

TITLE:

Policy Paradigms, Networks, and Practices: Analyzing Change in the Thinking about Economic Development in Brazil in the Early 21st Century (2001-2014) and its Influences on Policy and Strategy Making

ABSTRACT:

This study examines the thinking about economic development that has informed Brazil's national-level policy and strategy making across time, especially in the period 2001-2014. The qualitatively rich and intriguing economic development experience of early-21st-century Brazil – from the Cardoso administrations' policy legacy, through Lula's rule, to Dilma's tenure (especially her first term) – has drawn considerable attention, but has represented a significantly puzzling period and case to interpret, particularly regarding which thinking about economic development actually influenced policy and strategy making. At the time of the formulation of this research's design, if one tried to find information on what such thinking was (its character, nature, underpinning premises, roots), one could be dazzled by the conflicting range of potential answers, some of which are completely irreconcilable with one another.

In international and domestic scholarly debates and even in national political debates, contrasting interpretations would range from, e.g.: (i) assertions that early-21st-century Brazil remained essentially tied to the neoliberal frame that had prevailed since the 1990s (Palma, 2012; Vernengo, 2011; Filgueiras and Gonçalves, 2007); to (ii) claims that the government, at some point (e.g., by the mid-2000s), had begun following the prescriptions of a so-called “new developmentalist” model (fundamentally different from the alleged “old” developmentalist ideology in Brazil in the 20th century and which was inadequate for the 21st century) (Moraes and Saad-Filho, 2012; Bresser-Pereira, 2011d); to (iii) accusations that Dilma rehabilitated the state-activist economic development model of the 1964-1985 military regime (a kind of “developmentalism” from the past) (Pessoa, 2013); to (iv) an increasing incidence of references, in the discourse of some key national policymakers alluding to late economist Celso Furtado and aspects of the type of economic thinking he had represented before the 1964 military coup (e.g., Presidency of the Republic of Brazil, 2011; Rousseff, 2011a; Ministry of Finance, 2007). Furthermore, the two most prominent political parties then – Cardoso's PSDB and Lula's and Dilma's PT – by 2012-2013 championed opposite accounts of the development models allegedly pursued in Brazil across the early 21st century: (v) PSDB leaders argued that “political scientists of the future will tend to understand the period that started with Itamar Franco [president in 1993-1994, when Cardoso was the Finance Minister] up to the Dilma administration [the incumbent then] as a single period of continuity” (Neves, 2012; see also Cardoso, 2012); (vi) while a core document issued by PT, celebrating its 10 years in power, for example, delineated a sharp contrast between the alleged “developmentalist” model of the PT administrations (from 2003 until then in 2013, suggesting a clear, straightforward trajectory of change implemented from the onset of the PT governments and evolving across both the Lula and Dilma administrations, although without specifying what type of “developmentalism”), against an alleged “neoliberal” approach to economic development associated with the Cardoso administrations (1995-2002) (PT, 2013). This is a sample of the myriad of clashing interpretations one could find then.

Concomitantly, while my study was being planned, key academic and policymaking circles internationally were looking toward Brazil (then praised as one of “the rising 21st-century powers”) and inquiring “whether new models of development [were] emerging” there, which could provide inspiration to other countries (King, 2012; see also T. Friedman, 2012; Barrientos and Amann, 2014; Inter-réseaux Développement Rural, 2012; among others). Hence, grasping what was effectively underneath those clashing interpretations, and which paradigms were actually driving policymaking in the country, was of significant scholarly importance. Thus, this study is aimed at illuminating what economic development model(s) Brazil was effectively pursuing in the early 21st century, while it had

been attracting international attention. Elucidating that is also important given Brazil's economic weight and potential influence in this new millennium.

The study combines detailed knowledge of Brazil's national public administration in the realm of economic development with an interpretive policy analysis (IPA) approach (Yanow and Schwartz-Shea, 2012; Yanow, 2000; Wagenaar, 2011; etc.). The choice for this approach was especially in an attempt to reach novel insights and unearth potentially overlooked or misinterpreted elements. Amid the plethora of conflicting interpretations – and considering Arbix and Martin's (2010: 32-33) remark that, “if we find the major analytical categories that authors apply to contemporary [early-21st-century] Brazil's development trajectory all wanting”, *new conceptualizations* of it shall figure as a “fruitful line of inquiry” – such a choice has intended to help fill some of the blanks or gaps existing in the jigsaw of interpreting the actual economic development thinking that was embedded in the country's policy and strategy making in the early millennium. The analysis employs key concepts including ‘policy paradigms’ (Hall, 1993 and 2013; and others), ‘discourse coalitions’ (Hajer, 1993; Plewhe, 2011), and derived insights, e.g.: ‘economic knowledge networks’ (Hira, 1998 and 2007, adapted from Haas' [1992] ‘epistemic communities’); the processes of ‘discourse structuration’ and ‘discourse institutionalization’ that may occur in policymaking (Hajer, 1993); and ‘historical-ideological periods’ (Hira, 1998 and 2007). The analytical framework also benefits from Historical Institutional insights, flexibly employed for characterizing contexts (Plewhe, 2011; Schmidt, 2010).

