazil´s Real Plan: estimating the Central Bank´s reaction function.
447 Privatização do setor de saneamento no Brasil: quatro experiências e muitas lições.

448 Imaginary money against sticky relative prices.
450 Inércia de juros e regras de Taylor: Explorando as funções de resposta a impulso em um modelo de equilíbrio geral com parâmetros estilizados para o Brazil.

2002

452 Beyond Oaxaca-Blinder: accounting for differences in household income distributions across countries.
454 Keynes e As Conseqüências Econômicas da Paz.
455 Qualidade e eqüidade na educação fundamental brasileira.
456 Educational expansion and income distribution. A Micro-Simulation for Ceará.
457 Política comercial brasileira: limites e oportunidades.
458 Os efeitos da redução da jornada de trabalho de 48 para 44 horas semanais em 1988.
459 Câmbio, juros e o movimento de reservas: Faz sentido o uso de um "quebra-molas"?
462 Mecanismos não-lineares de repasse cambial para o IPCA.
463 Trade liberalization and evolution of skill earnings differentials in Brazil.
464 Public debt management, monetary policy and financial institutions.
465 Should government smooth exchange rate risk?
466 Brazil in the 21st century: How to escape the high real interest trap?
467 Reforma tributária: urgência, desafios e descaminhos.
468 The political economy of economic integration in the Americas: Latin American interests.

2003

471 Quem trabalha muito e quem trabalha pouco no Brasil?
473 Horas de trabalho: efeitos idade, período e coorte.
475 Labor Turnover and Labor Legislation in Brazil.
476 Instabilidade e incerteza: curva IS com dados de longo prazo.
477 Conditional cash transfers, schooling and child labor: micro-simulating bolsa escola.
478 Inequality of outcomes and inequality of opportunities in Brazil.

2004

479 A desregulamentação da conta de capitais: limitações macroeconômicas e regulatórias.
480 Juros, câmbio e as imperfeições do canal de crédito.
483 Inefficient lobbying, populism and oligarchy.
484 A Risk management approach to emerging market's sovereign debt sustainability with an application to Brazilian data.
486 Modeling multiple regimes in financial volatility with a flexible coefficient GARCH model.
487 Auge e declínio do inflacionismo no Brasil.
488 An evaluation of 2003 tax reform effort on Brazil.
489 A package for neural network modeling.

2005

491 China´s emergence in the global economy and Brazil
493 Which "industrial policies" are meaningful for Latin America?
494 The FTAA and the political economy of protection in Brazil and the US.
496 Non-agricultural land use and land reform: theory and evidence from Brazil.
497 Land taxes in a Latin American context.
498 Financial constraints, migration and inequality.
501 Tributação e a organização dos prestadores de serviços no Brasil.
502 Can monetary policy be helped by domestic oil price stabilization?
503 Trade liberalization and the evolution of skill earnings differentials in Brazil.
504 The Brazilian economy from Cardoso to Lula: An interim view.
505 Tax reform on the brink of fiscal dominance: a political economy model.
506 Structure and asymptotic theory for STAR(1)-GARCH(1,1) models.
507 Cousin risks: the extent and the causes of positive correlation between country and currency risks.
508 Medium run effects of short run inflation surprises: monetary policy credibility and inflation risk premium.
509 O Mercado interbancário de câmbio no Brasil.
510 Tree-Structured smooth transition regression models.
513 Bubbles, collateral and monetary equilibrium.
514 Além da estabilização: desafios da agenda fiscal. dezembro de 2005.

Appendix B: IPEA working papers[62]

1995

366 Pobreza, Estrutura Familiar e Trabalho
372 Macroeconomia do Desenvolvimento Nordestino: 1960/1994
374 Interindustry Wage Differentials
375 Dinâmica Regional Recente da Economia Brasileira e suas Perspectivas
376 Qualificação Profissional: Uma Proposta de Política Pública
377 Os Determinantes da Desigualdade no Brasil
380 Ajuste Macroeconômico e Flexibilidade do Mercado de Trabalho no Brasil : 1981/95
387 Projeto Áridas-Nordeste: Uma Estratégia para Geração de Emprego e Renda
389 Financial Liberalization and the Role of the State in Financial Markets
393 Modelo Monetário de Determinação da Taxa de Câmbio: Testes para o Brasil

1996

398 Poverty Studies in Brazil - a Review
409 Experiência Recente da Política Industrial no Brasil: Uma Avaliação
413 Política Industrial Brasileira: Mundanças e Perspectivas
417 De Ônus a Bônus: Política Governamental e Reformas Fiscais na Transformação do Estado Brasileiro
421 Elementos para Discussão de uma Política Industrial para o Brasil
423 Política de Importação no Plano Real e a Estrutura de Proteção Efetiva
429 O Estímulo aos Investimentos Tecnológicos: O Impacto sobre as Empresas Brasileiras
430 Crescimento Econômico Ótimo em Economias com Inflação
439 Renda e Pobreza: Os Impactos do Plano Real
441 Distribuição de Renda, Crescimento Endógeno e Política Fiscal: Uma Análise Croos-Section para os Estados Brasileiros
447 A Estrutura a Termo da Taxa de Juros: Uma Síntese

