

## DEMANDS FOR CHANGES IN ECONOMY, POLITICS AND PUBLIC MANAGEMENT IN BRAZIL

**Dr. José Matias-Pereira**

*University of Brasília - Brazil*

*Economist and lawyer. Doctor in Political Science (governmental area and public administration) from University Complutense of Madrid, Spain, and Post Doctor in Business Administration from University of São Paulo, Brazil. Professor of Public Administration and Researcher of the Program of Post-Graduation in Accountancy. School of Economics, Administration and Accountancy.*

E-mail: [matias@unb.br](mailto:matias@unb.br)

### ABSTRACT

*We aim in this article to identify the main motivations that are leading Brazilian society to demand profound changes in economy, politics and public administration in Brazil, in order to improve the quality of public services offered, and more ethics in politics. To achieve this goal, we have chosen three dimensions that impact on the level of discontent of the population: the economy's performance, capacity of public administration to meet the demands of the population, and the level of corruption in the country. In the analysis and discussion, we devote special attention to economic data released by IBGE, confronted these data with the public opinion polls conducted between June 2013 and December 2014. Such discussions have shown that the effects of corruption on the population and low economic growth and rising inflation, and the limitations of government to meet the basic demands for quality public services, especially education, health, public safety and public transport, are contributing to accelerating alarmingly the level of dissatisfaction with the current rulers and their political leaders. The impossibility of modification in the short term, this scenario analysis, which requires a new economic model and structural reforms, which indicates that the level of discontent with the Brazilian government and its political population will continue to increase.*

**Keywords:** *State, government, corruption, society, economy, development, Brazil*

### INTRODUCTION

The world economic crisis has affected, in different levels of intensity the most complex economies on the planet, including Brazil. The analysis of data and projections about the perspectives of the Brazilian economy growth indicates that the country has several challenges and obstacles to overcome in the socioeconomic and political fields (IBGE, Banco Central, IPEA, OECD, World Bank, IMF). The referred reports and internal and external indicators reveal that the Brazilian economic model, based on consumption stimulus, is worn out. Considering this setting of uncertainties and instabilities of the national economy it becomes more urgent the elaboration of studies that can understand better what happens on the Brazilian's public administration.

To this matter, Matias-Pereira points out (2010c:111):

“Several phenomenon were responsible, on the last three decades, for the transformations occurred in the contemporary world – including the recent world economic and financial crisis -, which is requiring a new model to improve the State's performance. We can highlight, among these changes, the Welfare State crisis, in the developed countries; the developmental crisis, in the periphery countries; the breakdown of the economic model, demonstrated by the fiscal incapacity and intervention; fragility of the political moment, generator of governance insufficiency; deficiency of the administration model, that results in bureaucratic distortions; the adoption of the new public administration, on its economic-financial, administrative-institutional, sociopolitical and environmental dimensions.”

It is noticed, according with this changes and conflicts scene, that several segments got in the Brazilian public administration agenda, with relevance to the democratization of the public administration; professionalization of the public function; new management technologies (electronic government); management by orientated results or development; governance mechanisms, among others.

It is auspicious to notice that “public governance” is accepted in this article as the capacity that the governments have to evaluate, guide and monitor the management of the several public policies put in practice to meet the population's demands, using a suitable set of instruments and tools. In turn, we understand that to reach good governance it is necessary to have a solid leadership, a secure strategy and an effective control over the actions of the several managers that compose a certain government.

The governance regards the way the power is exercised in the administration of the economic and social resources, considering the development, and involves the authority's ways of usage, expressed by institutional arrangements that coordinate and regulate the transactions in and out of the limits of the economic sphere (Melo, 1996). The governability refers to the systemic conditions of the exercise of power, and refers to the characteristics of the political system, the type of government, the relations between the powers, the party system, the system of intermediation and interests and other (Diniz, 1996). The discussion about governability begins in the 1960's decade (Huntington, 1968; 1975; Habermas, 1987; O'Connor, 1973).

Thus, we start from the understanding that the relation of the State with the Brazilian society has been changing significantly in the last decades, having as the inflection point the popular protests that happened in June, 2013, indicating that the State needs to promote important changes on the approach and content of the public administration in Brazil.

### **EVOLUTION OF THE PUBLIC ADMINISTRATION MODELS IN BRAZIL**

It becomes auspicious to initially approach, shortly, from the historic evolution of the public administration, an approach of the modernization process and of the public administration models in Brazil, considering the three basic models of the public administration: patrimonialist, bureaucratic and managerial. The first happened between 1530 and 1930, the second between 1930 and 1985 (including the authoritarian State – bureaucratic of the military governments), and from that date on, it begins the third and current model: the managerial.

In the recent history of the “modernization” of the Brazilian public administration – from 1930 to 2010 – we can identify five important moments: the Administrative reformation of Getúlio Vargas' government (1930's decade), the institutional measures adopted for the execution of the Target Plan (1955), in Juscelino Kubitschek's government, that allowed the achievement of a silent administrative reformation, done by the “parallel administration”; the expedition of the decree-law number 200, 1967, in the authoritarian period (which the content is an evolution of the “parallel administration”, as the flexibilization of the norms and controls of the indirect administrations were promoted); the Public Management Reform, 1995, in Fernando Henrique Cardoso's government; and the makeup of the public administration, through the fortification of the typical careers of State, in Lula's government (2003-2010) and Dilma's government (2011-2014). It is noticed that, along this period, the country kept living simultaneously with the patrimonialist, bureaucratic and managerial models (Matias-Pereira, 2010a, 2013, 2014).

Patrimonialism can be understood as a system of political domination or traditional authority, in which the wealth, the common goods, positions and rights are available as personal patrimonies of a governor. It is noticed in this model that there is no distinction between the public and private spheres.

Weber (1989) says that Patrimonialism is a type of expanded patriarchy, in which the exercise of the traditional domination presupposes the existence of an administrative picture that will be characterized by the mix of traditionalism and personal choice of the governor. Therefore, the patrimonialist management origins of the patriarchy and from the domestic power organized in the medieval societies. It's characterized by a management marked by tradition where the manager makes decisions according to his pleasure, sympathy or antipathy, and according with personal points of view, susceptible to be influenced also by personal preferences. The State's administration and its institutions, by the Patrimonialism principle, is a purely personal matter of the public manager, and therefore, there is the absence of a clear differentiation between the public and private spheres.

Patrimonialism is the oldest model of public administration in Brazil, having its origin in the colonial period (1500-1822), kept during the Imperial period (1822-1889), and survived until the Old Republic (1889-1930). In this type of administration model, the State works as an extension of the sovereign's power, and its auxiliaries have real nobility status. Its main characteristic is the indefiniteness between what is public and private, between the politician and the public manager (as a professional position). Corruption and nepotism are inherent to this administration model. This patrimonialist practices negatively impacted the development, the State's operation and the Brazilian bureaucracy. Only after Getúlio Vargas became president the bureaucratic implementation process started in Brazil.

In a historic perspective, according to Fadul and Souza's (2005) arguments, Brazilian public administration is marked by reformation processes, understood here as transformations of the administrative structures (organizational, managerial and in the public functionalism) and institutional of the State, that aim to get over organizational and managerial difficulties in the public sector, and also the development in the field of the political and social relations.

Over time, just like Weber (1972, 1989, 1993), had predicted, the bureaucratic patterns in the public administration were gradually imposing themselves and achieving broad sectors of the administration. Its expansion seems to correspond to the industrialization process, to the increasing complexity of society and to the deepening of the social division of labor.

The modern capitalist bureaucracies represent an evolution in relation to the patrimonialist bureaucracy, as they act having as a reference the worry of distinguishing the public – private. In this sense, the managerial public administration, as puts itself as a tool for the citizen, focus on the results and not on the procedures, just like the traditional bureaucracy. Therefore, even though it shares the principle that nepotism and corruption must be fought against, it understands that this doesn't make it necessary that the procedures are severe and hard.

