

**THE POLITICS OF EDUCATION FUNDING
IN BRAZIL, 1964-1984**

by

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To Edineide

"The Brazilian nation should feel emotion in facing the drama of education in this country."

Col. Sérgio Pasquali, former General Secretary of the Ministry of Education and Culture

(who felt this emotion himself)

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The people and institutions listed below are not likely to be among the readers of this thesis. They have already dealt with it sufficiently... It is difficult, however, to be brief in these acknowledgments.

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ABSTRACT

THE SUBJECT. This thesis lies in the field of public policy and its purpose is to interpret the decision-making process of education funding by the Brazilian federal government during the period 1964-84. The descriptive approach is meant to leave room for original information on a recent aspect of the educational issue in Brazil.

THE MAIN ARGUMENT. As from the mid-fifties the impetus of the country's industrial economy raised the standard of development as the *leit motiv* of policy-making. Traditional, liberal views of public responsibilities in education services on the grounds of humanistic and democratic values were increasingly replaced by considerations of **education as an investment for economic development**. The economic approach to education was to be central to the decisions on finance allocation to education and implied a preliminary attention to the rationalization of education administration. The 1964 authoritarian regime implemented this policy by concentrating the decision-making process in the bureaucracy, since the nature of education funding was seen as a technical matter.

THE CONTENTS. The thesis scans some aspects of the federal bureaucracy's historical background on which the policy stepped (and eventually stumbled) and the origins of policies on education funding. Two crucial elements of the decision-making process are then investigated: the stance of the military towards education and the reflexion of the expansion and crisis of the Brazilian economy on the provision of tax finance to education. At its height, the research goes into several vital decisions for the education funding to find out how they were actually made and on which reasons they were based, whether giving or denying education a special budgetary treatment. Finally, a look at the poor results of planning and rationalization in relevant points of the policies unveils the importance of some cultural and social components of the organizations involved.

THE CONCLUSIONS. The thesis concludes that, as far as Brazilian experience suggests, the economic justification for funding education and rationalizing its spending is fragile and of little effect, since the allocation of public resources proves to be a political not a technical process. The cause loses rather than gains as the decisions are entrusted to economic bodies.

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INTRODUCTION

INT. 1. The subject and its relevance

This thesis is a study of the decision-making process in education funding by the Brazilian federal government during the period 1964-84. Although events, trends and policies constitute the main object of the research, its final rationale could lie behind the question: "how did Brazilian government justify its decisions on the financing of education?". The political significance of the question is especially pertinent in a developing country where a pressing demand for education is found against a context of euphoric economic investment.

Since the issue of financing of education has more frequently been seen in its technical aspects than identified with the justification of education itself, political scientists have not occupied themselves so much with the subject but have left it to economists. Meagre reactions to that particular issue have come from theoretical concepts of education, in its sharp turn from the liberal, innovative optimism in the first decades of this century, particularly under Dewey's ideas on the socially transformative role of school, to the bitter Marxist critique of the school's function of reproducing class structure and capitalist values, in the seventies.

Suppositions in the early sixties about the key role of self-developed human resources to explain increases in national output over the expected result of the classical production factors (physical capital, manpower and land) triggered the interest of economists in education and

produced intensive literature on what appeared to be a new vein of scientific knowledge. From the main theory on education as a capital investment, studies were developed on rates of return and cost-benefit analysis, manpower forecast techniques and specific methods and problems of the financing of education. In spite of controversies over basic issues, the "economics of education" consolidated and began to be used by government advisers and international planning agencies.

When this influx came to the field of policy-making and other professionals in governmental bureaucracies and politicians became involved, a certain practical approach to the financing of education was formed and passed on to broader circles interested in the matter. Education gained a new status among government programmes as an investment - rather than expenditure - in the economic development and from there on a main justification for spending on education was defined; education began to be planned under economic techniques; a major concern with the rationalization of schools operation and output originated reforms (after all, education appeared too important to indulge itself in unprofitable expenditure...). In many developing countries, including Brazil, this "economic approach" came to prevail over other, often humanistic views.

Nevertheless, an ill-disguised discrepancy is undeniable between the theoretical importance of education for development - relevant rates of return to education are worked out by economists - and the experience of clumsy implementations of policies inspired by that economic approach to education. The thesis is chiefly interested in this point. It is illustrated by the following quotations from two eminent economists of education who have published a great deal on the subject. The texts

also opportunely convey complementary information to this section.

George Psacharopoulos, reviewing the evidences and objections to the theory of human resources in a recent, outstanding article, assesses confidently that:

"There is widespread evidence that an individual's earnings increase with each extra year of schooling. The explanation of human capital theory is that education makes the individual more productive not only in the market place but also in the household. (...)

Estimates on the returns to education are now available for over sixty countries. Table 1 gives a regional summary and raises several noteworthy points.

The social returns to education in developing countries are at least as high as any reasonable measure of the opportunity cost of a capital or a social discount rate. In other words, investment in people may be more conducive to economic growth than investment in machines. Rates of return are higher in primary education, followed by secondary education and then university levels. For primary education, unit costs are small relative to the extra lifetime income or productivity associated with literacy. For university education the opposite is true. The same diminishing returns apply across countries: the more developed the country, the lower the returns to education at all levels. The high returns to education in low-income countries must be attributed to their relative scarcity of human capital.

Private returns are higher than social returns at all levels - a result of the public subsidization of education in most countries. The discrepancy between private and social returns is greatest at university level - which raises issues of equity as well as of how educational

expansion should be financed".¹

Professor Mark Blaug, for two decades one of the enthusiastic pioneers of the economics of education and the implications of the theory of human resources to government policy-making in the area, recently confessed his revisionist position.² A decade ago, he had stated:

"The golden days of the economics of education are over. In the 1950's and 1960's, economists were thick on the ground in every ministry of education in every capital of Asia, Africa and Latin America. (...).

To be an economist interested in education in the 1970's is not quite so easy. The streets of Calcutta, Karachi, Cairo, Accra, Bogotá and Buenos Aires are filled with unemployed university graduates, even as the civil services in these countries are overstocked with graduates. In Africa the so-called 'school leaver problem', which only ten years ago referred exclusively to unemployed leavers from 'primary' schools, now designates the unemployed products of secondary as well as higher education schools. In the famous Addis Ababa Conference of 1961, African Ministers of Education looked forward confidently to universal primary education by 1980. 1980 is only one year away and yet in more than half of the forty six countries in tropical Africa it is now perfectly obvious that universal primary education will not be achieved even by the year 2000. Everywhere there is deep dissatisfaction with the quality of education. (...) Ivan Illich's books appear to be addressed to audiences in advanced countries and yet his thoroughly subversive ideas of 'de-schooling' have not fallen entirely on deaf ears in developing

1. Psacharopoulos, G. "Education and Development, a Review". Research Observer, 3, n.1 (January 1988), p.101.

2. Blaug, M. The Economics of Education and the Education of an Economist. Aldershot, Edward Elgar, 1987, p.vii.

countries."³

Noting the fact that the situation described by Professor Blaug for Africa is surprisingly the same as that in Brazil, including for the 1980 targets for universal primary education, accorded in the 1961 Inter-American Conference of Punta del Este, and that Dr Psacharopoulos includes rates of return and other figures for Brazil in his article (Tables 7, 8 and Appendix), the distance between the human capital theory and the policies to implement it raises some remarks.

Given the difference of their source of evidence, the two assessments are not contradictory (it would always be possible for Psacharopoulos to argue that the rates are those in spite of gloomy results of policies, which even suggests that they would be higher if correct policies had been introduced). However, their contrast in exactly the relevant details (developing countries, elementary and higher education, etc.), leaves us with some questions. If recent facts have militate^d against current statistics, the latter could not subsist in the long term. What would effectively bridge the gap in the case of attempts to use Psacharopoulos' conclusions in the policy-making process? There must be something else to question about the odd results of education plans based on the economic approach in developing countries (where else were they applied?) other than the simple reason that technological change and its implication for market demand for skills are too elusive to predict; granted the obsolescence of manpower forecast methods, there still remains a great deal of disillusion with the outcomes of the education-development policies. Besides, leaving aside the references to the

3. Blaug, M. "The Economics of Education in Developing Countries: Current Trends and New Priorities", Third World Quarterly, January 1979, pp.73-4.

two quoted positions, if the returns to education are so unquestionable, why are complaints from schools or teachers and governments against each other over finances for education so frequent everywhere? After all, what is wrong with the implementation of policies based in the "economic approach"? Should not the political issue of the allocation of public funds play a decisive role in the answer to these questions?

Incidentally, one fact suggests how distant academic studies on economics of education are from the formulation and implementation of policies on the financing of education. In spite of the fact that economic crises have been frequently affecting developing countries in their dependency on international markets - Brazil is a good example - literature on the financing of education in this determinant context is extremely rare.⁴

The author is confessedly suspicious of a dangerous gap between policies arising from the concept of education as a profitable investment and the disturbing methods of their implementation and results. It seems that the study of the financing of education at the level of public policy analysis (thus involving the real context of implementation) requires the issue to be set at the level of the decision-making process, as this thesis endeavours

4. Not a single article on this subject was found in the following major colletion or reviews on economics of education, totalling more than 150 works: Bowman, M. J. "The Human Investment Revolution in Economic Thought", Sociology of Education, vol.39 (1966), pp.111-38; Bowman, M. J. (ed) Readings in Economics of Education, Paris, UNESCO, 1968; Blaug, M. (ed.) Economics of Education, 2 vol, Middlesex, Penguin, 1968/69; Psacharopoulos, G. (ed.) Economics of Education, Research and Studies, Washington, The World Bank, 1980; Blaug, M. The Economics of Education and the Education of an Economist, Aldershot, Edward Elgar, 1987.

to do. This immediately directs the researcher towards the challenging complexity and richness of events and introduces him into crucial political scenes where the turning point of decision occurs. The difference that unapparent facts, such as formalism, autonomous behaviour of the bureaucracy, its internal bargains, and circumventions of the law and plans, make to the interpretation of policies and their results can only be detected at the level of detail.⁵ The analysis of the decision-making process in this fashion is an essential methodological feature of this thesis and involved the author in difficult options such as that of renouncing theoretical contributions, or risks such as that of dispersion or over-extending descriptions.

In particular, the thesis's questioning of the conception of education as investment and of the propriety of the ensuing administrative strategy arises from the results of the action of the Brazilian government in education over two decades. Poor education results, chiefly of elementary and secondary schools, contrasted with the increase in Brazilian Gross National Product. Even among the economically active population in industry, educational achievements did not match gains in this sector, leading to the suspicion that, after all, basic and general education is only marginally necessary for

5. Typical facts, such as those mentioned, are pointed to as the main cause of the poor outcomes of the Brazilian efforts in administrative planning during the 1950's and half the 1960' by Dr Robert Daland in: Brazilian Planning: Development, Politics and Administration. Chapel Hill, The University of North Carolina Press, 1967. To his interpretation of the phenomena, Dr Daland rely on Fred Riggs' theory of the "prismatic" bureaucracy, (Riggs, F. Administration in Developing Countries: The Theory of Prismatic Society. Boston, Houghton Mifflin, 1964). Interesting analysis in this book stimulated the research of some subjects in Chapter Six of this thesis.

long-term economic growth.⁶ Figures for the participation of education in the total governmental investments during the period 1964-85 (Section INT. 5) are incompatible with the official stance on the importance of education.

However, the purpose of this research goes beyond its main theme of the vicissitudes of the financing of Brazilian education under the economic approach which prevailed during the 1964-84 period. The original recovery of a substantial selection of events, often from reports by people directly involved in the decision-making process and from unpublished government documents and financial reports is a goal in itself, so far as it intends to provide information to other researchers into the same field who are available to further, necessary theoretical developments.

Finally, the period and context in which the theme is studied displays an interesting confluence of facts. When the 1964 political change occurred, Brazil had had its debut in the era of the modern planning for economic development in the early fifties with the USA's technical assistance ("Point IV Programme"). International co-operation was still welcome, in the sixties, including for education planning, when the 1967/68 internal military movement inside the regime cast the country into a cycle of authoritarianism which justified itself by means of nationalist ideals of rapid development, otherwise a solution for an acute social conflict. Then, the country inherited a century-old educational gap and 45% of its

6. This point has been sharply raised in Brazil during the eighties; Salm, C. Escola e Trabalho, S. Paulo, Brasiliense, 1980; interesting suggestions from the statistics of the 1980 Brazilian census in: Demo, P. "Educação, Cultura e Poder, Hipóteses sobre a Importância da Educação para o Desenvolvimento", Brasília, mimeo, 1982.

population were between 5 and 24 years of age. The grim educational situation in international comparisons shook those ideals and a political motive boosted the sponsorship of education by central economy planners, whilst technical bureaucracy found a suitable milieu under the political authoritarian rule. The association of education with development fluctuated along the seventies in the competition with economic programmes for finance, until it was not possible for a country depending on oil and financial markets to postpone the effects of the international economic crises. Previous educational investments and rationalizing policies by the bureaucracy were then put under check.

Brazilian literature and academic tradition in the field of public financing of education has not matured yet or was interrupted in the early eighties, at least in relation to its promising economy-related branch. Generally, lack of reliable and regularly supplied official information, particularly on the states and *municípios*, has been the major shortcoming, hindering the development of studies. Nevertheless, after being limited to a half dozen authors during the fifties, publications considerably increased between 1966 and 1978, taking up the momentum and themes of the official policies. Government-subsidized institutes of educational research (such as the National Institute of Educational Studies, INEP, and the Regional Centre of Educational Research, in São Paulo) led the way during the first years of the movement.

Two main lines of titles predominated: institutional aspects of the organization and structure of the financing of education, and the typical themes of the economics of education (general approaches and planning, cost and

productivity).⁷ While in the former the best work has come from authors somehow directly involved with government organizations (so relying in personal sources), in the latter some creative work has replaced translations of foreign literature from the late sixties (further information may be found at the end of Section 2.2.3.2). The World Bank has produced some good quality reports, often collecting or screening, by its own means, worthwhile financial information, otherwise difficult to obtain at the necessary level of detail.⁸ Of particular note is a vacuum in original research into the political aspects of the financing of education, the academic interest stopping at the level of the politics of education in general or specializing in higher education politics.

INT. 2. The structure of the chapters

Following the authoritarian feature of the regime (1964-84) and a long history of state centralization, the federal bureaucracy - including dozens of universities and technical schools - is the basic element which composes the context for the decision-making process on financial

7. Although mention of particular works is out of scope, a book from a doctoral thesis represents outstandingly the best syntesis at that moment; Pontes, H. Educação para o Desenvolvimento: Estudo Crítico da Administração Educacional no Brasil. S. Paulo, Companhia Editora Nacional, 1969.

8. Mahar, D. J. and Dillinger, W. R. Financing State and Local Government in Brazil. Recent Trends and Issues. World Bank Staff Working Papers, n.612, Washington, The World Bank, 1983; The World Bank, Brazil. Finance of Primary Education. A World Bank Country Series, Washington, 1986; Psacharopoulos, G. Earnings and Education in Brazil: Evidence from the 1980 Census. EDT Series, The World Bank, Washington, 1987.

and educational matters. It is a normal setting of events in the thesis.

After reviewing some active elements from the past centuries in the cultural and organizational tissue of this bureaucracy (Chapter One), the research continues on the way in which the main policies on education funding were formed between 1966 and 1970, breaking down resistance and bringing hopes on effects of planning and rationalization of expenditure (Chapter Two). Then, two elements are investigated as crucial components for the development of events: first the stance of the military towards education - their concerns and interventions - as they held the political power during the period, and secondly the repercussions of the expansion and crisis of the Brazilian economy on the provision of tax finance to education (chapters Three and Four).

The research proceeds to its main course by studying four series of vital events for education funding in order to find out how decisions were actually made (Chapter Five). They are presented under the common theme of the permanent struggle for funds for education which was the real scene, beyond official discourse and policies on the matter. The two first sets of events refer to a tendency to give education a special budgetary treatment, be it by creating earmarked financial sources or instituting minimum percentages of ordinary revenues for education. Non completion or discontinuity in legally defined policies are investigated. The two last groups of events took place in the 1980-84 period when the effects of the economic crisis turned narrow financial limits into revealing conflicts, involving the economy central planning body and either educational authorities or university staff.

Finally, a view at the poor results of planning and rationalization policies in facing cultural and social components of the educational organizations shows the decisive role of the non-technical elements, raising doubts over the propriety of the bureaucracy's economic approach to expenditure on education (Chapter Six).

INT. 3. Some caveats

Some caveats about the subject or the range of some expressions must be borne in mind.

A preliminary point must be stated about the scope of this thesis. Its focus is put on the **process**, not on the **results**, of the financing of education. This is so in a twofold sense. First, that the thesis is not structured to show and explain the favourable or unfavourable picture of the finance finally allocated to education; general financial results are summarily presented in Section INT. 5 of this Introduction and assumed as a background data, the attention being concentrated on the decision-making process which produced those results but is quite more significant in its non-financial aspects. Second, the educational achievements (in terms of schooling or literacy rates, education standards, etc) of the government's disbursements during the period are not under consideration and the same is to be said of judgements on the adequacy or inadequacy of the sums actually spent in relation to educational needs. These are substantial questions which involve other fields besides politics and public administration.

The research is limited to the Brazilian federal government funding, although this represented (1984)

approximately only 36% of the country's total public expenditure on education, since most of the elementary and secondary education systems are run by the states and *municipios*.

It was not possible to avoid the fact that figures presented on education budgets or expenditure include cultural and sports programmes, owing to the structure of federal organization and their close links with education. Those programmes, however, did not reach 2% (1984) of the total expenditure of the Ministry of Education and Culture (MEC)⁹. For similar reasons, science & technology programmes associated with education are not distinguished as such; figures for education expenditure include all research and post-graduation programmes of federal universities and other MEC's agencies. Incidentally, expenditure on higher education by MEC was (1984) as much as five times all the rest of the federal investment in science & technology, including the programmes of the National Research Council (CNPq).

INT. 4. A first introductory excursus: the institutional framework of the Brazilian education system ¹⁰

The constitutional nucleus of education rights and provisions about education supply survived the changes of

9. Given the large number of abbreviations in this thesis, it was found more practical to explain each of them at its first appearance in every chapter than refer the reader to a single list of abbreviations.

10. The content of this section (comprising sub-sections INT. 4.1 and 4.2) represents the situation during the period under study (1964-84). However, most of legal and administrative institutions actually extended further, no major changes having been introduced by the 1988 Constitution.

the last forty or fifty years, as opposed to the organization of systems at the three levels of regular education which were reformed by the last governments.

