

Summary Report of

Mechanisms of Intergovernmental Relations:

International experiences and challenges for Brazil

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Organized by the Secretariat of Federative Affairs of the Chief of Staff (Casa Civil) of the Presidency of the Republic of Brazil in co-operation with the Forum of Federations.

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The workshop was organized to compare the functioning of mechanisms of articulation (procedures for describing and defining intergovernmental roles) and the management of intergovernmental relations in different federations, specifically Germany, Australia, Canada, United States, India and Mexico, with the similar mechanisms in Brazil. The areas to be compared were taxation health and education. This comparison will contribute to the improvement of mechanisms of intergovernmental management of public policies that are being proposed by the federal government. The Brazilian systems compared are for fiscal relations, CONFAZ – National Council for Fiscal Policy; for health, SUS – Unified Health System; and for education, FUNDEF - Fund for Maintenance and Development of Elementary School Education and Valorization (establishment of salary schedules) for the Teaching Profession.

Part I of this report examines a few factors that explain the differences between the mechanisms of articulation and intergovernmental management in the federal states, trying to illustrate the influence of these factors with examples from the federal countries discussed in the workshop. The second part examines the functioning of the two most important mechanisms of intergovernmental management existing in Brazil, trying to evaluate them from within a comparative perspective. The third part examines the new models of articulation and intergovernmental management proposed by the federal

government in the areas of: intergovernmental co-ordination, and existing models in public safety, regional development. (Intergovernmental management in public safety is done through the National Secretariat for Public Security – SENASP/ Unified System of Public Security – SUSP), intergovernmental management in regional development takes place through the National Policy for Regional Development – PNDR, and intergovernmental articulation occurs in the Committee of Articulation and Federal Pact. The new proposal mechanisms of articulation (describing and defining of federal roles) was made by the Chief of Staff (Casa Civil).

This paper ends with a few recommendations that resulted from the workshop, and a draft of an agenda for the Secretariat of Federative Affairs.

I. Mechanisms of articulation and intergovernmental management

Intergovernmental relations – the interaction of entities with some level of political independence, but not sovereignty, within the same country – are not exclusive to federations. Notwithstanding, the fact that among federations, political entities have their statutes of political, legal and administrative independence specified in the Constitution, generates specific difficulties on the co-ordination and management of public policies.

The defining constitutional principle of federal countries is the combination of independence and inter-independence of the composing political entities. However, the functionality of these principles is in the root of most problems identified in the actual functioning of the federal states. The central matter is that a precise definition of the exclusive competences of federal entities - a traditional mechanism of guarantee of federal independence – is an excessively complex and perhaps impossible task.

There are two main reasons for that. First, the growth of governmental activities in all sectors of social life started to knock down the political, legal and administrative barriers between national and sub-national governments. All of the history of federal states, including the United States, comes down to the continuing enlargement of the field of conflicting actions, as well as to a larger or lesser coherence among the federal principles of each state and their intergovernmental practices.

Second, in almost all federal and non-federal states, the social and economic inequality between regions and/or sub-national units is one of the central political problems to be faced. This finally explains why the expansion process of governmental activities has, as a major consequence, the growth and concentration of fiscal income by central governments. After all, these are strategic agents in the processes of reduction of interpersonal and inter-regional inequalities.

The main issue in the dynamics of the politics of federalism is not the separation of competencies and resources, but how the sub-national political units (mainly territorial) and

central powers (executive, legislative and judicial) are represented in national politics. In many federal countries, where there is an strict constitutional separation of powers and the sub-national units have ample competences and independence (as in the United States and Australia), the dynamics of the political process resulted in a concentration of power in the central institutions. In other countries, where the central governments have ample constitutional powers to impose their will on sub-national governments (the classic case of Canada), the political dynamics resulted in a strong decentralization.

In the dynamics of intergovernmental relations, the main difference is in the level of institutionalization, that is, how each political system formally or informally incorporates mechanisms of intergovernmental co-operation. All cases discussed in the workshop clearly express this issue.