1997

453 A Desigualdade da Pobreza: Estratégias Ocupacionais e Diferenciais por Gênero.
454 Bem-estar, Pobreza e Desigualdade de Renda: Uma Avaliação da Evolução Histórica e das Disparidades.
460 Desigualdades Regionais: Indicadores Socio-Econômicos nos Anos 80
466 Desigualdades Regionais e Retomada do Crescimento num Quadro de Integração Econômica
468 Emprego no Brasil nos Anos 90
471 Notas Sobre Políticas de Emprego
473 Modernização Produtiva e Relações de Trabalho: Perspectivas de Políticas Públicas
475 Desemprego Regional no Brasil: Uma Abordagem Empírica

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[62] Full text of all papers is available at http://www.ipea.gov.br/003/00318005.jsp?ttCD_CHAVE=101

478 Estrutura do Desemprego no Brasil
481 A Sustentabilidade de Déficits em Conta Corrente
483 Desenvolvimento e Política Regional na União Européia
484 Desigualdades Setoriais e Crescimento do PIB no Nordeste: Uma Análise do Período 1970/1995
492 Políticas Industriais Descentralizadas: As Experiências Européias e as Iniciativas Subnacionais no Brasil
493 A Solvência da Dívida: Testes para o Brasil
496 Poupança Externa e o Financiamento do Desenvolvimento
499 Uma Avaliação Empírica do Grau de Flexibilidade Alocativa do Mercado de Trabalho Brasileiro
503 Rotatividade e Instituições: Benefícios ao Trabalhador Desligado Incentivam Os Afastamentos?
517 Organização Mundial de Comércio
519 Globalização e o Papel das Políticas de Desenvolvimento Industrial e Tecnológico.
520 Estratégias de Combate à Inflação: Âncora Cambial Versus Âncora Monetária.
525 Investimentos em Educação e Desenvolvimento Econômico.
526 Perspectivas para o Mercado de Trabalho Brasileiro ao Longo da Próxima Década.
527 As Políticas Industrial e de Comércio Exterior no Brasil: Rumos e Indefinições.
528 Impacto do Crescimento Econômico e de Reduções no Grau de Desigualdade Sobre a Pobreza.
530 A Dimensão Urbana do Desenvolvimento Econômico-Espacial Brasileiro.
533 Trinta e Cinco Anos de Crescimento Econômico na Amazônia (1960/1995).
534 Programas de Garantia de Renda Mínima e Ação Coordenada de Combate à Pobreza.
536 Tendência Evolutiva e Características da Pobreza no Rio de Janeiro.
537 Long-Run Determinants of the Real Exchange Rate: Brazil ? 1947/95.

1998

540 Para onde vai a Estrutura Industrial Brasileira.
547 Dimensionamento e Acompanhamento do Gasto Social Federal.
551 Industrial Policy in Brazil - A Framework.
552 Rising Wages and Declining Employment: the Brazilian Manufacturing Sector in the 90s.
553 On Statistical Mapping of Poverty: Social Reality, Concepts and Measurement.
557 Ganhos de Produtividade e de Eficiência: Novos Resultados para a Economia Brasileira.
567 Desigualdade Regional e Pobreza no Brasil: A Evolução ? 1981/95.
568 Sistema Público de Emprego: Objetivos, Eficiência e Eficácia (Notas sobre os países da OCDE e o Brasil).
579 Impactos das Políticas Monetárias e Cambial no Brasil Pós-Plano Real.
581 Credibilidade da Política Cambial e as Opções Cambiais.
584 A Note on Foreign Direct Investment (FDI) and Industrial Competitiveness in Brazil.
590 Política Industrial em uma Perspectiva de Longo Prazo.
591 Acessibilidade Alimentar e Estabilização Econômica no Brasil nos Anos 90.
594 Adoção Tecnológica e Subdesenvolvimento.

597 Intermediação de Poupança para Investimento no Setor Produtivo.
598 Gasto Social das Três Esferas de Governo – 1995.
602 A Sustentabilidade do Endividamento Externo Brasileiro.
609 Renda e Pobreza.
615 Divisão do Trabalho e a Demanda Dinâmica por Emprego e Horas.
616 Importação de Tecnologia, Acesso às Inovações e Desenvolvimento Regional: O Quadro Recente no Brasil.

1999

623 Uma Análise da Relação entre Inflacão e Dispersão de Preços antes e após a Estabilização.
629 Investimento Direto Estrangeiro e o Impacto na Balança Comercial nos Anos 90.
630 Participação, Articulação de Atores Sociais e Desenvolvimento Regional.
633 Novos Padrões de Localização Industrial? Tendências Recentes dos Indicadores da Produção e do Investimento Industrial.
635 Impactos Comerciais da Área de Livre Comércio das Américas.
637 A Rentabilidade do FGTS.
642 Divída Pública Externa: Empréstimos do BIRD ao Brasil.
644 Avaliação da Gestão Pública no Contexto da Reforma do Aparelho do Estado.
645 Padrões de Desenvolvimento Industrial no Brasil ? 1980/95.
649 Evolução, Determinantes e Dinâmica do Gasto Social no Brasil: 1980/1996.
655 Estrutura Setorial-Ocupacional do Emprego no Brasil e Evolução do Perfil Distributivo nos Anos 90.
656 Labor Market Regulations and the Demand for Labor in Brazil.
660 Impactos de Desvalorizações Cambiais sobre a Conta Corrente no Brasil.
662 Diferencial de Juros e Taxa de Câmbio no Brasil.
665 Política Regional à Escala Sub-Regional: uma Tipologia Territorial como Base para um Fundo de Apoio ao Desenvolvimento Regional.
671 FGTS: Avaliação das Propostas de Reforma e Extinção.
676 Labor Market Regulations and the Duration of Employment in Brazil.
680 Investimento e Financiamento da Infra-Estrutura no Brasil: 1990/2002.
692 A Dinâmica do Emprego no Brasil: uma Análise Alternativa de Co-integração.
694 Uma Aproximação à Atual Política Regional no Brasil.
695 A Transposição de Teorias sobre a Institucionalização do Welfare State para o Caso dos Países Subdesenvolvidos.