In its turn, the slow expansion of Brazil's bureaucracy, mainly from 1930 on, and its living, for eight years, with broad sectors dominated by Patrimonialism, also with the persistence of hybrid models, can explain why the managerial model has been facing difficulties to impose themselves to the bureaucratic and patrimonialist models that are still present in the public administration, on the three levels of government: municipal, intrastate and federal (Matias-Pereira, 2010b, 2013, 2014).

Therefore, we ask the following question: *What are the main motivations that are making Brazilian society require deep changes in economy, politics and public management, and more ethics in politics?*

The dichotomy between raising taxes and giving them back to the population, in terms of public services and infrastructure, as shown by literature and the evaluations done, is increasing. At the same time that the public management is not going well, Brazilian society has been watching several scandals in the public administration, mostly, related to the deviation of public resources. It is noticed that a significant part of this cases was made by the Federal Police, with the accompaniment of the Federal Public Ministry, and the Federal Court of Accounts. This operations, most of them, started from complaints and accusations made by the media. In this analysis we try to identify what types of interests were behind each case, trying to identify evidences of the presence of adoption of decisions that assured the presence of the patrimonialist model.

## GOAL AND METHODOLOGY

We have as the main goal in this article to identify the motivations that are taking Brazilian society to require deep changes in the form of public management and more ethics in politics. To reach that goal, we elected three dimensions that impact the level of Brazilian population's dissatisfaction: the economy's performance, capacity of the public management to serve the population's demands, and the perception of the level of corruption in Brazil.

During our search to identify these motivations, we will evaluate the country's economic indicators, confronting its results with the public opinion's poll. Therefore, it will be possible to verify the effects together with the population who suffers with the small growth of economy and increase of the inflation, corruption, and public administration limitations to serve the basic demands like education, health, security and public transportation. In this analysis we will also consider the effects of the option made by the federal government of the political model of presidential collision on the choice of public managers, and the damage provoked by the level of the resumption of the "patrimonialist model" in the public administration. We are going to analyze 73 cases of deviations that happened in the public administration, besides other crimes from the 1970's until July, 2014. We are going to select the twelve most relevant of these cases, having as reference the evidences of its connection with Patrimonialism.

Besides analyzing the main scandals that happened in the public administration in the last four and a half decades, prioritizing the ones that have typical characteristics of the patrimonialist model, we are going to see the administration's main aspects, and how the political and administrative decisions adopted by the federal government, from the adoption of the presidential coalition model, are affecting the operation of the government machine, and contributing for the increase of corruption and waste. (Dias; Matias-Pereira; Farias; Pamplona, 2013).

We presume that, Brazilian society, having measured the historically improvements already obtained, has not been able to develop stable institutions, that feeds efficient exchanges and the country's productivity, as we can see with the low increase of the Gross Domestic Product (GDP) rates in the three last decades. We understand that the Brazilian State needs significant changes in its structure to modernize and develop itself, considering modify its institutions' profile. Relating to public governance we start from the understanding that efficiency and

effectiveness of the governmental controls are beyond the desirable one. We presume that the bad public management contributes to the increase of the levels of waste and corruption in the country.

Summarizing, this article has bibliographic and descriptive nature, with a qualitative approach, supported in the economy's performance data, in the government's evaluation measured in the public polls about public management's performance in Brazil. This study has several fragilities, including the dimension and complexity of the theme. We emphasize, then, that we don't have the pretension of make the subject exhaustive in analysis in this article.

### **THEORETICAL REFERENCE OF THE INSTITUTIONAL ANALYSIS**

It is noticed that among the tendencies of the institutional analysis, the ones that stand out are: the school of property rights and costs of transaction or neo institutional; the school of political economy and public preference; and the school of economic history.

The neo institutionalism can be defined as a perspective that includes several models that emphasize the crucial importance of social rules for social interaction. In its effort to understand voluntary cooperation, the neo institutionalism confirms the importance of institutions for the economy's operation, since the market's imperfections require that the norms' establishment organize the collective action. In this sense, says North (1990), that the institutions and organizations affect economy's performance as, when it gives form and structure to human interactions, reduce uncertainties and induce cooperation, decreasing the transaction's costs.

The concept of institutions is accepted here as the "conjunto de reglas socioeconómicas, establecidas en condiciones históricas, sobre las cuales los individuos, casi no tienen incidencia en lo esencial, en el corto y el mediano plazo. Desde el punto de vista económico, estas reglas se orientan a definir las condiciones en las cuales las elecciones, individuales y colectivas, de asignación y de utilización de recursos podrán efectuarse (Ménard, 1997:22)".

North (1990) says the institutions' role is fundamental, as a tool to reduce the transactions costs to society. Therefore, the institutions can be understood as the game rules in a society, or the limitations created by men, that give form to human interaction. Consequently, they structure incentives in the human exchange, in the politic, social and economic scopes. The formal institutions of behavior are represented by constitution, law, regulations and property rights; and, the informal are the ones deposited in customs, traditions, codes and values.

The theory applied to the study of organizations, focusing on the microeconomic analysis, that was developed by Williamson (1985) in his book *The Economic Institutions of Capitalism* – supported on the contributions of Coase, Arrow, Simon and Macneil -, uses two basic behavioral assumptions: Simon's limited rationality (1972) and its corollary, the incomplete contracts, that associated with the opportunism assumption, provides the bases for the analysis of the organization's types of governance. North's contribution (1990) that concentrates on the macroeconomic analysis is also based on Coase's influence (1988), but it's different from Williamson's work (1985), because it prioritizes the role of the economic institutions, its development and its relation with the organizations.

### **THE STATE'S REFORM AND THE NEW MANAGEMENT PRACTICES IN BRAZIL**

Improving the State's functioning and its institutions – leaving behind the patrimonialist and bureaucratic models of public management – has been chased systematically in Brazil since the 1990's (Abrucio, 2007; Bresser-Pereira, 1998; Matias-Pereira, 2010a, 2013, 2014a). In this effort to build a more efficient and effective public management model, it is noticed that, besides the stimulus to an increasing involvement of the society, it is sought to make it a systemic model, operated by multilevel programs and from the three governments: the Union, the states and the cities.

Abrucio (2007:69), when about public management in Brazil, highlights three innovative points in the Federal Constitution:

- Firstly, the democratization of the State that was favored with the strength of the external control of the public management, highlighting, among other changes, the new role of the Public Ministry. In this aspect is also the reinforcement of the legal and publicity principles;
- The decentralization was another demand built in the years of fight against authoritarianism that gained relevance in the 1988's Constitution. After 20 years of political centralism, financial and administrative, the decentralizing process opened opportunities for the biggest citizen participation and for innovations in the public management area, considering the reality and the local potentialities. Driven by that change, several public politics were reinvented and disseminated through the country;

- It was also proposed to complete the civil service reform, through professionalization of bureaucracy. There were important actions, like the principal of the meritocratic and universal selection, consolidated by the public concourse. According to this movement, the federal Executive created, in 1986, the National School of Public Administration (Enap), in an effort to improve the qualification of the high bureaucracy.

Before advancing with the theme that evolves the State, society, democracy and public administration, it is relevant to highlight the importance of the contributions of the following author to this article: Albi (2000); Arbós & Giner (1993); Avritzer, 2002; Bale, 1998; Barzelay (1992, 2002); Birsall (1998); Brugué (1996); Chevalier (1988); Clad (1998); Crozier (1989, 1992); Elliot (2002); Evans (1989, 1992); Ferlie et. al (1996); Figueiredo & Limongi (2000); Habermas (1987); Held (1995, 1998, 1999); Kettl (1995, 1999, 2000); Klitgaard (1988); Lynn (1996); Mathiasen (1999); Mainwaring (1991, 1997); Matias-Pereira (2005, 2010a, 2010b, 2012, 2013, 2014a, 2014c); Merton (1964); O'Connor (1973); O'Donnell (1996); Osborn e Gaebler (1992); Peters (1996); Pollit, Birchall e Putnam (1998); Przeworski (1995); Reis (1993, 1995); Rocha (2001); Schwartzman (1988); Silva (2000); Shleifer e Vishny (1993, 1994); Smith (1976); Stiglitz (1988); Thoenig (1995, 1997); Tullock (1990, 1993); Weber (1972, 1978, 1991, 1993).