INT. 4.1. Constitutional aspects

The Brazilian Federal Constitution during the 1964-84 period set forth education as firstly and generally being a right for all, to be given at home and school (Art.176). Particularly, primary education (7-14 years) was stressed as an obligation to all citizens. The provision of education, however, was not as unambiguous. The constitutional text did not indicate how this obligation would be met by an adequate, accessible education, particularly in primary schools. It said that education was to be provided by both the state and private initiative, the former being urged to maintain schools at all level, the primary ones being free. Despite extended discussions, the members of the constitutional assembly, from 1946 onwards, did not manage to reconcile the right to education by a guaranteed supply of the service with liberty for private - mainly religious - education organizations. Because of the strong lobby of these, it was assumed that any other formulation would fall into a totalitarian state solution. Yet, the other side of the conflict was that the state was not compelled to have a complete elementary school network and relied on private organizations which at the present time account for 13% of the total enrolment in primary schools.

Even so, a large proportion of the total financial onus for primary education was not directly defrayed by the state. The constitution (Art.178) transferred this duty to private firms which had to maintain free primary

education for employees and their children. They could carry out the duty directly or pay a government-estimated cost per pupil to private schools or to the government itself. This last option, the *Salário Educação*, instituted in 1964, will be studied in Section 5.2.1.1.

Still according to the Constitution, education at the secondary and higher levels in public schools was to be free only for those unable to pay for it and, the gratuity system would have to be replaced by a scheme of scholarships to be later reimbursed by the student. This never came to practice and some attempts at its implementation in higher education are related in Section 6.1.

The organization and maintenance of education systems - primary, secondary and university institutions (Art.177) - were the responsibility of the states which also drew the basic organization of education in the *municípios*¹¹. All this organizing activity, however, was subject to the so-called "directives and bases of national education" which was a special legal competence of the Federal Union (Art.89, XVII, q). To avoid the effects of strong historical trends, a "subsidiary" role was left for the Federal Union in the direct provision of education with its own system. The actual profile of the provision of education in Brazil is presented in Table 1, below.

11. According to Brazilian Public Law, the *município* is the smallest of the three administrative expressions of the state - the others are the states and the result of their cohalision which is the Federal Union. *Municípios* are created in the Constitution of a state and, in the limits instituted in it, they have political and administrative independency (elected Legislative and Executive powers). The same as for the Federal Union and each state, each *município* is a different juridical person ("Brazil" is a juridical person only in International Public Law) responsible to state and federal courts. These peculiarities made translation probably inappropriate.

Recalling an original feature in the nineteenth century, the federal public system favours higher education and technical secondary schools, which is more a tribute paid to political pressures from élite or specific development-promoting policies than the accomplishment of its constitutional supplementary role. Except for pre-schools, the state systems provide for the greater part of the total supply. Private initiative has become more interested in preschool and universities, generally attended by children or youth from upper classes. The number of private schools stopped growing in the mid-fifties although their enrolment has closely followed the general increase in the supply.

TABLE 1. BRAZIL; SUPPLY OF EDUCATION PER LEVEL OF SCHOOL, 1985

	TOTAL ENROLMENT (1,000)	PERCENTAGES OF TOTAL ENROLMENT				
		Total	PUBLIC SCHOOLS			PRIVATE SCHOOLS
			Federal	State	Municipal	
PRE-SCHOOLS	1,866.8	58.8	(2.8)	(44.3)	(52.9)	41.2
PRIMARY SCHOOLS	22,297.6	86.7	(0.5)	(62.6)	(39.9)	13.3
SECONDARY SCHOOLS	2,874.5	59.0	(5.7)	(86.8)	(7.5)	41.0
UNIVERSITIES	1,436.3	39.8	(57.8)	(25.3)	(16.9)	60.2
TOTAL	28,475.2	79.7	(2.4)	(63.5)	(34.1)	20.3

Source. MEC/SG/SEINF/Serviço de Estatística da Educação e Cultura. (Information directly collected).

Political and economic factors from the late last century determined the extension and quality of each system.

Generally, south-eastern and southern states had the best systems and north-eastern the more inadequate ones. The northern and western states, which were more recently established following south-eastern models, had not overcome their basic problems related to enormous distances.

INT. 4.2. Other administrative aspects

As a consequence of some assumptions about the national nature of educational matters and historical centralizing trends (Chapter One), the Federal Union prodigally exercised the role of laying down the "directives and bases of the national education" and thus set up a large, legal and organizational apparatus. Besides, this organizational structure grew considerably during the last decades in order to plan and control not only the development of the federal system but also the increase in financial transfers to states and municipios.

In 1961, Law 4024 reorganized an almost century-old institution and called it the Federal Education Council (CFE) which was placed at the top of all systems as far as specific educational matters were concerned, enjoying a privileged position in the first-rank federal body for education, the Ministry of Education and Culture (MEC).¹² Law-by-decree 464, of 11/2/69, introduced some changes in CFE's attributions. It became more dependent on the major government policies and MEC. It maintained, however, a nationwide jurisdiction in order to define minimum

11. In 1985, just after the end of the period to which this thesis refers, a Ministry of Culture was created and MEC became the Ministry of Education (the abbreviation remained the same).

curriculum contents at all levels, to inspect all schools, to control its set-up and judge technical educational matters in the last instance. CFE had an additional, politically sensitive role, which concerned the annual fees for all private higher education schools. The twenty four members of CFE were appointed *ad libitum* by the President of the Republic. In principle they were to represent all the regions of the country, the levels of education and both public and private school networks.

The federal education system was run by MEC. It comprised in 1984 a set of central bodies, the so-called "Direct Administration" (about 25 councils, secretariats, administrative departments and other sections, plus a representative office, *Delegacia* in each state), and more than a hundred decentralized units: 48 universities and isolated colleges, 21 secondary industrial schools, 33 secondary agricultural schools and 10 specialized agencies for technical and financial fostering or foundations for programmes such as student assistance, school material, literacy and education for the disable. Making a large "organizational chandelier" (whose growth is explained in the thesis) these units had different administrative regimes, greater or lesser degree of independency, all subjected, however, to the authority of the Minister of Education who was assisted and represented by specialized secretariats for each area. The General Secretary coordinated the activities of the ministry, as he was also the head of its planning and financial system.

As an extension of its constitutional tasks of financially and technically assisting the states in their educational systems and acting in the implementation of the national development plans, MEC increased its influence in the relationship with the states, inasmuch as this trend was favoured by the authoritarian and centralizing political

feature of the regime: the greater the financial dependency towards the federal government, the greater this influence of MEC on each state education authority.

The functional aspects of the federal system were largely determined by the regime's administrative reform (1967 onwards) whose principles were extended to states and *municipios* by the Institutional Act nº 8, of 2/4/69. The essentials and consequences of this important reform are studied in chapters Two and Seven.

As well as MEC, other ministries had some training schools (police, diplomacy, public finance, etc); on the other hand, regular education schools were sometimes granted by funds from development programmes which were run outside MEC. The federal educational structure also included another system which followed specific rules beyond MEC's jurisdiction, that is, the military education system which comprised secondary and higher education schools.

MEC's central or decentralized units were basically maintained by the Federal Treasury and directly inscribed in the Budget and, for these reasons, were subject to ordinary federal financial controls and regulations. Decentralized units, particularly universities and university hospitals, were also granted by other ministries from both the Federal Treasury or other sources. All decentralized units were legally allowed to have their own financial sources, mainly from services and fees. Such resources represented from 11% (technical secondary schools) to 17% (universities) of the total expenditure of these units, except for two cases of foundations enjoying special sources hence larger proportions. Further details of the federal finances in education are included in the next section (INT.5).

It was established by law that a "State Education Council" had a position and functions corresponding to those of CFE's at national level in relation to each state and its *municípios*. A State Secretariat for Education was the chief executive body for each state and a Municipal Secretariat for Education for each *município*. For reasons of administrative flexibility, most states and larger *municípios* had their systems of primary and secondary schools formally included in foundations which were run by the education authorities themselves. State and municipal universities were generally organized as decentralized units.

Education in the average states (São Paulo was far an exception) had about two-thirds of their expenditure covered by their own-source revenues, the rest being supplied by federal specific transfers, chiefly the *Salário-Educação* and the earmarked shares of the State Participation Fund (FPE). *Municípios* were in a worse position of dependency from both the federal and state governments' transfers.

INT. 5. A second introductory excursus: a panorama of the federal public expenditure on education in Brazil

Table 2 provides the basic figures (1984/85) to place the specific area of the federal government expenditure on education in a wider context and to draw the profile of the expenditure of MEC in terms of origin of the funds, its nature and the purposes to which the expenditure was legally addressed.

Issues on tax-originated and non-tax originated finance (the latter representing a significant proportion) are

studied in Chapter Five. The trends of events at the origin of a massive proportion of expenditure on personnel and higher education, particularly from the safer, tax-originated sources, are matters for Chapter Six. Several other categories appearing on this table, such as the repayment of debts and other current expenditure (personnel excepted), will also be referred to in important sections.

TABLE 2. BRAZIL: GENERAL PROFILE OF THE ALLOCATION OF PUBLIC FEDERAL FUNDS TO
EDUCATION, 1984/85 ¹
(Percentages)

EDUCATION & CULTURE IN THE FEDERAL BUDGET	10.3
FEDERAL BUDGET'S SHARE IN TOTAL PUBLIC FUNDS FOR EDUCATION ²	36.0
Directly Spent by federal education bodies	65.0
Transferred to other executors	35.0
THE MINISTRY OF EDUCATION & CULTURE (MEC) IN THE FEDERAL BUDGET	6.7

Origin of MEC's Financial Sources

TOTAL	TAX ORIGINAT.	NON-TAX ORIGINAT.	INDEP. ³
100.0	49.2	41.2	9.6

(continues)

Origin of MEC's Financial Sources

	TOTAL	TAX ORIGINAT.	NON-TAX ORIGINAT.	INDEP. ³
	100.0	49.2	41.2	9.6
<u>Purpose of MEC's Expenditure</u>	100.0	100.0	100.0	100.0
Primary Education	41.7	0.9	86.1	60.6
Secondary Education	4.3	7.7	1.1	0.5
Higher Education	42.1	71.4	10.1	28.5
Culture and Sports	1.9	2.9	0.8	1.5
Other Educational Programmes	0.2	0.3	0.1	-
Central Planning and Administration	2.7	3.3	1.2	6.7
Repay of Debts	4.4	9.0	-	-
Social Security & Health	2.7	4.5	0.6	2.2
<u>Nature of MEC's Expenditure</u>	100.0	100.0	100.0	100.0
Personnel	38.7	75.7	0.1	15.9
University Personnel	84.2	87.0	-	11.2
<i>Autarquias</i>	65.0	64.1	-	67.0
Foundations	35.0	35.9	-	33.0
Other MEC's Bodies and Schools	15.8	13.0	0.0	88.8
Other Current Expenditures	42.5	12.9	70.1	74.7
Capital Expenditures	14.4	2.4	29.8	9.4
Repay of Debts	4.4	9.0	-	-

Notes

1) The initial position of the 1985 budgets is taken. Initial budgets usually take into consideration the current position of expenditure at the time they are made (in this case, 1984); as they quickly become outdated because of high inflation, figures in this table represent an average of 1984/85.

2) State and *municípios* funds complete the total. As for the rest of this table, figures do not include finance of state-owned companies which also spent some money in education, residually, as part of larger projects, directly involving grants for researchers or local communities.

3) Resources independently obtained and run by MEC's decentralized agencies, chiefly universities. This category varies significantly during the execution of the budget and budgets' forecasts are underestimated for this reason. Actually, its share at the end of 1984 went to 15.2%. However, about 40% of these resources are obtained from other federal agencies, chiefly for research programmes and activities in special need.

Sources

MEC/SG/SOF, "Proposta Orçamentária 1985", 1984, Tables II, XXXIV, XXXVI, XLV, XLIX;
BRASIL/PR/SEPLAN, Orçamento da União, Exercício Financeiro de 1985, Projeto de Lei, 1985; BRASIL/IBGE, Anuário Estatístico de Brasil, 1986, 1987.

The two following tables serve as a general appraisal of the total federal government expenditure on education if compared with those on other sectors, which exactly reflects the political side of the decisions. Two approaches must be taken. The first concerns the Federal Treasury (tax-originated resources or not) whose budget is annually presented to Congress and approved by law after several months of preparation within federal bureaucracy (during which the ministries struggle for greater shares for their programmes). Real increases in appropriations of the Treasury for education are scanned throughout a long series starting from 1964 and sectioned into government periods.

TABLE 3

BRAZIL: THE FEDERAL TREASURY'S EXPENDITURE ON EDUCATION, 1964-84

YEAR / PERIOD	CURRENT Cr\$ Million	CONSTANT 1970/73 Cr\$ Million	CHANGE IN PERIOD %
1964	13	1. 122	
1965	18	1. 402	
1966	27	1. 620	
<i>C. Branco's Government</i>			22. 0
1967	49	1. 180	
1968	70	1. 267	
1969	162	1. 389	
<i>C. e Silva's Government</i>			-3. 3
1970	387	1. 415	
1971	559	1. 863	
1972	570	2. 596	
1973	830	3. 076	
<i>Médici's Government</i>			22. 8
1974	1. 150	3. 215	
1975	1. 385	3. 541	
1976	1. 758	4. 253	
1977	2. 612	5. 779	
1978	3. 165	6. 353	
<i>Geisel's Government</i>			16. 2
1979	4. 305	6. 442	
1980	6. 420	5. 179	

(continues)

YEAR / PERIOD	CURRENT Cr\$ Million	CONSTANT 1970/73 Cr\$ Million	CHANGE IN PERIOD %
1981	11.242	7.252	
1982	22.133	8.047	
1983	35.089	6.529	
1984	56.109	6.590	

Figueiredo's Government

2.3

Notes.

- 1) To equalize basic data in the series, some earmarked financial sources (*Salário-Educação*, loans and lotteries) were excluded because they did not belong to the Treasury Budget until 1980.
- 2) As for the Constant Cr\$, GDP deflator was used with the average 1970/1973 prices = 100

Sources

BRASIL/IBGE. Anuário Estatístico do Brasil, 1966, p. 513;
BRASIL/MEC/SG. Retrato Brasil: Educação, Cultura, Desporto, 1970-1990. Brasília, 1985, p.551; MEC/SG/SOF. Report T08L003T, of 8/10/86; IMF. International Financial Statistics. Yearbook 1986. pp.166-7 (for GDP deflator indexes).

The second table includes a wider circle of financial sources such as public borrowing, lotteries and compulsory contributions (not classified as taxes) which are added to non-tax resources and developed outside the Treasury (thus

under the exclusive decision of some ministerial authorities) as special, flexible instruments to manage economic policy and to support priority investment programmes. The set includes the resources of the National Welfare System whose revenue was also run outside the Treasury's Budget. Conceived as investment, education had participation in some of these kind of revenues and this appeared to be even higher than in the tax-originated resources. The series is sectioned into government periods beginning in 1970, when main economic and educational policies of the government had already been launched.

TABLE 4
 PERCENTAGES OF EDUCATION IN THE TOTAL EXPENDITURE OF THE BRAZILIAN
 CENTRAL GOVERNMENT, 1970 - 1984

YEAR / PERIOD	BUDGETARY ACcts	EXTRA-BUDGET. ACcts	TOTAL
1970	4.6	8.9	6.7
1971	4.3	7.9	6.3
1972	5.1	8.0	6.8
1973	5.3	9.4	7.6
<i>Médici's Government</i>	<i>4.8</i>	<i>8.6</i>	<i>6.8</i>
1974	5.6	8.7	7.4
1975	4.6	6.1	8.6
1976	4.6	6.8	5.8

(continues)

YEAR / PERIOD	BUDGETARY ACcts	EXTRA-BUDGET. ACcts	TOTAL
1977	2.1	8.2	5.1
1978	1.9	7.8	5.0
<i>Geisel's Government</i>	<i>3.8</i>	<i>7.9</i>	<i>6.0</i>
1979	3.4	7.2	5.4
1980	2.5	6.3	3.4
1981	1.4	6.1	3.8
1982	2.6	6.5	4.6
1983	1.8	5.8	3.7
1984	1.6	5.3	3.2
<i>Figueiredo's Government</i>	<i>2.2</i>	<i>6.2</i>	<i>4.0</i>

Notes

1) Figures of the total expenditure of the Brazilian central government do not include the balance of the government's subsidized lending or the expenditure of the government's state-owned companies as far as they do not depend upon funds from the federal Exchequer.

2) "Budgetary Accounts": tax-originated finance only; "Extra-Budgetary Accounts", all other sources either included in the Treasury's Budget (Table 3) or not.

Source. FGV/IBRE. Agreement with IMF for financial statistics of Brazilian public sector, Table B. Data for the period 1975-84 were published by: IMF. Government Finance Statistics. Yearbook 1986. pp. 188-97.

Some conclusions can be drawn from Tables 3 and 4, on the aggregate.

Expenditure on education **by the Federal Treasury** (Table 3) increased in real terms by almost 600% from 1964 to 1984 and had gone beyond this some years before. Incidentally, another important figure should be remembered: the share of public expenditure on education in the Brazilian GDP rose from 2.6 to 3.2% (after having reached 3.8%). The country changed dramatically during these two decades and so did education.

However, if the comparison is made in the context of the whole investment of the federal government in the economy, which expanded outside the Exchequer, the picture appears differently (Table 4). From the early seventies, just when the implementation of the 1968 and 1970 national plans was going to take place, percentages of expenditure on education **in the total government investment** decreased almost invariably to 60% of the 70-73 levels at the end of the regime (drop from 6.8 to 4.0%). The ordinary funds from tax revenues (*Tesouro Ordinário*, as they were called in Brazilian budgetary jargon) slumped from 4.8% to 2.2%. Also of particular note is that the majority of expenditure on education outside the Treasury Budget, thus displaying the same kind of instruments in use for special economic programmes, fell from 8.6 to 6.2%, and this happened some years before the 1979 financial crisis).

CHAPTER ONE

DETERMINANT ELEMENTS FROM THE PAST

In the Brazilian tradition, education has not been a cultural patrimony of the local communities, an object of their concern and support, but a task which was either taken up by a distant governmental authority or simply left to it. Even when state governments organized education systems within their vast jurisdictions, the central government has never ceased to perform decisive controlling functions. This is a fundamental characteristic to be borne in mind in order to understand the issue of education financing because it put the bureaucracy - more specifically the federal bureaucracy - in the centre of the stage.

Starting from such a feature, this chapter attempts to recover from past centuries selected elements which played a determinant role in the formation of the background patterns of the trends to be studied in the following chapters.

The first section describes the sudden change from the Jesuit incipient autonomous teaching units in the sixteenth and seventeenth centuries (which could have been the embryo of a community-based system) to the Lisbon-controlled public education system. Then the arrival of a century-old Portuguese bureaucracy following the move of King João VI to the colony in the early nineteenth century was a decisive step for the consolidation of this trend. An important social trait lying at the origins of the Brazilian culture and later interfering with the regime's rationalizing policies is the patrimonial concept of the state which reflects on both prebendalism of the

bureaucracy and a consequent, distorted demand on state resources. When the three-century educational gap began to be filled in, two decisive facts occurred provoking a strengthening in the federal bureaucracy's position vis-à-vis education funding: first, the rise of nationalist and liberal ideals about education which confused the national nature of the educational issue with a centralizing administrative strategy for the services; second, the federalization of number of higher education schools between 1930 and 1960, establishing a sort of pattern which has not stopped since. By means of its historical social status, higher education literally overwhelmed federal educational bodies and their resources. Finally, much of the scene of the 1964-84 events came directly from the two Vargas government periods, an administrative legacy which this chapter attempts to summarize.