This study adopts a multilayered investigative approach. It triangulates inputs and pieces of evidence from Brazil's development policy ‘discourses’, ‘practices’, and ‘networks’, in light of the relevant (historical, economic, international, societal, etc.) ‘contexts’ in which actual policy and strategy making – and the changes identified – were occurring. For enhanced empirical depth, the study explores three policy sectors in close detail, using schematic comparison-summary charts (displayed in the study's main text), backed up by a set of comprehensive, thoroughly referenced descriptions of the changes (presented as appendices), as methodologically supported in IPA; providing a solid evidence base to aid in interpreting the broader Brazilian national economic development strategy making and the key alterations in the sets of ideas underpinning it. Broadly contextualized data is explicitly recommended for multilayered interpretive analyses like the present study, to understand meaning-making in context (Yanow and Schwartz-Shea, 2012).

The sectors are: *monetary* policy; *energy*-related development policies; and *rural* development policy. All three sectors have been vital within Brazilian economic development strategies, at least across the past century, or even beyond. Furthermore, as they have substantively different settings, sector-specific challenges, administrative and power structures, and other characteristics, they provided – when considered in a parallel examination – substantive room for analytical counterfactuals and for probing broader, potentially cross-sectoral paradigm shifts (if any had occurred), thus contributing to the ultimate objectives of this study and strengthening the conclusions reached.

The study has six chapters, and falls into three parts. Part 1 includes Chapter 1, “Understanding Economic Development Thinking via Policy Paradigms and Discourse Coalitions: Analytical Framework and Methodology”, and Chapter 2, “A Historical Overview: Economic Development Thinking and Policymaking in Brazil from Colony until 1994”. Part 2 encompasses Chapter 3, “Main Economic Knowledge Networks (EKNs) and Discourse Coalitions (DCs) in Early-21st-Century Brazil”, which essays a thorough analysis of key communities of meaning that had been seeking to influence policy and strategy making, and Chapter 4, “General Changes in Approach to Economic Development from Cardoso's Administration through Dilma Rousseff's First Administration (1995-2014)”. This Part 2 identifies, already, crucial elements regarding the core period of interest for this study (the first 14 years of the new century); with a broader focus at the national level (although providing key contextual inputs for grasping the policymaking in the distinct policy sectors). Then, Part 3 encompasses Chapter 5, “Analysis of Three Selected Policy Sectors: Energy-related Development Policies, Rural Development Policy, and Monetary Policy”, that builds on detailed appendices for each sector, and Chapter 6, “Synthesis and Conclusions: An Interpretive Analysis of Economic Development Policy in Early-21st-Century Brazil”.

The integrative approach adopted – not only exploring different policy sectors but also triangulating inputs from multiple dimensions (policy discourses; policy networks; policy practices; and relevant contexts) – has enabled this study to identify 7 major EKNs and 4 broader development DCs

that disputed with each other for policy- and strategy-making preponderance in early-21st-century Brazil, each embodying a distinctive economic development paradigm. While all of them had some degree of importance within Brazilian society in the period concerned, not all managed to effectively plug into policymaking spheres, and some did so with only feeble connections, as shown in the study. Moreover, the occurrence of some phases of substantial hybridity in national policy and strategy making seems to have further contributed to the large range of conflicting interpretations mentioned earlier. This situation resembles the fable of “The Blind Men and the Elephant”, in which distinct ‘interpreters’ seemed to have been successfully touching on some of the characteristics of the ‘animal’ – i.e., development paradigm(s) effectively pursued by Brazil – but often not on ‘all of the animal’ ; or even touching on parts of different ‘animals’ without fully realizing that they were dealing with an amalgamation of different ‘paradigms’, each with respective networks and distinct underpinning sets of ideas but which sometimes cooperated and at other times contended. Thus, the study ultimately aims to contribute to removing some of the blindfolds and to illuminate some major blind spots, enabling us to probe the character, nature, actual roots, and underlying premises – and the evolution across time – of the thinking about economic development actually embraced and used in policy and strategy making in early-21st-century Brazil; also making more evident the mechanisms and/or actual channels through which such evolution took place.

While identifying and characterizing the heterogeneity of paradigms disputing economic development policymaking in Brazil, this study concludes with a grounded attempt at delineating two major historical-ideological periods, noted across the core period of analysis, through drawing on actors’ testimonies, policy documents, direct observations, and many other sources, and aided by analytical guideposts and suggestions such as provided by Hira (1998, 2007), Kern et al. (2014), Yanow (2000), Cameron (1995), and others – including Hall’s (1993, 2013) policy-change typology and other guideposts for comparing and differentiating economic development thinking across time. Finally, to properly interpret the economic development paradigm(s) influencing Brazil during 2001-2014, two other intersecting timelines (1995-2016 and 1500-2016) have been considered, as they have provided necessary pieces of context.

Beyond this study’s directly covered main periods, the mappings of networks and economic ideologies carried out here might be a useful starting point for new studies about today. Former President Lula (who led the country for two terms, in 2003-2006 and 2007-2010) has been elected for a third term, 2023-2026. Some of the core networks, actors, and ideologies might still be playing out in present-day policy and strategy making.

Keywords: *policy paradigms; discourse coalitions; economic knowledge networks; early-21st-century Brazil; economic development history; economic thinking; development policy discourse; interpretive policy analysis; monetary policy; rural development policy; energy policy*