



INNOVATIONS FOR SUCCESSFUL SOCIETIES

AN INITIATIVE OF
THE WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS
AND THE BOBST CENTER FOR PEACE AND JUSTICE

Series: Civil Service

Interview no.: V9

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Date of Interview: 21 March 2011

Location: São Paulo
Brazil

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MAJEED: This is Rushda Majeed on September 21, 2010 in São Paulo, Brasilia. I'm with former Minister Bresser-Pereira at his office. We are going to speak about administrative reforms in Brazil in the 1990s when he was minister of the Ministry of State Reform and Administration. Could you tell me a little bit about what you do now, and what are the experiences that brought you to this current position?

PEREIRA: *Well I've had a graduate course in law but fifteen years ago, a little more than fifteen years ago I made a competition entrance to the Getúlio Vargas Foundation which at that time was hiring people to become professors of business administration. So I was accepted and I did my MBA in the United States with the help—with the support of USAID. This was how in my school the masters to become leaders was created with the support of the São Paulo business school, the Getúlio Vargas Foundation and Michigan State University.*

So then the school developed a program in public administration that also interested me very much. More broadly I had a very broad kind of approach to social sciences. I am an economist, I am a sociologist, I am a political scientist, at least I wrote in all these areas. The state is a central problem for me. I understand that the state is the fundamental instrument that a society has to achieve its goals, its political goals of freedom, of justice, of protection of the environment, of security. So when Fernando Henrique Cardoso was elected and invited me to head this small ministry of federal administration and reform of state, that was its name, it was essentially what I introduced already somewhat.

I don't know if you want me to tell you a longer story. Actually, everything began when I was in the third year of the law studies, I was 20 years old and I read the journal of a group of nationalists and developmentalists, very important Brazilian public intellectuals that worked around an institute called Instituto Superior de Estudos Brasileiros (ISEB, Brazilian Institute of Superior Studies - responsible for the whole analysis and proposal of the national development strategy that was called New Developmentalism.

I was fascinated by all this and that day decided that I would not be—After reading the things, reading the idea of a great coalition of industrial businessmen, a national bureaucracy, the bureaucracy of the state and workers in the administration of an industrial developed country, I decided to be a sociologist or economist of development.

I pursued this objective, this 20-year-old objective all my life. Part of this game was to be minister of the federal administration before I had also been finance minister for some time. Now I am in academia full-time, as I like.

MAJEED: When you were appointed the Minister of State Reform and Administration, what were some of the challenges and some of the issues that were facing public administrative reforms in the 1990s?

PEREIRA: *Well, one thing I can tell you, the managerial public reform, administering the reform was not on the agenda of the country, was not on the agenda of the President, the just elected President, Fernando Henrique Cardoso. I told him in the first meeting that I had with him after dictation that I intend to make a public administrative reform, a managerial reform of state. Because Brazil already had had a civil service reform in the '30s of the 20th century. He said "but this is not on the agenda." But he was not against, he gave his support and we began with the reform. I'll tell you later about this.*

So what was Brazil's situation at that time? Brazil had made the civil service establishment reform, Weberian reform in the '30s under Getúlio Vargas as President. This was an important reform. The Brazilian bureaucracy didn't become fully professionalized, fully rational, as the model required, but it was a major advancement. Then in the late '60s the military made a second reform that was a kind of complement of the first, but was also innovative in some areas. Let's call it a developmentalist reform.

Then Brazil came to a transition to democracy in 1985 and in 1988 Brazil approved its constitution. It is a very good constitution. But in this constitution there was a kind of backward movement, I don't know. The military had done a little in the direction of public management reform, and they got backwards. They thought of a very formal model of civil service in Brazil. They put everything in the constitution. The ideal of France was l'Ecole Nationale d'Administration (ENA, National Management School) of the French government and this was not good.

So when I came to office in 1995 I read something about new management reform. I read one book, a very—the only best-seller in this area, Reinventing Government by (David) Osborne and (Ted) Gaebler. I had become very interested about these ideas. So when I came into office I decided to go in that direction in general because I had also been a professor in this area, I had students doing doctorates, master's programs in this area, so I knew something. I put it together. I tried to make, Brazil was—had to make a public management reform.

I went to England to learn more about this. I learned.

MAJEED: Did you go to a university or were you working with an international agency?

PEREIRA: *No, I made a visit to England specifically, a three-day visit, organized by the English council.*

MAJEED: The British council?

PEREIRA: *Yes, the British Council organized it. I visited ministers, I visited high public officials. I don't remember having visited academics at that time. It was very interesting because Osborne, by chance Osborne had told me a few days after I took office he was in Brasilia for some time to give a lecture. I invited him to lunch and said, "Well, I'm thinking to go to the United States." He said, "I'd go rather to England or to New Zealand because I feel that reforms are more advanced there." So I preferred to go to England and it was very good, because at the time I was already developing my model for public management reform and the visit certainly helped me to do that.*

MAJEED: When you came into office you mentioned that public administration reform was not on the state agenda putting the reforms on the government agenda, how did that happen? But I'll repeat it.

So in terms of, you had mentioned earlier that when you came into office public administrative reforms were not on the agenda.

PEREIRA: Yes.

MAJEED: How did you make it part of the reform agenda of that government?

PEREIRA: Look, the first thing that I had to do was to design a reform. I knew very well that my small ministry was really a secretariat of the President with the status of ministry with a very small budget. So the change of making a real reform, a reform of the state as the President changed the name of the secretariat—It was called Financial Administration Secretary and was changed to Ministry of Federal Administration Reform of the State, very big state.

First it was clear to me that I would not make anything to reform the state, I would reform just the state apparatus or the state organization. For me the state is the institutional—the legal system and the organization that guarantees it, this is for me the state. The national state is a society that has a state and the territory. It is a country. It is a national state, a different kind of state. So I could not reform the national state, I could not reform the legal system, the constitution, which had just been approved a few years before.

So what I could do was to reform the state apparatus or public administration. The state apparatus, public administration, the same thing. But how to do this. The first thing I had to have a kind of project. I had to have something that made sense and this would not be civil service reform. This would not be bureaucratic reform. This would not be Weberian reform, same thing. This Brazil had already done in the '30s. Not completely. The Brazilian constitution had attempted to complete it but in the process of completing it, it went back because in the late '60s the military had made some advance in the direction of public management reform, public merit. So I needed a model I didn't have.

So I dedicated my first six months to develop this model and to write, as the outcome of this development, a plan, a white paper on the reform of state apparatus, "White Paper: Reform of the State Apparatus," "Plano Diretor da Reforma do Aparelho do Estado."

MAJEED: To get a little bit more into the specifics, what steps did you take to identify the reform priorities and to assess needs while you were creating the "Plano Diretor?"

PEREIRA: Look, I understand that the state and the state apparatus are very important for our country. I am not a neoliberal at all. I think that this is a fundamental instrument of collective action. So we need a capable state, a legitimate state. A legitimate state is the democratic aspect. The capable state is a state that is effective and efficient. Effective, this means it has some roles to perform and it performs. It is supposed to guarantee the execution of the law and if it does it, it does it. This is to be effective.

To be efficient is to make civil services less costly to do different things. The objective of civil service reform or bureaucratic reform is to make the state effective. The objective of public management reform is to make the state apparatus more efficient, especially the large social and scientific services that modern social states have to be responsible. It was clear for me that Brazil was building a welfare social state. We were building a large educational system and we were heading to a big health system because the 1988 constitution had assured universal right to health care.

There are other very important services in the federal administration and this ultimately in the state and municipalities, also, I was making a reform that was not only for the federal but also helped a lot states and large municipalities. So this civil service to be legitimate they need to be efficient.

I always remember a big discussion I was having in 1995 with a Rio de Janeiro businessman with relation to the health system, the universal health system and he said very high, "I don't put good money on bad money." The bad money was the health system that at that time had no money and was in a big crisis because of our government, was in a big administrative crisis also besides not having money. Bad news in the newspapers every day, etcetera. The businessman had some reason. But I wanted very much to have a healthcare universal system. I am very much in favor of collective consumption that is made through healthcare, universal healthcare, universal education, etcetera.