It is known that the State, economically, besides ensure contracts, is essentially an instrument of income transference. To perform this function of redistributing, the State raises taxes and uses them to guarantee internal order and external security, to the social and economic goals. To fulfill these goals, that became central in the 20<sup>th</sup> century, the State adopted straight functions to execute them. The distortions and inefficiencies, as Klering, Porsse and Guadagnin (2010:8) highlight, that happened because of these actions signalized that reforming the State meant transfer to the second sector (private) and third sector (social) the activities that could be done by them. It is noted that some improvements were made since the implementation of the State's reform Plan (1995) in the sense of implementing the managerial model in Brazil, and as a result of the intensification of several initiatives performed in the second FHC's government (1999-2002). With the adoption of the "presidential coalition model", in which it prevails the choices of the public managers, by Lula's government in his two mandates (2003-2006 and 2007-2010), and continued by Dilma Rousseff's government (2011-2014), the effort to adopt a systemic model of public administration slowed down. This slow down process, having as main motive the distortions provoked by the presidential coalition process, impacted negatively the public management and made the modernization process of the Brazilian State stuck (Matias-Pereira, 2013, 2014c).

It is noticeable that the public organizations nowadays play a societal role that goes beyond its technical function of goods and services provider. They are responsible for molding society, political entity and ecology, besides build and influence systematically its own environments. The reinforcement of its legitimacy to act and produce impacts in society is one of the main uncertainties ahead. Therefore, adopting as reference the State's reform in 1995, Paes de Paula (2005), identifies as new tendency of the Brazilian public management: "the societal model", characterized by alternative experiences and more participative of the public management, like the participative budget and management counsels.

Considerations made, now we are going to analyze the data and indicators related to the three most relevant variables that impact the level of Brazilian's population dissatisfaction: economy's performance, public management's capacity to serve the population's demands, and ethical level of the governors and politicians.

#### **RELATION BETWEEN THE ECONOMIES' PERFORMANCE AND THE POPULATION'S LEVEL OF SATISFACTION**

The unfavorable international scene, together with deficient economic policies, has contributed for Brazil's tolerable performance in terms of GDP's growth in the last ten years, and consequently the GDP per capita. Brazil is number seven on the world's biggest economies ranking, but its GDP per capita is found in the 54<sup>th</sup> position. In the Human Development Index (HDI) Brazil is in the 85<sup>th</sup> place. The basic criteria that UNDP/UN uses to determine a country's human development and put the HDI ranking together are: health, education and income. In a scale from zero to one (max), Brazil has 0.730, which puts it in 85<sup>th</sup> place, tied with Jamaica, in the bloc of "highly developed countries" (PNUD/IPEA/FJP, 2013).

The reflexes of the low economy's performance are present in the decrease of investments in infrastructure and strategic sector of the country. The inappropriate fiscal and monetary policies that base themselves on the presupposition that it is possible to achieve a stable inflation with self-sustaining growth didn't appear to be proper to solve the severe socioeconomic problems of Brazilian society. This scene is aggravated by the bad public management, the waste and the corruption.

The continuing claims for changes by the population, revealed by electoral polls, have a clear correlation between economy and politics, in other words, with low performance of Dilma Rousseff's government. These failures, as Matias-Pereira (2014c) says, have been happening in two ways:

- . *The first is related with the option for a risky public management model;*
- . *The second is result of the adoption of an exhausting economic model, based on the consumption stimulus, and of the government's interference, in an authoritarian way in the economy, promoting intervention experiments in several sectors (financial, combustibles, electric energy, etc.). These interventions, besides not reaching their initial goals, contributed to make the business environment worse. The government's insistence in encouraging consumption as the main engine for growth is exhausting and, the fiscal exemptions, that weren't transferred to production, but incorporated in the company's profits, are also contributing for the competitive loss of the benefited sectors, and the consequently impairment of the country's industrial segment.*

It is noticed that Brazilian economy is growing under its potential, combining high inflation and a small economic growth between 2011 and 2014. The projections about the annual average growth in Dilma Rousseff's government should be around 1,9%, considering that in 2013 the growth was 2,5% (IBGE), and that the GDP will have an expansion close to 0,2% in 2014. The annual average inflation between 2011 and 2014 will be 6,2%. The Selic interest rates is found to be 11,75% a year (BCB, Dec. 2014). The economy finds itself in a "stagflation" process, known as a phenomenon where the economy has a really small growth coupled with a high rate of inflation. In relation to the balance of trade, it is estimated that Brazil is going to export US\$ 225 billion in 2014, and import US\$ 228 billion, what projects with a deficit US\$ 3 billion of the balance of trade.

Brazil should maintain its 7<sup>th</sup> position in the world's biggest economy in 2014 (FMI, 2014). The country should produce US\$ 2,215 trillion in products and services until the end of the year, staying behind the United Kingdom (US\$ 2,827 trillion) and in front of Italy (US\$ 2,171 trillion).

The indicators of Brazilian economy's performance prove that, the economic model executed by Lula and Dilma's governments, based, especially, in consumption, is now done. It is noted that, just for the financial institutions the Brazilian families owe R\$ 1,3 trillion, what corresponds to ¼ of the country's GDP (BCB, jun. 2014). It is estimated that from every R\$ 10 of families' income, around R\$ 4,5 of this income is already compromised to pay debts.

It is known that the lack of effective actions by the government and the private sector to increase the country's productivity is the main obstacle for the generation of a new growth cycle of Brazilian's economy. Some of the factors are the shortage of qualified human resources, infrastructure deficiency, low investment level, and an underdeveloped institutional environment.

For a better visualization of the described scene, we present below, the indicators of Brazilian's GDP and inflation, from 2003 to 2014 (Table 01).

Table 01. **Brazil's Economic Indicators – GDP's Evolution/Inflation/Tax burden Period: 2003 – 2014**

	GDP – trillion (total and real variation - %)		IPCA (Annual Inflation - %)	Tax Burden (%)
2003	1,556	0,5	9,30	31,80
2004	1,769	4,9	7,60	32,70
2005	2,148	2,3	5,69	34,03
2006	2,369	3,8	3,14	34,00
2007	2,661	5,4	4,46	34,52
2008	3,032	5,2	5,90	34,54
2009	3,239	-0,2	4,31	33,30
2010	3,770	7,5	5,91	33,53
2011	4,143	2,7	6,50	35,31
2012	4,390	1,0	5,84	35,86
2013	4,844	2,5	5,91	35,95
2014*	5,001	0,2	6,50	
			36,00*	

Source: IBGE, Diretoria de Pesquisas, Coordenação de Contas Nacionais (Dez.2014), and RFB (Dez. 2014).

\*Market's estimate. Author's elaboration.

Remember that the GDP, understood as the economic performance of the State-nation is the annual sum of all the productive activities (goods and services) held inside the country. The income obtained in foreign activities by companies that have business outside the national borders and the incomes and salaries of people who work abroad are not counted in the GDP. Therefore, the GDP's positive rate indicates that the economy is growing, even though not always enough to generate employment and increase the population's average income. When this growth rates is close to zero, like it happened in Brazil in 2003 and 2014, we see an economic stagnation in the country. When the GDP is under zero, the country is in recession.

It is noted that Brazilian economy has been growing under the world's average. When compared with the economic performance rates from the main emerging countries of the last decade, like China and India, Brazil represents the worst performance.

### TAX BURDEN GROWTH IN BRAZIL

As shown in the graphic, in the recent Brazilian history, there were two periods in which there was a significative increase of the tax burden: between 1965 and 1988, when the tax burden increased from 16,0% of the GDP to 25,0% of the GDP, and between 1993 and 2014, when the tax burden increased from 26,00% to 36,0% of the GDP. It is noticed that, from the promulgation of the Federal Constitution in 1988, the tax burden had an increase until it got to the current stage, what represents 1/3 of the country's GDP. This means that the Brazilian contributor needs to work four months per year, to pay taxes.

It appears on table 2, presented below, that Brazil's gross tax burden, reached 35,95% in 2013, against 35,31% in 2011, indicating positive variation of 0,64 points.