The confluence of these elements formed the underlying social and institutional background opposing the geographic reality of the country and eventually proving a stumbling-block for government policies. Some of the following chapters benefit from the conflicts this opposition produced.

1.1. FROM THE JESUIT ERA TO THE POMBAL'S REFORMS

The mainland Portuguese government was scarcely concerned with public services in Brazil, as the political and economic relationships with the colony were quite well defined: Brazil was expected to be no more than a complementary economy for Portugal's foreign trade.¹

1. Prado Junior, C. The Colonial Background of Modern Brazil (Trad.), LA, University of California Press, 1969, p.202.

Government investments were, therefore, limited to internal or external safety and to judicial and fiscal activities, although some police services for public order were later introduced in the main towns.² There was no government body in the administrative structure to deal with education under either the major-captains or, later, the provincial governors. Periodic queries related to education were handled by governmental bodies of general administration: the General, Provincial and Local Committees ("Juntas") in which the religious authorities took part.

Educational activities from 1549 to 1759 were considered a matter for the Jesuits. The newly founded Company of Jesus (1540) had been commissioned to carry out doctrinal activities in the colony where the first missionaries arrived with special status and facilities. The literacy and further education of natives and children was soon understood to be complementary to their religious education or conversion to faith. Elementary schools were established in each village where the missionaries taught, as well as high schools in towns, mainly to provide ecclesiastical personnel, and even two Fine Arts Colleges (Bahia and Rio de Janeiro)³. Following the Jesuits, several parishes held "first letters schools" so that children could read and learn the catechism. This educational infrastructure was partially taken over by governmental education policy after the Jesuits were expelled (1759).

The Jesuits were given special areas (*sesmarias*) to set

2. Avellar, Hélio de A. História Administrativa & Econômica do Brasil. Rio, MEC/FENAME, 1970, pp.161-5.

3. Leite, Serafim. Novas Páginas de História do Brasil. S.Paulo, Companhia Ed. Nacional, 1965, pp.161-5.

up and develop farms in order to support their activities.⁴ This scheme - which also applied to important Portuguese settled in the colony - resulted in an interesting, effective way of indirectly "financing" education. The farms prospered and came to stimulate local economies. Further grants were awarded to the Company of Jesus but only for teaching Christian doctrine. The clergy always held that education was their concern, not that of the Crown; the schools were a private activity,⁵ and they ran their teaching and curricula according to their own scholastic methods (*Ratio Studiorum*).

The Jesuits' educational activities, however, were accepted on sufferance only and they were never allowed to award higher education degrees.⁶ The Company's chiefs in Brazil usually compromised with Lisbon's policies but in many affairs firmly opposed local authorities by defending the freedom of the natives or the autonomy of their schools. Nevertheless, the Jesuits built up an efficient network of activities close to the communities in Brazil, with solid political support in Portugal's Court and important Portuguese institutions.⁷ As for Brazilian education, it remained for two centuries as a humanitarian

4. Tobias, José A. História da Educação Brasileira, 2 ed., S. Paulo, Juriscredi, undated, pp.58-62.

5. The issue of the real purpose of state grants and other donations to the Jesuits was widely discussed between the clergy and the Lisbon Government in the affair of the "brown youngmen". See Leite, Serafim, História da Companhia de Jesus no Brasil, 7 vol, Rio, Civilização Brasileira/Inst. Nacional do Livro, 1938-1949, vol. VII, pp.200-8.

6. See Leite, Serafim, História da Companhia de Jesus no Brasil, Op. Cit., pp.195-9.

7. The Jesuits frequented the Court as the tutors of nobles' children and came to control the royal university of Coimbra (1573) after creation of the University of Évora (1558). See: Costa, Antônio de, História da Instrução Popular em Portugal. Lisboa, Imprensa Nacional, 1871, chap IV.

and Christian service, resulting from the institutional links between the Roman Catholic Church and the Portuguese Crown.

The 1750's were the start of a new era for the state of Portugal and, then, Brazil. The accession of King José I to the throne was the culmination of an internal crisis in Portugal's ruling élite as a result of an evident decline in the economic and political importance of the country among Western European nations. The disadvantageous terms of trade with England for five decades (the Methuen Agreement of 1703) and the increasing dependency on that country for safety and industrial products⁸ proved the failure of the feudal monarchy and its leadership based on birth and ownership of land. A coalition of part of the court with the commercial bourgeoisie and the state bureaucracy was able to put forward a set of policies aiming at economic and political emancipation, whilst maintaining good relations with England. In fact, Portugal enjoyed a marked political and administrative transformation over 27 years under the strong leadership of Sebastião José Carvalho de Melo, afterwards created Marquis of Pombal, himself a former Portuguese ambassador to England.

Some ideological elements supported the political and administrative changes after 1755. The "enlightenment" brought an increasing confidence in rational administration and pragmatic procedures for external politics and commerce. Governmental bureaucracies were reinforced, affluent bourgeoisie co-opted and nobles called on to take over new functions in the state, now based on competent participation in commerce, technical

8. Simonsen, Roberto, História Económica do Brasil (1500/1820), S Paulo, Nacional, 1957, p.376.

bureaucracies and state interests abroad. Thus they were able to keep their position in the new structure of political power as the state evolved from a feudal to a bureaucratic monarchy.

Under Pombal, it was considered necessary for the state to intervene strongly in the main institutions supporting the national culture. Regular education was to be taken over by the state and administered to the people in a selective and controlled way. For many reasons the Jesuits were seen as opposition to this project.⁹ The order's links with some groups which made an attempt against the life of the king in 1758 were the excuse for its total banishment from the country and colonies (Royal Act of 26/6/1759).

An overall administrative reform of educational structures (Royal Act of 6/11/1772) was intended to carry out a new policy for education and to fill the vacuum left by the Jesuits' expulsion. 13 years had elapsed by then, and only five years later Pombal himself would be deposed (1777). Even so, the disruption of the Jesuits' scheme for education and its dilatory substitution by a centrally

9. See Alden, Davril, "Aspectos Econômicos da Expulsão dos Jesuítas do Brasil: Notícia Preliminar". In: Keith, H.H. and Edwards, S.F. (ed.) Conflito & Continuidade na Sociedade Brasileira. Rio, Civilização Brasileira, 1970. Besides ideological reasons (the strongly anti-Protestant Jesuits' doctrine rejected some capitalist procedures) the activities of the Jesuits in colonies created problems for the government's economic policies for a fast formation of capital, mainly through industrial and commercial monopolies. In Brasil, the order opposed the slavery of indians or even their absorption into European culture and carried out an independent trade in spices (*drogas do sertão*). The Spanish Jesuits resisted the sovereignty of Portugal by force in the provinces east of the Uruguay river (Agreement of 1750 with Spain). Above all, they did not render obedience to the king, considering themselves directly under the Pope's authority.

controlled strategy would directly influence the following decades with repercussions for the whole XIXth century. Furthermore, Pombal's provisions brought the first introduction of the definitive bureaucratic pattern in the administration of Brazilian education.

Pombal's education policy served two purposes: first, to provide the nobles and upper bourgeoisie with technical competence instead of the "academic and useless" - as it was called - teaching of the Jesuits, so that they could perform their new role in the economy and administration. Second, to keep education under the control of the state, particularly in the colonies, and selectively administered as a political resource, by preventing some social betterment of the rural or urban population.¹⁰ These ideas were propounded by some of the intellectuals who were very close to Pombal, such as Verney ("Verdadeiro Método de Estudar", 5 volumes) and Sanches ("Cartas sobre a Educação da Mocidade").¹¹ Black people were forbidden

10. In his four "Letters to Brasil" as in the introduction of his "Plan and Overall Calculation" Pombal said: "It is enough for people of rustic offices or factory arts to be taught by parish priests; people directed to be clerks in commerce or public service should be given exercises for reading, writing and accounting. Only the few young men who aspire to the Colleges, where statemen are made, are expected to qualify in philology" (apud Sonza Campos, Ernesto, Educação Superior no Brasil - Esboço de um Quadro Histórico, 1549 -1939, Rio, MEC, 1940, pp.97-8)

11. The following quotation is from the "Cartas": "All children of poor people or peasants must be kept away from schools of reading and writing because, if they become literate they will either leave the countryside or require to be other than fishermen or countrymen or humble craftsmen, as their parents. That is the cause of the children of peasants running away from their parents' homes. The cure for that should be to abolish all schools of those places. There should be neither public nor private fee-paying or free schools in villages or hamlets in which one could not count more than two hundred fires(...) Schools should be forbidden in colonies to avoid the utmost damage to the kingdom through native subjects being able to achieve honours and such a

to go to school (13), a situation which lasted until the 1870's.

The governmental reform created a General Authority of Studies (with local representatives and commissioners in colonies) regulating the operation of schools in great detail. All schools belonged to the state, "the royal classes", including those of distant provinces, except for the "first-letters classes" which were committed to the charge of the parish priests or some individual teachers in their homes. The education provided by the Church and its religious order was seen as a public service until the Republic (1889), since the Roman Church was linked to the state and subject to its control. 14 The appointment and, in most cases, the selection of teachers by governing authorities ("governors" in Brazilian provinces) with the agreement of the religious authorities was instituted. Teachers were to be special civil servants, particularly loyal to the government and distinguished by the same status and privileges of judges, such as life-time tenure.

Although Pombal's reforms and the disruption of the

11. (cont.) status that they leave the class of peasants, merchants and clerks. Thus, all honours, public functions and jobs should only come from the jurisdiction and authority of the sovereign so that the colony remains dependent on the capital. But there is no more efficient method to this end than that the colony's youth is raised overseas in the lands of the kingdom" (Tobias, José A, História da Educação Brasileira, Op. Cit., pp.119-20).

12. Tobias, José A, História da Educação Brasileira, Op. Cit., p.133.

13. Roman Catholicism was the official religion of the Portuguese kingdom. The type of relationship between the Throne and the Church was that of patronage. The state collected the tithe due on all kinds of income and provided for all the material needs of the Church. The king also had the power of appointing bishops, subject to approval by the Pope. On this regime in Brazil, see Bruneau, Thomas C, O Catolicismo Brasileiro em Época de Transição, S.Paulo, Loyola, 1974.

Jesuits' educational schemes had had disastrous results,¹⁴ the policies were substantially retained during the imperial period (Act of 15/10/1827) and framed the centralized bureaucratic nature of Brazilian educational institutions.

1.2. A SCENE FROM THE XIXth CENTURY

Some features of the social and political context in which the implementation of the policies of the 1964 regime on education took place could be already seen in the nineteenth century: the central role of the government's bureaucracy with which higher education institutions became associated in order to enjoy their privileged social position, the patrimonial trends in the demand for and use of the state resources and even the liberal good intentions in relation to primary education. This section traces these features back in the form of a scene from the nineteenth century.

As a consequence of the Napoleonic wars, the political and administrative nucleus of the Portuguese state moved to Brazil. Under the alliance and protection of England, the royal ships left the invaded Lisbon on the 29th November, 1807 bringing King João VI, his Court and all the Portuguese bureaucratic apparatus and civil servants to the

14. See Azevedo, Fernando de, A Cultura Brasileira, S. Paulo, Melhoramentos, 1971, pp.47, 51-2. The historian Primitivo Moacir (A Instrução e o Império. Subsídios para a História da Educação no Brasil, S. Paulo, Nacional, 1936, vol.1, p.36) quotes an official report of the Viceroy L. de Vasconcellos (1789) about the regrettable situation of the education, "mainly the first letters", everywhere. See also; Tobias, José A. História da Educação Brasileira, Op. Cit., pp.134-6, 139.

vicerealty. The large, scattered colonial provinces were given a monarchical bureaucracy matured over a century, as its new, model central government. Lisbon's old governmental organizations settled in and did not leave when King João VI returned to Portugal on the 26/4/1821. This was of the utmost importance in the formation of the tradition and culture of the Brazilian public administration.

More than carriers of a centralized and over-detailed administrative system, Portuguese officials were the inheritors of a century-long patrimonialist tradition deeply rooted on the typical Iberian monarchy.¹⁵ From this bureaucracy the basic patrimonial institution which oriented the colonization of Brazil and laid the foundations of Brazilian state had come three centuries before: the grant of the colony lands (*sesmarias*) by the king to certain nobles, appointed as captain-majors (*capitães-mor*) or governors (from 1558), as a hereditary right of possession and the subsequent distribution of such rights to others, well-positioned or willing to undertake colonizing enterprises. The king remained formally the sovereign of the land but the full governing power — military, judicial and administrative, including all fiscal and economy-regulating activities — followed the grant of the land. The *capitão-mor*, thereby, was the highest authority and public offices were a function of patrimonial administration. Furthermore, public office was essentially a prebend, a benefice from state functions

15. Brazilian sociologist Raymundo Faoro describes the portuguese bureaucracy as a development of the primitive patrimonilism of the Iberian kings, particularly those preceding the Portuguese Avis dynasty (XIVth-XVth century) and who adapted to conciliate the requirements of the mercantilist capitalism (Faoro, R. Os Donos do Poder. Formação do Patronato Político Brasileiro, Rio, Globo, 1958, pp.3-43).

or resources which was appropriated by the incumbent as an object of personal right in exchange for his services. Somehow, officials "shared" state patrimony. The disposal of state resources by them generated the process of prebendalization of office:

Public jobs, therefore, had a typically patrimonial use when they were sold to affluent people as a hereditary right in order to reinforce public coffers¹⁶ or commonly granted as an instrument of patronage politics to assure control of local elections¹⁷ ("patronage is a part of the syndrome of patrimonialism", notes Graham¹⁸). That is why Brazilian bureaucracy was not formed under the canons of rationality and had a peculiar function of mediation.¹⁹

"The colonial world, with its subjective and particularized social relations, simply did not provide the basis for the bureaucratic principle of social co-ordination, with its insistence on objectivity and universality, to become a constitutive element of these relations."²⁰

For the purpose of this section, however, the most important is that prebendalism inflating bureaucracy,

16. Os Donos do Poder. Formação do Patronato Político Brasileiro, Op. Cit., pp.105-6.

17. Soares, Galvão A. D. Sociedade e Política no Brasil, S. Paulo, Difusão Européia do Livro, pp.19-24.

18. Graham, Lawrence. Civil Service Reform in Brazil. Principle Versus Practice, Austin, University of Texas Press, 1968, p.172.

19. Incidentally, this analysis of the patrimonial characteristic of Brazilian bureaucracy must not be confused with Weber's category of "patrimonial bureaucracy" which is a form of rational and traditional authority (the two forms of domination combined); Weber, M. "The Social Psychology of World Religions", in Gerth, H. H. and Mills, C. W. (eds.) From Max Weber: Essay in Sociology, New York, Oxford University Press, 1958, pp.299-300.

20. Uricoechea, F. The Patrimonial Foundations of the Brazilian Bureaucratic State, Los Angeles, University of California Press, 1980, p.15.

turning public jobs into sinecures and becoming a basic political mechanism projected an image of the state on society. A social demand for what appeared as a legitimate use of public resources was raised and finally a pattern of relationship between citizen and state was developed. It seems, therefore, appropriate to treat the issue of patrimonialism not only as a prebendalism of the bureaucracy but as a patrimonial conception of state, a cultural element evolving through social and political transformations. Aspects of a social behaviour, connected to government intensive bureaucratic activity, and a popular aspiration towards prebendas appeared in a perceptive description by an eminent sociologist in the nineteenth century, Joaquim Nabuco:

"In this regime everything is expected to come from the state which, as the unique active association, sucks up and absorbs through taxes or public borrowing all available capital and distributes it among its clients as public jobs, draining the savings of poor people by force and rendering unstable the fortunes of rich men. Just for that, as a consequence, the civil service is the profession and the aspirations of everybody. Take twenty or thirty Brazilians at random from any place where our cultivated society is meeting: all of them either were or are or certainly will be public servants; and, if this is not the case for themselves it will certainly be for their children."²¹

As a consequence, payrolls were the centre of public expenditure, a feature which permeated down to all levels of government, as Faoro remarks:

"The provinces, in their narrow field of action, imitated the central government and had their budgets almost completely eaten up by the 'ulcer of civil service' as the Viscount of Uruguay

21. Nabuco, Joaquim. O Abolicionismo. Rio, Civilização Brasileira, 1938, pp.178-9.

acidly remarked."²²

The longer Brazil remained a rural country — a feature which actually began changing only from 1930 — with self-sufficient and politically influential latifundia and without independent professional corporativism in towns, the more Brazilian society prolonged the evolution in the patrimonial conception of the state.

Within a few years from the arrival of the Portuguese Court in Brazil, the government created a dozen colleges or culture-promoting institutions to provide for the technical needs of new economic and military horizons and services for the upper-class.²³ However, the essential requirements of the political, juridical or administrative institutions of the state were met by the two Law Faculties (S. Paulo and Recife, both in 1822). Soon they attracted the majority of higher education students.²⁴

The administrative structures of the imperial state expanded during the nineteenth century and were adapted as

22. Faoro, Raymundo, Os Donos do Poder. Formação do Patronato Político Brasileiro. Op. Cit., pp.227.

23. Courses of medicine (initially including pharmacy, odontology and obstetrics), mathematics and engineering (initially in military schools), geology, agriculture, chemistry, fine arts and architecture, political economy, history, the Botanic Gardens, the Public Library (60,000 volumes brought from Lisbon) and the "S. João" theatre. Most of them were set up in Rio de Janeiro, Salvador and Ouro Preto. Details of these first institutions and their evolution can be found in: Cunha, Luiz A. A Universidade Temporã. O Ensino Superior da Colônia à Era de Vargas. Rio, Civilização Brasileira, 1980, pp.69-70, 90-107.

24. Cunha, Luís A. A Universidade Temporã. O Ensino Superior da Colônia à Era de Vargas. Op. Cit., p.71.

an extension of old Portuguese courts, a locus for sinecures, a refuge of members of the upper classes in need of occupation and higher educated élite²⁵. As early as in the second half of that century, holders of law degrees became an influential, illustrious stratum among politicians and higher civil servants.²⁶ They exerted an important social and political function of mediation between the central government and the periphery, representing either the imperial power – by which they had been educated and then appointed – in distant provinces and towns²⁷ or the local, patrimonial leaders (the *coronéis* and traditional landlords) in parliament and governmental bodies.²⁸ Education brought them to the larger towns and cities, leaving domestic rural traditions of farms and *engenhos*. Gilberto Freire describes in vivid colours the family's and acquaintances' feelings of pride regarding the young new-graduates who seemed to be surrounded by an aura like newly-anointed priests.²⁹ As they joined public administration, the middle class cultivated them, in pursuit of privileges, monopolies, jobs and loans.³⁰ This marked the origin of the higher education special political status in Brazil.