At one extreme we can find the United States, where the political, legal and administrative separation among the federal entities is not only set down in a constitutional clause but is also a central characteristic of intergovernmental relations. As Earl Baker has shown in his presentation, the independence among federal – Presidency or Prime Minister’s Office, bicameral congress and judiciary - and state powers (state government, city council and state judiciary) - is a fundamental value of North American political life. As a result, the mechanisms of co-ordination and intergovernmental management are external elements to the political system. They are basically of two kinds: on one side, informal practices that aim at influencing the legislative process (lobbying); on the other side, judicial proceedings that aim at the settlement of conflicts about the validity and meaning of laws and administrative norms, independently produced by each federal entity. In summary, an important part of North American intergovernmental relations places itself outside of the sphere of direct interaction among federal, state and local executive powers; that is, in the management of the public policies. Also for this reason, the everyday life of intergovernmental relations is marked by a patchwork quilt of informal practices among the administrative institutions responsible for the operation of the policies in each sphere.

The German case represents the opposite model, where the inter-independence among the *Länder* is a central constitutional principle of the federation. As Uwe Leonardy has shown, the most important institution in the operation of intergovernmental relations is the *Bundesrat* (Federal Council). Its main characteristic, unique among all federal states, is that it represents state governments directly and not the population of the *Länder*. It is easy to notice the implications of the institutional drawing to the dynamics of intergovernmental relations.

Even though the other stages of intergovernmental co-operation/co-ordination are not enshrined in the constitution (*Grundgesetz*), they are institutionally supported and politically legitimized by the strength and efficacy of the actions of the federal council itself. This is the case of the conferences of the heads of government of the federation and the *Länder* that periodically decide the national and sub-national agendas that will be developed and put into operation by the conferences of the heads of *Länder* governments and departmental conferences of *Länder* ministers, where problems of co-ordination in the sector policies under the responsibility of the *Länder* - such as education, health, finance, environment, etc. - are discussed.

In summary, in the German case, co-ordination and co-operation of public policies is a central value of the political life. The problem here is the opposite of that in the North America: the excess of formality and rigidity of the co-operation mechanisms generates problems such as bureaucratic inertia, little political transparency, and finally, little incentive to competition among the federal entities to introduce innovations in the management of the public policies and offer better services to the population.

In this sense, the cases of Australia and Canada constitute intermediate models, where values such as equity and social solidarity combine themselves in a sort of tense way with the competitive nature of intergovernmental relations that involves federal, state and regional governments. Both cases, on the other hand, show that the federative dynamics is more influenced by the kind of organization of the political system than by constitutional definitions.

The Australian federation is, initially, more decentralized than the Canadian. However, the development of intergovernmental relations had an opposite meaning. In Australia, even with a directly-elected senate, the centripetal force of the parliamentary two-party system generated an important concentration of political strength and fiscal resources in the federal government.

In Canada, where the constitution (the British-North American Act of 1867) favored the centralization of power, the competition among two linguistic units (English and French) resulted, on one hand, in a strong fiscal and administrative decentralization, and on the other, in a fragmentation of the political system around the regional forces (the Liberal majority in Ontario, hegemonic nationalist in Québec and independent regionalist forces in the smaller provinces of the Atlantic and the West). Paradoxically, the total control by the federal executive of the Senate strengthened the centrifugal dynamics of the Canadian federalism, since it turned the provincial governments into the only arena for representing regional interests.

But the most interesting aspect in both cases, strongly emphasized by Cheryl Saunders (Australia) and Don Dennison (Canada), is the development of informal mechanisms of intergovernmental co-ordination, apparently able to compensate the centralizing tendencies of Australian federalism and the non-integrative dynamics present in the Canadian case. Two things explain the success of mechanisms of intergovernmental co-operation within an apparently unfavorable context: first, the full validity of democratic party systems that represent more the population than the geographic unit, and, second, the economic priority given to principles such as equity and universal access to quality social services.