Table 02 – GDP/Gross tax burden – 2011-2013 - R\$ billion

Components	2011	2012	2013
GDP	4.143,00	4.390,00	4.844,00
Gross collection of taxes	1.463,02	1.570,00	1.740,00
<b>Gross tax burden*</b>	<b>35,31%</b>	<b>35,86%</b>	<b>35,95%</b>

Source: RFB (2014), and IBGE (2014).

\* The Gross Collection of Taxes is defined as the ratio between the collection of taxes and the GDP, both considered in nominal terms.

Remember that a country's tax burden is the portion of resources that the State takes away from people and companies in order to finance the government's actions. The collection has increased from 16% of the GDP, in 1947, to 36% of the GDP, in 2014. Even though it reached a high level, the contributor reaction was accommodation until recently. Society's sudden reaction happened in June, 2013, when the street protests started, and the population required better public services and infrastructure, and an effective fight against wastes and corruption.

Summarizing, the evolution of the tax burden reveal that, from the 1990's on, the level of the collection of taxes in relation with the GDP suffered a strong increase. This percentage increased on the following years, and nowadays is close to 36% a year (IBGE, 2014). Despite this high tax burden, close to developed countries, Brazil occupies the 85<sup>th</sup> place in the Human Development Index (HDI), in a ranking formed by 187 countries (PNUD, 2013). This shows that is necessary to improve the performance of Brazil's public management.

### DISTORTIONS AND FRAGILITIES OF BRAZIL'S PUBLIC MANAGEMENT

The governmental planning and public management present themselves as two essential dimensions, and that need to be tuned about the State's way of acting nowadays. It is noticed, in the Brazilian case, that between 1930 and 1980, planned prevailed, and from 1990 on this position changed. This change happened when the State's reform agenda was imposed.

Cardoso Jr. (2011:9) says that the planning function became one more among all the other administration ones:  
“Public management agendas, focused basically in procedures related to the management of bureaucracy and budgeting functions, implementation, monitoring, evaluation and control of the government's actions, relevant for now, start to dominate the debate, the theory and the practice of the State's reform,

as if just from efficiency – do more with less – was possible to reach effectiveness of the public policies. Through this, planning starts to be understood, frequently, just as a process through actions taken are harmonized with the provided budget limits.”

Therefore, it is necessary to balance both dimensions – governmental planning and public management – treating both as an analysis and reconstruction unity of the State’s capacity for the national development (Cardoso Jr., 2011:10).

In this sense, the critiques identified by Paes de Paula (2005a:137), about the general principles of the reform, deserve to be featured here:

“ . The Brazilian managerial reform was incomplete and generated more fragmentation of the State, reinforcing the institutional hybridism that is present all over the Brazilian public machine.  
 . The reform didn’t make the state’s apparatus functioning democratic, showing actually a manipulative feature to the management.  
 . The social controls of public management either didn’t exist, or were still basically formal, very precarious and limited.  
 . The alleged “orientation for the public service” didn’t nationalized the State, and its functioning was oriented by and for the market.”

It is noticed that, the patrimonialist model has been fed on the last decade, with the growth of the governmental machine with no technical criteria and public expenses (creation of ministries, secretaries, state-run companies, etc.), political support negotiation and turn in of ministries and strategic organs to parties, with no technical criteria, distribution of high positions to politics affiliates without considering the technical competence, utilization of public resources to finance hidden political interests, among others. This process, besides affecting the public administration’s performance, as facilitates deviations and corruption, represents a real threat to the country’s governance and democracy (Matias-Pereira, 2013, 2014c).

In this context, we are going to show below the “Brasilia’s Letter about Public Management” (CONSAD/MPOG, 2013), in which it’s clear the need to improve public management, assuming that is indispensable to guide the State’s action for results, having the citizen as a focus and, at the same time, guarantee the quality of the public spending, all this based on the good governance. In the document it was considered that, considering the public resources restriction, on one hand, and the increase of social demands, on the other hand, it is necessary that the governments act preventively, discarding simples and fragmented solutions. The guidelines in the Letter have eight means of acting:

1. Simplification of the work procedures, reducing the excess of rules and controls;
2. Better articulation between planning and budgeting, with a less rigid budget management and focused in results;
3. Better coordination of actions between governments;
4. Review of the legal point, including alteration of the Acquisitions Law and review of the legal-institutional forms;
5. Prevention against corruption, with emphasis in transparent mechanisms and social control;
6. Professionalization and capacitation of the labor force;
7. Intensive use of technology as a tool to support the management;
8. Studies and researches as subsidies for State’s modernization policies.

In this process of public management reform, there are a lot of boundaries that Brazil has to overcome. It’s a gradual process and that has to be understood as a set of small reforms. The success to achieve these goals is to involve lots of actors, including every level of the government, every power and society.

It is evident that the reform of the State’s administrative machine is necessary. It is relevant to alert that the public administration reform is an extremely complex process that demands deep and detailed studies. Its restructure process implies in the reevaluation of practices and values that are in our society. Therefore, the reform in the administration goes through the governor’s political desires, the parliament participation and the evolvment of different actors who are going to benefit from it.

Finally, it is important to highlight that the public administration reform won’t solve the basic cause of the current economic crisis, considering that it is out of the State’s action possibility. The function of the reform is to rearticulate the State and its relations with society to adapt itself to this new economic and political international scene. In this sense, the main justification of the public administration reform is the government’s need to serve



the society's demands with quality public services, reduce spending, implement and evaluate public policies, besides promoting and stimulating investments in strategic sector, to allow that the country can find once again the sustainable development's trail.

### THE EFFECTS OF CORRUPTION ON INSTITUTIONS

The corruption practices are not only from the countries in development, considering they are also found, in a bigger or smaller scale, in developed countries. The difference is in the origins of corruption and the dimension of the problem. In the developed countries corruption happens because of the failure in democratic systems, while in countries in development corruption arises in result of the institutional debilities (North, 1990).

Huntington (1968:59-71) says that, in the cases that the political opportunities exceed the economic ones, people tend to use the power for their own enrichment and, in the cases that the economic opportunities exceed the political ones, people are capable of using wealth to buy political power. It is noted that, certain imbalance combinations between these forces open the possibility of new problems of corruption, which differ in its nature and political implications, and signalize to political and economic reforms that can serve to help democracy and fight against corruption.

Corruption, in this context, has been noticed by several authors, like for example, Rose-Ackerman (1975, 1978, 2002); Bardhan (1997); Tanzi (1998); Svensson (2005); Balbinotto Neto & Garcia (2006), and Matias-Pereira (2005, 2010a, 2013, 2014c), as a symptom that something is wrong in the State's administration. Institutions built to govern the relations between citizens and State are being used to reach personal wealth through bribery.

Widespread corruption is a symptom and not the disease itself (Rose-Ackerman, 1978). It is visible that corruption can produce inefficiency and injustice, which effects produce negative reflexes about the State's political legitimacy. Corruption indicates the existence of deeper issues in the State's relations with the private sector. In this sense, the higher costs are not bribery itself, but distortions that reveal that a lot of times could have been created by the authorities with the goal of charging an illegal fee. Therefore, supported by the indicators that evaluate the clarity level in the country (*Transparency International*, 2014), and also in the results from several Parliamentary Commissions of Inquiry (CPIs), we acknowledge, in this article, the existence of a systemic corruption in Brazil.

Corruption can be accepted as the usage of public power to get private benefits, mainly presents in state-owned monopoly's activities and unlimited power by the State. Therefore, the corruption actions are those that constitute the violation, active or passive, of a professional duty or of the failure of a specific function. In summary, corruption is the behavioral deviation of the formal duties in a public function having as a goal private interests, those being personal, family-related, or group-related, to improve a status, or that violates rules against certain types of behaviors connected to private interests (Matias-Pereira, 2005, 2013).

One notices that, any type of partiality to serve private or group interests, are inappropriate. These helps, usually done through public bids, must be restrained in the Public Administration. The forms of behavior, where the public and private are mixed, are responsible for deviations and corruption in the public administration.