The way to get there was to make the Brazilian state more efficient and this was possible. The Brazilian state was already effective, reasonably effective, but was not efficient. So I, my priority, first was this diagnosis. This diagnosis was also historic, for making reform, things not always did a narrative so I developed a kind of narrative. The narrative was look, we made the civil service reform in the '30s, then we made a step ahead in the late '60s and '70s with the military reform that was not popular in Brazil. But anyway it was advance towards the managerial thing, but in 1988, the wonderful constitution we made a step back. So now you need a step—but Brazil is a very modern state, a very capable modern state, efficient state, that is what we are going to have if we do public management reform.

This was the—I put this narrative also in a different way. I say look, there are two reforms in the state in public administration. This change from patrimonialistic state to the civil service state, the bureaucratic state In terms of the state apparatus. From a state where there is a strong confusion between the private and the public property, everything is property of the high bureaucrats. From a bureaucratic state where the separation is quite clear and the state is effective.

Now we need to make a second transition from the bureaucratic state to the managerial state. So it was a narrative that made sense also. This was the broad narrative. It was applied directly to what had happened to Brazil. So this was very important. You see I read the theories, I was developing a framework for a big model and that I'll tell you later. So society understood what I was saying.

I also found a very sensible point to discuss. This was very much in the newspapers. I didn't do it for that reason, I did it because I thought it was necessary, was the problem of full tenure of civil servants in Brazil. I said that look, I'm for tenure, but not full tenure. Some flexibility of full tenure. It is not reasonable. I was also very much for favor for limiting the number of services, of actions that the state should directly provide. So this was, especially this first thing, it created a big discussion in Brazil, a big discussion in Brazil.

Everybody began to learn something about the reform and support, finally support. I'll tell you later about it.

MAJEED: So you said, one of the questions, you said that all this created a big discussion in Brazil. How did that happen? How did you make sure that public administrative reform was on everybody's mind? How did you reach out? Perhaps you reached out to academics or the public or the media? Was that a strategy?

PEREIRA: Look, the first thing that happened was not really a strategy. I told you that in my first conversation with the President I said this was not the agenda, he said. Well, I have some ideas of what I wanted and this included the flexibility of the full tenure of bureaucrats. But in my in transit speech, acceptance speech, I made a short point about this. Generally speaking, very interested, and surprised, and

came to me to explain it. I explained what I could at that moment. A lot of people around me after the speech and then everything was in big lines in the newspapers. Normally reaction was fundamentally very negative.

MAJEED: Can you remember what you said during that speech? Do you remember the main points perhaps?

PEREIRA: *I have the speech; I don't remember. I was speaking about using private techniques in the state that could be learned from business administration. I spoke about flexibility of tenure. I don't know what were the other things I said.*

MAJEED: Then you said it created a negative reaction.

PEREIRA: *It was a tempest, really I lived the next three months in a tempest. But look, one thing that does not frighten me is a tempest, I had experience about this. So I just confronted this view. I had my ideas, I was discussing my ideas. The President supported me.*

MAJEED: How did you convince the President?

PEREIRA: *The President was not—in the second meeting I had with him, the minister was already in a tempest over me - I gave him my speech. He read it, the speech. He said this is much more reasonable than what the press is saying. I said, okay, because they are not understanding. This was it.*

Then a second thing happened. The government was very much committed to reforms, the liberal, there was consensus on reforms, privatization, Social Security reform, and political reform. So the government decided that the ministers that were responsible for these areas would have three or four days, I think, in the end of January, the first month of the administration, a discussion, a presentation of their ideas to the congressmen of the political party that was supporting the government. I was invited also to this. This was a sign that the President was ready to see what would happen.

Then he told me very clearly, you defend your ideas especially in terms of changing the constitution. That is part of my reform to make tenure more flexible. We'll decide later depending on the support that you get. Everybody was against this he says.

So I went to this, I participated in these lectures, these four days' lectures and the lectures helped me because I learned that the state, the federal state and large municipalities were very much interested in my ideas.

MAJEED: Where was the lecture?

PEREIRA: *A school that forms bureaucrats for the finance ministry in Brasilia because they had a very good school, a good location there in Brazil.*

MAJEED: So the lecture you said was very important...

PEREIRA: *The governors of states and mayors were interested in the problem of the full tenure and other ideas of the reform. It is important to note that the federal [organizations] have relatively few social sector services. When you go back down you get near the people and so the importance of the social services increases. So this explained my view, their interest. So I, in the next months I was very much interested in persuading, discussing with the governors the new*

ideas. After three months or four months, the President realized that I was getting support and he decided to go ahead, I could go ahead with the constitutional reform.

Actually what happened in public opinion and in the press was very interesting because just one week after I had been in office I read in the newspaper, the "Globe," a very important newspaper, an article by a political scientist, a woman political scientist, I forget her name now, a column. A strong critic of my proposal. But the critique was very strong in the first paragraph, a little less strong in the second and the third and fourth and fifth paragraphs were just piece of that should be there and were exactly what I was proposing. She had not understood what I was proposing. It was news. It was funny because six months later I got a—she calls me, she wants to make a big interview with me for the journal Globe, a two-page interview and she made and she was extremely supportive at that time.

This happened in general. But for me the support of the public opinion was important but more important was the support of the civil servants because it is impossible to make reform of the civil service, reform of public administration, in this case public management reform, without their support, it was impossible.

I believe, if you divide the civil service in Brazil in high civil service and unskilled civil service, high civil service, I believe that I get the heart and minds of these people as best I can in the four years that I had, much less, even before that. I made speech to them in all places, what I asked them to help me to define reform very much.

MAJEED: Did you involve them in the planning process? How did you reach out to them?

PEREIRA: *Well in the planning no, I invited, I made speech to them at all opportunities. Besides this I developed a prize for—so this was involving them. All the systems of making the, the strategy for the organization, the specific organization, defining goals, defining contract with the government. These ideas, I was trying to involve them. The ideas increased the quality of public management. All these ideas attracted—.*

What was important was when I began the reform they thought I was a neoliberal, that I was against the state apparatus and against them, I was not. This makes no sense. I am very much for the market but I am also very much for the state. A good capitalist state is with a strong market—a strong state, a strong law system, a strong regulatory system, and use very well a strongly regulated market too to allocate resource.

So what happened is difficult to explain, is that finally my ideas, the model that I was proposing made sense, I'll not say to all of them but most of them. I had difficulty with the judiciary to get them to hear. But they are now making reforms, they are making reforms in the direction of what I said.

MAJEED: In terms of creating this reform plan, the "Plano Diretor," some of the people we interviewed said that it is a beautiful document which has very clearly laid out what you wanted changed. How did that idea come about? Why did you think that you needed to articulate it in the white paper?

PEREIRA: *The same thing when I was finance minister in 1987, [Indecipherable] white paper. I did the same. In this case it was obvious because this is a small ministry. It had very little power. Its power would be essentially the power of ideas, of*

things that made sense and that the rest of the administration would come along. So I told you already that I had some ideas a long time ago. I had already some experience, I had a big experience in private administration and then a substantial experience in public administration at the state level and federal level. So I'm not new in the business let's say. And I had read the Osborne book so I was interested in that approach and that was a business administration approach also but with a very public character, not with profit goals but with excellence in service goals

So I went to England and then after leaving England I had a conference, I had a set to participate in a conference in Santiago. I was three days in England and three days in Santiago. I was supposed to make a speech. I arrived there and looked for some ideas. It was very bad. Full of bureaucrats speaking very administrative law, bureaucracy. But at the same time I had to make my speech the last day. I sat with Angela Santana, who was with me at that moment. I drew my model. I presented that. At that moment, this is the moment when my old ideas, my speeches to the House of Representatives and my visit to England, especially a book by a man called Fairbrother, I don't recall his precise name who explained the managerial reform and this was a man who was writing, who was associated with unions in England.