2000

704 Desigualdades Regionais e Elasticidade de Longo Prazo do Emprego nos Estados do Nordeste com Relação ao Emprego Nacional.
706 Descentralização Política, Federalismo Fiscal e Criação de Municípios: O que é Mau para o Econômico nem sempre é Bom para o Social.
708 Resenha dos Estudos Recentes sobre Relações Comerciais Brasileiras.
709 Mudanças da Pobreza e a Desigualdade Cariocas na Década de 90.

712 Quatro Décadas de Crescimento Econômico no Centro-Oeste Brasileiro: Recursos Públicos em Ação.
715 Estimativas do Grau de Abertura da Conta de Capitais no Brasil - 1988 a 1998.
723 Labor Market and Poverty in Brazil.
724 Efeitos Informais do Salário Mínimo e Pobreza.
725 Comunidade Solidária: Uma Alternativa aos Fundos Sociais.
726 Reorganização do Processo de Planejamento do Governo Federal: O PPA 2000-2003.
728 Abertura Comercial e Disparidade de Renda entre Países: Uma Análise Empírica.
739 Uma Avaliação dos Impactos do Salário Mínimo sobre o Nível de Pobreza Metropolitana no Brasil.
743 Mercado de Trabalho nos Anos 90: Fatos Estilizados e Interpretações.
748 Combinando Compensatório e Redistributivo: O Desafio das Políticas Sociais no Brasil.
750 Poverty, Inequality and Macroeconomic Instability.
751 Desestruturação do Mercado de Trabalho Brasileiro e Limites do seu Sistema Público de Emprego.
753 The NAIRU, Unemployment and the Rate of Inflation in Brazil.
754 The Public-Private Wage Gap in Brazil.
755 Demographic Changes and Poverty in Brazil.
762 As Bases da Política de Apoio ao Setor Informal no Brasil.
771 Programas Sociais: Trajetória Temporal do Acesso e Impacto Distributivo.
772 Formação de um Cluster em Torno do Turismo de Natureza Sustentável em Bonito – MS.

2001

799 Estrutura e Operação dos Sistemas Financeiros no MERCOSUL: Perspectivas a Partir das Reformas Institucionais dos Anos 1990.
800 A Estabilidade Inaceitável: Desigualdade e Pobreza no Brasil.
801 Liberalização Comercial e Estruturas de Emprego e Salário.
803 Desigualdade de Rendimentos no Brasil nas Décadas de 80 e 90: Evolução e Principais Determinantes.
806 Optimal Rules for Monetary Policy in Brazil.
807 Desigualdade Racial no Brasil: Evolução das Condições de Vida na Década de 90.
810 Políticas de Competitividade Industrial no Brasil - 1995/2000.
814 Crise e Desregulação do Trabalho no Brasil.
821 Crescimento Econômico, Balança Comercial e a Relação Câmbio-Investimento.
829 Abertura Comercial, Reestruturação Industrial e Exportações Brasileiras na Década de 1990.
834 Determinantes do Desempenho Educacional no Brasil.
836 Políticas Públicas de Exportação: o Caso do PROEX.
839 The Impacts of the Minimum Wage on the Labor Market, Poverty and Fiscal Budget in Brazil.
843 O Que (não) Sabemos sobre a Relação entre Abertura Comercial e Mercado de Trabalho no Brasil.

844 Competitividade, Vulnerabilidade Externa e Crescimento na Economia Brasileira: 1978/2000.
847 Privatização, Dívida e Déficit Públicos no Brasil.
849 Os Impactos do Salário Mínimo sobre Emprego e Salários no Brasil: Evidências a partir de Dados Longitudinais e Séries Temporais.
852 A Trajetória do Welfare State no Brasil: Papel Redistributivo das Políticas Sociais dos Anos 1930 aos Anos 1990.
853

2002

855 Criação, Destruição e Realocação do Emprego No Brasil
857 Pelo fim das Décadas Perdidas: Educação e Desenvolvimento Sustentado no Brasil.
873 O Impacto Distributivo do Salário Mínimo: A Distribuição Individual dos Rendimentos do Trabalho.
877 Estimativa do Estoque de Capital Humano para o Brasil : 1981 a 1999.
880 Salário Mínimo e Bem-Estar Social no Brasil: Uma Resenha da Literatura.
888 Human Resource Management and Public Sector Reforms: Trends and Origins of a New Approach.
903 Comércio Internacional, Competitividade e Políticas Públicas no Brasil.
914 A Evolução da Informalidade no Brasil Metropolitano: 1991-2001.
918 Diferenciais de Salários Interindustriais no Brasil: Evidências e Implicações.
926 Impactos do Crescimento dos Complexos Industriais Brasileiros sobre o Emprego e o Saldo Comercial (1985-1996).
929 Benefícios Sociais e Pobreza : programas não contributivos da seguridade social brasileira.
930 Compras Governamentais : políticas e procedimentos na Organização Mundial de Comércio, União Européia, Nafta, Estados Unidos e Brasil.
931 Participação Social em Políticas Públicas : os conselhos federais de política social - o caso CODEFAT.
932 Liberalização Financeira Internacional e Crescimento Econômico.
936 Impactos de acordos Comerciais sobre a Economia Brasileira: Resenha dos Trabalhos Recentes.