Related to the concept of "corruption levels" we have to emphasize that, the effects of corruption are always pernicious. Corruption can happen in transnational, national, local or the company's scope. The negative effects of transnational corruption, for example, not only express themselves in macroeconomic level, but can also affect the economy and the structure of its own company.

### EVIDENCES OF PATRIMONIALIST MANAGEMENT IN BRAZIL'S CORRUPTION SCANDALS

Based on a historic perspective, patrimonialism's survival until nowadays, has its roots in the power relations, in the social structure and in the political and ideological values in Brazilian society. It is notices, that way, that patrimonialism is associated with Brazil's image. In this sense, we highlight Schwartzman's study (1988), specially chapter 2, where he talked about neo Patrimonialism and the State's issue:

"In the Brazilian case, the coexistence of a State with strong neo patrimonial characteristics has taken, in the past, to the attempt of society's organization in traditional corporative terms, building a legal structure that exists until today. At the same time, however, the market was growing, society was becoming more complex, and autonomous ways of organization and political participation were created. The term "political cooptation", used in this book, tries to understand the relationship between these two participation systems, that means that the process which the State treated, and still treats, of submitting its autonomous participation ways. An important part of the cooptation system created in Vargas mandate was the Ministry of Labor and the retirement system, later turned into political capital of the Brazilian Labor Party. It was a corporative type of system, as it connected a sector of society to the State and

offered special economic and social rights to its participants outside the market. The cooptation systems occupy an intermediate place between the corporative systems and the open politics of groups of interest. When effective, tend to reduce political conflict by the limitation of its scope, establishing privileged monopolies. They create, at the same time, structures of political participation, with no internal consistence neither organizational capacity”.

The fight against corruption is concretized – as it reveals the experience of the most developed countries in this area -, with the creation of independent state-owned organs and institutions, with human resources and well paid. It is necessary to have a social culture that supports this effort, with no distinctions, since it is not possible to exist a honest State without a full society. Therefore, the fight against corruption will only be successful if there is change in the structure to face the problem and a change of the social culture.

The identification and preliminary analysis of the scandal cases that happened in the country, since 1960 to 2014, totalizing 217 identified cases, allow us to say that in almost all of them, in bigger or smaller intensity, it was found pieces of the patrimonialist management by the involved people, specially, the parliamentary, authorities of the legal and executive powers and public employees. For a more detailed version of the analyzed cases, check the Museum of Corruption website (<http://www.muco.com.br/home.htm>).

The fragilities in the Brazilian public administration, revealed in several studies and documents examined here in the last five decades (1964-2014), are contributing for the increase of deviations and allowing high injuries to public money, and contributing to make the institutional-political crises worse and the government’s credibility, politicians and public managers. This scene reinforces the perception of people who study the theme that corruption is an issue that belongs to the entire society, that goes through the example and effective political will of the governors (Matias-Pereira, 2013).

### SUMMARY OF THE EMBLEMATIC CORRUPTION CASES IN BRAZIL POST-CONSTITUTION

To allow a vision of the most significative corruption scandals in Brazil, we adopted as a timeline limit, the promulgation of the 1988’s Federal Constitution, considering its relevance in the redemocratization process, and of the definition of principles for the elevation of the transparency level in the public administration. We summarized in the following board, the twelve most important cases, that occurred between 1989 and 2014, in which the patrimonialist management was very clear.

#### 3. Description of the emblematic corruption cases in Brazil – 1989 / 2014

Name of the case and involved institutions	Cases description	Period
<b>Case of the Budget Dwarves</b> (National Congress)	The “Budget Dwarves” scandal was found out about in October, 1993. The revelations about the case took it straight to a parliamentary commission of inquiry in the National Congress, analyzed a bribery scheme organized but deputies. There were 18 accused politicians, six had their political rights revoked, eight were absolved and four preferred to resign to run away from the punishment and ineligibility. Two functioning ways of the scheme: parliamentarians created amendments giving money to philanthropic entities connected to their relatives; deals were made with contractors to include funds to big constructions, in exchange of commissions. The tracking of bank accounts knocked down the president, Ibsen Pinheiro (PMDB), the leader of PMDB, deputy Genebaldo Corrêa (BA) and the deputy João Alves de Almeida (who passed away in 2004). The illegal money laundering was made through the purchase of winning lottery bets (deputy João Alves).	1989-1992
<b>SUDAM Case</b> (National Congress and public employees)	The managers of the SUDAM embezzled money through false fiscal documents and contracts of goods and services. Of the 143 defendants, only one was found guilty. Senator Jader Barbalho, accused of being one of the main people on the scheme, resigned. He was reelected in 2010. Initially forbidden to work by the Clean Record Law, started working in December, 2011, once the STF judged that the Clean Record Law didn’t count for the 2010 election.	1998-1999
<b>Case of Sao Paulo’s TRT</b>	In 1992, the Regional Labour Tribunal of Sao Paulo (TRT/SP) opened bidding for the construction of the Labour Forum. In 1998, an auditing process noticed that even though they received 98% of the payment, the project wasn’t	1992-1999

(Judge and businessmen)	finished. Therefore it was noticed a deviation of R\$ 169,5 million of public money. The ex-judge Nicolau was sentenced to 26 years of prison in May, 2006, for the crimes of peculation, embezzlement and corruption. Since February, 2007, until 2013 he was in house arrest. On that year he was arrested again, and sent free in June, 2014. In September, 2012, Justice authorized the repatriation of US\$ 7 million one of his accounts, and condemned him to indemnify Brazilian government with US\$ 2,1 million. The second procedure refers to the disciplinary process began in the Federal Senate against Luis Estevão, who owns the OK Group, that resulted in the first cassation of a Senator, who was considered ineligible for 10 years. He was sentenced by the STJ to 30 years and eight months in jail for fraud and over-invoice of the Sao Paulo Regional Labor Forum (TRT-SP) together with the retired Nicolau dos Santos Neto. In August, 2013, he proposed to give it back R\$ 468 million to the public accounts. The scandal, denounced in 1998, still has its legal processes. In April, 2014, the 3rd Section of the Superior Justice Court (STJ) denied one more legal action from the ex-senator Luiz Estevão, in which he asks for the cancelling of the process.	
<b>Marka Bank</b> (Central Bank and Bankers)	The Marka Bank, through illegal measures, bought dollars from the Central Bank for a lower price than the adjusted. The Parliamentary Commission Inquiry that investigated the case proved that there was a loss to the public money, besides accusing the Central Bank's dome of influence traffic, among other crimes. Arrested in 2000, the bank's executive, Salvatore Cacciola, ran away to Italy in the same year. He was arrested in Monaco, 2008, by the Interpol. He was extradited to Brazil where stayed in jail until 2011. He is now free, after receiving the pardon in April, 2012.	1999
<b>Banestado</b> (executives, employees and managers)	The Parliamentary Commission Inquiry of Foreign Currency Flight that was created by the National Congress (June, 2003), to investigate responsibilities about the foreign currency flight from Brazil to tax havens, between 1996 and 2002. The Banestado's PCI was closed in December, 2004, without an approval of its final version. It is estimated that more than US\$ 24 million were taken away from the country illegally through Banestado's CC5 accounts between April, 1996, and January, 2000. The STJ, in September, 2011, confirmed criminal actions, for fraud management and foreign currency flight, of 15 people in the Banestado case – executives and advisors. The sentences vary from five years and ten months to four years and a month in jail.	1996-2002
<b>Health Vampires' Mafia</b> (Health Ministry employees, parliamentarians and businessmen)	In 2004, it was discovered by the Federal Police a criminal organization created in the beginning of the 1990's. The scheme, which nickname was Vampire's Mafia, had businessmen, Health Ministry's employees and parliamentarians involved. They embezzled a significative amount of Health resources. The <i>Brazilian Government Agency for Law Enforcement and Prosecution of Crimes (MPF)</i> denounced, in April, 2008, for administrative dishonesty seven people and three companies involved in the scheme. In the legal process, the Brazilian Government (MPF) asks for the devolution of R\$ 27,4 million to the public accounts and the cancelling of contracts made with the suspect companies. The MPF signalizes several irregularities in the processes, like violation of the proposals' secrecy and previous combinations of the prices. According to the legal action, three companies used to make deals to guarantee the division of the market. The prices were previously combined, just like the amount each one would get. Since there was no real competition, the companies presented really high proposals. All the involved are free.	1990- 2004
<b>Mensalão Case</b> (Political Parties/Chamber of Deputies/Executive Power)	The Mensalão was the main scandal that reached president Luiz Inácio Lula da Silva (2003-2010). The scheme was structured during the 2002 elections, and executed between 2003 and 2005. It began with PT's electoral victory in 2002 in the national plan and had as a main goal, guarantee the continuity of the power project with the Labor Party (PT), through the bribery of other parties political support and the future and past (payment of debts) financing in its own electoral campaigns. At the end of the trial, started in August 14th,	2003-2005