It was very objective, not fully—so I developed this model. And this model was on the basis of the plan, of the white paper. But I needed very much the white paper. I could not go directly to the law. The law is first to have a general idea and a general idea that was new. It was part of the—it was very necessary the moment that Brazil was involved in it because Brazil was now a democracy, its welfare system was increasing, it really increased a lot after the transition to democracy. The social expenditures in Brazil in 1985 were about 11% of GDP, today they are about 25, 24, social services, education, healthcare, social assistance, social security. So I really much needed to legitimize this welfare state. I am very much in favor of it. The reform was very much needed.

I tried to organize the ideas in this way. I can tell you now, what model is this one before.

MAJEED: One more question please, related to the plan. How did you and the ministry go about gathering information necessary to develop the priorities and to develop the plan? Some of these were ideas but they must have translated into a larger plan.

PEREIRA: *The ideas, I had to make a diagnosis first, the paper began with a diagnosis. While I was writing, I asked two civil servants to help me write the paper. While I was writing a paper myself, the data was not very much but I had the general idea and I got the data about, the statistics about public service in Brazil were very bad but I organized the system of statistics. The budgeting, the monthly budgeting, I think there was a major change already. In the process of getting this I began to collect more information about the state. For instance the average salaries that they received in comparison with the private sector and other things like that.*

MAJEED: How long did it take to collect this information?

PEREIRA: *The paper I think it was, the white paper was ready in July I believe. So I'll say three months, four months. It wasn't about the research. The diagnostics, it made a kind of historical, of the case of Brazil. I could assess, could say that the state apparatus in Brazil was not efficient and it must become efficient, but I could not*

prove this. I didn't make regression, this type of study to demonstrate this position. It was not necessary at all.

What was important in the diagnostics was to show there was a problem, identify the problem, and it was identifying the problem, a step back instead of a step ahead. This was easily diagnosed, the directive that I told you. I had some numbers for sure, there were several numbers to consider. Some I developed, others I had to research, especially in wages. Others I could collect here and there in the system. That's how I could respond to your question.

MAJEED: So what were the main points now of the white paper.

PEREIRA: *The model pretty much.*

MAJEED: What is the model?

PEREIRA: *Look, it is important to understand that at that time, when I went for the first time in England, there was, I learned that there were things called new public management. New public management, that was very, it had a strong, narrow, liberal influence. It was not fully neo-liberal. Actually, there is one thing, that is important historically. I am going to go back for one thing. In this visit to England, in April I think, I asked for assistance from the government because I wanted a group of people that were involved in the reform, in the public management reform in England or in Britain, could help us. They knew that they had people like this.*

We got this cooperation. A woman called Kate Jenkins that I met at that time, on that short visit, became the head of this cooperation group. They were retired civil servants who were now consultants.

MAJEED: Was there a name of the corporation or it was just a loose corporation between?

PEREIRA: *All the matter of public management reform. They came and I think that they also have helped a little to develop the ideas. Not essential. I had to have a five-minute conversation with Kate before. But this I wanted to tell.*

Coming back to the model. What says the model essentially? It has structure and managerial, in the management aspects. The structural aspect, the management aspect is related to this idea of kind of bureaucratic management to managerial management, there are two ways of management, to managerial approach was to change from very detailed regulations and very close supervision and very close auditing from less close auditing and results less on procedures and the definition of objectives and giving more freedom to managers to achieve the objectives and make them more accountable for results rather than for process.

Third, there were three things, competitive views—views of competition among agencies, not for profit but for service, low cost, high quality service. This is what is the classical change, a change in management. The three things that I said, regulation, close regulation, close auditing, close supervision to management by objectives. Management through competition for excellency and social accountability of public services. That is, controlled by society. Deliberate introduction of controlled by society of the outcomes. This was the management part.

But there was also a structural part. What means this structural part? First was a division of the state apparatus in the types of activities that were performed, the

types of activities almost that were performed in every society. I divided my, I wanted to make fully clear in my paper, but I divided the forms of property into types, public property, cooperative property and private property. Cooperative, have nothing to do with business, cooperative means syndicates, cooperative, collective.

So in the public realm in the public property I said there are two kinds, state, public state property and non-state public property. What is non-state? What the English call charities, in America they have a more general name, nonprofit organizations, services, nonprofit organizations because the NGOs you can have service NGOs and you can have social accountability and advocacy NGOs. They understood there are NGOs of these two types. The service are the charities. And the state apparatus itself were part of public property.

So I was taking out of the private sector the nonprofit service organization. Why? Because in law terms they were in the private sector but this was not my interest. What I was interested in was the objective and the objective was public, it was not private, it was not profit, it was not high salaries, not high bonus, but it was, what was the objective of the Harvard University, it is not profit. What is the objective of a hospital?

This is also very important because the civil service model let's say, the state is just full state. Public and state are the same thing. What's public is the state, what is state is public. I want to run the concept. And this is very important especially in the country of Brazil. Sometimes people have difficulty understanding this, the Anglo-Saxons because the difference between state and non-state, the private, is not so big. But in the Brazilian model it follows the French and the German model of state, or Japanese. There is quite a distinction and I wanted to eliminate this full distinction.

Why? Because, let me come back again. I wanted, a large part of the services that the state provides directly using civil servants with tenure, almost full tenure, I wanted to transfer to public, non-state organizations, service NGOs. I thought that this would make service much more efficient.

In the model I divided the types—in the case of the state you had activities that are in the central core, in the strategic core of the state. These were policy makers of the state and the major controls of the public money and how we spend it. This is the strategic core. This is where civil servants and politicians should be. This is where high, very well paid, very well trained, very well selected civil servants should work, in the strategic core of the state.

Then there is a second later with also civil servants have important role and that is in agencies. The agencies have the power of the state to of controlling certain activities, or to a certain extent to regulate, to control according to the law.

MAJEED: So the regulatory agencies.

PEREIRA: *The regulatory and especially the executive, not only the regulatory. But anyway, agencies that use the power of the state, the coercive power of the state for their roles, but they were not in the core. In this also the civil servants are very important. They should be. But in the core the mixture between civil service, bureaucratic administration and managerial administration was very small, not important. In the agencies they should be much more autonomous in administrative terms, they should be not bureaucratic but managerial in their administration but not fully.*

So the social and scientific services provided by the state, these should be transferred to what I called social organizations. What is a social organization? It is a nonprofit service organization for the public that provides a service. With a contract that the state is interested in supporting fully or partially and has management contract with the state with clear objectives to be achieved, clear performance indicators that permits this social organization to be part of the budget of the state. But this management contract is supposed to be renewed every two or every three years more or less like this.

This social organization is supposed to have a board of directors where there is a majority of people from society. But there is also the presence of members of the state.

So I thought that all the services or most of the services, the only situation where I was not fully, fully persuaded about this was the area of basic education. What doubt about that. I think close, you cannot address in that direction but it's complicated. But healthcare for sure, universities for sure, museums for sure, it is much, much more efficient to have them made by social organizations in this sense than directly by the state because they don't have any state power. Why do I have a doctor in a hospital that is a civil servant because it is a state hospital and another doctor that does exactly the same thing but he is in the private sector? It makes no sense one being private, one state. Now, it is very different from who manages the fine policies or audits, or manages the money of the state, the budget. There are no other people doing this in the private, they do not have this kind of role. This is the structured part of the model.

This was a table, very simple, the table that I drew there in, at Santiago Compostela. This is the basic design that is in the Plano Director, that is in my books. I won't say everybody, but a lot of people know this. I remember, when I presented this thing I made hundreds of contacts. They became enthusiastic about this because it made sense for them, it was better for them in many ways. I remember a very bureaucratic high civil servant who was later a minister when he saw, I presented the model at a meeting of the Council, the former [State Chamber], there were only three meetings that had to be, that were supposed to be headed by the President. He came to me after I presented, "Look, for the first time I see, I really knew a consistent model of public reform in Brazil, of civil service reform." He didn't separate [inaudible].

He was just saying what a very large number of people were saying, what they continue to say today because what was interesting is that this reform which began at the federal level, [achieved?] what I told you, strong support from governors and secretaries of public administration very much helped me draw the lines of the reform, especially now in the discussion of the amendment of the constitution. They helped with ideas, they helped with several meetings they brought with them to my office. They helped talking with the health representatives of their respective states. I made really a collective thing in this process. They were proud also of the particulars on this.