25. Aragão, João G. Administração & Cultura. Rio, Imprensa Nacional, 1951, pp. 163-8.

26. The functions of the bachelors of the XIXth century Brazil have been compared with the Chinese mandarin, following Weber's analysis ("The Religion of China", chapter 5). See Pang, Eul-Soo and Seckinger, Ron L. "The Mandarins of Imperial Brazil". Comparative Studies in Society and History, Cambridge, vol.14, n.2, Mar. 1972.

27. Cunha, Luís A. A Universidade Temporal. O Ensino Superior da Colônia à Era de Vargas. Op. Cit., pp.71-2.

28. Uricoechea, Fernando. The Patrimonial Foundations of the Brazilian Bureaucratic State. Op. Cit., p.58.

29. Freire, Gilberto. Sobrados & Mocambos. Rio, Melhoramentos, 1958, pp. 96-100.

30. Faoro, Raymundo. Os Donos do Poder. Formação do Patronato Político Brasileiro. Op. Cit., p.225.

As regards educational policies the imperial state was prodigal with fair proposals. Elementary education was declared public and free all over the country and obligatory in some provinces (Article 179, paragraphs 32 and 33 of the Constitution of 25/3/1824). Good intentions could not be denied to liberals of the XIX Century Brazil. The problem was (and has been since then) the conflict between the needs of a widespread population in a vast country and a centralized government with a short social commitment, issuing policies which reflected the situation in the environs of the capital. Despite some feeble decentralization of the first level of education (the Act of 1834), the results after more than fifty years were disappointing.³¹ The educational reform which followed ("Leôncio de Carvalho", 19/4/1879) extended government intentions and primary school became obligatory everywhere for those between 7 and 14 years of age: for girls who lived up to 1 Km and for boys who lived up to 1½ Km from the nearest school...

1.3. THE NATIONALIST AND LIBERAL IDEALS OF THE 1920'

The transformations in the imperial-type Brazilian society actually occurred some decades after the proclamation of the republic. While regional rural-based oligarchies (including the *coronéis* in the north-east) shaped the scenery of national political power, a new demographic and

31. According to the first Brazilian census in 1872 the literacy rate was 15% and the schooling rate in primary school (5-9 years) was 7.3% (Anuário Estatístico do Brasil 1939/40, Separata, pp.8, 13, 107). Even benefiting from the effects of the states autonomy with the republic (1889), at the end of the century literates were about 1/4 of the population and the schooling rates in primary education did not reach 15% (same source).

social reality arose in emerging cities.³²

As a result of this first burst of urbanization, a movement by intellectuals, politicians and journalists in the first decades of this century produced a definitive change in the views of large sections of the ruling classes in relation to education, which began to influence the federal government's policies on the matter until the mid-sixties and still had repercussions on the official discourse later. The trend in giving a special budgetary treatment to education, which is studied in Chapter Five, stemmed from this movement.

Workers movements (eventually parties), the middle strata of society, the press and established institutions such as the Roman Catholic Church and the army became increasingly involved in social and political problems, whether inside or outside political parties. Overall proposals for the country were currently discussed among politically organized groups - positivists, liberals, monarchists, socialists and even anarchists. Intensive participation in meetings and the media reflected a new awakening in social life. A nationalist wave was the general outcome of this fresh, intensive communication process³³, eventually, bringing significant political consequences

32. Between 1900 and 1920 the population of the nine biggest cities grew at an average of 140% whereas that of the whole country was 76%. Batley, Richard, Power through Bureaucracy: The Urbanization Process in Brazil. Hants, Gower, 1983, tables 2.1, and 2.2, pp.31-2.

33. For a general view of current ideas in the period, their channels and links, see Costa, João C. "As Transformações do Pensamento Político Brasileiro no Século XX e O Nacionalismo". Revista Brasiliense, S.Paulo, n.40, mar-abr. 1962, pp.51-64, and Chacon, Vamireh, História das Idéias Socialistas no Brasil. Rio, Civilização Brasileira, 1965, pp.351-64.

under the Vargas regime. As it could be expected, education, a constant subject of liberal and positivist programmes, became a focus of special interest on the wake of the nationalist trends.

The results of the first statistical census of the country (1920) shocked influential people whose view had been limited to the cities.³⁴ Educational targets were included in the statutory programmes of many associations³⁵ and seen as a basic condition of "solving the country's problems" and realising general aspirations. The liberal preaching of Rui Barbosa (leader of his party and candidate in the presidential elections of 1910) still resounded among his numerous followers. The decade was really marked by a special feeling about education which was described as "an enthusiasm for education and pedagogical optimism"³⁶.

In 1924, the Brazilian Association of Education (*Associação Brasileira de Educação*, ABE, whose members called themselves "education professionals") gathered together teachers and intellectuals for the first time at a national level. ABE claimed a special right to request changes in educational systems as the first group to have defined education as a scientific matter, and so requiring specialized professionals. Among them, the Pioneers of the New Education (*Pioneiros da Educação Nova*), a

34. The census figure of 75.5% of illiteracy was issued just when the country started the celebrations of the centennial of its independency (1922).

35. Education was an item in the basic programme of the active Nationalist League of S. Paulo (connected with the League of National Defence and later, in 1927, becoming the National Democratic Party).

36. Nagle, Jorge, Educação & Sociedade na Primeira República S. Paulo, EPU/EDUSP, 1974, pp. 97-101. Other quotations in this paragraph are also from these pages.

movement linked to the Dewey's "New School" (USA), was specially active and its members were appointed to strategic positions as head of education administrative bodies of important states and the federal government 37.

The ABE held nationwide enquiries and conferences 38 to discuss current educational problems from a non-governmental point of view and suggested new policies for the sector. Other influential events should also be mentioned, such as the Rotary Club Meetings on Education and the enquiries directed by the distinguished writer Fernando de Azevedo in 1926, sponsored and published by the newspaper *O Estado de S. Paulo*. 39

The picture of a flowering of interest in educational matters was completed by a rising, politically crucial issue: since the Constitution of 1891, literacy was a legal condition for the right to vote; more literates – easily obtained with a widespread campaign against illiteracy – would mean more votes, changing the regional map of political influence.

The relevance of all these facts – most taking place near the centre of power or involving elites – was to have introduced the idea that education was, before all, a matter of national priority and should not simply be left to the states or restrained by their autonomy. Federal

37. Cunha, Luís A. A Universidade Temporã. O Ensino Superior da Colônia à Era de Vargas. Op. Cit., p. 196.

38. The "Conferências Nacionais de Educação" were held in: 1927, Curitiba; 1928, Belo Horizonte; 1929, S. Paulo. A Congress of Higher Education was held in August 1927 (First Centennial of Law Colleges). See also the nationwide enquiry: Associação Brasileira de Educação. O Problema Universitário Brasileiro. Rio, ABE, 1928.

39. Azevedo, Fernando de. A Educação Pública em S. Paulo. Problemas & Discussões. S. Paulo, Nacional, 1937.

government was repeatedly called upon to intervene more drastically.

In 1921, as a consequence of the Nationalist League of S. Paulo's activities, whose affiliate Sampaio Doria had reformed the elementary education in the state, the federal government called upon an Interstate Conference of Primary Education (Rio de Janeiro, 12/10/1921), to be preceded by a report of the Minister of Justice to the President of the Republic and the work of a preparatory commission.⁴⁰ The Conference set up a juridical basis for the intervention (officially called "cooperation") of the Federal Union in state primary education and produced plenty of substantial proposals for assuring a universal, public elementary education. Provisions for a scheme of financial support for the states by the federal government and an obligation of investing a minimum percentage of the states revenues appear for the first time.⁴¹

Most of the conclusions of the Conference were not implemented immediately but could have become law some years later through the Decree 16782-A of 13/1/1925, an overall reform of public education, including the above mentioned financial provisions regarding schools.⁴² The decree came into force, but no additional budgetary appropriation was made by the Parliament⁴³ which impaired

40. Ministério da Justiça e Negócios Interiores, Anais da Conferência Interestadual do Ensino Primário, Rio, O Norte, 1922.

41. The Federal Union would have to pay a minimum salary to qualified teachers of primary schools who were also entitled to be given houses by the states. These would have to spend a minimum of 10% of their revenues in that level of school. Priority would be given to rural schools.

42. An analysis of this important act in Nagle, Jorge, Educação & Sociedade na Primeira República pp. 139-63.

43. *Idem*, p.140.

the whole effectiveness of the reform. Despite this, the Executive adapted the National Department of Education (DNE) to perform wider functions of control. The DNE'S chairman was also to head the National Council of Education (CNE), itself widening its scope and structure.

The influence of ABE extended for the first years of Vargas's tenure until the *Estado Novo* (1937) and was decisive in the initial reforms of the revolutionary government. The creation of a ministry of education ("Ministry of the Affairs of Education and Public Health", Decree 19402, of 14/4/30), an old demand of the group, and the Intergovernmental Agreement on Statistics with the states were long-lasting results of that influence. The principles expressed in the "Manifest of the Pioneers of Education" (1932) a leading group in ABE, were adopted by the 1934 Constitution, after been discussed in the ABE's Vth National Conference of Education.⁴⁴

Finally, to draw attention to simultaneous nationalist pressures, one should mention that the federal government supported the Southern states between 1918 and 1929 in setting up and reforming primary schools in places where new colonies of European immigrants had settled in.⁴⁵

44. Information in this paragraph are from; Peixoto, Ana M.C. "Reflexos da Revolução de 30 na Educação Brasileira". Simpósio sobre a Revolução de 30. Porto Alegre, URS/ERUS, 1983, pp.199-202. Incidentally, Francisco Campos, the first Minister of Education (1930-32) and a leader of the authoritarian ideology in the Ministry of Justice (1937-43), paradoxically held some common positions with these liberal groups through his admiration of Dewey, Decroly, Claparède, Kirkpatrick and the methods of the "New School" (Medeiros, Jarbas, 'Introdução ao Estudo do Pensamento Político Autoritário Brasileiro, 1914-1945.' Revista de Ciência Política. FGV, vol. 17, n.1, Mar. 1974, pp.81-2).

45. Nagle, Jorge. Educação & Sociedade na Primeira República. Op. Cit., pp.285-6. Similar governmental policy was developed afterwards, inspired by the same intentions

In addition, literacy in foreign languages was prohibited and the vernacular became obligatory in schools.⁴⁶

1.4. THE VARGAS LEGACY

"The *Estado Novo* brought irreversible changes in the institutions of political life and public administration (...) In 1945, Brazil inherited a federal executive which was immeasurably stronger than the one the revolutionaries had seized in 1930. The process by which federal government was steadily strengthened at the expense of state and local government began in November 1930 and was accelerated after 1937".⁴⁷

Skidmore's assessment can adequately introduce the significance of the 1930-45 Brazilian experience for the 1964-84 administrative model. The institutional apparatus which came with Vargas remained and was developed as a part of the bureaucratic context in which, eventually, the process of federal finance allocation took place. Two points are emphasized in this section: first, the rise of a large organizational structure to carry out new

45. (cont.) in Vargas' *Estado Novo* as a part of the programme of the National Commission for the Primary Education (Law-by-Decree 868 of 18/11/1938). Then, more than 800 schools were directly reformed and financially supported by the federal government.

46. The strong reaction against foreigners who usually held the capital of many banks and major companies was also extended to Portuguese as "suckers" of Brazilian good markets and dreamers with the "Luso-Brazilian Confederation". In schools the discipline was called "Brazilian Language" (*Lingua Brasileira*) not "portuguese". From this time the spelling "*Brazil*" was changed into "Brasil".

47. Skidmore, Thomas, Politics in Brazil, 1930-1964. An Experiment in Democracy, New York, Oxford University Press, 1967, p.33.

functions of the state in the economy and to expand politically important activities of organizing labour relations and providing social security; a similar tendency occurred in educational services. Second, the historic role of the Administrative Department of the Public Service (DASP) in introducing policies of rationalization of administration and by this means, bringing about amalgamations to prebendalist and patronage trends.

1.4.1. The expansion of the federal government structure

The task of controlling crucial sectors of the economy or public finances, with immediate political consequences, generated organizational ramifications and preceded structures of planning development policies often fostered by nationalist views.

In the first years, the increasing national debt brought about both the individual assumption of states debts by the federal government and the suppression of states autonomy for borrowing abroad. As a consequence, the Ministry of the Treasury adapted its structure to assess and approve projects.

Vargas guaranteed financial support to coffee farmers, in a decisive political manoeuvre coopting this key group based in S. Paulo (a Bureau for Industrial and Agricultural Credit was inaugurated in *Banco do Brasil*) but a production and trade control policy was made after that by federal bodies, the new National Council (then Department) of Coffee and its re-organized executive agency, the *Instituto Brasileiro do Café*, IBC (1934). Soon the same happened to tea (*Instituto Nacional do Mate*, 1938), wheat (*Instituto Nacional do Trigo*, 1937), salt

(*Instituto Nacional do Sal*, 1940) and pinewood (*Instituto Nacional do Pinho*, 1941). The model had already been applied in 1933 to sugar and alcohol (*Instituto Nacional do Alcool*), just when S. Paulo's increasing plantations — a consequence of unstable coffee prices — menaced the traditional planters of the north-east. The list of this sort of "topical intervention policies" and their new agencies is very long.⁴⁸ These agencies evolved afterwards as ministerial bodies or decentralized organizations.

To formulate and implement policies on planning and economic development, which were a significant contribution of the two Vargas governments, the federal bureaucracy expanded by creating or reformulating central bodies, whether of a general or specialized nature.⁴⁹ In

48. Some examples are: Vegetable Health Defence Service (1934), with seven regional Inspectorates, and Animal Health Defence Service (1933-43); National Centre of Agricultural Education and Research (1938), with eight institutes and one university; Executive Commission for Manioc Production (1942); the experimental fields or laboratories of cocoa (1931, 1935), tobacco (1933), cotton (1942), rice (1942), corn (1939, 1940), fruit and fermentation (1936, 1942), vegetable oils (1943); the Forest Service (1938, after the forest code of 1934) and the five national parks; the hunting and fishing authority (1933). Outside economic area, an example of the "topic intervention policy" is the Special Service for Public Health (SESP, 1942), for the control of malaria and other tropical diseases.

49. The following should be mentioned: the Federal Council of Foreign Trade (1934), the National Institute of Statistics (1934) and the Brazilian Council of Geography (1937) the two ones later merged in the Brazilian Institute of Geography and Statistics (IBGE), the Technical Council of Economy and Finance (1937), the Superintendency of Currency and Credit (1945, SUMOC), the Water Service (1933) later National Council of Water and Electric Power (1939), the National Department of High-Ways (1934), the National Department of Mineral Production (1933) later National Council of Mines and

addition, some regional sectors such as the Amazonian rubber economy were also assisted by a set of new governmental agencies.⁵⁰ The federal government firmly established its presence in the productive sector chiefly boosted by nationalist sentiments or favourable trade conditions during the Second World War.⁵¹

One of the first important administrative provisions of the 1930's Revolution was the creation of two ministries, amplifying the government's capacity to reach neglected social areas and build up a basis for political control and support. A Ministry for the Affairs of Education and Public Health (14/11/1930) was finally separated from the Ministry of Justice and Internal Affairs, and a Ministry of Labour, Commerce and Industry (26/11/1930) was given the fundamental task of developing and implementing corporatist policies, among others. The Ministry of Labour expanded rapidly through the creation or supervision of Unions, their activities, revenues and

49. (cont.) Metallurgy (1938), the National Council of Oil (1938), and the National Department of Animal Production (1938).

50. They are: credit for planters; The Credit Bank of Rubber; support for colonists; The Superintendency of supply for the Amazon Valley; transport; The Navigation Service of Amazon and Administrative Service of the Port of Pará; research; The Agronomic Institute of the North.

51. During the *Estado Novo* the following state-owned companies were created: The National Siderurgic Company (1941), the *Vale do Rio Doce* Company (1942), The Brazilian Alcalis Company (1943), the São Francisco River Hydroelectric Company (1944). The following groups appeared during the second Vargas government: Petrobrás (1953), Bank of the Northeast of Brazil (1951) Eletrobrás (1952), National Bank of Economic Development - BNDE (1952). Until then, the hundred year old *Banco do Brasil* was the only public company.

elections and the preparation of copious regulations.⁵² On another front, the new ministry inspected the implementation of the new labour or nationalist laws by the firms.

The highly-staffed social security agencies completed the typical civil service panorama left by Vargas. He added five new large public institutes for pensions and allowances to the two existing ones, besides numerous small savings organizations for pensions (*Caixas de Pensão e Aposentadoria*) which were all reformulated.⁵³ The revenues of these institutes - amounting to one third of the Gross National Product (GNP) - were often used by the government to cover temporary financial difficulties and for various deals, sometimes for disputable purposes.⁵⁴

52. After the creation of the Ministry itself, Decree 19443 of 26/11/30, the most important acts enlarging its activities were: Article 121 of the 1934 Constitution (protection of the worker and conditions for work), the decrees 19671-A, of 4/2/31 (attributes of the New National Department of Labour), 19770, of 19/3/31 (organization of unions of workers or employers), 24694, of 12/6/34 (organization of professional unions), 19482, of 12/12/30 (minimum quota for national employees in each firm, the "two thirds" law) and law-by-decrees 1843, of 7/12/39 (new restrictions of foreign enterprises), 1985, of 29/1/1940 (the "Mining Code") and 5492, of 1/5/43, a general code of recapitulation and completion of labour laws.

53. During the 1920's the institutes of pensions of the railway workers (Law 4682 of 1923) and civil servants (Law 5128 of 1926) were created. The following came with the Vargas government: institute of pensions and allowances of the commerce (IAPC, 1934), of industry (IAPI, 1934), of bank workers (IAPB, 1934), of the merchant marine (IAPM, 1933), and transport and freight workers (IAPETC, 1938). The civil servants pension institute was reformulated to provide further, medical services (IPASE, 1931) one of the best of its nature in the capital.

54. See examples in: Henriques, Affonso, Ascensão e Queda de Getúlio Vargas, S. Paulo, Record, 1966, vol.2, pp.216-20.

From 1938 to 1960 the number of federal civil servants jumped from 131,628 (DASP 1938 census) to 345,568 (Brazilian Institute of Geography and Statistics, IBGE census), a growth of 262%.⁵⁵ The ratio of population/federal civil servants fell from 308 to 205 (50%) in the same period, approximately. From the study of Graham⁵⁶ it is possible to conclude that the post dictatorship, populist governments have increased the number of civil servants significantly more than the Vargas *Estado Novo* did. The latter, however, set up the organizational bases for that expansion by multiplying federal agencies and bodies.

Obviously, the consequence of this rapid enlargement in the services and structure of the federal government was a complete change in the context of competition for funds.

The centralizing administrative strategy of the federal government led it to set down successive regulations whose implementation irreversibly broadened its presence in education for the following decades.⁵⁷

55. There was no statistical census in 1930. In the previous one, it is impossible to distinguish some part-time civil servants from other part-time workers (for example the liberal professionals) among which they might have been counted; besides, military and civil servants are counted in one single category. The censuses of 1920, 1940 and 1950 did not distinguish federal civil servants from the state and municipal ones. (Cunha, M. W. V. da. O Sistema Administrativo Brasileiro, 1930-1950. MEC/INEP, 1963, pp.110-115.