In this way, in Australia, where the federal executive collects more than 70 per cent of the public revenues, interesting informal structures of negotiation and co-operation between federal and state governments were developed, like the premiers conferences (heads of government) and more recently the Council of Australian Governments (Conselho dos Governos Australianos). Even though often the financial strength of the federal government

generates an asymmetric relationship with the states, the fact that its reformist agenda can not develop without the co-operation of the sub-national governments, incentivated negotiation patterns based on two basic principles: a little trust in the disposition of all people to reach an agreement on reforms, and a minimum investment in the construction of administrative structures that guarantee efficacy and continuity between the negotiation processes and the implementation of the decisions.

The Canadian case is more complicated once its federal executive, because of the nature of the political system itself, has a different representative base in the provinces. In this way, intergovernmental relations tend to function as a relationship among “nations”, where a style of interaction closer to diplomacy predominates. Even so, a number of structures of intergovernmental relations have been developed in the last decades, and they have been working well, taking into consideration the excellent level of public services of universal access that have preserved an exemplary level of regional equity.

Finally, the cases of India and Mexico allow for the discussion of the difficulties in the building of balanced intergovernmental relations in federal countries with a high level of heterogeneities and regional imbalances.

The process of formation of the Indian federal state can be seen as successful considering the enormous difficulties that have opposed it since the beginning of India’s independence in 1947. The huge ethnic, linguistic and religious heterogeneity, together with the social and economic inequalities between the states and territories, make the strategic role of the central government in the building of the Indian federation understandable. The extraordinary powers of intervention in the state governments and the capacity to influence its activities, especially through the Planning Commission, result in a strong centralization of political power in the hands of the Prime Minister.

The main agent of centralization of the Indian federation, however, was not the Constitution – by the way, extremely detailed in the division of powers between the Union and the states – but the long political hegemony of the Congress Party. The capacity of the

national Indian elite of building a national project within the complex governmental and party structure represented by the Party Congress, contributed to the strengthening and legitimization of the central government.

In this way, between 1950 and 1990, the main structures of intergovernmental coordination and co-operation, as the Inter State Council, the National Development Council and other informal conferences bringing together prime ministers, ministers and high level bureaucrats, were in fact controlled by the Prime-Minister and his chamber, chosen among the Congress Party. As Rekha Saxena showed, intergovernmental relations acquired political relevance only during the second half of the 1990s, when for the first time a coalition of non-congress parties took on.

The trajectory of the Mexican federalism is similar to the Indian, as intergovernmental relations were for a long time under the direct political control of the Presidency of the Republic, that was controlled since the 1930`s and 1940`s by the Revolutionary Institutional Party (PRI), heir to the 1910 Revolution. The Mexican case is the extreme example of the disconnection between constitutional definitions and the effective functioning of intergovernmental relations. One of the main federations (1824) after the creation of the United States of America, the Federal Republic of Mexico only reached political stability after the 1940`s with the consolidation of the PRI as the dominant party within the political system. During more than five decades the state government as well as the great majority of the municipal governments, was chosen from the members of the PRI, and even in these cases, they were actually controlled by the President who could destitute them.

In a similar way to the Indian case, intergovernmental relations only acquired some relevance, even if unstable, at the end of the 1990s, with the fall of the PRI and the rise of effective competing parties, especially PAN and PDR. Fox's election to the Presidency in 2000 represented the most important rupture with the centralizing model, but resulted in a paradoxical situation of fragility within the central government, since it controls neither the Congress, nor the main state governments. In this sense, Fox's government has acted

strategically to strengthen intergovernmental relations, especially between the federal government and municipalities, dealing with the difficulties imposed by the control of the PRI over the Congress apart from the state governments.

To what conclusions can we get to from the cases analyzed? First, that the dynamics and the intergovernmental relation patterns depend upon the way that the sub-national political units are represented in or excluded from the national sphere of power. That is, the roughly co-operative and institutionalized pattern of intergovernmental relations depends upon the capacity of the sub-national governments to share the decisions with the central government.

The paradigmatic case of inter-independence and institutionalization of intergovernmental relations is the German case; where the problem is actually the difficulty of identifying and controlling the responsibilities over and above the lack of incentive to competition among governments. On the opposite side we have the United States, where Presidency and Congress share the central power in an almost complete way, having as its main counterpoint the judiciary. In this context, the actions of the sub-national governments are reduced to lobbying Congress and the Executive. This institutional configuration results in a great fragmentation and heterogeneity of the intergovernmental policies.