	<p>2013, the STF decided for the punishment of 25 of the 38 defendants. The scheme was organized by a political group having José Dirceu as a leader. Marcos Valério was seen as the mensalão's operator. With the help of his partners and employees, he was sentenced by the Supreme for using his publicity companies to embezzle public money and give it to the politicians. Kátia Rabello, who owns the Rural Bank and executives of the financial institution were sued for racketeering, fraud management and money laundry. The sentenced politicians by the STF belonged to the Liberal Party (PL); Brazilian Democratic Movement Party (PMDB); Progressive Party (PP); Labor Party (PT) and Brazilian Labor Party (PTB). The sentence to the convicted was issued in November 13th, 2013.</p>	
<p><b>Leech Mafia or Ambulance Mafia</b> (Public employees, parliamentarians and mayors)</p>	<p>The Federal Police started the Leech Operation in May 2006, to disarticulate all the fraud scheme in the health area. The entire financial movimentation of the scheme was around R\$ 110 million, beginning in 2001. They used to negotiate with parliamentary advisors about the liberation of individual amendments to go to specific cities. With guaranteed resources, the group manipulated the acquisition and fraud the competitiveness using fake companies. That way, the acquisition prices were overpriced, and the difference was distributed between the participants of the scheme. The organization negotiated the supply of more than a thousand ambulances all over the country. In the operation deputy advisors, ex-deputies Ronivon Santiago e Carlos Rodrigues, Planam employees and one Health Ministry advisor were arrested, charged with several crimes. The Parliamentary Commission Inquiry, called Leech, was created in June, 2006, and asked for 72 parliamentarians to have their mandates revoked. None one the involved politicians lost their mandates. Only in the Federal Justice of Mato Grosso were opened 285 criminal processes against more than 300 people. Only 31 sentences were given. The only ex-deputy who was charged with corruption was Cleuber Carneiro (MG), in 2010. The sentence of two years in jail was converted in services to society.</p>	<p>2001-2006</p>
<p><b>Razor Operation</b> (City halls, Deputies Chamber and Ministry of Mines and Energy)</p>	<p>The Razor Operation started in May, 2007, by the Federal Police, looking for end with a corruption scheme in the hiring of public constructions made by the federal government. Total, 47 people were arrested. The group was organized in three levels. Firstly, people who worked directly with Gautama constructor company. Secondly, auxiliars and intermediates, mainly the responsible people for the bribery payment. Lastly, there were public authorities who had the goal to remove obstacles from the criminal organization's way of action. All the accused were cleared from the accusations. Bahia's Justice System determined that the process was filed based on the fact that there is no way to say that any crimes were committed.</p>	<p>2007</p>
<p><b>Porto Seguro Operation</b> (public employees and businessmen)</p>	<p>Porto Seguro Operation started in the end of November, 2012, by the Federal Police, to investigate the involvement of Executive employees and regulation agencies in a scheme to obtain fraud documents that would be sold to interested companies. Among the accused people we highlight the ex-chief of the Presidential cabinet in Sao Paulo and, and the ex-lawyer of the Union. On December 14<sup>th</sup>, 2013, the MPF denounced 24 people for involvement in the scheme that elaborated fraud documents from public organs to beneficiate private interests. On the complaint there were the crimes of racketeering, active and passive corruption, misrepresentation, traffic of influences and private documentation falsification. Besides the ex-chief, the scheme also counted on public employees from several organs from the Public Administration, like The Federal Court of Accounts (TCU), Educational Ministry (MEC) and General-Advocate of the Union (AGU).</p>	<p>2012</p>
<p><b>Jet Wash Operation</b> (changer, businessmen, public employees)</p>	<p>The Jet Wash Operation started in March, 2014, by the Federal Police and it broke a money laundry scheme and foreign currency flight that movimented around R\$ 10 billion. The Federal Police sued 46 investigated people in the Operation. Among them we have two main people, Alberto Youssef and Paulo Roberto Costa, ex-director of Petrobras. Both solicited benefits that were given by Justice. The people who were being sued were charged with criminal organization, crimes against the national financial system,</p>	<p>2014</p>

and politicians)	misrepresentation and money laundry. Switzerland opened a legal process against Petrobras' ex-director for money laundry. The Deputy André Vargas (PT) was impeached by the Deputies Chamber in December 2014. The Paraná Federal Court accepted in December 2014 the first reports of the prosecution against the accused, a total of 39 defendants (former directors of Petrobras, businessmen, etc.).	
<b>Purchase of Pasadena's Refinery (Texas-USA).</b> Public employees, businessmen and politicians.	The purchase of Pasadena's Refinery, in Texas, USA, in 2006, is being investigated by The Federal Court of Accounts, Public Ministry and Federal Police. The refinery, that costed the Belgium company Astra Oil US\$ 42 million, was sold to the Brazilian state-owned – after being upgraded - for US\$ 1,2 billion, having permission by the administration council, where Dilma Rousseff was the leader. She claims to have based herself in a fail example to sign the purchase. The Federal Police investigates the existence of a criminal organization inside Petrobras. The FP relates the Jet Wash Operation, which investigated the money laundry scheme, with the purchase of Pasadena's refinery. These deviations, besides others, are being investigated by two Parliamentary Commission Inquiry, one in the Senate and the other in the Deputies Chamber.	2014

Author's elaboration. Sources: National Congress, Federal Police, Prosecutor General's Office and Justice Power (STJ and STF).

It is notices, in these cases, that the simultaneous presence of Patrimonialism, bureaucracy and managerialism in the public administration in the last decade is suffering sensitive changes in the power and domination structure. To allow the influence of traditional sector in the administrative order, through decentralization mechanisms, the governments promoted the increase of social programs, made as a partnership with some civil society organizations, specially, the non-governmental organizations, besides using systematically the liberation of parliamentarians amendments as an exchange currency for political support. It is noticed that the resources for the concretization of these instruments are still controlled by the political and bureaucratic decision center.

In Summary, the Brazilian public administration, influenced by Patrimonialism, bureaucracy, centralized, waste, corruption and inefficiency is not achieving a better level of performance. Fragility and distortions in the functioning of institutional mechanisms of external and internal control, besides impunity of bad executives (governors and mayors) contribute not to allow the change of this scene. The Mensalão case is the summary of all these distortions.

### **MENSALÃO AND PETROLÃO SCANDALS: A summary**

The Mensalão scandals (criminal action 470), and Petrolão, among the numerous corruption scandals in government and public administration in the history of Brazil since its discovery, are, by its characteristics and peculiarities, the two most troubling and emblematic.

Of all the corruption scandals that Brazilian society has seen in the last two decades, the Mensalão case – legal action 470 – for its characteristics and peculiarities, is the most emblematic. The Mensalão was the main scandal that reached president Luiz Inácio Lula da Silva's government (2003-2010). The scheme was structured during the Labor Party's (PT) 2002 election and happened between 2003 and 2005. It began with PT's electoral victory in 2002 in the national plan and had as a main goal, guarantee the continuity of the power project with the Labor Party (PT), through the bribery of other parties political support and the future and past (payment of debts) financing in its own electoral campaigns.