56. Graham, Lawrence. Civil Service Reform in Brazil. Op. Cit., Table 6, p.132.

57. In a first cycle of legislation, clearly inspired by liberal ideas of previous decade, secondary education was reformed (Decree 19890, of 18/4/31) and universities had their first statute (Decree 19851, of 11/4/31), followed by Decree 24279, of the 22/5/34, concerning the state and private independent colleges. The Constitution of 1934 widened the functions of CNE (Art.152). A second cycle of

The existing policy of "exemplarism" - a few federal schools maintained as a model for all the others in the country - was reinforced and extended, this time to higher education. The University of Rio de Janeiro (URJ, later *Universidade do Brasil* (UB) was held up as the reference standard.⁵⁸ For the following two decades, until 1961, this policy of "exemplarism" would determine even the internal routines and nomenclature of jobs in other universities.

The federal administrative structure of education followed the enlargement in its legal jurisdiction. Just after its creation (1930), the "Ministry of the Affairs of Education and Public Health" suffered several organizational arrangements and then Law 378, of 13/1/37, under the direct influence of the Federal Council of Civil Service (predecessor of DASP), brought rationalizing reforms. In 1953, all bodies related to health were set apart from the ministry, which became the Ministry of Education and Culture (*Ministério da Educação e Cultura*, MEC, Law 1920 of 25/7/53). From 1930 to 1953, the ministry - except the bodies for health and the decentralized entities - had expanded its organizational structure from 39 to 202 sections.⁵⁹ Instead of a single university

57. (cont.) legislation for elementary and secondary schools was issued a decade later (laws-by-decrees 4073, of 30/1/42; 4244, of 9/4/42; 6141, of 28/11/43), even after Vargas leave (laws-by-decree 8529, of 2/1/46; 8530, of 2/7/46; 9613, of 22/8/46), and reflected both the influence of the Italian fascist system and the government concern with qualified man-power to meet the needs of a growing, diversified economy.

58. Decree 24279, of 22/5/32; Article 5, §2 of Decree 22597, of 27/3/33; Law 452 of 5/7/37 and Law-by-Decree 305 of 26/2/38.

59. Information in this paragraph is from: Gama e Silva, José S. e Marques, Lucy. *Evolução do Ministério da Educação e Saúde*, Rio, FGV, 1953.

and half a dozen isolated colleges in 1930, the Ministry directly controlled 18 universities, 21 colleges and 20 secondary technical schools, by the end of 1953. In 1938 the Ministry and its decentralized units had 5,988 occupied positions whereas in 1960 they reckoned 23481.⁶⁰ Once more, the post-1946 period seems to be the most prodigal in appointments. Only during the 12 months following the end of the dictatorship 989 people were admitted to MEC.⁶¹

1.4.2. The role of the Administrative Department of the Public Service (DASP)

Modernization through the rationalization of administrative activities was one of the most marked strategies of the victorious movement in 1930. The revolutionaries were inspired by patriotic ideas of decisively overcoming the chaotic and inefficient federal bureaucracy, which had been weakened during the previous 40 years. A Central Purchase Commission (14/1/31) was set up only two months after Vargas had taken national power. It was followed by intensive studies for an early organization of personnel manning tables.⁶²

60. BRASIL/IBGE, Anuário Estatístico do Brasil, 1938, p.812 and 1962, p.336.

61. Official information of the government to the request (*requerimento*) n. 100/46 from the Deputy Raul Pila, BRASIL/Congresso Nacional, Annaes da Câmara dos Deputados, vol. XI/47, p.93.

62. "Until 1930 - writes a former divisional head in DASP - the panorama of personnel administration was characterized by a general acceptance of nepotism, a complete decentralization of activities whether regulative or executive and a lack of systematization. There was no central agency for personnel nor general laws on personnel administration. Each ministry and sometimes each department had its own job evaluation and pay scales, seldom according to the nature or requirements of functions.

Law 284, of 28/10/1935, created the Federal Council for the Civil Service, directly responsible to the President of the Republic, and efficiency Commissions were established in each ministry as the instrument of a broad policy of modernizing federal administration.

The head of Council and the key-man for the eventual development of that policy until 1945 was Luís Simões Lopes, presidential advisor on this issue and a very close friend of Vargas. He had travelled through Europe and the USA, noting their recent experiences in the organization and management of the public sector. The Council then sent a large number of technicians to the US for training.

The necessity of a permanent executive agency, overcoming the Council's collegial mode of operation, was soon perceived and further recommended by the good quality of the services of the body led by Simões Lopes. The Constitution of 1937 provided for the establishment of such an agency and the Law-by-Decree 579, of 30/7/1938, created and organized the Administrative Department of Public Service, DASP. The new agency was given a wide jurisdiction to regulate the matters of personnel management, material (absorbing the Central Purchasing Commission), budgeting, civil works, assistance for the President of the Republic in the revision of legislative bills, general organization and whatever rationalization federal bodies needed, including the inspection of their services and the control of their efficiency. The administrative bodies of the two other constitutional powers, Congress and courts, had partial autonomy from DASP's regulations whilst the armed forces were outside its jurisdiction.

62, (cont.) (...) Some order had to be established in that primitive chaos," Wahrlich, Beatriz de S. Administração de Pessoal, Princípios e Técnicas. Rio, FGV, 1964, pp.23-4.

The idea of DASP was based on W. Willoughby's theory ("Principles of Public Administration") of a department of general administration and its distinction between the management of means and that of ends. DASP's organization and functions were decisively inspired by the USA's Civil Service Commission, the Bureau of Budget and the Executive Office of the President, as a compound of these bodies. 64

Under DASP, regulation and standardization activities were intensive, definitively marking the organizational structure and life of public federal institutions. The agency had representatives and advice commissions in ministries, besides influencing the appointment of the head of the Personnel Division of the ministries. A Council of Administration of Personnel regularly gathered these directors at DASP. DASP teams were asked for and sent to most states - then run by federal interventors - to provide advice and help in organising DASP-like Public Service Departments. These and other training activities were the most effective way for DASP to penetrate all layers of federal bureaucracy and develop a special loyalty in civil servants to the principles of the reform. 65

DASP played a conflicting and contradictory role in the context of populist government. It tenaciously held to a policy of staffing public services by open competition examinations alone, urging good attendance at work and forbidding the holding of several positions

64. Viana, Arizio de. DASP, Instituição a Serviço do Brasil. Rio, DASP, 1953, p.9; Wahrlich, Beatriz de S. Administração de Pessoal. Princípios e Técnicas. Op. Cit., pp. 25-9.

65. Only between 1941 and 1945, 49,881 public servants were trained, including those sent abroad, and the annual average in 1952-53 was 5,000. Viana, Arizio de. DASP, uma Instituição a Serviço do Brasil. Op. Cit., pp.81,83.

simultaneously, irrespective of the nominee's social status. This clashed with the traditional patrimonialist use of public jobs by elites, limited public administrators in their prebendalism and often disturbed the patronage habits of politicians. Furthermore, until the early sixties, DASP was frequently found to oppose unions and labour movements on behalf of the interests of the Treasury, the biggest employer in the country. Except for Café Filho (1954-1955) and Jânio Quadros (Jan-Set 1961) all other Presidents, including Vargas himself, had an ambiguous public position on DASP, using the agency as a shield for unpopular decisions, the so-called tactic of "DASP the whipping-boy"...⁶⁶

Conversely, DASP obtained the support of most government technical staff and the average civil servant, by offering them new professional prospects, and many low income civil servants saw DASP as dispensing justice and providing protection against the arbitrary local bosses (before DASP even the monthly pay was not made regularly).⁶⁷ Serious studies on DASP - G. Siegel and B. Wahrlich are probably the best - do not take this aspect into consideration in their final evaluations of the role of DASP, for their sources were taken only from top political events or personalities.

The influence of DASP and its technical level was critical in the years following the dictatorship and periods of decline after the second Vargas tenure. DASP's "old guard" elite settled in Getúlio Vargas Foundation (FGV),

66. Siegel, Gilbert, The Vicissitudes of Governmental Reform in Brazil: a Study of DASP. Op. Cit., pp.66-7, 121, 126, 186.

67. In this assessment the author is also based in many talks with grassroots old civil servants and DASP's officials, when he worked in the area between 1970 and 1976.

chiefly the Brazilian School of Public Administration (EBAP), from the late forties. It developed a pioneering role in education, research and publishing on Administration and Government with the co-operation of American universities. Its influence in government organizations has repeatedly made itself felt through the regular provision of technical advice for administrative improvement and reforms.

Over decades, a curious amalgam of the effects of DASP's modernizing patterns and the strong roots of the Brazilian patrimonial state appeared. Instead of a grant of the holders of patrimonial or political power, public jobs became seen as an individual right. Once obtained, it was firstly to be enjoyed. After having lawfully entered a governmental body - or been "blanked-in" by frequent populist decrees - the incumbent of a public position was almost a "citizen" of the civil service. His security in job tenure was unquestionable and after that he was free to seek further professional or financial advantages, scarcely related to his performance at work.⁶⁸ This new patrimonial status of civil servants gave rise to unending legal discussions or pleas on rights, public bodies staffing and management tables. An overall assessment of the DASP story would find the agency finally overwhelmed by stronger political ramifications of patrimonial trends. DASP often took refuge in detailed regulations and judgements of rights and fell into formalistic compromises with *faits accomplis* and situations which frequently escaped out of its control or political influence.

68. On this point, see the interesting: Vieira, Astório, "O Interêsse Público e o Interêsse Privado na Administração de Pessoal. Estudo Comparativo dos Sistemas Brasileiro e Norte-Americano", Revista do Serviço Público, vol.II, Abril, 1938, pp.9-12.

1.5. THE FEDERALIZATION OF HIGHER EDUCATION INSTITUTIONS

The 30-year-long process of the federalization⁶⁹ of higher education institutions is a key fact in understanding the present profile of finance allocation on education in Brazil. Since these institutions were declared to be under the federal government's jurisdiction - and so awarded a permanent place in the federal budget - they have always had a prevailing role in the share of federal resources by means of their links with elites or influential members of the parliament and the federal bureaucracy of education.

Up until the early thirties the federal government had a dozen colleges, some of them century-old institutions, and just one university, the University of Rio de Janeiro (URJ), formally constituted in 1920 from three existing colleges. The majority of states had created higher education institutions in the previous forty years, since the creation of such institutions was a signal of prosperity and prestige of local oligarchies which supported the organization of states after the proclamation of the Republic.

The revolution of 1930 brought drastic political and

69. "Federalization" stands for the change of jurisdiction from states or private owners to the federal government. The government takes over patrimony and general expenses including personnel who, then, have access to a new status. Federalization may be only partial, referring to specific colleges of a university, but this have usually been a step towards the federalization of the whole aggregate. All information in this section are from the author's specific research in: Mattos, Pedro L. de. As Universidades e o Governo Federal. Recife, UFPE, 1982, pp. 49-66 and Anexo I, pp. 203-14.

economic changes in intergovernmental relations. Taxes on exports passed to federal government control and interstate trade taxes were abolished. The states were not compensated by any new direct source of revenue, whereas they lost the autonomy to recover the equilibrium of their budgets through external loans. This new situation soon produced repercussions such as pressure on federal bodies for budgetary transfers or support.

As early as during the late twenties the "exemplarism" policy and the concept of education as a national matter led to the idea of an upper jurisdiction at which educational problems should be solved. This reinforced arguments for more links with the federal government. The Decree 19851, of 11/4/1931, the "Brazilian Universities Statute", in article 8, left a safety valve for these pressures. The provision allowed for the possibility of federal universities being created from both federal or state colleges which would keep their previous juridical capacity. At the time, however, the federalization *tout-court* did not meet requirements in the studies for the 1934 Constitution regarding the national organization of education, namely the state character of organizational systems of education. Only a supplementary role remained for the federal government.

The terms of the 1934 Constitution, repeated in that of 1937, were fully observed during the first Vargas government (1930-1945) and the reasons for that would have been primarily budgetary. DASP was firmly taking care of the federal budget balance. As from 1946, however, the resistance of planning bodies in federal bureaucracy fell under political pressure and Article 8 of Decree 19851 was used as an indulgent, legal device. The Universities of Pernambuco and Bahia in 1946 and Minas Gerais in 1949 were federalized, some of their colleges still remaining under

state jurisdiction. This situation, however, proved administratively impracticable and those colleges were also federalized in 1950. Since then numerous, successive federalizations of colleges or universities have occurred beyond control.

Pressure arose first from the universities or colleges, both state and private, and from their lecturers and professors. Counting on the support of the deputies and senators for their state, they lobbied the state governors, who were themselves interested in relieving state budgets. States financial constraints reflected on salaries of university teachers who were lured by a recently organized career plan by DASP, with well-defined rights, including security of tenure, and regular monthly payments. Besides these reasons, any teachers of state, private or even municipal institutions aimed at the superior status of being a federal professor (*catedrático*).

From one federal university with some ten units and half a dozen individual colleges in 1945, the federal higher education institutions in 1961 had become 19 universities with 104 colleges or institutes. At one sitting alone, the Congress inserted the federalization of 26 faculties in a bill (then Law 1254) in which the Executive proposed another matter (supplementary appropriations for MEC's institutions), despite an evident lack of finance.⁷⁰ The door was definitely open and, after 1961, 20 more federal universities with numerous colleges were federalized or simply created as federal schools and similarly supported by the federal government, although under the institute of foundation.

70. BRASIL/Câmara dos Deputados, Diário do Congresso Nacional. Ano V, n.210, 18/11/1950, pp.8, 211-15.

The repercussion of the federalization on the administrative and political life of those institutions was definitive and originated profound conflicts. Financial procedures changed for both the revenues (now legally considered "federal public money") and the expenditures. The system of rules for the administration of personnel and the "culture of DASP" soon made teachers aware that "federalization" also meant something further than being given new salaries and status. Above all, since the federalization, each university or college changed its political axis: its directors and leaders began to gravitate around the federal government which appointed them and supported them financially. They began another political life.

CHAPTER TWO

THE FORMATION OF THE POLICIES ON EDUCATION FUNDING

This chapter sets out the main feature of the policy of the 1964 regime on education funding, after investigating the immediate political background - namely the tendencies and moves under the military rule - from which it took form. This feature is the association between economic development and education. It first came from a practical (and therefore limited) approach to the "connections and contributions" of education to development and was quite clear during the 1950's. From the early 1960's, even before the sweeping political changes of 1964, however, there was a subtle but highly significant change in the views on this education-development connection when, under external influence, it was set in the context of the economic theory.

Some of the following chapters will deal with particular decisions of developments of this policy and so complete the picture. For the moment the focus is put on the stance, the discourse and the reasons presented when the subject appeared at the level of policy definition (plans, laws, speeches, etc.).

In the structure of the subjects, it was assumed that the period 1964-78 was that in which the policy was developed and implemented. From 1979 the impact of the economic crisis and the shortage of resources for a government heavily in debt cooled down the motivation towards the previous policies. Their effects, however, remained. Special attention is given to the section 1966-73 as that in which the policy actually rose and peaked.

Since the subject has an important administrative dimension, fair space is allowed in this chapter for a particular implication of the economic approach of education, namely the rationalization of the administrative process through planning and control of expenditure.

2.1. THE 1964 REGIME AND ITS POLITICAL STRATEGY

2.1.1. The regime, from 1964 to 1984

(An interpretative outline)

The coup of March 1964 was a civil-military institutional disruption which aimed to restore the traditional patterns of democracy, to impose order in the streets and barracks and to maintain the country's international framework of trade links and alliances.

The complex coalition which supported the coup involved the majority of the traditional political forces in the country. These ranged from organizations inspired by the Catholic Church to the two biggest political parties. Anticommunist and semi-fascist forces spoke for rural oligarchies in some states and industrialists in others, all menaced by the reforms (including some relating to military institutions) which the populist platform of the government used to mobilize the masses or specific sectors of the public. The military were not passive spectators in their historic role of active participation in Brazilian politics. Preliminary alliances and even plans against João Goulart began soon after the military attempt to prevent his rise to constitutional Executive Power in 1961, after the resignation of President Jânio Quadros.

Indeed, the early intention was merely to organize resistance to a populist left-wing republic which was believed to be looming.¹ An organization was established in Rio de Janeiro for this purpose by late 1961, although it had been formally created to be an "institute for social and economic research", the IPES (usually called IPÊS). Here, convergences of interest and viewpoint among retired military, businessmen, liberal professionals and journalists were sought. The military were particularly interested in making alliances with civilian leaders through some retired officers who were legally permitted to participate in the activities of IPÊS.² Conceptual links with the *Escola Superior de Guerra-ESG* were developed in addition to personal relationships (Gen Humberto Castello Branco, a close friend of one of the creators of IPÊS, Gen Golbery do Couto e Silva, was the then director of studies of ESG). However, no specific plans to overthrow Goulart's government were made either in ESG or IPES.

Today there is a consensus that the intention of the military - at least the group initially at the head of the new government - was to hold power for a short period, only as long as was necessary to "replace the train on the rails", restoring discipline in the armed forces, producing some institutional reforms and "cleaning up" the economy. Political power should then be returned to civilians, through presidential elections to be held in 1965.

1. Some groups of Army officers had made detailed plans with their colleagues of the air force to flee in an emergency situation to remote parts of Goiás and Mato-Grosso to organize an armed resistance to the coup from there. (Interview with Col. Sérgio Pasquali, who was a major in 1964 and was directly engaged in plans and operations of the 1964 coup.)

The active military nucleus which carried out armed interventions — the operations simultaneously planned in some units of Rio and Minas Gerais since 1962 — and broke the line of tenure in political power was a composite of some traditional tendencies in the army. A large majority of these groups have been rashly called "hard liners", for their position of intervention by force. These groupings shared a sense of nationalism, anti-communism and a loathing of the style of the professional politicians (which they referred to as "demagoguery"). Most of them were typical professionals, although the views of the "new professionalism" were actually a rising trend among the military élites, as noted by Stepan.³ Hierarchy and discipline in the armed forces were issues of principle for them, the absolute limit of toleration. Only in the aftermath of the coup internal groups within this general tendency took form. Although top level settlements had entrusted the provisional high command of the movement to the Chief of Staff of the Armed Forces and his "intellectuals" (or more charmingly called the "Sorbonne" group), power increasingly ran in other directions in the following ten years. Together with the assent of the USA Ambassador in Brazil, Gen. Castello Branco had the decisive support of some figures highly respected by the military, as some old *tenentes* and commanders from the second world war, themselves conspirators against Goulart

2. "In 1961 we were defeated by Brizola because we did not take civilian support into account" (Gen. Golbery do Couto e Silva, interview with the author).