In Canada and Australia - where the federal and state governments control their respective legislatures - the public policies are decided within more or less informal intergovernmental negotiation structures – as annual or sector conferences, regional or national forums and ad hoc meetings among politicians and bureaucrats from both government spheres.

In the last two cases, Mexico and India, where the respective federal governments have historically centralized many resources of power (symbolic and material), the stages of intergovernmental co-operation have secondary or not so much incident roles in the effective configuration of public policies. Recently, both countries started, for different reasons, processes of decentralization and strengthening of intergovernmental relations. It is

important to note that these processes are clearly associated to changes within the correlation of forces between central and sub national government.

However, the conclusions we can get to from the analyzed cases are excessively generic to result in specific recommendations to the Brazilian case. The influence of the political institutional configuration about the dynamics of intergovernmental relations can only be understood within specific contexts involving concrete sectorial policies.

II. Brazilian intergovernmental relations in fiscal and health matters

The second part of the workshop, focusing on the analysis of the Brazilian case, tried to fill out this space emphasizing the dynamics of intergovernmental relations in two sector policies: co-ordination of the fiscal policies (CONFAZ) and the public health system (SUS). The third part relates the proposal for the building of intergovernmental arrangements in other sectors, as public security (SENASP), regional development (PNDR) and an innovative proposal of constitution of an intergovernmental articulation forum within the Chief of Staff (Casa Civil) of the Presidency of the Republic.

Before going into the details of each case, we are going to briefly discuss the central characteristics of the Brazilian federalism and its influence on the public policies in general.

As Marta Arretche said in her paper, the political control over the Congress and the concentration of fiscal resources in the federal government are the crucial variables to understand the dynamics of intergovernmental relations in Brazil. But the capacity of the federal government to coordinate policies and/or induce states and municipalities to accept the implementation of public policies depends, also, on the self-configuration of each sector. In sectors where it had historically a central role in management and financing, as is the case of health, sanitation, and housing, the policies of decentralization would have better perspectives of success because the federal government would control the resources as well as normative and administrative instruments. In other sectors, as middle and high school education, where this role was secondary, the co-ordination could only be efficient

through general legislative measures, as the Constitutional Amendment 14, which created the FUNDEF.

But it is also necessary to pay attention to the fact that the control over the legislative process, through the formation of parliamentary coalitions, is not a simple task within the Brazilian presidentialism. The multi-partied coalitions are instable and go through frequent changes that almost always reflect themselves upon the composition of the ministries, secretaries, as well as upon the management of public institutions and state companies. As we know, the political-administrative instability, as well as the instability of the financing resources, are the main obstacles to the development of public policies in Brazil.

The long period of institutional stability reached by the government of Fernando Henrique Cardoso (1995-2002), had an important impact in the configuration of intergovernmental relations. Supported by the success of the *Plano Real*, the government was capable of building an ample base of political support in the Congress and in the public opinion. With regards to these bases the new government was capable of reorganizing important aspects of intergovernmental relations that made federal governments more fragile for the previous two decades, as the informal mechanisms of indebtedness of state governments (anticipation of revenues and emissions of state banks).

Nevertheless, in the field of the social policies, the performance of the previous government does not allow for a simple evaluation. In areas such as health, education and social welfare, there have been significant advancements, albeit with very different impacts in intergovernmental relations, as we will see ahead. In other areas, such as sanitation, housing, public security and metropolitan urban policies, the difficulties are much bigger.

What seems important to point out is that the historic and institutional characteristics of each sector have a strong influence in the patterns of intergovernmental relations. This is what explains the varied results reached by fiscal and tributary co-ordination policies (CONFAZ) as well as health policies that will be briefly analyzed now.

The presentations of the ex-co-ordinator of fiscal administration for the Secretariat of Finance of the Government of the State of Sao Paulo, Clóvis Panzarini and Arno Hugo Augustin Filho, Associate Executive Secretary for the Executive Secretariat of the Ministry of Treasury and actual president of the National Council for Fiscal Policy (CONFAZ), did not agree with the diagnosis of the oldest mechanism of intergovernmental co-ordination in force in Brazil: CONFAZ has serious difficulties in following its basic function of harmonizing the fiscal administration of the states.