The General Prosecutor defended that a "sophisticated criminal organization, divided in sector, that built its structure professionally for the practices of crimes such as money laundry, active corruption, frau management, besides the most diverse forms of fraud." The Mensalão was the longest trial of the history of STF, in which from the 38 offenders, 25 were condemned for at least one crime, 12 were acquitted of all charges and one had the case detached from the process. Total, the sentences reach 282 years of jail and the payment of a fee that is at least R\$ 22,7 million.

The Mensalão can be understood as a generalized political scandal, a scheme by executives of a political party that had power, and that generated a strong reaction of institutions, like the Prosecutor General's Office and the STF. It is noticed that the Mensalão meant a disruption with the type of corruption that traditionally existed in Brazilian politics, since the individual action of the corrupted, for personal goals, was exceed by the political usage of the public money.

The corruption tradition in Brazil's history is deep and old, therefore, the Mensalão scandal is one of the most important, because of who is involved, because of the size of the resources used and because of the promiscuity between the public and the private. The trial shows a democratic maturation of society, that resist more and more to corruption, and also the improvement of institutions, like for example, the Prosecutor General's Office and the Federal Police.

The fight against corruption needs structural reforms, even more on the public administration. It is noticed in the analysis of these scandals that the Brazilian State needs to reform other areas too, such as: taxes, retirement, justice and politics. The expression "political reform" has to be understood as the way the institutional mechanisms have to work, specially, the electoral and parties mechanisms, for the constitution of a representative political regime capable of serving the demands of Brazilian society.

Therefore, we understand that the political reform should occupy a special spot in the structural agenda changes that the country needs, having as a base the political-institutional crisis, with a risk of a governance crisis. It is important to say that among the causes of the Mensalão, the Patrimonialism tradition stands out. It is noticed that Patrimonialism nowadays has as a generator factor, besides the current deviations in political favor exchanges between the executive and legal powers, the high level of impunity in the country, specially, of politicians and business people.

In turn, the Petrolão is the major scandal that hits the first government of President Dilma Rousseff (2011-2014), whose origins date back to the two Lula's (2003-2010). The Petrolão scandal arose from an investigation by the Federal Police and the Federal Prosecutor's Office on a criminal organization money laundering formed by politicians, officials and civil servants, contractor's executives and money changers, operation called Jet Wash (Lava-Jato).

Given this scenario, it is clear that to combat corruption properly is necessary to promote structural reforms in Brazil, in particular the reform of public administration. Despite not being the objective of this study, it was evidenced by the analysis of these scandals that Brazilian government also needs to make reforms in the following areas: tax, social security, justice and, in particular, political reform. The term "political reform" should be understood as the way that institutional mechanisms must have, in particular, electoral mechanisms and supporters, for the establishment of a representative political system able to meet the demands of Brazilian society.

### INSTITUTIONS CREDIBILITY INDEX AFTER THE PROTESTS

All the main institutions lost trust after the protests in June. However, among them, none has lost more than the president: three times more than the rest. It is what shows a national poll by Ibope, called Social Trust Index. The poll is made every year since 2009, and 2013's edition was released on August 3th, 2013.

#### Social Trust Index in Brazil 2013



Source: IBOPE (August, 2013).

We can notice that the firefighters and churches are the most trustable ones, but also lost points compared to 2012. The biggest loss is Presidential and in last place we find the parties. The max punctuation is 100. The poll followed IBOPE's methods. The protest movements showed a society that didn't believe and didn't trust institutions and big organizations. But this social judgment reveals a society with a better way of thinking, more free, and therefore, politically more mature.

### **CAUSES OF THE BRAZILIAN INSTITUTIONS FRAGILITIES**

Brazilian institutions fragilities in the external field can be seen in the ambiguity of the foreign policy and the action of Brazilian diplomacy in the last years. These symptoms are revealed, for example, in the several unfortunate tries to get a seat on the United Nations Security Council, in the lack of strength in the relationship with several Latin American countries, and in the way negotiations go in the ITO and Mercosur, among others.

In the internal field these fragilities reveal themselves in the increasing interference of the Legal Power in the Parliament decisions (provoked, in general, by political parties) and by the excessive political corporatism in the punishment of politicians involved in corruption acts, and, in the failures in the process of the budget project law in the National Congress. The deviations that the Federal Police has been looking for show that the measurements taken after the Budget Dwarves' PCI didn't produce the expected results by society.

These institutions' deficiencies are present, also, in the process of inquiry of corruption acts and in the lack of governmental transparency; and, in the disrespect of criminal organizations by police and legal authorities.

It is noticed that, as literature reveals and recent public opinion polls, there is a visible and growing loss of credibility in Brazilian institutions that have been provoked in a conscious and unconscious way, for several governmental advisors in the three republic powers. These advisors, to create conditions to remain in power, have positioned themselves in the opposite side of Brazilian institutions, disregarding that the socioeconomic development and democracy need consolidated institutions (Matias-Pereira, 2005, 2010a, 2012, 2013, 2014a, 2014c).

### **LEVEL OF CORRUPTION ACKNOWLEDGMENT IN BRAZIL**

In the annual document about corruption acknowledgment in several countries in the world, published by International Transparency (TI, Dec. 2014), Brazil is still among the most corrupted countries in the world. The ranking is made by the NGO through researches with entities of the civil society, business people and investors. It is asked what is the acknowledge there is about transparency in the public power. After that, the table is elaborated through a punctuation from 100 (less corrupt) to zero (more corrupt). Brazil is on 69<sup>nd</sup> place in the ranking (175 country's), with 43 points.

According to the International Transparency research, 35% of Brazilians believe that the level of corruption in the country is the same in the last two years, and 47% considered that it has increased. Relating to corruption in the public sector, 70% of the population believes that is a very severe problem. The International Transparency research still reveals that 56% of Brazilians think that the government's actions against corruption are ineffective. The study reveals that, the political parties are the most affected by corruption in Brazil, according to 81% of the interviewed people. In second place are deputies and senators among the most involved in corruption with 72%. The research also affirms that 70% of Brazilians believe that there is corruption in the police, 55% in the medical services and hospitals and 50% in the legal system. 81% of Brazilians believe that ordinary people can help to avoid corruption.

Analyzing the effect of corruption for the change of votes in the elections for president in 2010, Rennó e Ames (2014, p. 20) highlight:

“The main point is that perceptions about corruption and not about abortion changed vote intentions, damaging Dilma and in favor of Serra. Although the corruption matter apparently had a limited effect when we analyzed a synchronic model of vote explanation (Table 4), when we verified its dynamic effects, analyzing the change and stability of vote intentions, we have a more precise picture than 2010. Corruption took to loss in votes. Dilma's electoral purgatory is much more related to the emergency of corruption scandals than the debate about abortion.”

It is noticed that corruption is a subject that worries Brazilian population and present itself as an undesirable phenomenon. Therefore, as corruption is noticed as a problem in the country, and that the governors and politicians nothing or almost nothing do to fight against, explain, in parts, the motivations that are taking population to ask for so deep changes in the public administration in the country, and more ethics in politics.

### **PERFORMANCE EVALUATION OF DILMA ROUSSEFF**

It is important to highlight that, in order to analyze the reciprocal influence that exists between the formal institutions that compose the political system and the political culture related to beliefs, values, behaviors and citizens' practices, several researches have been made in order to change Brazilians perceptions and representations in relation to politics (Latinobarometro, Gallup, Ibope, Datafolha, etc.). These researches reveal that among the main causes of the increasing dissatisfaction of Brazilians with democratic institutions the ones

regarding rights perceptions and the country's problems are the most important ones. It is clear that Brazilian's dissatisfaction with democracy functioning happens, among other factors, because of the incapacity of the Brazilian State to answer in a proper way society's demands.

The increasing Brazilian discontentment shown by the popular protests that happened in several cities in the country, since June, 2013, indicate an increasing dissatisfaction of the population with low quality of public services, and with a high level of corruption in the public administration. This data reveals, specially, a high dissatisfaction with the health system, education and schools, and public system. Besides, Brazilians' perception related to corruption in the government and lack of security increased since the second year of Dilma's administration. These negative perceptions about the government's performance and lack of fight against corruption are translated in several researches. Most of Brazilians prefer that the next president totally changes the way of government or at least keep some actions and change the majority.