3. Stepan, A, Os Militares: da Abertura à Nova República, 2 ed, Rio de Janeiro, 1986, pp. 21-2. It could be said that many studies in the Brazilian military of this time lose accuracy in using *tout court* a polarization between the "Sorbonne" group and the "hard liners". Actually the large majority of the military who participate in politics have a profile such as is described above. The "hard liners" would be a specific trend, at the other end of the spectrum.

(Cordeiro de Farias, Eduardo Gomes, Juarez Távora, etc.) and leaders of a tradition of military participation in politics since the Vargas era.

The analysis of the fate of the March Movement would, however, benefit from stressing a particular feeling or reaction of many officers among the nationalist, professional, anti-communist majority of the military which is also the origin of political shifts in the regime. Such reaction referred to the facts of the political life of the country between 1964 and 1967, namely, the passionate competition among various civilian groups to fill the power gaps after the definitive overthrow of the previous government and chiefly the dispute for the succession of Gen. Castello Branco. A leading section of the military thought the revolution belonged to them rather than to some civilians ambitiously and opportunistically interested in seizing power.⁴ These officers had risked their lives; they had committed themselves to the hard tasks of repression; they had to run the IPM's (military-police investigations); they had had to purge the armed forces of thousands of brother soldiers; they had been facing, as an institution, the blame for the excess or faults in the repression; they were mocked by cartoonists and students. Now, they wanted to have close control of political power themselves.

From this first position or simple reaction they became motivated by a nationalist project of development for the country.⁵ This was the stance of the self designated

4. The author expresses here his personal perception from long talks and relationships with some military officers, two of them holders of high positions in the Central Agency of SNI, as well as interviews quoted in this chapter.

5. "As we had prevaricated against the Constitution, the best would be to go ahead with our goals", joked Col. Mauro Costa Rodrigues, when interviewed about the matter. Col.

"nasserist group" which was led, until 1967, by Gen. Albuquerque Lima among officers on active duty and by Gen. Costa Cavalcante among the retired ones, and the feeling of the average military engaged in the political process. That is why the "nasserist" group held the leadership in the political moves among the military who controlled the government until 1968. Then, attacks by urban guerillas and other violent actions by the opposition brought about the rise of the "hard-liners" (or, in Geisel's conciliatory phrase, those "sincere but radical").

Political circumstances boosted this lastly-mentioned group. First, they were stimulated or urged by civilians - early supporters of the coup or just right-wing late "cooperators" - to extend purges and so benefit by clearing political ground. The weakening of Castello Branco's position in the dispute over his succession, as he ended by breaking with his early favourite candidate Carlos Lacerda and losing political control of the process, opened opportunities for other candidates who looked for alliances with Costa e Silva and divided his support in Congress. Some conspiracies on the part of military groups remaining from the deposed regime were discovered. The defeat of government candidates in the 1965 gubernatorial elections for the key states of Minas Gerais, Rio de Janeiro and S. Paulo showed the unpopularity of economic policies, lessening democratic outlets open to the purposes of the regime. In the eyes of the military of 1964, the aims of orderliness and the banishment of the populist politicians did not seem to have been secured. This view began to be

5. (cont.) Mauro Rodrigues belonged to the earliest 1964' military groups. He was in charge of the IPM against the former President João Goulart and very close to generals Albuquerque Lima and Costa Cavalcante.

widely shared among the military only one year after the 1964 coup.

The rise of Costa e Silva was really a matter of the informal takeover of political power by the Army, or **the military as institution**, than any sort of new faction of the military or civil-military coalition, profiting from the military institution support, as happened in March 1964. This is essential in understanding the political decision-making process in the following two governments.

Costa e Silva, the Ministry of the Army (denomination replacing "Minister of War" from 1967), acted as the legitimate representative of the military institution in his public declarations and political contacts in the frame of presidential succession of late 1965. His audience was primarily the military, not the nation or the politicians. Even before the end of 1965, two facts showed that the presidential succession was already virtually decided. First, the secret meeting of army officers with Costa e Silva at Vila Militar, the strongest artillery unit of the Army, in Rio de Janeiro, in October 1965, when he was "sworn-in" by military leaders.⁶ Second, his speech, some weeks later at an unplanned public meeting of three thousand officers who gathered to greet him before he left on an official trip of six weeks to Europe and the Middle East.⁷

6. Col. Mauro Rodrigues, who was present, reported about this meeting. "We were lead by Gen Albuquerque Lima. He spoke, and after some discussions Costa e Silva was told: Castello has turned into a 'flag'. We don't want 'flags' any more. You will be the President. But we want a standard-bearer, not a standard. Costa e Silva replied: I accept the condition of being a standard-bearer." (Interview with the author).

7. Costa e Silva said in this speech: "I leave as Minister of War and I'll be back as Minister of War." This phrase, as pronounced in the specific political context of a

The composition of Costa e Silva's Cabinet reflected major trends in the army. The High Command of the Army, where only the highest-ranked generals (*Generais-de-Exército*) sat, was the top monitoring body of the government and the official expression, "the supreme command of the revolution", actually translated it. When Costa e Silva became ill, no real political crisis or discontinuity was felt in the country, despite the fact that the vice-president was not sworn-in. The ministers of the army, the navy and the air force assumed the Presidency of the Republic to finish Costa e Silva's mandate. Then, the next president was selected from among the generals at the top of the career structure on active duty, by a direct consultation with the officers through their generals. Similar consultations were held at Geisel's selection in 1973.

Between 1967 and 1974 the army was generally understood by the public to be running the country. Periodical seasons of promotion of officers to the High Command of the Army were publicly expected and the press highlighted profiles of candidates and appointees. Candidates for ruling positions in governmental institutions (including those of chancellor of a federal university or principal of a federal school) normally presented their *curricula vitae* to local commanders of army units, where the decisive contention for positions took place. Even ordinary people often went to headquarters to present their complaints about any supposed unfair decision of a local authority or harmful inefficiency in a public service. Commanders accepted this odd role, although their ensuing actions

7. (cont.) presidential succession contest already open; was then interpreted by the press as a clue to the special capacity in which the Minister of the War presented himself. The fact was later recalled, with such a meaning by *Jornal do Brasil/Especial*, "64/84 autoritarismo e mudança, Sunday, 1st April 1984, p.6.

were usually discreet or manifested by informal means.

The mounting wave of protest actions or violent opposition was the key political fact supervenient in the rise of the Army to power from 1967, as already noted. It contributed sharply to the course of events in the politics of the regime. Organized radical left-wing movements re-emerged as early as 1967. Some had international connections and most were active in student organizations, mainly the National Student Union (UNE) and its state bases, the state student unions (UEE's). They acted through the Roman Catholic Church's middle class lay movements whose activities were mostly directed at the politicization (*conscientização*) of urban fringe populations and had the support of members of the hierarchy, boosted by the influential Church "social doctrine" (the Pope's encyclicals). The Catholic University Youth (JUC), very important in social campaigns by the Church until the early sixties, split up and gave place to many local groups which were stimulated by priests, rushing to promote new theological post-Vatican II ideas. A particular faction of the old JUC, the Popular Action (AP), assimilating marxist principles, stood out in student movements and was later involved in armed and clandestine actions. Student movements, which furnished most of the militants for the clandestine violent groups, will be discussed later, Section 3.1.1.

Urban guerilla tactics were successfully used in some state capitals between 1967 and 1969, initially in student riots and then by armed groups. The Police were caught unprepared but massive student-public demonstrations were easier targets for its mostly violent repressive action. Clandestine organizations resorted to bank robbery. A handful of kidnappings, chiefly those of the ambassadors of the United States, Federal Republic of Germany and

Switzerland brought the term "terrorist" into the press vocabulary for the first time. Some guerrillas broke out in the rural areas of the states of Pará (Araguaia), Minas Gerais (Caparaó) and São Paulo (Vale da Ribeira).

These events brought about a hardening of opinion in the military. The range of the actions to be repressed actually alarmed the military in positions of power. The Armed Forces were formally mobilized in order to treat the situation as a state of civil war. The 2nd Sections of the Staff of all regional armies of the country began planning operations and gathering information, exchanging it through the Army Information Centre (CIE) and its counterpart in the Navy (and later also in the Air Force), regardless of the activity of the SNI, which only took partial control of the area during Geisel's Government. Costa e Silva was directly pressured by regional commanders and other influential military officers to give them exceptional powers to deal quickly with the situation.⁸ Making opportune use of a minor conflict with Congress the military close to the President forced the declaration of the Institutional Act nº 5 (AI-5) of December 1968 which plunged the country into the state of a totalitarian dictatorship for some years.

The military requested or was offered the cooperation of the civil police and even right-wing radical groups. They ended up working together in fighting, hunting left-wing activists, arresting and often torturing whoever appeared to participate in "subversive" or "terrorist" activities.

8. The importance of the outbreak of urban and rural guerillas to a sharp swing in the regime in 1968 was stressed by Col. Pasquali, who was present, as Costa e Silva's assistant, at the moment of the signing of the AI-5. He was also in charge of the 2nd Section of the 1st Army in Rio in 1975.

The basic organizational units in regional armies in charge of operations (Centre of Operations of the Internal Defense, CODI) did not always have a proper command of them. It was not long before the leading professional military of the 1965-68 period ended by losing control of the repression. Their own officers broke the hierarchical chain of command to their local superiors, reporting directly to Brasilia (CIE). Arbitrary action against opponents, or even simply non-supporters of the regime, spread in many civil or bureaucratic institutions. Paramilitary groups, such as the death squads, raided free of constraints. When Geisel's government tried to restrain the apparatus of repression, armed groups from the security forces began acting by themselves without incurring punishment, using typical terrorist methods.

In Stepan's notable words about the project of "abertura" designed by Gen Geisel and his close advisers in late 1973:

"Indeed, there was not enough external pressure on the military, either from the civil society or from the political society to force an opening of the regime".⁹

No significant industrial action came from labour until 1977. The dissatisfaction of some leading groups of businessmen - actually afraid of their prospective reduced means of influence in a society without democracy - began to be expressed in late 1974, under the allegation of excessive state interference in the economy. The campaigns by well regarded institutions of civil society such as the Brazilian Order of Lawyers (OAB) and the Brazilian Press Association (ABI) were not yet organized, because censorship was not lifted until Geisel's government did so. The incessant complaints of the Church regarding the violation of human rights was not actually

9. Stepan, A. Os Militares... op. cit. p.43.

any menace for the regime. As no political regime is supposed to act to hand over its power, how should the movement of 1974 be understood?

Two facts of a deep, if not immediate, political meaning brought about and made feasible the liberalization aimed at by the fourth government of the 1964' regime.

First, the increasing isolation of the military government. This was already perceived during Médici's government when intensive official press campaigns were held to ameliorate the government's image; policies in social areas and the results of economic growth and administrative reforms were frequently used as argument for a thesis of legitimization through good results. Brazilian culture rejects authoritarian solutions to political conflicts.¹⁰ The accepted authoritarianism is that of paternalist authority. The violence of the repression shocked the common sense of the population which had never approved the acting authorities. Increasingly, respected liberal intellectuals stood aside from the regime, whose praises came from old fascist figures. The military were never welcomed by the majority of university academic staff or students. The exodus of scientists between 1967 and 1972 is an aspect of this sentiment.

Second, between 1970 and 1978 a new conscience regarding the participation of the army in politics had slowly grown in the barracks. Political prisoners were held in military premises where illegal acts of violence were fairly common knowledge among the troops. The military

10. See: Linz, J, "Totalitarian and Autoritarian Regimes", In: Greenstein, F, and Polsby, N, (orgs.) Handbook of Political Science, v.3, Addison-Wesley, Massachussetts, 1975,

authorities were often ridiculous with embarrassing explanations of "disappearances" or refusals to give legally requested information about detainees. The large majority of the Armed Forces took no part in repressive activities and felt unhappy with a sort of identification of the army with the police. As things were, the Armed Forces were continuously exposed to criticism and public judgement. The excesses and even crimes of some officers of the security system tarnished the military institution as a whole.

Above all, one issue was crucial and led to sensitive repercussions throughout the higher ranks of the military: the breach of discipline and hierarchy, the very point which had finally brought the military out of the barracks to overthrow Goulart! Furthermore, the formation of the so-called "security community" proved the division of the large group of nationalist professional officers who had spoken for the army between 1964 and 1968. The repression system sheltered the "hard-liners" whilst the majority withdrew with serious doubts about the future of the institution if the situation continued as it was. "Back to the barracks" seemed to be an increasingly wise slogan. When, in 1977, the Minister of the Army, Gen. Silvio Frota, wanted the Army to repeat its movement in early imposing Costa e Silva as its natural candidate for the presidency, he failed. The Army's feelings towards politics had changed. Moreover, when he attempted to resist his dismissal by Geisel (12/10/77) and called upon the regional commanders to gather in Brasília, he received a lukewarm response and the Planalto Palace was able to dismantle the plot. Geisel's tough style as commander in chief was at last accepted by military in his moves against the repression system (dismissal of the generals D'Avila Melo and Danton de P. Avelino from the 2nd Army, S. Paulo, and the CIE, respectively).

The choice of Figueiredo by Geisel for his succession from the beginning of 1975,¹¹ assured his commitment to the liberalization project and the measures taken in the first two years of his government (the abolition of the AI-5, the revision of the law of security, the complete freedom of the press, the call for important elections in 1982 and the amnesty) definitely changed the political scene. Despite some serious setbacks, mainly terrorist acts by the underground "security community", the conditions of the amnesty - forgiving crimes of the "two sides" - and the good image of Figueiredo with the military, the *abertura* was a fact and from then, the main political issue was to be the succession; that is to say, the future of the regime.

The package of measures imposed by the government on the country in April 1977 (Congress had been put in recess) to prevent relevant changes in the political institutions created by the regime included a new six-year presidential mandate (1985-1991) as part of a plan to extend the military presence for a transition period. Gen. Figueiredo was to transmit the power preferably to a reliable civilian but not to an opposition party in 1985.¹² The idea of a full democracy, where power was accessible to the opposition, could still not have been

11. See: Stumpf, A. and Pereira Filho, M. A Segunda Guerra: a Sucessão de Geisel. S. Paulo, Brasiliense, 1979.

12. In August 1982 there was a barbecue on Geisel's small farm in Teresópolis, state of Rio, which the top military attended, including President Figueiredo himself. The succession was discussed there and some important points for the future of the regime were defined. A military succession was only a hypothesis "for odds and security". Some weeks later, a reshuffle in the Cabinet, mainly in the group close to the President, removed Gen. Rubem Ludwig from the Ministry of Education to the Military House. Ludwig was repeatedly indicated by the press as a strong candidate for the succession.

the intention of the military.¹³

However, from the early eighties, the regime decayed sharply. After some concessions (with special regard to the constitutional amendments reinstating parliamentary immunities, increase in the tax shares of the states and *municipios* and restoration of the normal use of TV broadcasts by political parties) parliament was kept in a balance slightly favourable to the government until the eve of the indirect elections for president in 1984. However, as far as the civil society was concerned, the government was completely discredited and visibly unpopular. Negotiations or cooperation to implement policies, mainly in sensitive areas such as labour and education, became impossible.

Some facts speeded up this deflation - and so overturned military political plans - either by weakening the government position or nourishing the arguments of an enlarged opposition. The promises of a better distribution of income (bigger shares after the increase of the cake, as the government had said during the sixties) and the improvement of welfare failed. The census of 1980 had given the figures. The causes of the economic crisis were not only external (oil prices and rise in interest rates): the failure of the 1967 administrative reforms; the uncontrolled expansion of the organizational structures of the state; the gigantism of development projects; the abuse of internal and foreign borrowing as an easy source for the boom in new programmes; the unwillingness to face the problem of subsidized sectors of the economy, all these led to a huge public deficit, the true root of a mounting inflation and the misleading of public budgets. Obviously the lack

13. This issue is discussed by Stepan, op. cit, pp.70-1.

of control on the state by society for last two decades was the political cause of that. Besides, Brazil had over-reached itself in pursuing economic development. In short, the economic and social situation could be argued as the failure of the military project for the country. The impact of this argument was devastating.

On the other hand, from the mid seventies, new pressures had emerged in the civil society, first raising the issue of the violation of human rights and then, as the inflation mounted, the appealing banners of reposition or increase of salaries. The old fascist policy of corporativism under the "protection" of the state was disparaged by parallel, unofficial unions in S. Paulo. Many businessmen gave wage increases in direct negotiations with employees, bypassing the twice amended law of November 1979 which stated bi-annual fixed increases below the inflation rates, mostly for middle-range salaries. In five years the government had not been able to control inflation with such a policy. It claimed to have distributed income for the lower levels of the population but had decisively lost the support of the previously benefitted middle classes.

This would certainly have carried weight in the 1982 elections and the impressive mass demonstrations of 1984. Indeed, these two facts signalled the advent of a post-1964 society. Elections turned attention to the force of new political groups on the left, such as the *Partido dos Trabalhadores* (PT), the rise of the returning populist appeal of Leonel Brizola (a hard blow to his old radical opposition, the military) and the widespread organization of the Party of the Brazilian Democratic Movement (PMDB). The unprecedented street demonstrations of the "*Diretas Já*" campaign (direct, immediate elections for president) achieved more than they aimed for on the grounds of the

politically possible: they assured the pace of the opposition to displace a two-decade old, decadent government; they prevented the top government last minute tactics and a large faction of the Democratic Social Party (PDS) from supporting Mr Paulo Maluf's adventure in the Electoral College. Some weeks later, a secret settlement for a pacific transmission of power was agreed between high positioned military and the elected President Tancredo Neves, a capitulation as it were. On the 14th of March of 1985 Gen Figueiredo left the Planalto Palace through the back door without handing over the presidential insignia in the official public ceremony.

2.1.2. The political and administrative strategy

When the military saw, even during Castello Branco's government, that they had definitely "crossed the Rubicon" towards a political enterprise quite a lot larger than they had intended at the outset, a "project" began to emerge from the contributions of several centres of support, whether civilian or military, the barracks or the *Escola Superior de Guerra (ESG)*.¹⁴

14. The link between this "project" and the ESG's ideology - a rigid methodological framework for studies on national security - was the concept of "National Objectives" among which national integration and national prosperity had a central role and are expressed in the "Policy of Development". This appeared as vital in the real state of international relations, determining the current and future position of countries. See: Gen. Carlos de Meira Mattos, "Ensaio sobre a Doutrina Política da Revolução", Q Processo Revolucionário Brasileiro, BRASIL/Presidência da República/AERP, 1969, pp.5-16. Meira Mattos, an important figure among the top 1964 military and very close to Castello Branco, had been a member of ESG's permanent teaching staff. The general uses the same words as the government's 1968 Development Strategic Programme and describes the development as a target to be achieved "at any cost and in the short term, a term

This move from the early military intentions to broader views is clearly stated in the opening of the document of guidelines which marked the crucial political change from Castello Branco to Costa e Silva.¹⁵ The key-stone of the project turned out to be the idea of Brazil, as an emerging power aligned with the so-called modern western democracies - the "club" of the developed nations - and triggered the word of command of **development** as the utmost expression of political will. It passed down through governmental organizations and was overwhelmingly cast through the media, as a major policy of the Public Relations Office of the Presidency of the Republic (AERP). After being completely absorbed, this master-idea was fully expressed in the 1970 government major planning document (*Metas e Bases para a Ação do Governo*) on which the 1970-73 National Development Plan was based:

"The national aims are the following: I. As synthesis-aim, the access of Brazil to the developed world at the end of the century. A really developed, democratic and sovereign society will be built in the country, therefore, following the economic,

14. (cont.) which should not extend beyond one generation or twenty five to thirty years, say from now to the year 2000" (p.13). In 1970 President Médici asked a more direct contribution from ESG to the planning of specific government policies, besides its doctrinal discourse; President Médici, Consciência do Brasil (discursos), Secretaria de Imprensa da Presidência da República, 1970, pp.65-7.