Even though a detailed diagnosis of the problems faced by CONFAZ is not possible here, some aspects emphasized by those who presented it, allow for an evaluation of its political and administrative limitations. The central problem is that the Council has only worked effectively as a mechanism of co-ordination of intergovernmental relations while the federal government exercised political control over the states, that is, during the authoritarian period. The Ministers of Finance and Planning (during the Delfim Neto government) co-ordinated, in a sort of direct way, the decisions of CONFAZ, inhibiting any initiative from state finance secretariats, that would go against the fiscal policies of the central government.

Even before the completion of the process of restoring democracy in 1985, the weakening of the Presidency of the Republic during the General João Figueiredo Government, was already giving room to fiscal initiatives that did not depend on the approval of CONFAZ. The center of the conflict has always been the concessions of fiscal benefits regarding the ICM - tax on circulation of goods - or ICMS - value-added tax on sales and services - (after 1988). Even though the fiscal war had not yet reached the today's level, since the 1980s it was already clear that the capacity of fiscal co-ordination depended on the control of political and/or fiscal resources by the federal government that would "induce" the states to cooperate. As the fiscal crisis of the 1980-1990 started to reduce the capacity of investment by the federal government, especially through state companies, the states were pressured to find alternatives of regional developing policies.

During the 1990s, especially during both mandates of Fernando Henrique Cardoso, the concession of fiscal benefits to attract national and foreign companies, made the state governments hit the bottom in terms of future fiscal capacity. The fact is that during all this time CONFAZ was largely ignored by the states, and even when requested by the states like Sao Paulo that considered themselves to be at a disadvantage in the fiscal war, the Council never expressed itself in an incisive manner, since it always depended upon the consensus of its members (the states themselves).

In summary, there are two main frailties in the institutional design of CONFAZ: first, the need for unanimity does not allow for the Council to operate when there are any differences of opinion among the states; and second, the absence of any mechanism of arbitration of conflicts that would impose some kind of punishment for the states that did not cooperate or that violated fiscal legislation. In a last stage, there is the appeal to the Federal Supreme Court, but this way has not proven itself to be efficient, either because the Supreme Court didn't want to interfere in delicate political matters, or because the excess of demand makes the STF a slow and bureaucratic institution. Ultimately, despite its long institutional trajectory, CONFAZ could not maintain itself as a mechanism of fiscal co-ordination.

The second case, the Unified Health System (SUS), has very distinct characteristics and lots of positive results. Two characteristics allow us to understand the relative success of the SUS experience: first, the mobilization of important professional and political groups (doctors, health technicians and representatives of health associations and movements in all levels of the federation) around the building of SUS since the 1970s; second, the central role of the federal government in the management as well as in the financing of health (both public and private) in Brazil. The presence of organized social sectors, especially in state and municipality levels, and the natural role of the federal government as the coordinator of the process, generated a "vicious circle" between the pressure from the bottom for the decentralization and the capacity of the Ministry of Health to coordinate and establish group goals previously agreed upon by the three levels of government.

The creation of Threefold (federal, state and municipality government) and Twofold Inter-managerial Committees (state and municipality) was a coherent advancement with the constitutional design of SUS. Since its beginning, the decentralization process coordinated by the Ministry of Health tried to take into consideration the different state and municipality capabilities of management. Even though the Committees can be made up of very members with different interests, they have throughout the years been important spaces for negotiation and arbitrage of conflict. This happened because, unlike CONFAZ, both sides have a common goal and an agent coordinating the process, namely the Ministry of Health, with the capacity to induce the collaboration among the other members of the government.

Even though this asymmetric and flexible architecture may have been successful in the decentralization process at a municipal level, it advanced less in what refers to the other pillar of the model: the regionalization and hierarchization of the health system - that depends on a more active participation from the states - until now has not been completed. Other problems that affect the successful functioning of SUS are external to the logic of the institutional design, as the instability of the basis of the health actions financing, and the presence of a strong private sector that also disputes public resources.