2003

937 A Justiça Distributiva Liberal e a Previdência Social.
941 Agências Regulatórias na Experiência Brasileira: Um Panorama do Atual Desenho Institucional.
963 Direito e Economia num Mundo Globalizado: Cooperação ou Confronto?.
964 Regulatory Reform in Brazilian Infrastructure: Where do we stand?.
966 Judiciário, Reforma e Economia: A Visão dos Magistrados.
971 Iniquidade Social no Brasil: Uma Aproximação e Uma Tentativa de Dimensionamento.
977 Finanças Públicas Brasileiras: Algumas Questões e Desafios no Curto e no Médio Prazos.

978 Regulação de Preço da Energia Elétrica e Viabilidade do Investimento em Geração no Brasil.
984 Os Ricos e a Formulação de Políticas de Combate à Desigualdade e à Pobreza no Brasil.
985 Desafios Para a Política Social Brasileira.
986 O Ïndice de Desenvolvimento da Família (IDF).
988 Análise da Evolução e Dinâmica do Gasto Social Federal: 1995 – 2001/
989 Uma Agenda Pós-liberal de Desenvolvimento para o Brasil.
998 As Teorias de Estratificação da Sociedade e o Estudo dos Ricos.
1000 Texto para Discussão nº 1000: Edição Especial.
1001 Redistribuição do Gasto Público em Democracias Federativas: Análise do Caso Brasileiro.
1002 Impactos das Empresas Estrangeiras Sobre o Comércio Exterior Brasileiro: Evidências da Década de 1990.
1005 A Política de Assistência e a Participação Social : O caso do Conselho Nacional de Assistência Social.

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1007 Os Passivos Contingentes e a Dívida Pública no Brasil: Evolução Recente (1996 - 2003) e Perspectivas (2004 - 2006).
1011 O Funcionamento do Mercado de Trabalho Metropolitano Brasileiro no Período 1991-2002: Tendências, Fatos Estilizados e Mudanças Estruturais.
1016 Determinantes dos Investimentos Diretos Externos em Países em Desenvolvimento.
1018 Accounting for Brazil`s Growth Experience - 1940 – 2002.
1023 Inovação, Via internacionalização, faz bem para as Exportações Brasileiras.
1026 As Oportunidades de ser Rico por Meio do Trabalho Estão Abertas a Todos?
1035 Pragmatic Policy in Brazil : the political economy of incomplete market reform.
1039 Evolução do Emprego Formal no Brasil (1985-2003) e Implicações para as Políticas Públicas de Geração de Emprego e Renda.
1042 Endogenous Foreign Capital Flow in a CGE Model for Brazil: The Role of International Reserves.
1044.
1051 Desenvolvimento Econõmico Brasileiro: Uma Releitura das Contribuições de Celso Furtado.
1057 Technological Learning Systems, Competitiveness and Development.
1061 O Efeito da Liberalização da Conta de Capital sobre a Política Fiscal : Evidências para o Caso Brasileiro Recente (1995-2000).

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1070 Informalidade no Mercado de Trabalho Brasileiro : Uma Resenha da Literatura
1076 Política Industrial e Ambiente Institucional na Análise de Arranjos Produtivos Locais.
1100 Exploração do Trabalho no Capitalismo Contemporâneo e Desigualdade.
1106.

1107 Acordos Preferenciais de Comércio: Os Regimes de Origem Substituem as Tarifas?.
1118 Financial Development, Growth and Equity in Brazil.
1121 Liberalização da Conta de Capitais e Inflação: A Experiência Brasileira no Período Pós-Real.
1123 Uma Agenda Fiscal Para 2007-2010.
1126 Dilemas do Desenvolvimento na China: Crescimento Acelerado e Disparidades Regionais (da Revolução Comunista à Globalização).
1128 Measuring Monetary Policy Stance in Brazil.
1136 Fundos Setoriais: Avaliação das Estratégias de Implementação e Gestão.
1141 Fiscal Space and Public Sector Investments in Infrastructure: A Brazilian Case-Study.
1142 Federalismo e Endividamento Subnacional: Uma Discussão Sobre a Sustentabilidade da Dívida Estadual e Municipal.