So when I left four years later the ministry, the amendment had been approved, big difficulty to approve it. In this case the President then came to me and [had] support. He gave some support, but he put—it was against [reform] negotiation with the reform in the Congress, the reporter.

MAJEED: How did you—the ideas and the proposals that you had in the White Paper and were developed further in the four main points that you discussed, how did you

translate all of these into action? What were the steps, what were the next steps once you had these in place?

PEREIRA: This is a more difficult thing. For sure in this area and there were ideas that were also very important in the defining. At that time the IT, information technology revolution let's say was—so I was very much interested in having, increasing very much the administration making purchase of the government more rational, public, auctions, electronic auctions to make purchasing in the state. Things like that were also being developed, were part of the reform. A large increase of technology tools to make, to develop reform, higher acting.

The first change I wanted to make was higher education, federal higher education. Brazil has, the federal government supports a large number of federal universities throughout the country and they follow the French and German model of everyone in the university is state servant, is full tenure and this and that. I think that is absurd. I was a good friend of the minister of education. I was extremely good friend of his major associates, one major associate, I was a friend of other of his people on his staff. So he said—I was a public university professor myself.

So the first thing I am going to propose is transform the high universities into social organizations. They went to speak with the minister and his people and after some discussion they accepted. I was very happy. But then working to define because this process, in the early months, at the beginning of the administration and you had all the ideas still developing, didn't have a lot of social organizations yet approved, even dropped. Began to work, but naturally these ideas went to the press. The university teachers, professors, especially some deans of some universities began to protest.

There was an article, especially from the dean of the federal University of Sao Carlos, now he is the mayor of Sao Carlos, at the time he was very strong against. This was, since one very important secretary of the education ministry was against, this was, the others became afraid also. The minister became afraid, and the project was abandoned. Big, big failure. I was unhappy.

The other major area that developed these kinds of ideas, but the other major area in the federal government was healthcare. Because healthcare there was not only the hospitals, the federal hospitals, these were not so many, but more important there was Sistema Único de Saúde or SUS, the unified healthcare system, the system that supplies healthcare, fully free to people following the principle of 1980 constitution that healthcare is universal right to every one independent of contribution, independent of everything. Brazilian people have full right to healthcare. They do.

When this thing was put in the constitution the liberals [Indecipherable 00:56:33] reacted, not in the American sense of liberal. The liberals were very much against it, they defeated. Then they said it will never be implemented, it's impossible. I told you about the discussion with the businessman in Rio de Janeiro. He was just one of the examples of this. For me this was fundamental. I was not there just to talk with high bureaucrats about how they should manage, I was interested in having the SUS, effective and efficient. I knew that to make this it should be efficient. To do this the federal, the health ministry was supposed to have a framework, administrative framework of how to control large sums of money that was providing not only for federal hospitals, small, but to many hospitals throughout the country by means of the governors or mayors or directly in several ways.

I got some ideas from England, from the visit in April, and around June I had my, I was able to have a model for the healthcare system that was based on this other model but was a nonspecific process and asked to make a conference in the health ministry. I made my conference. It was a disaster. I was a neoliberal. The healthcare people they fought very strongly for having SUS in the constitution. A lot of care for the healthcare system. They were distrustful of me.

There was a second big meeting now with all the national health system present and the minister of health present and they present my ideas. Then came the public doctors. One after another asking questions against my position. I was mad about this. Then I came back to my office—then I explained, I explained my model three times to the healthcare minister, Adib Jatene, extremely competent surgeon, an extremely competent medical doctor. But every time that I told him, three times that I explained my model to him, he said, well [indecipherable].

So I was disqualified. I came back. After that big meeting I came back to my office. Then I had an idea. At the time, I was a good friend of, I was chief of staff of Governor Montoro in the state of Sao Paulo, of the vice-minister of health. I called the vice-minister Seyches and I said, also a doctor, a public health doctor, very competent, a professor/ I called him and said, 'Seyches, your minister is disqualifying me.'

He said, "What?" But don't bother, he is doing this. But every time I tell him that I have a new model to change everything and he says it is already what he is doing. Really? At that time Jatene was very much concerned with another problem of the government that was how to get money for it, how to put it in the budget because the budget was not clear on this, the money was insufficient, etcetera. He does not have time to think—.

So I propose that you come here next week. I reserve the full afternoon to you and you reserve the full afternoon to me, and I am going to present to you my model of reform of the SUS and if you like it, you accept it, let's go ahead. I'm sure you will persuade the minister. If you say no, I give up.

He came, after one hour he said no. After two hours he said yes. Then I said, well, now you have to make a general norm that explains this, to replace the one that exists since 1993, NOP of the healthcare ministry. This will take a lot of time and work and they called staff. This man is going to help you, I am not going to appear at all. I am a neoliberal as you know. And the healthcare people they are not, they have just horror for neoliberals, so I am not going to appear but I will be supporting all the time.

Well, they went back and after hundreds of meetings among them because it is very complicated, I am always helping, in several cases intervening with the people at the top of the—One year later, no, 1996, it was approved. This changed everything, or began to change because now there were all the meetings, the other things, etcetera.

What was the basic idea of this model? It was that what the government was doing, I think that are obvious. What the government was doing was giving money to the hospitals—they were not federal, especially the non-federal hospitals—giving money through authorizations for surgery. So each hospital in each city, hundreds of them, had these authorizations for a given sum of money because each surgery has its cost. Then with this kind of budget the hospital used this to provide service to the people to this limit. This made no sense.

What I wanted was, first of all the separation of the provision of the services and the financing, the control of demand of the services. So who provides the hospitals? But the municipalities have the money. In Brazil has a very clear system, constitutional system, the federal government, the state government, the municipality. It is more clear from in the United States. Each municipality is supposed to receive money for healthcare according to its population, not according to the hospitals it has or the synergy, but according to its population. And there will be an entrance system—admission system—to make the—select who needs healthcare, who doesn't. The money and the doctors that perform this is part of the medical system. They have the money, they are associated to a municipality council in healthcare that already existed in the Brazilian system. It was empowered. And the other side are the hospitals that provide the services. This committee and this municipality contract with the hospitals for the provision of services.

It is the purchase provider system that the English had been trying to develop, it was based on this. Also it was very well done, better than in England, in Barcelona in the Catalan nation. This was the basic idea. And then controls, a strong control of this process. It was this that was done.

MAJEED: So this was successful.

PEREIRA: *Very successful. The healthcare system, universal healthcare is a big success. It is a very cheap system. It costs us \$1.00 per capita per day, very small cost and provides healthcare to everybody. Say 25% of the population don't use it because they are richer, so they have individual security plans.*

MAJEED: And the reasons for the success go back to 1996?

PEREIRA: *No doubt, not only this. Look two years later I went to the—this was very important. Also the fact that they got the money for this. Jatene was very much involved, now, José Serra who became minister later was very important in getting the money. We still have problems with getting the money for healthcare, had taxes that was fully for this thing that was eliminated by a big effort on the conservative bourgeoisie a few years ago, was a defeat of the Lula administration. But in general this is, as I said, it was very cheap, very successful. Even the 25 that prefer to have a more, pay, all the businesses are paying for having a more—not a better service but a more personal service. Even these people in several cases when the insurance company fails, they go to the state to get it. So it is a very successful system.*

I used to make a line, draw a line, you can make a graph like this. Here you put income per capita, good income per capita, result, all your countries conclusion. Here you put instead of quality of democracy you put quality of healthcare. How broadly it is provided, span or breadth. You make a line like this. Then you put the countries. So poor countries they are around here, rich countries would be around here. I think that Brazil is here, the United States is here. Now in terms of public health care Brazil is here, now they are going to be here. Sweden is probably here, it is better than Brazil.

MAJEED: We're also very interested in the workings of the Ministry of State Reform, the working of the Ministry of State Reform itself. So, for example, in terms of planning, what steps did you or other members take to translate these broad priorities into specific objectives and policy. For example, was there a department

head that was responsible for presenting a plan every week? How did some of these translate into the daily workings of the ministry?

PEREIRA: *That also, internally, the ministry I told you was very small.*

MAJEED: Yes, how big was—?