In summary, even facing difficulties that can make the structure of the system fragile, SUS has been proving itself to be successful, especially as a model of intergovernmental arrangement. But, as we have seen, the success of the model happened in part thanks to historical institutional characteristics of the health sector: the presence of organized social and political agents, the capacity for co-ordination by the federal government with regards to the process of financial as well as political-administrative decentralization.

As we will see, the new models of intergovernmental co-ordination, proposed by the new government, embrace very diverse policies, with institutional trajectories and different problems.

III. Intergovernmental relations in public security, regional development, and a new proposal

As opposed to both previous cases, the new proposals for mechanisms of intergovernmental co-ordination are only at the beginning of the implementation process (SUSP) or else constitute projects (PNDR and CAF). In these cases, the only thing possible is a potential evaluation of the institutional design, taking into consideration the characteristics of each policy.

The first case (SUS), is the one that is most advanced in its implementation, even though it is going through a delicate moment with the new secretary of SENASP. SUSP is the final goal of the National Plan for Public Security that plans to face in a coordinated manner the critical situation of public security in the country. Traditionally, the federal government has never had direct participation in the management or in the financing of the public security, so far as it is an exclusive responsibility of the state governments. The institutional design of the area has its own characteristics that make it an especially complicated case of co-ordination. In each state, public security is handled by two large police forces – the military and civil police – both with an accentuated level of administrative structure and serious problems of institutional decay (including corruption, association with the organized crime, the disappearance of technological equipment, as well as managerial inefficiency) and totally distinct organizational cultures. The state secretariats of security, responsible for the co-ordination of the public security policies in each state, find many obstacles to successfully co-ordinating the actions that depend on co-operation between the two police forces.

Due to all of this, the proposal to build a national policy for public security that needs the co-ordinated management fifty heterogeneous and non-co-operative police organizations, will face many obstacles to be consolidated.

The first one of them - the most basic- is the creating the role of the National Secretariat for Public Security as a co-ordinating agent for public security policy. On the one hand, many

of the strategic policies of SENASP, such as policies on organized crime, drug dealing, and gun-smuggling, are traditional areas of operation of the Federal Police. On the other hand, the state, military and civil police forces have their own views on how to face these problems. Ultimately, SENASP counts on limited resources to distribute, and has an insufficient administrative structure to effectively co-ordinate the implementation of the National Policy of Public Security.

To overcome these difficulties, SUSP, just like SUS, should have an asymmetric, flexible and negotiated purpose, capable of building different levels of integration and obligation of state policies as the goals of the National Plan for Public Security.

Certainly, the biggest innovation in the institutional design of SUSP will be the Cabinet of Institutional Management (GGI) that intends to put together representatives of the federal government and state secretariats of public security, military and civil police. The problems to be faced here will be of two kinds: the effective obligation of the police corporations with integrated management and, specially, the capacity of SENASP to conquer the respect and the trust of the state agents and other agents in the federal level, as ABIN (the Institutional Safety Cabinet) and the Federal Police. If we look at how CONFAZ works, we realize that the secondary and/or neglected position of the federal government in the Council has contributed a lot to the problems of fiscal co-ordination, once the state governments do not face any effective sanction due to the lack of co-operation. In the same way, if SENASP does not count on the political and financial support of the federal government, it will hardly be able to prevent non-co-operative behavior by the other members of the GGI.

The other huge federal problem that involves the building of intergovernmental co-operation mechanisms is the National Plan for Regional Development, created and coordinated by Professor Tânia Bacelar through the Secretariat for Regional Development, Ministry of Regional Integration.

The plan comes from the analysis prepared by professor Tania Alves, but supported by innumerable studies about the recent dynamics of the regional development in Brazil. The most important proof is that, after a short period of discrete reduction of regional inequality between the 1950s and 1970s, it recovered its trajectory starting from the state's economic and fiscal crisis of the 1980s. Until then, the main mechanism of decentralization of the productive investment had been the state companies and regional agencies of development (SUDENE and SUDAM). The fiscal crisis of the 1980s and 1990s resulted in the abandonment of the regional development financing mechanisms with no kind of redistribution arrangement being put in its place. The fiscal war among the states in search for productive investments was one of the consequences of this process.