Appendix C: Federal government policymakers and affiliations

Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
1995	Francisco Lopes	BC Economic Policy	PUC-Rio	FGV-Rio	FHC[63]
1995	Gustavo Franco	BC International Affairs	PUC-Rio	0[64]	FHC
1995	Alkimar Ribeiro Moura	BC Monetary Policy	FGV-SP	0	FHC
1995	Periso Arida	BC President	PUC-Rio	0	FHC
1995	Gustavo Jorge Laboissière Loyola	BC President	FGV-Rio	0	FHC
1995	Edmar Bacha Lisboa	MD BNDES President	PUC-Rio	IPEA	FHC
1995	Periso Arida	MD BNDES President	PUC-Rio	0	FHC
1995	Pedro Sampaio Malan	MF Minister	PUC-Rio	IPEA	FHC
1995	Jose Roberto Mendonça de Barros	MF Secretary of Economic Policy	USP	0	FHC
1995	Murilo Portugal Filho	MF Secretary of Treasury	IPEA	0	FHC
1995	Andrea Sandro Calabi	MF Executive Secretary	IPEA	USP	FHC
1995	Pedro Pullen Parente	MF Executive Secretary	(government)[65]	IMF	FHC
1995	Luiz Paulo Vellozo Lucas	MF Secretary for Economic Monitoring	PUC-Rio	UFRJ	FHC
1995	Everardo de Almeida Maciel	MF Secretary of Revenue	IPEA	FGV-SP	FHC
1995	Martus Antônio Rodrigues Tavares	MPO ASSEC Chief (Chief Economist)	(academic)[66]	USP	FHC
1995	José Serra	MPO Minister of planning	UNICAMP	CEBRAP	FHC
1996	Francisco Lopes	BC Economic Policy	PUC-Rio	FGV-Rio	FHC
1996	Gustavo Franco	BC International Affairs	PUC-Rio	0	FHC
1996	Alkimar Ribeiro Moura	BC Monetary Policy	FGV-SP	0	FHC
1996	Gustavo Jorge Laboissière Loyola	BC President	FGV-Rio	0	FHC
1996	Luiz Carlos Mendonça de Barros	MD BNDES President	UNICAMP	0	FHC

63 Fernando Henrique Cardoso
64 No notable affiliation or unknown biography.
65 Mainly a government bureaucrat.
66 Range of academic affiliations.

Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
1996	Pedro Sampaio Malan	MF Minister	PUC-Rio	IPEA	FHC
1996	Jose Roberto Mendonça de Barros	MF Secretary of Economic Policy	USP	0	FHC
1996	Murilo Portugal Filho	MF Secretary of Treasury	IPEA	0	FHC
1996	Eduardo Augusto de Almeida Guimarães	MF Secretary of Treasury	UFRJ	IPEA	FHC
1996	Pedro Pullen Parente	MF Executive Secretary	(government)	IMF	FHC
1996	Luiz Paulo Vellozo Lucas	MF Secretary for Economic Monitoring	PUC-Rio	UFRJ	FHC
1996	Bolívar Moura Rocha	MF Secretary for Economic Monitoring	(government)	0	FHC
1996	Everardo de Almeida Maciel	MF Secretary of Revenue	IPEA	FGV-SP	FHC
1996	Amaury Guilherme Bier	MPO ASSEC Chief (Chief Economist)	USP	World Bank	FHC
1996	Martus Antônio Rodrigues Tavares	MPO ASSEC Chief (Chief Economist)	(academic)	USP	FHC
1996	José Serra	MPO Minister of planning	UNICAMP	CEBRAP	FHC
1996	Antônio Kandir	MPO Minister of planning	IPEA	UNICAMP	FHC
1996	Martus Antônio Rodrigues Tavares	MPO Executive Secretary	(academic)	USP	FHC
1996	Andrea Sandro Calabi	MPO Executive Secretary	IPEA	USP	FHC
1997	Francisco Lopes	BC Economic Policy	PUC-Rio	FGV-Rio	FHC
1997	Demosthenes Madureira de Pinho Neto	BC International Affairs	IBMEC-SP	PUC-Rio	FHC
1997	Gustavo Franco	BC International Affairs	PUC-Rio	0	FHC
1997	Francisco Lopes	BC Monetary Policy	PUC-Rio	FGV-Rio	FHC
1997	Gustavo Franco	BC President	PUC-Rio	0	FHC
1997	Gustavo Jorge Laboissière Loyola	BC President	FGV-Rio	0	FHC
1997	Luiz Carlos Mendonça de Barros	MD BNDES President	UNICAMP	0	FHC

Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
1997	Pedro Sampaio Malan	MF Minister	PUC-Rio	IPEA	FHC
1997	Jose Roberto Mendonça de Barros	MF Secretary of Economic Policy	USP	0	FHC
1997	Eduardo Augusto de Almeida Guimarães	MF Secretary of Treasury	UFRJ	IPEA	FHC
1997	Pedro Pullen Parente	MF Executive Secretary	(government)	IMF	FHC
1997	Bolívar Moura Rocha	MF Secretary for Economic Monitoring	(government)	0	FHC
1997	Everardo de Almeida Maciel	MF Secretary of Revenue	IPEA	FGV-SP	FHC
1997	Amaury Guilherme Bier	MPO ASSEC Chief (Chief Economist)	USP	World Bank	FHC
1997	Antônio Kandir	MPO Minister of planning	IPEA	UNICAMP	FHC
1997	Martus Antônio Rodrigues Tavares	MPO Executive Secretary	(academic)	USP	FHC
1998	Francisco Lopes	BC Economic Policy	PUC-Rio	FGV-Rio	FHC
1998	Demosthenes Madureira de Pinho Neto	BC International Affairs	IBMEC-SP	PUC-Rio	FHC
1998	Francisco Lopes	BC Monetary Policy	PUC-Rio	FGV-Rio	FHC
1998	Gustavo Franco	BC President	PUC-Rio	0	FHC
1998	Luiz Carlos Mendonça de Barros	MD BNDES President	UNICAMP	0	FHC
1998	Andre Lara Resende	MD BNDES President	PUC-Rio	0	FHC
1998	Pedro Sampaio Malan	MF Minister	PUC-Rio	IPEA	FHC
1998	Amaury Guilherme Bier	MF Secretary of Economic Policy	USP	World Bank	FHC
1998	Jose Roberto Mendonça de Barros	MF Secretary of Economic Policy	USP	0	FHC
1998	Eduardo Augusto de Almeida Guimarães	MF Secretary of Treasury	UFRJ	IPEA	FHC
1998	Pedro Pullen Parente	MF Executive Secretary	(government)	IMF	FHC
1998	Bolívar Moura Rocha	MF Secretary for Economic Monitoring	(government)	0	FHC
1998	Everardo de Almeida Maciel	MF Secretary of Revenue	IPEA	FGV-SP	FHC

Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
1998	Daniel Andrade Ribeiro de Oliveira	MPO ASSEC Chief (Chief Economist)	IPEA	?	FHC
1998	Amaury Guilherme Bier	MPO ASSEC Chief (Chief Economist)	USP	World Bank	FHC
1998	Antônio Kandir	MPO Minister of planning	IPEA	UNICAMP	FHC
1998	Paulo Paiva	MPO Minister of planning	UFMG	0	FHC
1998	Martus Antônio Rodrigues Tavares	MPO Executive Secretary	(academic)	USP	FHC
1999	Francisco Lopes	BC Economic Policy	PUC-Rio	FGV-Rio	FHC
1999	Sérgio Ribeiro da Costa Werlang	BC Economic Policy	FGV-Rio	0	FHC
1999	Demosthenes Madureira de Pinho Neto	BC International Affairs	IBMEC-SP	PUC-Rio	FHC
1999	Daniel Luiz Gleizer	BC International Affairs	IMF	0	FHC
1999	Luiz Fernando Figueiredo	BC Monetary Policy	(I-Bank)[67]	0	FHC
1999	Francisco Lopes	BC Monetary Policy	PUC-Rio	FGV-Rio	FHC
1999	Gustavo Franco	BC President	PUC-Rio	0	FHC
1999	Armínio Fraga Neto	BC President	PUC-Rio	FGV-Rio	FHC
1999	Andrea Sandro Calabi	MD BNDES President	IPEA	USP	FHC
1999	José Pio Borges	MD BNDES President	(Industry)[68]	0	FHC
1999	Pedro Sampaio Malan	MF Minister	PUC-Rio	IPEA	FHC
1999	Edward Amadeo	MF Secretary of Economic Policy	PUC-Rio	IPEA	FHC
1999	Amaury Guilherme Bier	MF Secretary of Economic Policy	USP	World Bank	FHC
1999	Eduardo Augusto de Almeida Guimarães	MF Secretary of Treasury	UFRJ	IPEA	FHC
1999	Fábio de Oliveira Barbosa	MF Secretary of Treasury	IPEA	0	FHC
1999	Amaury Guilherme Bier	MF Executive Secretary	USP	World Bank	FHC
1999	Pedro Pullen Parente	MF Executive Secretary	(government)	IMF	FHC

[67] Main experience is in international banking or finance.
[68] Main experience is in industry, not including banking or finance.

Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
1999	Bolívar Moura Rocha	MF Secretary for Economic Monitoring	(government)	0	FHC
1999	Cláudio Monteiro Considera	MF Secretary for Economic Monitoring	IPEA	0	FHC
1999	Everardo de Almeida Maciel	MF Secretary of Revenue	IPEA	FGV-SP	FHC
1999	Daniel Andrade Ribeiro de Oliveira	MPO ASSEC Chief (Chief Economist)	IPEA	0	FHC
1999	José Guilherme Almeida dos Reis	MPO ASSEC Chief (Chief Economist)	IPEA	PUC-Rio	FHC
1999	Martus Antônio Rodrigues Tavares	MPO Minister of planning	(academic)	USP	FHC
1999	Paulo Paiva	MPO Minister of planning	UFMG	0	FHC
1999	Martus Antônio Rodrigues Tavares	MPO Executive Secretary	(academic)	USP	FHC
1999	Guilherme Dias	MPO Executive Secretary	UFRJ	IPEA	FHC
1999	Martus Antônio Rodrigues Tavares	MPO Executive Secretary	(academic)	USP	FHC
2000	Sérgio Ribeiro da Costa Werlang	BC Director of Research	FGV-Rio	0	FHC
2000	Sérgio Ribeiro da Costa Werlang	BC Economic Policy	FGV-Rio	0	FHC
2000	Ilan Goldfajn	BC Economic Policy	PUC-Rio	IMF	FHC
2000	Daniel Luiz Gleizer	BC International Affairs	IMF	0	FHC
2000	Luiz Fernando Figueiredo	BC Monetary Policy	(I-Bank)	0	FHC
2000	Armínio Fraga Neto	BC President	PUC-Rio	FGV-Rio	FHC
2000	Andrea Sandro Calabi	MD BNDES President	IPEA	USP	FHC
2000	Francisco Roberto André Gros	MD BNDES President	(I-Bank)	0	FHC
2000	Pedro Sampaio Malan	MF Minister	PUC-Rio	IPEA	FHC
2000	Edward Amadeo	MF Secretary of Economic Policy	PUC-Rio	IPEA	FHC
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Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
2000	Amaury Guilherme Bier	MF Executive Secretary	USP	World Bank	FHC
2000	Cláudio Monteiro Considera	MF Secretary for Economic Monitoring	IPEA	0	FHC
2000	Everardo de Almeida Maciel	MF Secretary of Revenue	IPEA	FGV-SP	FHC
2000	José Guilherme Almeida dos Reis	MPO ASSEC Chief (Chief Economist)	IPEA	PUC-Rio	FHC
2000	Martus Antônio Rodrigues Tavares	MPO Minister of planning	(academic)	USP	FHC
2000	Guilherme Dias	MPO Executive Secretary	UFRJ	IPEA	FHC
2001	Ilan Goldfajn	BC Economic Policy	PUC-Rio	IMF	FHC
2001	Daniel Luiz Gleizer	BC International Affairs	IMF	0	FHC
2001	Luiz Fernando Figueiredo	BC Monetary Policy	(I-Bank)	0	FHC
2001	Armínio Fraga Neto	BC President	PUC-Rio	FGV-Rio	FHC
2001	Francisco Roberto André Gros	MD BNDES President	(I-Bank)	0	FHC
2001	Pedro Sampaio Malan	MF Minister	PUC-Rio	IPEA	FHC
2001	Edward Amadeo	MF Secretary of Economic Policy	PUC-Rio	IPEA	FHC
2001	José Guilherme Almeida dos Reis	MF Secretary of Economic Policy	IPEA	PUC-Rio	FHC
2001	Fábio de Oliveira Barbosa	MF Secretary of Treasury	IPEA	0	FHC
2001	Amaury Guilherme Bier	MF Executive Secretary	USP	World Bank	FHC
2001	Cláudio Monteiro Considera	MF Secretary for Economic Monitoring	IPEA	0	FHC
2001	Everardo de Almeida Maciel	MF Secretary of Revenue	IPEA	FGV-SP	FHC
2001	Joaquim Vieira Ferreira Levy	MPO ASSEC Chief (Chief Economist)	FGV-Rio	IMF	FHC
2001	José Guilherme Almeida dos Reis	MPO ASSEC Chief (Chief Economist)	IPEA	PUC-Rio	FHC
2001	Martus Antônio Rodrigues Tavares	MPO Minister of planning	(academic)	USP	FHC
2001	Guilherme Dias	MPO Executive	UFRJ	IPEA	FHC

Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
		Secretary			
2002	Daniel Luiz Gleizer	BC Director of Research	IMF	0	FHC
2002	Ilan Goldfajn	BC Economic Policy	PUC-Rio	IMF	FHC
2002	Daniel Luiz Gleizer	BC International Affairs	IMF	0	FHC
2002	Beny Parnes	BC International Affairs	PUC-Rio	0	FHC
2002	Luiz Fernando Figueiredo	BC Monetary Policy	(I-Bank)	0	FHC
2002	Armínio Fraga Neto	BC President	PUC-Rio	FGV-Rio	FHC
2002	Eleazar de Carvalho Filho	MD BNDES President	(I-Bank)	0	FHC
2002	Francisco Roberto André Gros	MD BNDES President	(I-Bank)	0	FHC
2002	Pedro Sampaio Malan	MF Minister	PUC-Rio	IPEA	FHC
2002	José Guilherme Almeida dos Reis	MF Secretary of Economic Policy	IPEA	PUC-Rio	FHC
2002	Arno Meyer	MF Secretary of Economic Policy	FGV-Rio	UnB	FHC
2002	Eduardo Refinetti Guardia	MF Secretary of Treasury	PUC-SP[69]	USP	FHC
2002	Fábio de Oliveira Barbosa	MF Secretary of Treasury	IPEA	0	FHC
2002	Everardo de Almeida Maciel	MF Executive Secretary	IPEA	FGV-SP	FHC
2002	Amaury Guilherme Bier	MF Executive Secretary	USP	World Bank	FHC
2002	Cláudio Monteiro Considera	MF Secretary for Economic Monitoring	IPEA	0	FHC
2002	Everardo de Almeida Maciel	MF Secretary of Revenue	IPEA	FGV-SP	FHC
2002	Jorge Antônio Deher Rachid	MF Secretary of Revenue	(government)	0	FHC
2002	Joaquim Vieira Ferreira Levy	MPO ASSEC Chief (Chief Economist)	FGV-Rio	IMF	FHC
2002	Martus Antônio Rodrigues Tavares	MPO Minister of planning	(academic)	USP	FHC
2002	Guilherme Dias	MPO Minister of	UFRJ	IPEA	FHC

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Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
		planning			
2002	Guilherme Dias	MPO Executive Secretary	UFRJ	IPEA	FHC
2003	Afonso Sant'Anna Bevilaqua	BC Director of Research	PUC-Rio	IMF	Lula
2003	Eduardo Henrique de Mello Motta Loyo	BC Director of Research	PUC-Rio	IMF	Lula
2003	Ilan Goldfajn	BC Economic Policy	PUC-Rio	IMF	Lula
2003	Afonso Sant'Anna Bevilaqua	BC Economic Policy	PUC-Rio	IMF	Lula
2003	Alexandre Schwartsman	BC International Affairs	USP	UnB	Lula
2003	Beny Parnes	BC International Affairs	PUC-Rio	0	Lula
2003	Luiz Fernando Figueiredo	BC Monetary Policy	(I-Bank)	0	Lula
2003	Henrique de Campos Meirelles	BC President	(I-Bank)	0	Lula
2003	Eleazar de Carvalho Filho	MD BNDES President	(I-Bank)	0	Lula
2003	Carlos Lessa	MD BNDES President	UNICAMP	UFRJ	Lula
2003	Antonio Palocci Filho	MF Minister	(politics)[70]	0	Lula
2003	Arno Meyer	MF Secretary of Economic Policy	FGV-Rio	UnB	Lula
2003	Marcos de Barros Lisboa	MF Secretary of Economic Policy	FGV-Rio	UFRJ	Lula
2003	Eduardo Refinetti Guardia	MF Secretary of Treasury	PUC-SP	USP	Lula
2003	Joaquim Vieira Ferreira Levy	MF Secretary of Treasury	FGV-Rio	IMF	Lula
2003	Bernard Appy	MF Executive Secretary	PUC-SP	UNICAMP	Lula
2003	Everardo de Almeida Maciel	MF Executive Secretary	IPEA	FGV-SP	Lula
2003	José Tavares de Araujo Junior	MF Secretary for Economic Monitoring	UFRJ	0	Lula
2003	Jorge Antônio Deher Rachid	MF Secretary of Revenue	(government)	0	Lula
2003	José Carlos Rocha	MPO ASSEC Chief	UNICAMP	UFRJ	Lula