PEREIRA: *The secretary, the executive secretary, she was the vice minister. [Cláudia Maria] Costin. She was also responsible for the administration of the school, of the ministry. She made several—I don't remember what kind of measures, more specifically she made because this reform applied little to strategic core of state. This ministry was almost entirely in the strategic core of the state. We had only one agency, that was the School of Public Administration, the National School of Public Administration. There we made an enormous change. We increased immensely the number of students and they got much better kind of administration of this and control of this. Previously they used to make a specific kind of training program for each specific secretary for some time. So the result was very small.*

We planned a standard training system and I think doubled, several times—Regina Pacheco, you're going to speak to her. She will be much better able to tell you a numbers of things about that. What I did, I used for the agencies of the government, there were many, that weren't very much interested. I was interested in the agencies, to transform them into executive agencies and regulatory agencies to make them more efficient. Regulatory agencies were being created really at that time. There is a story about the regulatory agencies. But the executive agencies, we already had some.

The idea, for instance, for the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA, Brazilian Institute of Environment and Renewable Natural Resources), the one that takes care of the environment, or for the Instituto Nacional de Metrologia, Normalização e Qualidade Industrial (INMETRO, National Institute of Metrology Standardization and Industrial Quality) that takes care of measures and standards, etcetera. In the Secretary of the Reform of State that Angela Santana was responsible for, they were responsible for developing, helping them create the strategic planning, defining the goals, the meaning, the agreement with reform and then to measure the achievement of goals, the performance indicators, things like that.

The idea—we had about eighty of these kinds of organizations. Some were giving support, let's say consulting support for them. Well, what does it feel like to give much consulting support. So we were discussing with them, providing the information and we created the prize so that there was competition between them. This was a funny thing, how this, some ideas, like this prize, lose effectiveness when they become bureaucratic. Not bureaucratic in terms of full rationality. I say, I developed this thing and made the thing limited to 80 organizations, I didn't want more. These organizations, this is what we tell them, we think that you can have some influence, these organizations are going to follow, we are going to support some, we will follow all, and see which is better. There will be competition for excellence as a means of controlling them. They began to do this.

When I was leaving the ministry the sub-secretary responsible for this thing comes to me to say "now I have a much better idea." He didn't say it this way but he was fully convinced he had a much better idea. Here is a questionnaire and this questionnaire will be applicable all over Brazil, to all organizations, not only

federal but state and municipalities. You have a much better—this competition will become much more interesting.

MAJEED: Comprehensive?

PEREIRA: *Comprehensive, etcetera. I said “what you say is absurd.” This is the syndrome of absolute rationality. That is a major illness of bureaucrats. Bureaucrats, I am very much in favor of bureaucrats, bureaucrats are very necessary, public bureaucrats, private bureaucrats, but they are not bureaucrats in the sense of having this kind of full, absolute rationality. What I wanted was just 80 organizations. Then we know we will have some influence over them. I said, just for us, only federal, I don’t want state, this is a problem for governors. But as I left the government he continued to do it this way. Part of the effectiveness was lost.*

MAJEED: In terms of the planning process you said that the ministry had a very small team. What were the qualities you were looking for in the people that you hired for the ministry?

PEREIRA: *I hired only a few people because I had to—I was supposed to hire the secretaries, I had four secretaries and the vice secretary. I had coordination staff. I believe that from Sao Paulo I brought three or four people. None of them were secretaries. Angela Santana was my student, former student, but she was already in Brasilia. Claudia Costin, who was the vice secretary, she was also already in Brasilia. The other two secretaries I found in the public service around Brasilia.*

I knew that we had a good, we had very good civil servants in Brazil, in Brasilia. The story that Brazil has poor civil servants is just wrong. So I tried to use as many local people as I could. One thing that is interesting is that six years before the government—a law had been approved creating a new career for civil servants, the career of the managers, the gestures. This was made—a 100 were selected in this competition in 1979. Now six years later, there was no competition anymore, no interest anymore, the career had been forgotten but I knew that they were there. I had a big meeting with them so that they would know me, and I asked some of them to work with me. In this way I got several of these people. Basically it was—but all of them were from Brasilia.

What may be interesting for you to know also is that the system of competition, in my strategy, to get ideas approved and implemented, and what is essential to become part of them. As it happened in the healthcare system, in the two years after the approval of the new regulation, I went to the National Council of Healthcare, it was a big meeting, a big council, with all the important people in healthcare, all the big birds. I like them, but they are not easy.

I told a little story, I think. Man comes up, stands up to a guy and he says, “Are you suggesting that the model of this system was proposed by you? This is false. This, we did this. We discussed this. This is our model.” I said, “For sure that is your model.” This was my objective relation to the whole system.

You asked me one question and I forgot.

MAJEED: You were thinking about the successes of the healthcare system.

PEREIRA: *Before the healthcare, I was telling you another thing that had also the same problem of making people proud of their own organizations, their own reform in their organizations, in their ministries. I think I remember.*

In my strategy for reform, I had, let's say, my fundamental objective was to persuade high-ranking civil servants in Brasilia and all over the country that what I was proposing was new, that it was the second reform in the history of the modern state and that the ones that would be involved in this reform—and they were people with Republican persuasion, that they are supposed to work for the public interest, that they would be proud of.

Electorally, to do this I knew very well that I could not make in Brazil a reform like the British made in Britain, or worse than that, like the New Zealanders made in New Zealand. They were more radical, they were too far ahead and they had to go back. They were neoliberals, the New Zealanders. They had to step back. It was a big step back. Brazil couldn't do that. Given the nature of—the stage of the Brazilian society but also the Brazilian tradition, that is a French, German tradition of civil service and not English or American.

So I developed a program, in the model I had the strategic core of the state and I gave a lot of importance to this strategic core of state. I said this is the thing. We must very much increase the capabilities of this group. And to increase capabilities, besides being hired, well paid, with careers. You suppose that in these careers the competition exams—in the Brazilian constitution, you can only enter the public service if you have a public—.

MAJEED: Entry exam?

PEREIRA: *Entry exam. There is a way out of this but it is limited. In Brasilia the federal government for instance has about 25,000 positions that you can decide, that you can just ask people to—.*

MAJEED: Political appointees?

PEREIRA: *Yes, political appointment. Most of the people that have positions are also civil servants. Some others are not. I say about 80% of these positions at least, if not competent people, chosen according to merit and not pork barrel, occupy 90%. But then, to strengthen the strategic core, one thing that was very important was to have entrance examinations every year, for every state career, public service career. These exams should not be, as they were before, pass/fail exams. That is make a test, some pass and some fail. The ones that pass may exceed the number of positions that you have open. So you chose the first ones and then you continue to choose from that pool for the next few years. This was a mess.*

I said no, I am going to have admission, entrance exams every year for every career, with a fixed number of positions and this is going to be selective. So the ones that do not pass this year are considered to have failed if they are not among the first. This was a major, important thing because since then we have this, for the first time in Brazil. Before that, you had this system in the military careers and in diplomacy, now you have it in all careers, so to speak, all the top careers. In my model I didn't want to have any—I did not want to hire any civil servants that were not, that didn't have a university degree. For the low levels you have outsourcing. Outsourcing because—I wouldn't call the social organizations outsourcing, because they have a very important role to play. But finally, it is a kind of outsourcing, outsourcing only to public or state organizations, not to private organizations at all. There is a logic that it is public in intent, outsourcing is for private, for cleaning, for other types.