The National Plan for Regional Development proposes the reconstruction of a regional development strategy on new basis, that is, not repeating the same mistakes of the previous model, as the excess of centralization and the exclusive focus on the imposing investment undertakings. The first step in this direction is to rethink the focus of regional policies, taking into consideration the different dynamics, meso and micro-regional, within the traditional macro-regions (Northeast, North, Central West, Southeast and South). The plan proposes the building of different Local Productive Arrangements (APLs), due to the more or less dynamic characters of these meso and macro regions.

The intergovernmental mechanisms of articulation and negotiation would have a crucial role in this model, since the definitions of the needs of each region would depend on some kind of consensus among the agents with participation in these mechanisms. The main arrangement in this new model will be committees organized among the three spheres of the federation responsible for the co-ordination of the plan and negotiation of its implementation, on local and regional levels. On the federal level, we would have the Inter-Ministerial Committee of Regional Policies, responsible for the definition of the general criteria of the plan and the Committee of Federative Articulation, focusing on the negotiation with the federative entities represented in its deliberative body (President, governors, 3 mayors, and 6 representatives of the Civil Association). Both would be located within the scope of the Chief of Staff (Casa Civil) of the Presidency of the Republic.

The executing bodies of the political guidelines would be the regional agencies (Sudam, Sudene, an agency of the mid-west, as well as the federal banks). In a meso-regional scale, we would have regional forums with the representation of state governments, city halls, universities, and institutions of the civil associations that would try to guarantee the co-ordination between the agenda of the national actions and the particularities of each region.

As in the case of the co-ordination policy for public security policy, the new policy for regional development intends to build a kind of intergovernmental arrangement, focusing on the co-ordination of actions in a hierarchical way - with the federal government playing the central role – and regionalized, that is, avoiding fragmentation and irrational competition among the federative entities (states and municipalities). However, these parameters cannot be guaranteed simply by writing these institutional policies.

As we have seen in the cases of CONFAZ and SUS, the functioning of mechanisms of intergovernmental articulation depends not only on its formal qualities, but also on the largest or smaller tradition of management and financing centralization, heterogeneity and the capacity of regional actors, and the existence or absence of social and political agents organized around the policy in question.

Taking this into consideration, it is necessary to make some final observations with regards to the conception of the Federative Articulation Committee. First, the definition of the institutional locus of the Committee within the Chief of Staff (Casa Civil) would guarantee, at first, visibility and enough political prestige to make it attractive also to the other entities. But this can also take us to a decisive dynamics strongly centralized, which would turn it into an institutional asymmetric space where states and municipalities would have to reproduce the traditional behavior of requesting individual benefits (especially financial resources) instead of negotiating general policies.

Second, the sphere of action of the committee seems to be excessively wide or not well defined considering the complexity and specificities of each sectorial policy that could be

discussed within its scope. As we have seen, the institutional dynamics of each area is very diverse. Besides that, the representation in the committee is also excessively open or undefined, what can result in an inefficient dynamics of decision-making, since the interests of the federative entities are very diverse. And this is not only between states and municipalities, but also between the states themselves, as demonstrated in the fiscal reform, and the municipalities. After all, how can one think about the interests of Sao Paulo and of small municipalities of the Northeast through the same representation?

Last but not least, how can one ignore the central role of the Congress that, at first, represents the federal interests? The same problem happened when the federal government proposed the Economical and Social Development Council. The expectation that it would produce a social consensus that would impose itself to the Congress was completely dashed. In this same way, all kinds of decisions that went against some sectors within the scope of the Committee for Federative Matters could be questioned, and even turned into a battle horse of the opposition if taken to the Legislative Power. In a way, this is what differentiates the fragile authority of CONFAZ, when compared to the Threefold and Twofold Inter-managerial Committees of SUS. In the case of SUS, the federal government not only controls an important part of the resources, but social actors extremely organized, not only in the federal level but also in the state and municipality they legitimize the decisions of these intergovernmental forums. Besides that, a strong congressional coalition supports the decisive autonomy of these intergovernmental arrangements supporting the maintenance of the minimum basis of financing for the sector.