70 Party loyalist.

Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
	Miranda	(Chief Economist)			
2003	Guilherme Dias	MPO Minister of planning	UFRJ	IPEA	Lula
2003	Guido Mantega	MPO Minister of planning	USP	CEBRAP	Lula
2003	Nelson Machado	MPO Executive Secretary	0	0	Lula
2004	Eduardo Henrique de Mello Motta Loyo	BC Director of Research	PUC-Rio	IMF	Lula
2004	Afonso Sant'Anna Bevilaqua	BC Economic Policy	PUC-Rio	IMF	Lula
2004	Eduardo Henrique de Mello Motta Loyo	BC Economic Policy	PUC-Rio	IMF	Lula
2004	Afonso Sant'Anna Bevilaqua	BC Economic Policy	PUC-Rio	IMF	Lula
2004	Alexandre Schwartsman	BC International Affairs	USP	UnB	Lula
2004	Afonso Sant'Anna Bevilaqua	BC Monetary Policy	PUC-Rio	IMF	Lula
2004	Rodrigo Telles da Rocha Azevedo	BC Monetary Policy	USP	0	Lula
2004	Henrique de Campos Meirelles	BC President	(I-Bank)	0	Lula
2004	Guido Mantega	MD BNDES President	USP	CEBRAP	Lula
2004	Carlos Lessa	MD BNDES President	UNICAMP	UFRJ	Lula
2004	Antonio Palocci Filho	MF Minister	(politics)	0	Lula
2004	Marcos de Barros Lisboa	MF Secretary of Economic Policy	FGV-Rio	UFRJ	Lula
2004	Joaquim Vieira Ferreira Levy	MF Secretary of Treasury	FGV-Rio	IMF	Lula
2004	Bernard Appy	MF Executive Secretary	PUC-SP	UNICAMP	Lula
2004	Helcio Tokeshi	MF Secretary for Economic Monitoring	CEBRAP	UNICAMP	Lula
2004	José Tavares de Araujo Junior	MF Secretary for Economic Monitoring	UFRJ	0	Lula
2004	Jorge Antônio Deher Rachid	MF Secretary of Revenue	(government)	0	Lula
2004	José Carlos Rocha	MPO ASSEC Chief	UNICAMP	UFRJ	Lula

Period	Name	Position	Notable Affiliation 1	Notable Affiliation 2	Gov't
	Miranda	(Chief Economist)			
2004	Demian Fiocca	MPO ASSEC Chief (Chief Economist)	USP	0	Lula
2004	Guido Mantega	MPO Minister of planning	USP	CEBRAP	Lula
2004	Nelson Machado	MPO Executive Secretary	0	0	Lula
2005	Eduardo Henrique de Mello Motta Loyo	BC Director of Research	PUC-Rio	IMF	Lula
2005	Alexandre Antonio Tombini	BC Director of Research	IMF	0	Lula
2005	Afonso Sant'Anna Bevilaqua	BC Economic Policy	PUC-Rio	IMF	Lula
2005	Alexandre Schwartsman	BC International Affairs	USP	UnB	Lula
2005	Rodrigo Telles da Rocha Azevedo	BC Monetary Policy	USP	0	Lula
2005	Henrique de Campos Meirelles	BC President	(I-Bank)	0	Lula
2005	Guido Mantega	MD BNDES President	USP	CEBRAP	Lula
2005	Antonio Palocci Filho	MF Minister	(politics)	0	Lula
2005	Marcos de Barros Lisboa	MF Secretary of Economic Policy	FGV-Rio	UFRJ	Lula
2005	Joaquim Vieira Ferreira Levy	MF Secretary of Treasury	FGV-Rio	IMF	Lula
2005	Bernard Appy	MF Executive Secretary	PUC-SP	UNICAMP	Lula
2005	Helcio Tokeshi	MF Secretary for Economic Monitoring	CEBRAP	UNICAMP	Lula
2005	Jorge Antônio Deher Rachid	MF Secretary of Revenue	(government)	0	Lula
2005	Antonio José Alves Junior	MPO ASSEC Chief (Chief Economist)	UFRJ	0	Lula
2005	Guido Mantega	MPO Minister of planning	PUC-SP	CEBRAP	Lula
2005	Nelson Machado	MPO Executive Secretary	0	0	Lula

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This thesis was typed by Joseph Vavrus.