15. BRASIL/MINIPLAN, Diretrizes do Governo. Programa Estratégico de Desenvolvimento, July, 1967. The same was repeated later by the Minister of Planning, Mr. Hélio Beltrão, in the inaugural lecture of the ESG's 1969 courses and then softened in euphemistic terms: "In its sanitizing tasks, the Revolution had a broader meaning of preserving a threatened national development". (BRASIL/MINIPLAN, A Revolução e o Desenvolvimento, 1969, p.11. The sharpness of the change, however, was regreted, from the point of view of the planning, by Castello's Minister of Planning, Mr Roberto Campos ("The Brazilian Planning Experience", in: A Nova Economia Brasileira / The New Brazilian Economy (original title registred in Portuguese and English), Rio, Crown - Ed. Internacionais, 1974, p.56-7).

social and political feasibility of Brazil as a great power."¹⁶

As from 1969 to 1975, at the time of the Institutional Act nº 5, the urban and rural guerillas and the intensive repression by the the government's security apparatus, the official discourse adopted the formulation "development and security", but the appeal of "development" was not reduced. Fast development would be a potential common denominator among ruling political groups, meeting aspirations of all sections of Brazilian society and being raised to a sort of supreme value. Success in developing aims was believed to bring about a full political legitimation *a posteriori* for the 1964 coup d'état.

A controversy in governmental circles - in which education authorities were often involved - whether it should be "economic development" and then "social development" or "economic and social development" at a time, has never ended. The prevailing formula until 1974 was to put forward the policies of economic development and act simultaneously on the so-called "social infra-structure" of the economic development, so that the fruits of the development could be effectively distributed. As from Geisel's 1975-79 National Development Plan a move appeared to accelerate economic development so that the social distribution of the resulting wealth could be effected "while" it was generated¹⁷. The "social" element of the formula was never omitted but not fully implemented either, as the income distribution in 1980 had worsened in comparison to that of 1970.

16. BRASIL/Presidência da República, Metas e Bases para a Ação do Governo, September, 1970, p.15.

17. BRASIL/Presidência da República, Projeto do II Plano Nacional de Desenvolvimento (1975-1979), 1974, p.40.

The extension and versatility of "development" virtually penetrated all government activities and the making of governmental policies, in such a way that it is possible to weave a synthesis of principal political and administrative strategies of the government over the period, as the following paragraphs endeavour to do.

Ideological stances about the role of the state in society, mainly in the issue of national security, met the requirements of political stability and public order for the success of the development policies. A strong central government was to have all institutional instruments to protect the "major national objectives" of development and security. Opposition groups were to be kept under control, the forms of repression following political circumstances. The government security apparatus would never leave the background of the scene. ¹

With the same intent, a new constitutional order was to be established to put main political instruments, elections, individual guarantees, political parties and the legislative process under a unified control in the hands of the military presidents. With the direct appointment of state governors or the indirect control of their elections for at least thirteen years, the country virtually became a central rather than a federal republic.

Still the development was to be conducted by a strong Executive Power, as a technical matter, the Legislative Power not being admitted to decide on some of its specific roles, particularly financial and budgetary decisions. Congressmen were assumed to be unavoidably driven by clientèle politics when it came to the allocation of public funds.

Development meant investment and fast growth required massive public investment or incentives to private initiative, the financial market being fully re-organized. The Exchequer's ordinary taxes would not be enough to cover ambitious development aims. So the government increasingly resorted to new financial sources, ranking from compulsory "contributions", as exceptional levy for priority programmes, to the issue of public securities and foreign borrowing and culminating in a large increase in the direct money supply. Despite the cautious views of the 1966-69 planners, Brazil fully presented a model of economic growth by heavy - internal and foreign - borrowing during the 1970's, mainly when overflowing dollars from the oil commerce needed to be re-cycled by international bankers.

The concentration of the country's most public finance in the federal government - the states and *municípios* receiving transfers from it - had the initial purpose of rationalizing the levy system (Tax Constitutional Reform of 1966).¹⁸ As from 1969 (Complementary Act n.40) it was politically used to reinforce the Federal Exchequer. The power of "generating resources" by means of the extra-Budget financial mechanisms, however, together with the control of prices and the economy's indexation, became the major instrument of an intentional centralization of control over the economy.

18. Although it met the regime's feature of a strong central government, the 1966 tax reform, soon adopted by the 1967 Constitution, stemmed from technical purposes. See *Exposição de Motivos* of the Constitutional Amendment nº 18 in: *MINIPLAN/EPEA, O Programa de Ação e as Reformas de Base*, vol.1, Doc. EPEA n.3, Dec. 1965, pp.219-28. The concentration of most tax revenue and its partial transfers to local governments formed the institutional background from which some very important issues on education funding derived (Chapter Five).

Rationalization and modernization of public administration was a basic instrumental policy for the development aims. Planning was the magical word to effectiveness and achievement of targets. The Programme-Budget technique would secure the vital connections between aims, targets and implementation, through the allocation of financial resources according to defined priority programmes and specific policies.

The implementation of large development programmes was to be entrusted to a decentralized system of organizations, chiefly the state-owned companies and public foundations. Most of the new or non-tax sources were not to be registered by the Federal Budget, as they were run by these autonomous organizations for the sake of administrative flexibility.

2.2. THE GENESIS OF THE POLICIES ON EDUCATION FUNDING

2.2.1. The approach until the early sixties

The decades which preceded the period 1964-84 were marked by humanistic and liberal-democratic views towards education funding. Since the 1920's a consciousness had been formed among the intellectual elite about the matter (Section 1.3). Education was seen as the main instrument to develop national ideals, democratic and human values in society. Their thought was that man would liberate himself and grow by means of knowledge; higher levels of civilization and culture required expanding systematic education and social life could not reach better standards without enabling individuals to control a diversified

language. It was essential to overcome old concepts which associated education with the elite and did not provide public institutions with means to extend the availability of education. These views were politically used to put pressure on the government for the expansion of elementary education services which should not be left to religious or charitable organizations.

Following trends from the nineteenth century, the development of professional skills was still a sort of minor, specialized branch of the education system, no national policy occurring in this field before the first brightness of the industrialization under Vargas. It took two decades, therefore, until some move occurred in the main reasons for funding education: from the sole societal development by the democratization of the opportunities for individual cultural improvement to new reasons of economic development. Even so, the latter had a limited range. Education *per se* and primary education, which concerned the majority of the population, was justified by democratic and human - even Christian - values. Ruling liberal politicians shared these views.

With regard to the composition of leading groups with political influence on education, the field was passionately divided between professional, lay educators - often working in governmental bodies - and those linked with religious organizations, particularly the Roman Catholic Church whose religious orders ran schools at all levels throughout the country, including the most prestigious section of the secondary education schools.¹⁹ The two factions, however, shared similar views on the

19. The Church's hierarchy always jealously preserved the position of religious orders in the education system by using their social influence and mobilization capacity in

reasons for funding education.

As from the mid-fifties the impetus of the country's industrial economy had raised the standard of **development** as the *leit motiv* of policy-making. Education made its debut in the context of governmental **economic** plans in the President Kubitscheck's *Programa de Metas*, 1957-60. The idea of solid links between education and development was then widespread. The acceleration of economic development was soon going to require specialized jobs, new educational standards from the work-force in general, and "a new generation of citizens would be called upon to create and run new economic areas". The Plan said that this could be a powerful motivation for youth and the government was to state that "the economic infra-structure had to be followed by an educational infra-structure".²⁰ So the

19, (cont.) political - usually secret - agreements with the government. During the crucial period of Vargas educational reforms, the Church and the Minister of Education, Gustavo Capanema, kept an agreement by which education policies would be subject to the Church's *placet* in exchange for a neutral position towards Vargas' *Estado Novo* regime, the well-known Catholic philosopher and writer Alceu de Amoroso Lima being in charge of the monitoring of the agreement's accomplishment. See Schwartzman, S. et alii, Capanema and Education, Rio, Paz e Terra, 1984. It became publicly known that the coordinated action of Rio de Janeiro's Cardinal Jaime Câmara through the pugnacious and influential deputy (later Rio's Governor) Carlos Lacerda in order to avoid what catholic called "laicization" of education in the important Bill of Directives and Bases of Education (1948). Church-linked educators and intellectuals provoked a nationwide controversy on "public versus private" education and pressures on the Congressmen resulted in a long blockage of the Bill for years. Mr Lacerda, a personal friend of the cardinal, presented a controversial substitute Bill, and after changes, a compromise was reached when the project (Law nº 2024, "Directives and Bases on the National Education", LDB) was already being seen as outdated in some aspects (1961).

20. BRASIL/Presidência da República/Conselho de Desenvolvimento, Programa de Metas, 1958, vol.I, pp. 41 and 95.

Target nº 30, "Technical Personnel Formation", determined "the intensification of the technical personnel formation and the turning of education to the development", this last part of the policy being strategically important.²¹

Jânio Quadros did not have an opportunity for a government plan in his meteoric transit through the Presidency of the Republic (31/1-25/8/1961) but in his address to the Congress, marking his style, he interrupted the existing trend and simply promised to be practical on the matter.²²

The ephemeral *Programa de Governo* (1961) in the short period of the parliamentary system of government (2/9/1961-6/1/1963), realistically stressed the aim of overcoming illiteracy and the primary education deficit as vital for the productive integration of individuals, "a socio-economic imperative for the recovery of the Brazilian people which, in remaining illiterate, will be lost for the nation and will be led to a marginal life".²³

21. BRASIL/Presidência da República/Conselho de Desenvolvimento, Programa de Metas, Op. Cit., p.13. The Commission of Education and Culture of the Development Council which was headed by the minister of education approved specific educational targets in March 1957 (vol. III, pp. 372-94). The report of the Commission was based in a study under the supervision of Dr. Roberto Campos who also later supervised the first plan of the 1964 government for education; Campos, R, et alii, "Análise do Esforço Financeiro do Poder Público com a Educação (1948-56)". In: Presidência da República/Conselho de Desenvolvimento, Educação para o Desenvolvimento, 1957.

22. He said: "One cannot delude the Nation with promises of applying greater finances to education. (...) During this government, however, the constitutional provision which requires the application of ten percent of the tax revenue in the maintenance and development of the education will be accomplished in its full extension." (MEC/INEP, A Educação nas Mensagens Presidenciais, Período 1890-1986, 2 vol., Brasília, 1987, p.351)

23. BRASIL/Conselho de Ministros, Programa de Governo, Bases, Análise da Situação Econômica e Social do Brasil, Brasília, 1961, p.140.

Education status took a new step forward among economic planners, following the "human capital" theoretical trends and "man-power" planning approach which boomed in the early sixties. President Goulart's development plan (*Plano Trienal de Desenvolvimento Econômico e Social*, 1963-65) opened a larger room for education funding, defining it as "pre-investment for the betterment of human factor". The importance of elementary education was stressed for the provision of basic knowledge which enabled people to be inserted into the job market.²⁴

2.2.2. The 1966-73 key-period

In spite of no immediate change having occurred in the official plans for education by the newly arrived 1964 military government, a sort of "re-start" mood in education planning appeared from 1966 but had already been incubated since 1964.

The government's provisional economic plan, the *Programa de Ação Econômica do Governo* 1964-66, used a synthetic formulation about the subject and placed education among the "instruments of action".²⁵ In practice, the signals

24. BRASIL/Presidência da República, Plano Trienal de Desenvolvimento Econômico e Social, Dec. 1962, pp. 89-92. It should be pointed out that the Plan's language reflects the extension of the concept of "human capital", beyond the simple utility of education for the development: "... the government must substantially intensify its action in the field of education, in scientific research and technology and in public health in order to guarantee a rapid improvement of the human being as a development factor...". *Idem*, p.7.

25. Under the title of "Social Productivity", letter d) talks about the aims of education: "To amplify opportunities, rationalize outlay of money and adjust the

which came from the centre of the government featured the rationalization of planning and expenditure as the actual focus of attention (Section 2.4). No fresh plan, as such, was issued for education, as the National Plan of Education (PNE, 1962) was in force as a consequence of Law 4024, of 20/12/61. The Ministry of Education (MEC), in charge of the matter according to the same law, provided for a revision of PNE by the Federal Council of Education (CFE) in 1965, introducing slight changes in targets and taking into consideration the financial effects of the recently created *Salário-Educação* (Section 5.1.1.1)²⁶.

However, what was going to happen from 1967 in the field of education planning and financing was basically designed during the period 1964-66 in an economic planning office - the Office for Economic Applied Research, EPEA, later IPEA (Institute) - which was freshly set up by Mr Roberto Campos, the number 1 civil minister of President Castello Branco in the second quarter of 1964. To compose his team of close collaborators, Mr Campos brought most of the members of the technical staff of his consultancy firm in economics in Rio de Janeiro, *Consultoria Técnica e Planejamento* - CONSULTEC. From CONSULTEC he chose a young, recently graduated economist, Mr Arlindo Lopes Corrêa, to take over the area of Human Resources (education and employment) of the Sector of Social Development

25. (cont.) composition of the teaching to the technical and cultural needs of a modern society." BRASIL/MINIPLAN, Programa de Ação Econômica do Governo 1964-66 (Síntese), Documentos EPEA nº 1, Nov. 1964, p.16. Indeed, a brief, previous text "*Programa de Ação Econômica do Governo Revolucionário, 1964-66 (Resumo)*" had been distributed to federal authorities with the Circular Letter 5361, of 29/10/64, without mentioning education among those "general instruments of action" (as it did to other social priority programmes such as housing).

26. MEC/CFE, Plano Nacional de Educação (Revisão 1965), Rio, 1965.

of EPEA.²⁷ Mr Arlindo Corrêa was entrusted with the studies for a nationwide diagnosis of education and a long term planning document of education policy, as a section of the Decenal Development Plan. He gathered a few, young collaborators, "mostly economists and engineers", and worked full-time with the decisive support of the minister, being "independent of direct influence or pressures from other bodies" and "completely free of involvements with the current administrative problems of education".²⁸

All had a taste of "starting from scratch". After completing the diagnosis - the only one of its range ever made since then²⁹ - which emphasized the huge problems of primary education and was enriched by quite a few statistical data, some of them from original surveys, the team set out to prepare the first long-term plan for education. Mr Arlindo Corrêa described the general design of the ten-year plan, recalling the fact (vital in the context of this Chapter) that it was inspired in the Mediterranean Region Plan by the Organization for the

27. To CONSULTEC also belonged Mr Mário Henrique Simonsen, a master-mind of the new economic policy and the first head of the planning technical body, Dr. João Paulo dos Reis Velloso, who was the major coordinator of all the government's plans until 1979, when he was replaced by Mr Simonsen having been minister of planning between 1970 and 1978.

28. Expressions from Mr Arlindo Corrêa, interviewed by the author. In CONSULTEC, Mr Arlindo Corrêa had made studies in the economic planing of school units of Rio de Janeiro State and gained position in this field with an article on "Education and Regional Economic Planning" for a collective work, ordered from CONSULTEC by the University of Harvard, replacing Mr Campos who had just been appointed Brazilian ambassador in Washington. Then he was still an undergraduate student. Later he published: Economia da Educação, IPEA, 1969.

29. BRASIL/MINIPLAN/EPEA, Educação (II), Diagnóstico Preliminar, (Plano Decenal de Desenvolvimento Econômico e Social), 1966.

European Economic Development, OECD³⁰. He added:

"For the first grades of basic education we had a demographic and social approach. We wanted to put Brazil in the context of the nations in terms of compulsory education and length of primary school (six years), independently of man-power needs. For further education we gave the plan an economic approach: Brazil had to produce the necessary human resources for the requirements of the development and expansion of its economy."³¹

Stressing what he saw as a change from the previous education planning, Minister Roberto Campos, himself, wrote later:

"The rudimentary planning formally undertaken was mainly based on the data of demographic growth, leading to a creaking operative rigidity in the distribution of the educational investment. The new approach was based on studies of the labour market, thereby correlating investment planning more directly with the demand for skilled labour."³²

Mr Arlindo Corrêa sometimes went to MEC to talk with members of the "experts commissions" in the Directory of Higher Education, particularly to determine the quantitative targets of the plan, and had technical assistance from international organizations (see next

30. "The Mediterranean Regional Project (MRP) which began in 1961 was in many ways, the quintessence of educational planning in the 1960's. It was a cooperative programme to plan the long-term development of education in the six Mediterranean member countries of the Organization for the Economic Co-operation and Development (OECD) - Greece, Italy, Portugal, Spain, Turkey and Yugoslavia. The MRP methodology was widely imitated in many developing countries during the 1960's." Williams, G. "The OECD's Mediterranean Regional Project". In Psacharopoulos, G. Economics of Education, Research and Studies. Washington, The World Bank, 1987, p.335.

31. Mr Arlindo Corrêa, interview with the author.

32. Campos, R. and Simonsen, M. A Nova Economia Brasileira. The New Brazilian Economy. Op. Cit., p.55.

section). The Decenal Development Plan³³ had just been completed when President Castello Branco passed the office on to Gen. Costa e Silva. The document was handed over as a basis for a medium-term plan by the incoming government, although not received in a similar cooperative mood. Nevertheless, as far as education was concerned, the "Strategic Development Plan" (1968-70) did not innovate much from the Decenal Plan, except to adapt educational targets to the requirements of the increase in the targeted rates of economic growth (8 instead of 6% p.a.), the fundamental conception remaining the same.³⁴

There were developments, however: new institutional and financial instruments were created for the policies and two major reforms - not defined in the Decenal Plan - changed the structure of basic education and university (particularly public federal universities). The latter, which was initiated in 1965 and after hesitations was finally set in motion in special political circumstances in June 1968 (Section 3.3.1), featured as a rationalizing effort. It will be briefly commented on later in Section 2.4. Nevertheless, a close association between higher education and the specific needs of the economic development appeared clearly in the definition of priorities, in new courses, teachers full-time working conditions, post-graduate training and research facilities. The studies towards the reform of basic

33. BRASIL/MINIPLAN, Plano Decenal de Desenvolvimento Econômico e Social, 15 vols., 1967.

34. Mr Edson Machado, who participated directly in the preparation of education plans in IPEA (interview with the author). See: BRASIL/MINIPLAN, Programa Estratégico de Desenvolvimento, 1968-1970, Área IX, Infraestrutura Social, vol. 1, "Educação e Recursos Humanos", Fevereiro, 1969.

education, helping in foreign technical assistance and leading to Law 5692, of 11/8/1971, introduced a change in the originally planned idea of a purely social and demographic approach to primary education.