None of these conditions seem to be guaranteed either in the National Policy of Public Safety, or in the National Plan for Regional Development. In the first case, the safety policies are traditionally controlled by state corporations not well appreciated by the social and political control. Besides that, the resources allotted by the federal government are reduced, not providing a stable basis for the financing of long term structural policies that would stimulate the formation of political or social regional coalitions for the defense of this policy.

In the second case, the lack of social actors more clearly organized and committed to regional policies of development, can turn the PNDR into a ‘hostage’ of traditional regional political interests, organized around local and regional political actors not so sensitive to structural programs that will have their effects made visible only in the long run, and can benefit social and political sectors that do not participate in the groups that control state and municipal governments.

In these conditions, intergovernmental arrangements, as the intergovernmental Articulation Committee, tend to become irrelevant or, in the best situations, spaces for precise vindications of the weaker actors that have no direct access to the Executive and Legislative powers, as it is the case of the state governors and mayors of large municipalities.

To prevent this from happening, the Secretariat for Federative Affairs would have to control directly, or by delegation, the executive power of designation of resources now allocated by the federal government. As this seems to be out of question, it seems more realistic to redirect the objectives of the CAF. A discussion agenda focusing on the building of intergovernmental co-ordination and co-operation mechanisms in Brazil would have to take into consideration the institutional drawing of the presidentialism of coalition.

This has two consequences: on one hand, one can not think about building intergovernmental forums with attributions that are “almost deliberative”, similar to what exists in parliamentary federations, such as Australia and Canada, because the governments do not totally control the respective legislative powers, especially within the federal sphere; on the other hand, it does not seem efficient to invest in the building of federal lobbying mechanisms, as it is the American case, because the Congress does not have the same statute for decisive autonomy.

A legitimate space and that could be explored by the Secretariat for Federative Affairs seems to be the one of the mobilization and capacitation of political and social actors for intergovernmental negotiation in different sectors of the public policies. This would be

politically possible if one could count on administrative and financial support of the Chief of Staff (Casa Civil).

A few examples can make the proposal more concrete.

In the area of public education, SAF (Secretariat for Federative Affairs) could support the mobilization of the teachers' associations and educational councils around the building of a public educational system, co-ordinate for accomplishing national goals previously agreed upon.

The same could be done in the area of social welfare policies, creating jobs and income, regional development policies, etc, focusing on the creation of municipal consortiums and/or creation of regional acting agencies that would make diverse and unco-ordinated actions stronger that are already developed nowadays.

A more precise area of action by SAF would have a greater impact and an effect of demonstration that could stimulate initiatives in other areas. That is why it is recommended to chose between one and three sectors of actions and focus the actions in regions where one could build an interlocution more easily.

Another recommendation is that the initial focus of the Sub-Management can be the small and medium-sized municipalities (it would be interesting to have a partnership here with the *Instituto Nacional para el Federalismo y el Desarrollo Municipal do México*) that are less able to articulate themselves be it at a local, regional or national level. It does not seem realistic to search for a more narrow relationship with the state governments and metropolitan city halls that have an easy access to the central powers and extremely complicated agendas.

Another interesting initiative would be to search for dialogue with federal agencies that produce relevant information to the building of intergovernmental policies, as the IPEA (Institute of Applied Economic Research), the IBGE (Brazilian Institute of Geography and

Statistics), the BNDES (National bank for Economic and Social Development), the Federal Bank, sectorial institutions as the INEP in education, FUNASA (National Foundation of Health) in health, IBAMA (Brazilian Institute of the Environment) in environmental issues, the regional incitement agencies as SUDAM (Superintendence for the Development of the Amazon) and SUDENE (Superintendence for the Development of the Northeast), etc. A work of political articulation among these agencies and municipalities organized in associations and consortiums would legitimize the actions of the Secretariat with the municipalities without reducing it to a locus of small requests from municipalities.