- MAJEED: In terms of the regular public entry exams and strengthening the strategic core, how did you—so you had the idea and you made the proposal. How was it implemented? How did it play out?
- PEREIRA: *In the case the person responsible was Claudia Costing. We went to each one of those responsible for the careers and discussed with them. Every year I want to sign a port aria [implementation decree pursuant to a law], regulation or norm, saying when the next round of exams will take place, and I want to see all the careers here at the university level. The careers that are part of the strategic core of state. I didn't include these careers of professor or doctors, no, I was not interested in that. I want to get rid of them. I didn't want to hire any more doctors, I wanted social organizations to hire doctors.*
- Because it made sense. It was tradition to do it the other way but it was a very bad tradition. There was a career for auditors of animal health, vets. This is a very important thing because these auditors are supposed to see that everything is according to international standards. For 16 years there was no competition in this area. At that time we were fully in neoliberal years, the '90s; the disastrous neoliberal years were the '90s. At that time, I agreed to meet the only group of businessmen who wanted to speak to me.*
- They came to me. They are associated with agriculture and meat production. They came to me to ask for new public entrance exams to replenish the pool of auditors because they had to try to do this themselves but it didn't work, they needed the state for this. So they were asking me. I was already very much involved in this. I took it very well. But I think that was very significant, that kind of episode.*
- MAJEED: Wonderful. The other thing in terms of the planning processes and some of the decisions that you made, how did you sequence some of these reforms? Did you think about—in terms of the planning process, were there discussions with regard to what would happen first, what would happen second?
- PEREIRA: *I didn't do too much of that. I understood how each organization was supposed to make, develop its strategic plan and to define its objectives. This was—each one would do it differently. I was not so much—there were some general lines, but I was not very interested in defining specifically—.*
- MAJEED: But within the ministry, within the Ministry of State Reform—?
- PEREIRA: *This I don't remember.*
- MAJEED: Was there something where you said, "Oh, this must be done first?" For example, the Plano Director you had it very clearly in your mind.
- PEREIRA: *Sure.*
- MAJEED: To rephrase this, do you have any advice for other reformers in terms of sequencing reform, in terms of carrying out certain things first?
- PEREIRA: *Essentially I don't believe in sequencing. On the contrary, I am very strongly against sequencing. I have an interesting anecdote about this. This is on the role of the World Bank. Also, if you want the role of International Development Bank (IDB). The role of the IDB was very positive because Enrique Iglesias, an old friend of mine, a friend, an acquaintance of mine in Latin America. In July 1995, Enrique Iglesias came to Brazil for a visit. He visited the President, he visited the*

ministers, he visited the important ministers. He didn't visit me, I'm not an important minister.

I believe that everybody said that my reform was the one that really worked. This is another story. But then the bank offered a cocktail lunch, a dinner. I was invited. Then I was talking with Enrique. He asked me what I was doing, I told him what I was doing. OK, he asked me to explain it better. I explained it better. "I want to give you my full support." He gave his support to make a large seminar in May '96. I went to America, a book was published, I held a big conference in Washington a year later, and this conference was fairly largely because the head of the Department of Reform of the State at the IDB came to me and said, "Well, wonderful. Now we have a model for reforming the state, the state apparatus, etcetera, that the World Bank does not have," and indeed they didn't. Because the World Bank, look, in the beginning they came to me, a big group of high-ranking, senior researchers and officials of the bank. They asked me what I was doing. I told them what I was doing. They left. They didn't say anything. All they did was ask. They didn't really say a word.

I didn't ask for them anymore, I had no contact with them except that in 1998, as I was ending my four-year tenure, they invited me to go to a meeting in Washington, actually a big meeting that they have I think every year for the tenured staff of the bank. Actually it was a meeting at the University of—in Bethesda, you are not from there. But the university, part of the greater Washington—.

MAJEED: Was it Syracuse University?

PEREIRA: No, what the state that is connected to, almost inside of Washington?

MAJEED: Virginia?

PEREIRA: No, Virginia is in the south, the other side.

MAJEED: Maryland.

PEREIRA: *The University of Maryland. I came to this big meeting, and for that meeting they had finally invited the head of the Next Step Program. The Next Step Program was the program that in 1988 inaugurated the public management reform in England. Kay Jenkins was the first head of this office. After she retired, she became my assistant, the corporation assistant. So ten years later, almost ten years later in 1998, finally the World Bank was inviting a man to tell them what was the next step because they were fully into this bureaucratic reform, fully. But they came to me. The British man made this nice presentation but I wasn't there to debate. I was not there to waste my time.*

What is the question? Now they were beginning to understand what I was doing and they said, well, there is a problem of sequencing. You are not ready to do this, you are not ready to make social organizations, you are not ready for this. If you were England, or New Zealand, or Sweden or this, wonderful, but you can't. This is ridiculous, simply ridiculous. In several places I wrote criticizing this idea of sequencing because public administration research crosses everything, everything it crosses.

You plan, but you also are executing. It is a process. You are controlling, permanently changing your plans and your execution. This idea of the egg coming after the chicken, why not the chicken after the egg? Really, it is a dialectic process.

I had a very good experience with this. Actually I had a very good experience in the private system when I was Vice President of the Grupo Pão de Açúcar, a big company. I don't have this house here because I worked for the government, but because I worked in the—for 38 years I worked as a Vice President of a big, big corporation. Only part time, during the rest of the day I was teaching in the Getúlio Vargas Foundation.

I had fights, big fights with the owner of the company but that was a long time ago. But me, I was standing—once I developed a wonderful system of decentralization in a big company. Today it is an immense company. Then there was one of the directors who was a very conservative man, he had been my student in the Getúlio Vargas Foundation. He said, well, your decentralization idea is interesting but first there is this, this and this. First train all the managers and then you do this. This is a strategy for doing nothing. This is a sequencing strategy for stopping new ideas.

I said to him, it was another—I'm happy I'm not as good as my President Lula is about metaphors, he is unbeatable, but in this case I had one. Look, this idea that the vehicle comes always behind the oxen—.

MAJEED: The cart behind the ox.

PEREIRA: *This is false, sometimes the cart is in front of the oxen. This is a process. This the World Bank wasn't able to understand. They are doing wonderful work for the world, fighting corruption in Africa. But you know corruption—the whole problem of Africa is corruption.*

MAJEED: Talking about fights, you had said, you've already talked about this but where was the major opposition coming from, in terms of the reform proposals?

PEREIRA: *There was strong opposition coming from the lower bureaucracy because the lower bureaucracy, I was not catering to the lower bureaucracy, I was not interested in the lower bureaucracy; I wanted to get rid of it gradually. I didn't want to make any more unjust competition for that. And besides that, I had made a survey at that time comparing the wages of the private and the public sector. At the top civil servants were paid much less than in the private sector. At the bottom, civil servants were paid four times more than the corresponding activities in the private sector. So you see, I had these numbers. This is in the Plano Diretor, these figures. This was the most interesting among the things I had to research to make the plan. I had auditors, I told you about the university professors. They were guests and they wanted—it continued to be a disaster.*

MAJEED: What about?

PEREIRA: *The big São Paulo University has a ranking that was just published by—I don't recall, I forgot who did this in two visits—205th position.*

MAJEED: What about unions or politicians?

PEREIRA: *Oh, look, I had strong opposition from the Partido dos Trabalhadores (PT, Workers' Party). They were against everything at that time, they were again, against and against. When I had my amendment prepared, in the story of the amendment there is one thing that is interesting to tell. The President, when he came to office, Fernando Henrique [Cardoso] said "we are going to make some amendments, the reforms, constitutional reforms," and he did it. The policy is*

very simple. We are going to deconstitutionalize, because our constitution is very detailed. So we are going to take out some things. OK. So I wanted to make the reform of the state apparatus, so I went to the article in—three or four articles, several items and subitems. I called Angela and two more. Pedro Farias that is in Washington today and Ciro, the three of them and I picked the constitution and started. In the first article, there were the principles, two or three principles, including efficiency. So classical bureaucratic principles.

Then that paragraph was excised. Item one, OK, two, cut, three, cut, four, cut, fifth, OK. Paragraph one is OK, paragraph two, no, cut. Article two. I was playing this game with my three staff members. After fifty minutes of playing this game I looked at myself and said “I am making a fool of myself.” What I am doing is an absurd thing, this makes no sense. I can’t do this. Wonderful. This will never be approved. It will be unacceptable and if I come with a reform like this it will be a disaster, like it was for the reform of Social Security that the government sent to Congress at the same time. This is fully wrong.