It is noticed that there was a political maturation by Brazilian population in the last years. This population has been intensifying their contacts through social media and has been taking a more demanding and proactive posture. This dissatisfaction is enhanced by the population's perception that the economic, politic and social situation in Brazil are a result of the bad public management, wrong economic model, supported on the consumption stimulus, aggravated by authoritarian politics, arrogance, waste and management corruption.

As shown in the several electoral researches made between June, 2013 and December, 2014, two in each three Brazilians want that the next actions taken by the president are different from the ones in this administration. In a research made by IBOPE, between May 15<sup>th</sup> and 19<sup>th</sup>, 2014, 2/3 of Brazilians (65%) want that the next president totally changes or changes a lot of things in the government. The other 30% would like the same or a lot of things of the current government. And when the ones who want changes are questioned if they wish that these changes were made with Dilma in the government or other president, 67% say that want another president; 25% want her and 8% don't know or don't answer.

It is noticed a clear gap between the population's perception and the governors and politicians in the power, about the political, social and economic reality in the country. Although everything we have seen in the protests, people fighting for changes, the politicians refuse themselves to realize that reality. This denial is contributing to increase the gap between the fictional Brazil, created by the government in speeches and propagandas, and real Brazil, where the difficulty levels provoked by the economy's deterioration, bad public management, waste and corruption, is strongly affecting the quality of life.

It is noticed that the effects of the corruption complaints start to reach PT's image, especially after the "Mensalão" and "Petrolão". These effects are also changing its political base, as it was shown at the PMDB convention, on June 10<sup>th</sup>, 2014, to talk about its alliance with the party. The results were: 398 votes in favor of the alliance (59%), against 275 (41%). There were also 64 blank, null and absent. It is registered that in the 2010's convention the vote registered 84,85% of favorable votes to the choice of Michel Temer as vice-president.

### **THE EFFECTS OF BUREAUCRACY IN BRAZILIAN'S LIVES**

A poll made by IBOPE between June 3<sup>th</sup> and 7<sup>th</sup>, 2013, with 1.008 people over 16, in 79 cities, to understand how bureaucracy is on a daily basis, shows that when questioned about daily basis tasks, such as obtain documents, prove economic situation and presentation of warranties to rent a house or buy goods, 85% of population says that Brazil is a bureaucratic country, and 61% consider very bureaucratic. According to the poll, only 12% think Brazil is a little or not bureaucratic and 3% don't know or prefer not to answer.

The majority of people interviewed think, however, that is necessary in certain cases. According to the poll, 87% declared that is necessary to require documentation, because, if not, Brazilians lie. Only 8% say it is not necessary to require such a thing, because it is possible to trust in the citizen. Other 5% didn't know or didn't answer the question.

### **BRAZILIANS LEVEL OF SATISFACTION**

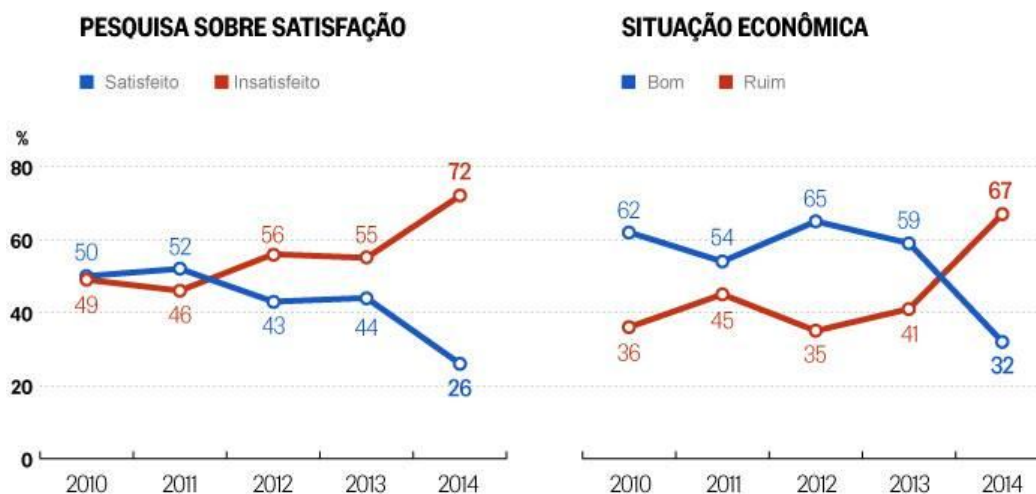
As it is revealed in the research made by Pew Research Center (PRC, June, 2014, p. 1-27), pessimism took a step forward between Brazilians in the last year, marked by protests, high inflation, and low growth, leaving a frustration scene. As a result, it negatively contaminated the population's evaluation about the country's course, the economy conditions, the president's government and the World Cup (April 10<sup>th</sup> to 30<sup>th</sup>, 2014).

According to the Pew Research Center, 72% of Brazilians say they are not happy with the country's situation and 85% point the increase of prices as the main worry. Twelve months ago, 55% were not happy, a little bit higher



than the 50% in 2010, last year of Lula's government and beginning of historical series. The economy has its main role in the existent bad mood. Two thirds (67%) of 1.003 citizens interviewed with more than 18 years old consider the economic situation bad, after four years that the positive perception dominated.

After inflation, criminality and health (83%) and corruption (78%) are the main challenges for Brazilians. The lack of job opportunities (72%), the gap between rich and poor (68%), the low quality of schools (64%) and the public debt (56%) complete the list of the biggest problems according to the citizens. Check the graphic below with the results:



Fonte: Pew Research Center

It is good to highlight that the data shows that these are not new challenges in Brazil. Since 2010, these issues were already there as generalized worries about social, political and economic matters, including crime, corruption and inflation. The difference between the other ones and the most recent one is the high level of frustration that Brazilians now express with the direction the country is taking, its economy and its leaders.

Brazilians' frustration is with the government and other institutions. The federal administration, seen as a good influence in Brazil by 75% of the population in 2010, now is good only for 47%. The study alerts about how fast things have changes, and it has only seen so many differences in places that went through crisis or institutional break downs, like Egypt. Pew Research has done researches in 82 countries since 2010.

## CONCLUSIONS

We try to identify in this article, considering its dimension and complexity, the main motivations that are taking Brazilian society to require deep changes in the way economy, politics and public management has been done and more ethics in politics. We supported ourselves in the analysis of the three most relevant dimensions that impact on the level of dissatisfaction of Brazilian population: economy's performance, public management's capacity of serve the population's demands, and the level of perception of corruption in Brazil, to after that confront them with the results in the public opinion polls from June, 2013, to December, 2014.

This evaluation showed that there is an increasing level of dissatisfaction in Brazilian society that is requiring deep transformations in the relations between the State and society and traditional forms of public administration. This scene is worrying, since there are strong expectations that there are immediate changes in this area, that actually needs a new economic model and structural reforms, which results will occur only in a long term. It is noticed that the sum of institutional instruments, financial resources and political ways of reaching goals are beyond these expectations.

It is clear that the present issues in the three dimensions analyzed: low economy performance, aggravated by the bad public management, due to the low quality in the public services offered, and the increase of waste and corruption in the administration, are interacting in a constant way, and contributing to worsen the political, economic and social scene in the country. As shown by literature, the confirmation of the impossibility of a

modification, in a short term, of this analyzed scene, that requires a new economic model and structural reforms, indicating that the level of dissatisfaction of the population with the governors and politicians will keep increasing. It's important to highlight that the omission, corruption and impunity levels existent in Brazil hit a dangerous place. The non-solution of these factors in president Dilma Rousseff's second mandate (2015-2018), will contribute to the aggravation of the conflicts between the government and the supportive base politicians, and Brazilian society, mainly the more politicized part. It must be alerted, lastly, that the increasing weakness of the institutions, that happened because of patrimonialists practices, actions and decisions, under the protection of a hypothetical presidential coalition, may lead the Brazilian State to deal with a governance crisis in a near term, and in its extreme, a social rupture.

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