I want to make a reform, I know what I want to reform, but I want to get what I want in a sensible way without taking out all the rights that are already included in this constitution. This is a much more difficult job and will take a lot of time. Actually, it took six months and it was essentially—the moment I got a very good young law professor, lawyer, that helped me too: Modesto. But to make that amendment I talked—I had the support, the technical support of Paulo Modesto, but I talked to everybody, everywhere, by all means, to key members in Congress, with the people of the states, governors, because—not only because I needed their help, but also because they had different ideas and some final ideas came from this process.

In the debates, I presented in the debates. I had a policy: I never went to a conference if there were no debates. “This is the opening of the conference.” I will open the conference if you want, but after I open the conference, debate with me. After that you can do the rest of the conference your way, I’ll leave for sure.

So when I finally finished with the reform, it was a very good reform. It was a strong reform, consistent. Then I—but before completely finishing it I went to speak to all the parties, the political parties in Congress. Only parties that had supported me, and I got meetings with all of them separately. I don’t know how you call this in English, who was the representative. Well, the only one that was absolutely impossible to get was the PT, the Workers’ Party. They strongly refused. No discussion, no conversation.

I was able to discuss with them because I was a member—there is a committee in Congress that also has to do with public administration. I went there and I had some fights with them. I was able to discuss with them because a House representative that was rich and lived in Brasilia in a big house, she invited me and some Workers’ Party representative so that I could discuss with them. Things like that. So they were very much against. They continued to be against it in the—after I left. They continued to be against it during Lula’s first term but now they are entirely in agreement, they are supportive.

MAJEED: How was the amendment passed in spite of all this opposition?

PEREIRA: *Look, the opposition was not “all” anymore. In Congress, I think it was in August, they made—I went to Congress in August of 1995, there was broad support in public opinion for the reform. There was support in Congress. The problem was that first I had, there is a major report that is made by the justice committee. The*

reporter was fully against the reform. Normally when a reporter is fully against in the justice committee—but in spite of this, this man was Angela's brother-in-law. He was important in the House of Representatives at the time. We were able to overcome this.

Then they chose a reporter of the commission, who Congress, that was not against reform but was a very bad politician. He was a very pork barrel politician, but at the same time he thought of himself as an important intellectual who knows everything. This man had a lot of problems. It was this—and the President, instead of nominating me to talk with him, he put Eduardo Jorge who was one of the two men at ministry level to talk with him. The man who had been defeated in the discussion in the beginning of the administration. I had problems but I got—.

The funny thing is that there were members making a lot of changes, helping to make changes in public administration, but the more important thing that I wanted was not yet achieved: making full tenure flexible. Why? Because we lack ordinary law to make a distinction between—in the white paper a distinction between the public servant that belonged to the state careers from the other public servant that are not in the state career.

It makes a very small difference in how—in the process of firing a member that belongs to this career from a member who does not. I want to take this out—I understood that this was—would only create problems instead of making it easier. The constitution amendment was approved. The flexibility was there, very well.

But now before I could regulate how to fire a person, I must first define which are the state careers and which are the non-state careers. The next day the approval extended to how the—to the chief of staff of the President, my project, that had been very well thought-out. Defining broadly which are the state careers. They changed it, putting a very small number, actually only the lawyers and the diplomats, and they sent it to Congress. There was a big discussion there. It was halted, and it has been suspended since then. In the last eight months of the first Henrique Cardoso term they lost; in the second term they tried once again and they lost again; and Lula fortunately forgot about this.

So I mean, it took two-thirds of Congress, in two sessions, to make an amendment. Now I just need a simple majority, in one step: not twice, once, to pass this law. The law was not passed.

MAJEED: Were there—?

PEREIRA: *Because there was not a person involved in discussion or debating.*

MAJEED: In terms of the constitutional amendment, were there certain things that were implemented before the constitutional amendment was passed?

PEREIRA: No.

MAJEED: So everything happened—?

PEREIRA: *No, the last thing they did—For instance, the more important reforms, the structural reform of the social organizations, the social organizations did not depend on the amendment. I could have put it in the amendment. There is one thing, in one of the amendments that were made to my amendments, there is*

something related to the military. There is something about social organizations. But what happens to the military, they liked the ideas, but the social organizations are independent from that. So most of the themes of the reform did not depend on the amendment. But really the amendment was very important for the reform.

For instance, a funny thing, in the first article it says that only principles are permitted so: neutrality, I forgot—This is classical. There are four principles. I put in the fifth: efficiency. I put it should be efficient, it's obvious. It's funny how this changed public administration in Brazil because now the administrative lawyers, because I also had significant opposition from the administrative lawyers. Because I would say that lawyers are the priests of the bureaucracy. My reform was very new for them, very new for them.

I had, one of the more important administrative law professors in Brazil was an old friend of mine. He lent me this excellent lawyer that helped me very much. Then I needed support from these people. It was important for me. So I invited them to Brasilia, I set aside a full day for them, for discussion with them, but I got no support.

Today I have lots of support, but at that time I didn't get their support. A few supported me, but the majority was against. It wasn't necessary to have their approval.

MAJEED: Looking back, what do you think were the major accomplishments between 1995 and 1998 before you left the ministry?

PEREIRA: *That's difficult to say. The two big achievements of the reform became—I won the minds and hearts of higher public service officials, not fully, but I won. That's why the reform continues to happen in Brazil, throughout Brazil, in the states, in big municipalities, they use exactly the same ideas, the same names, etcetera, and concepts.*

Second, there was the approval of the amendment. That was a major achievement, even though there are some things that are not being practiced, as I just told you. Now when a President wants to do this, it is very easy to get a simple majority to pass a law. I think these are really the two major achievements. These are achievements that made the reform successful, particularly the first one.

MAJEED: What were some of the—

PEREIRA: *The support in the public opinion polls, this is very important, support of public opinion! To this day everyone knows me. Not only in Brazil, in Latin America, because when I achieved—when I took office, I received a phone call from Caracas, from the Director of the Central Latinoamericana de Trabajadores (CLAT, World Confederation of Labour's Latin American chapter). This is a small, multilateral institution dealing with public administration that has headquarters in Caracas. He told me now it was my time to be President of the—because they wanted a logic there This was fully, was fully in crisis, this situation because Venezuela was in big crisis and they were in need of financial supporters, because this director that called me was a Venezuelan that wanted to be—*

MAJEED: Reelected?

PEREIRA: *Reelected. I received a letter from the governor saying we don't want this, because they just wanted to reform the state in Latin America but it was*

ridiculous because they only had three staff members, senior staff people, and they wanted to reform the state. But anyway, I transformed this institution, a very important institution in Latin America and I—they used this institution to discuss the new ideas throughout Latin America. Many of my books were translated into Spanish, my articles. I had many meetings then, and there was CLAT.

In the end, they all told me that I saved CLAT because I invented the new congress of CLAT. You know about this? They were three people, they wanted to make state reforms, but they were doing nothing. But at some time they got some money from the government, they got some money from Spain, 300, 400,000 dollars or 500,000, no, 600,000 dollars of that time, good money. They spent it in setting up a small consulting group for small countries. They don't know, old bureaucratic reform and hosting a conference where they invited a few people; they paid a lot of money to host that conference. Well, what we are going to do is make a Congress. OK, why make a Congress? Because that will cost us nothing since the participants will pay for their participation. They look at me and said, what? No, no, then I took them—I took two of them and went to the Latin American Studies Association (LASA) meeting, you know the LASA meeting, right? There were 5000, 6000 people there. I took them. I'd like to see. In Brazil you also have things like this, not so big. But I tried, the United States was much better in this case. They looked around. We made the first Congress in Brasilia, in Rio de Janeiro, in 1997 I believe. It was a big success. Now they have a Congress every year in many places and CLAT is again an important thing. Not only—they became a forum for discussion of reform, and civil servants come, professors come to discuss, etcetera. It has become a lively thing.

MAJEED: You'd mentioned earlier that one of the major achievements was getting public support. How did you make a—?

PEREIRA: *I have only a few more minutes.*

MAJEED: I just have a few more questions. In terms of public support, how did public opinion change over time? If you were to look back, how would you measure that?

PEREIRA: *Measure? We don't have measures at all. Frankly, for me, public opinion was strongly against me for the first two to three months because they were not understanding and because there was a negative reaction. But six months later the—.*

MAJEED: So in the media?

PEREIRA: *Yes, certainly one year later, because now people could see what was happening through the media, in the conferences that were hosted, etcetera. There was some, look, the left—the PT was against for sure, the lower civil service, the administrative lawyers, they were against. The judiciary too. I wanted to make a speech, I talked twice with the President of the Supreme Court, but he didn't—he was unreachable. Later, after I left I received several invitations that I didn't accept. Now I had to make my formal—.*

MAJEED: When you—what do you think—did some of the reforms continue in the second phase of the Cardoso administration?

PEREIRA: *Oh yes. In the second phase, for some time Claudia was minister, then she left I don't know why, but Evelyn Levy— she was one of the directors of— she was also a student of mine, and she was one of the people that they brought from*

São Paulo and she worked with Regina, a very high level person. Today she is on the staff of the World Bank in Brasília.

MAJEED: What happened in the second phase?

PEREIRA: *She became—one thing that is important before I answer this question is that it was clear to me that the power that I had over those 80 organizations was not very big. I didn't have power over them. Some power, if they wanted some positions that I could [Indecipherable]. It was in the hands of the chief of staff of the President, not in my hands. It should have been but they—. So I did have, frankly for me, my power was the power of persuasion, that's a wonderful power. It was working out but I wanted a little more. Sometimes we needed also administrative power or the power you get with the budget, I didn't have the budget.*

I remember that I had gone to the United States, my visit to Washington. I talked with the—they don't have a minister in this area, what is the name—at the same level of the head of the budget office, and I talked with this man, and he said "Look, I don't have much power but my office is right next to the office of the head of the budget. That is a very powerful man in the United States. My power is there, it's mine, because they were together in the same ministry, in that—not ministry, in that office building. A horrible building that is in Washington near the White House where these two guys were.

So in Brazil the person who has this power is the planning minister. A long time ago, during military regimes this minister was also responsible for management. They were also responsible for the reform that worked. [interruption]

So I think that, wait, I'm going to leave government at the end of this year and I showed that this minister should again have influence and be more in the planning ministry so that you have the power. I think I was wrong, I made a mistake. The planning minister has power over the organizations, but no minister became really interested in this. So the reform, in terms of ministry things, she was lowered in status in the presidency. That was bad.

But anyway, this was the—so when I left, I proposed this to the President. He accepted. He eliminated this in his second term; there was no ministry any more. First there was a sort of Secretary of the President, Claudia Costin and then they made another change to finish with this, and it became a Secretary of the planning minister. Evelyn Levy after some time occupied this position. She did a wonderful job there to continue the reform.

*Anyway the reform continued by itself, and the reform was already picking up in the other states. One thing that very interesting about this reform is that it was done practically in all states. Some copied it fully, took my book, gave them one copy, they made a *Plano Diretor da Reforma do Aparelho Estado* book: almost a copy. But the most interesting thing happened in Minas Gerais where the current governor—he is in his second term, a very popular man. He had a planning secretary, a man called [Antônio Augusto Junho] Anastasia. He is running for governor at this moment. Anastasia was the Vice Minister of Labor in Brasília while I was minister of federal administration. This man is an administrative lawyer, very competent administrative lawyer. He learned about the reform in the first days, became very much interested. He was not at all interested in the labor ministry.*

So several times he was with me, helping me to draw the law of social organizations. When he became planning secretary at Minas Gerais he decided to make the reform, and he took my former staff people who were now consultants and he made a full system. He chose a secretary that was also very much with me, but in Minas Gerais she was assisting the Secretary of Minas Gerais at that time. This caused—it got a name, a political name, shock in the system, management shock.

When four years later—this was very successful. The governor was reelected with a big majority. One of the arguments that he used everywhere to be reelected very easily was the shock system. What does this mean? For the first time in the history of Brazil the public administration became a political issue that helped to elect or helped to not elect a politician. This had never happened before. In Europe this is very common. In the United States, I don't know. But in Europe it is common.

I participated in the meetings of the survey after I left the ministry; I participated in it. In preparatory meetings, three preparatory meetings that I participated in, the staff of the prime minister of the President, they choose the themes and they chose themes that they knew would be discussed in that meeting of the survey. Public administration was always there. Very clearly, that was the case because it had political relevance, because the chiefs, the prime minister or the politicians want to be reelected. This is normal in Brazil for the first time, in Minas Gerais. This is interesting.

MAJEED: Very interesting.

PEREIRA: *The person who was responsible for this successful reform in Minas Gerais is a candidate for governor; he is now winning. I think he will win the election. Nothing of the politicians. Here is an administrative lawyer, but he is also a politician.*

MAJEED: I have two more questions. Looking back, do you think that the right decisions were made? If you could, knowing what you know now, if you could change a few things, would you change anything?

PEREIRA: *I would have not proposed to the President the end of the Ministry of Federal Administration Reform of State, because it was a mistake on my part. I don't remember other mistakes, maybe I made them but that was—.*

MAJEED: One of the things we ask of all our reform leaders is that if you had the opportunity, and you already have had, to write a handbook on public administrative reforms, what would be the subjects or the topics you would consider most important that should be included in the book, what would be of most benefit to you?

PEREIRA: *Well, when I—two books. When I was minister, my ministry was a kind of think tank, ready to power, ready to budget, but with a lot of people thinking, me thinking and debating with society. This was a kind of think tank. I wrote several articles and papers, articles in newspapers, papers, real papers. I published two books, one of them was also published in English, the other was published in Portuguese and Spanish, and I published a full book that came in the beginning of 1988 (it was 1998), which is entitled Reforma do Estado para a Cidadania, State Reform for Citizenship. It presents the model of the reform and it tells what can—was done in three years before.*

After I left I wrote several other papers and they were collected in a book which was published by Oxford University Press called Democracy in Public Management Reform. Actually the title was wrong. The title was the subtitle, Building the Republican State. But at the last moment they proposed to change the title. It was the only thing that I think was not so good. But anyway this book that is also in Portuguese with the right title, Building the Republican State with the subtitle Democracy in Public Management Reform, is a very structured book explaining the reforms, explaining the model, explaining the strategies.

I don't know, I think now to enumerate things here is complicated.

MAJEED: Is there anything else you would like to add?

PEREIRA: *This was—I held several positions, I was Finance Minister, I was Secretary in São Paulo, I was Minister of Science and Technology, also in the Cardoso administration. I had important roles in the state of São Paulo, but the most successful work that I did in my public life was these four years in the ministry of the federal administration. I also created a very good thing that still exists in some way, that still convenes in some way, the people that work in MARE. They had an odd name, MARE. Now the number of articles, dissertations, Ph.D. dissertations or Master's dissertations about reform are enormous as the process continues. And it is not surprising. Since I say this is the second reform of the modern state. In my view, I told you in the beginning, the modern state begins patrimonialist and turns bureaucratic in the nineteenth century. In the twentieth century, and this is important, why the reform was made, why was this second reform, managerial reform made?*

Because the reform, the bureaucratic reform was made for the liberal state and the liberal state was a state that was in the 19th century, was a state of five to 10% size of GDP. Seven percent size, let's say. Small size. In the 20th century, especially in the second part of the 20th century, we had to build the social state or the welfare state, say social state. Now the social state is 45% of GDP. Not in the United States, but in Europe it is 45. In Brazil it is 36; it is big in Brazil. Forty-five, a very large social system, compensating our dire inequality in wages.

Well, when you change from the liberal state to the social state and from 7 to 45% of GDP or 40, 42, you multiply four or five times the size of the state. Now you cannot be concerned only with effectiveness, as the liberal state was. You also have to be efficient in the use of the money in these social and scientific areas. That's the reason why this kind of reform is absolutely inevitable; all countries will do this reform. Some will do it later. Spain for instance in the last three years is fully involved in the reform.

Using all my—people tell me, they are using all your concepts and they are not quoting you. Forget about it, this is not important. All countries have to do this because if they have social states, if they were—if the neoliberals had won and after 2008, it is dead, I hope. But if the neoliberal state had been successful, we would not need public management reform because we would be back to the 7% state and efficiency in this case is not important; effectiveness is enough.