After the reforms, the system, which had originally been set up on the basis of a clear division between primary education and the two other further levels, was now conceived for the primary and secondary education as a composition, resulting in an approach markedly directed towards the preparation for work and profession-oriented curricula; even the primary schools in their extension to eight years, already had to have some vocational purposes.³⁵

Still with regard to the development of the economic approach in higher education policies, it is opportune to mention the role of a small group of economist students and teachers from the Department of Economics of the University of Brasília (UnB). Following the political crisis of UnB (1965) in which a considerable part of the teaching staff left the university (Section 3.1.2), the group, led by Prof. David Carneiro Junior, set up a private consultancy firm in economics (*Consultoria Econômica e Estatística*, ERGO) which offered its technical services to EPEA, during the preparation of the Decenal Development Plan (1966). One of the studies ERGO was engaged to make was an assessment of the economic performance of the federal universities, to support the work of the Area of Human Resources, then under the

35. See articles 1 (head and paragraph first) and 4 (head and paragraphs first and second). For further information on the reasons and details of this reform, see: Boynard et alii, A Reforma do Ensino (Lei nº 5.692, de 11/8/71, publicada no Diário Oficial de 12/8/71), São Paulo, LISA, 1972.

supervision of Mr Arlindo Corrêa. "We used technical instruments of micro-economic analysis, as the university was seen as an economic unit", explained Mr Edson Machado de Souza, in charge of the research.³⁶ Other studies followed and, after participating in the make-up of other government education policies in EPEA, most of the group joined this agency permanently in 1968. Mr Edson Machado became Head of the National Centre for Human Resources (CNRH, the body which replaced the Area of Human Resources in EPEA), MINIPLAN's representative at the Federal Education Council (CFE), and then (1974) was appointed MEC's Director of Higher Education, being in charge of the implementation of the university reform.

It could be affirmed that, in the decisive period 1966-1970 when most innovative policies and programmes arose, the leadership in the education policy-making was definitely of IPEA's, which was an agency specifically designed for economic development. Being attached to the views of the 1961 reforms of the Law of Directives and Bases of Education, the Ministry of Education (MEC) often came after or even resisted the initiatives.³⁷ The events and meaning of MEC's slow and conflicting accommodation to the new political rule is studied later, in Section 2.3.

36. Interview with Mr Edson Machado, to whom other information from this paragraph is also due. Actually, the research stemmed from Mr Machado's MSc dissertation project in UnB.

37. "EPEA always had the technical leadership in the meetings and works of planning, besides the political one. Its team worked full time and used its own surveys and statistics whereas the technical weaker position of MEC's officials was obvious. This was the root of the MEC's acceptance of USAID's offer of technical assistance." (Mr Edson Machado, interview with the author). Assuming the uneasiness of MEC's staff or members of CFE with the use of economic instruments of analysis (their "weakness"), the decisive fact was always the position of EPEA on the direct line of political power.

Formally, the plans were committed to joint commissions, involving, in the case of education, MEC and sometimes non-governmental organizations, such as the National Industry Apprenticeship Service (SENAI) and the National Commerce Apprenticeship Service (SENAC), which are linked to the national unions of employers of industry and commerce, although supported by legally established financial contributions. The singular presence of SENAI and SENAC, whose training programmes were often seen as a model, gives a clear indication about the stance of the ruling policy-making agency, IPEA.

Following the relative positions of influence among agencies in the federal bureaucracy, the economic approach to education gained its full expression in government development plans from the late sixties until 1979: "The education system was seen as a part of the programmes for the economic growth".³⁸

When the regime made its definitive step forward with the appointment of the Minister of the War, Gen. Costa e Silva as President, and the military considerably widened their presence in the government, the move was indicated by a new government plan (the *Programa Estratégico de Desenvolvimento 1968-70*) which was preceded by a directive document, overshadowing the previous government's Decenal Development Plan. Section I in Chapter V ("Social Infrastructure") of this document deals with education exclusively as a provider "of strategic human resources for the development programmes" from which higher productivity was expected.³⁹ The set of "priority

38. Mr Edson Machado, interview with the author.

39. See BRASIL/MINIPLAN, Diretrizes de Governo, Programa Estratégico de Desenvolvimento, Julho, 1967, pp.95-101. See also the headlines ("Education as Instrument for Development", etc.) under which the Strategic Development Programme 1968-70 put

projects" which were first sketched in the 1967 directive document and subsequently repeated up to the 1972-74 First National Development Plan with some increase (from 23 to 33 projects) is a clear expression of the prevailing views and political options: except for six of them (related to culture, literacy, physical education, student assistance and widening of primary education opportunities) the large majority directly concerned the formation of man-power and technological knowledge or rationalization of education administration. Finally, the overwhelmingly publicized connections between education and economic development, leading to the foreseeing of the "Brazil, world power by the year 2000" project, were the causes of the expression by which the Gen. Médici's 1970 directive document of government, followed by the First National Development Plan (1971), defined the regime's expectations on education: "REVOLUTION BY MEANS OF EDUCATION" (capital letters are from the original).⁴⁰

39. (cont.) education subjects: BRASIL/MINIPLAN, Programa Estratégico de Desenvolvimento 1968-1970, Área IX, Infraestrutura Social, Vol.I "Educação e Recursos Humanos", Fevereiro, 1969, p.10.

40. BRASIL/Presidência da República, Metas e Bases para a Ação do Governo, Setembro, 1970, p.51-73, see particularly the section: "*Definições básicas para uma política educacional*". The fine-sounding expression first appears in an early planning document of the newly-arrived MEC's administration (November 1969): MEC/S6, Planejamento Setorial, Projetos Prioritários, Brasília, 1970, p.13, which was prepared by Col. Mauro Rodrigues, the new MEC's General Secretary, and is attributable to Minister Jarbas Passarinho in his swering-in speech; "We were asked in a hurry to present an early plan. We defined some 'stumbling blocks' in education. Then I simply made-up a set of priority projects almost copying the same set of the previous governmental plan. For the introduction I made a composition of pieces of Minister Passarinho's first speech." (Col. Mauro Rodrigues, interview with the author). Besides being used in the First National Development Plan 1972-74, the same words also stood out in the First Sector Plan of Education 1972-74.

The section 1969-74 could be said to have been the peak of the period 1964-84 regarding education. Minister Passarinho succeeded in a very energetic administration, assisted by military officers in key-positions, and in keeping the momentum of the launch of new programmes, an impressive-sounding discourse and the gathering of political sympathies towards education in, and even out of, government. In comparative terms, education was in a better position in the allocation of federal finance (see Table 3), and almost all new policies which the following administration implemented with political repercussions had their definite rise between 1969 and 1973.⁴¹ The period 1974-79 lost this momentum but extended the concepts of education as investment and institutionalized the "priority programmes".⁴²

Although the same line had been kept from 1966 to 1979 in governmental plans for education, as described, changes in the precedence of these occurred as from 1970. The style of IPEA/CNRH's leadership was shaken when MEC's new administration refused a position of simple acquiescence to plans drawn up in that agency; it was understood that the text should first come out from MEC, after active participation by its bodies, before it reached its

41. Examples are: the main elements of the National Post-Graduation Plan including the full-time work scheme in universities, the new federal job organization plan, programmes of the university reform including development of campuses, the basic elements of the Physical Education and Sport Plan and the renovation of the federal support to cultural patrimony and arts.

42. The 1975-79 Development Plan, not only placed education among pre-investment, social infra-structure or instruments for the economic development, but made it an integral part of the economic strategy: BRASIL/Presidência da República, Projeto do II Plano Nacional de Desenvolvimento, 1975-79 (Projeto de Lei), Setembro 1974, Capítulo II, pp.25-30.

completion in the central planning agency.⁴³ This move corrected the previous course of the education policy-making, but, in the end, turned out to be an extension of the prevailing approach.⁴⁴

2.2.3. The external influence

The concern of this Section is limited to highlighting some events of external influence in the process of policy-making of education funding as far as they refer to the relevant periods or government bodies. Following the periodization of the policy-making activities of the government which was defined at the beginning of this chapter, greater importance will be attributed to the period 1961-68. Direct external influence was sharply reduced from the early seventies.

2.2.3.1. The Brazil-USA early links for economic development

43. Col. Mauro Rodrigues, the new General Secretary of Minister Passarinho (himself a former militaryman) describes the turning point: "Some day, Mrs Terezinha Saraiva (from IPEA/CNRH) came to us with the draft of the plan (First Nation Development Plan, 1971), telling us what we had to do. We stopped her. They (technicians from CNRH) might stay as observers. We made our people discuss and introduce changes if they like, and the text only came out when we approved it." (Interview with the author)

44. Besides the fact that the first text - and so the basic conceptions - still came from IPEA, MEC absorbed some staff from CNRH. Mrs Terezinha Saraiva was later invited by Minister Passarinho to be the Head of the MEC's Primary Education Department, the same happening to Mr Edson Machado in relation to the Higher Education Department, who, however did not accept the invitation (information by Senator Passarinho, interview with the author). Just afterwards he was appointed Head of CNRH.

A landmark in the formation of Brazilian qualified personnel for the modern economic development planning was the official technical cooperation by the USA government ("Point IV Program") which was agreed in December 1949 and held between 1950 and 1953. The activities of the heavily manned Economic Development Commission (54 members) involved studies and training of technicians in USA and led directly to the creation of the National Bank of Economic Development (BNDE) which was to channel and lead foreign and internal investment capital.⁴⁵ No reference appeared in the Commission's work to education, but the links and relations which started from there, including those with The United States Agency for International Development (USAID), were influential in the formulation of the policy on education for more than two decades - a matter to be studied later in this section. Besides, of particular note is the special position of Mr Roberto Campos, Senior Counsellor of the Commission, who later supervised the Kubitscheck government's policy on the financing of education (see footnote 22 in this chapter) and was the first Minister of Planning for the 1964 regime and the mastermind of its planning system.

The initial accord was given an unlimited extension in terms of the "Agreement on Special Technical Services between the Government of the United States and that of Brazil", on 30/5/1953, to "any sector of activity related to the economic development of Brazil".

2.2.3.2. Theoretical influential trends

45. Brazil-US Economic Development Commission, The Development of Brasil. Report of the Joint Brazil-US Economic Development Commission, Washington, 1953.

However, before international technical cooperation became important again in the Brazilian process of policy-making during the 1960's, a fact in the external academic centres had repercussions to influence governmental planners, eventually reaching Brazilian academic sectors. It is commonly referred to as "the boom in the economics of education". In her survey of the literature in this area until 1964, Dr. M. J. Bowman estimates that 90% of works appeared after 1955, and the number more than doubled from 1960.⁴⁶ About the same turning point Professor Mark Blaug, reputed specialist in the economics of education, wrote:

"Rarely is it possible to trace the take-off point of a new subject or a branch of an old subject to a particular book. The 'birth' of economics of education, however, can be clearly dated from the presidential address of Theodore W. Schultz, Professor of Economics at the University of Chicago, to the Annual Meeting of the American Economic Association in December 1960. This is not to say that nobody published in this field or even that nobody used the 'label' economics of education before 1960, but simply that most economists before 1960 were not aware of the fact that widely observed economic phenomena could be rendered intelligible by the idea of human capital formation. The result was a sudden acceleration of the research in this area and a sudden proliferation of publications concerned with the economic value of education."⁴⁷

46. "... the pace at which social scientists (and pseudo-social scientists) are adding to the printed pages on the economics of education is stunning." (Bowman, M. J. "The Human Investment Revolution in Economic Thought", Sociology of Education, v. 39 (1966), p.111).

47. Blaug, M. Economics of Education. (Selected Readings). Middlesex, Penguin Books, v.1, p.11. In fact T. Schultz had already written on his ideas before this "birth": Schultz, T. W. "Agriculture and the application of knowledge", A look to the future. W. K. Kellogg Foundation, Battle Creek; 1956, pp.54-78; ---, "Investment in man: an economist's view", Social Service Review, n.33, June, 1959, 109-117; ---, "Capital

Professor Theodore Schultz clearly set his original perception of investment in human capital which was largely developed through studies on the rate of return of outlays on education and particularly the investment in education in developing countries. He started with a powerful argument to turn the economic instruments of analysis to a new academic lode:

"Although it is obvious that people acquire useful skills and knowledge it is not obvious that these skills and knowledge are a form of capital, that this capital is in substantial part a product of deliberate investment, that it has grown in Western societies at a much faster rate than conventional (nonhuman) capital and that its growth may well be the most distinctive feature of the economic system. It has been widely observed that increases in national output have been large compared with the increases of land, man-hours, and physical reproducible capital. Investment in human capital is probably the major explanation of this difference."

"Much of what we call consumption constitutes investment in human capital. Direct expenditure on education, health, and internal migration to take advantage of better job opportunities are clear examples. Earnings foregone by mature students attending school and by workers acquiring on-the-job training are equally clear examples. Yet nowhere do these enter into our national accounts. The use of leisure time to improve skills and knowledge is widespread and it too is unrecorded. In this and similar ways the quality of human effort can be greatly improved and its productivity enhanced. I shall contend that such investment in human capital accounts for most of the impressive rise in the real earnings per worker." 48

47. (cont.) Formation by Education", Journal of Political Economy, n.68, December, 1960. His work on this subject extended until 1967 and the most outstanding are: "Investment in Human Capital". American Economic Review, v.51, March 1961 and The economic Value of Education, New York, Columbia University Press, 1963.

Although initially contested, from the point of view of the classic concepts of market and investment/consumption (H. G. Shaffer), the broadness of the conception and its position in the intersection of major themes of the economics methodology proved stimulating, decisively helping the research in the area by economists, with repercussions in the activity of politicians, journalists and other professionals involved with policy-making.⁴⁸

One could distinguish four main areas of interest in which studies on investment in human capital have branched, especially with regard to developing countries: a) the global or aggregative measurements of the magnitude of human capital formation and its contribution to national income, often using functions of aggregate output and, less frequently, making international comparisons; b) the statistical and econometric estimations of human resources – conventional education, other forms of special on-the-job training and scientific and technological development – for specific targets of economic development, the so-called "man-power approach", as well as estimates of educational needs to meet demographic trends; c) applications of micro-decision theory, particularly cost-benefit analysis, to determine rates of return of investment in education, most based on the correlation

48. Schultz, T. W. "Investment in Human Capital". American Economic Review, v.51, March 1961, p.1.

49. With regard to the period 1961-68, which was crucial for the introduction of the new views in Brazilian economic planning, three works adequately summarized hundreds of the most significant contributions for such developments; Blaug, M. Economics of Education. (Selected Readings). Middlesex, Penguin Books, 2 v., 1968, and Bowman, M. J. et alii. Readings in the Economics of Education. Paris, UNESCO, 1968. Between 1962 and 1968 UNESCO's International Institute for Education Planning intensively published on investment in education in developing countries.

between the increase in education and the increase in individual income; d) the cost studies in educational organizations and the improvement of their effectiveness.⁵⁰

In Brazil, the new literature on the economics of education or education in the context of economic planning for the development, had significant expansion only from 1966.⁵¹ Theodore Schultz's works were translated into

50. During the seventies, further academic studies and the experience of the policies hastily taken from the early trends of human capital theory (Psacharopoulos, G. "Economics of Education: an assessment of recent methodological advances and empirical results". Social Science Information, v. 16, 1977, pp.351-71) brought about doubts and controversy among top names in the area (Musgrave, S. W. "The Economics of Education in Britain. An Outsider's Attempt at Synthesis". Journal of Human Resources, Winter 1978.). The so-called "screening hypothesis"/"educational credentialism" (education, before all, select according to native, behavioural and social abilities; school awards become the most cost-effective way for employers to recruit according to those qualities which reproduce the labour structure) impaired the confidence in previous theories. Mark Blaug, Professor at the University of London Institute of Education and a pioneer in the field, assessed the present situation: "The evidence may excuse a 'jaundiced' attitude to human capital theory but it does not justify an outright rejection of it." (The Economics of Education and the Education of an Economist, Aldershot, Edward Elgar, 1987, p.viii). Drawing on the experience of the World Bank in education projects, see: Psacharopoulos, G. and Woodhall, M. Education for Development. An Analysis of Investment Choices. Oxford University Press / The World Bank, 1985.

51. The statement is based on three bibliographic surveys of the Brazilian Centre of Educational Research (INEP/MEC), which were carried out in 1967, 1970 and 1973, the second of them having been published in Revista Brasileira de Estudos Pedagógicos, n. 119, Jul/Set 1970. Before 1966, almost the only authors to be found are those linked to government organizations, such as Carlos Pasquale (INEP/MEC), Arlindo Lopes Correa (MINIPLAN/EPEA from 1964), José Roberto Moreira (MINIPLAN/EPEA from 1964) and Carlos F. do Rêgo Maciel (Regional Centre of Educational Research, Recife, linked to INEP), the two last having had pioneer work in the area since the early sixties.

Portuguese and published by Zahar Eds. (Rio de Janeiro) from 1967.⁵² Mention should also be made of the first academic researches on the case of Brazil which were developed between 1967 and 1970 under the influence of the existing theories of investment in human capital, as they actually had repercussions among education policy-makers.⁵³

2.2.3.3. The 1961-63 inter-American conferences

52. They were: "Custos em Educação" and "Educação como Investimento", two articles in the collective work: Pereira, Luís (ed.), Desenvolvimento, Trabalho e Educação, Rio, Zahar Eds., 1967, pp.86-110; Schultz T. O valor Econômico da Educação, Rio, Zahar Eds., 1967; Schultz T. O Capital Humano: Investimento em Educação e Pesquisa, Rio, Zahar Eds., 1973.

53. Castro, C. M. Investment in Education in Brazil: A Study of Two Industrial Communities, PhD Thesis for the University of Vanderbilt, USA, 1969; Langoni, C. G. A Study of Economic Growth: The Case of Brazil, PhD Thesis for the University of Chicago, USA, 1970; Levy, S. An Economic Analysis of Investment in Education in the State of São Paulo, Instituto de Pesquisas Econômicas, USP, 1969; Pontes, H. Educação para o Desenvolvimento, São Paulo, Companhia Editora Nacional, 1969. Doctors Cláudio Moura Castro and Geraldo Langoni (both teachers at Getúlio Vargas Foundation, FGV) published in portuguese summaries or developments of their original works which coincided in finding high return rates for investment in education (ranging from about 15% for higher education to 40% for primary education, slightly above the percentages of Dr. Levy's study); see: Castro, C. M. "Investimento em Educação no Brasil: Comparação de Três Estudos". Pesquisa e Planejamento Econômico, n.1, Jun./Nov, 1971, pp.141-52). Doctor Castro, who continued producing original work in the area, later (1979) became Head of CAPES/MEC and then (1982) Head of the National Centre of Human Resources (CNRH). Dr. Langoni became Chairman of the Brazilian Central Bank (1980) and published on in economics of education until 1976 (see event reported in the end of Section 5.3.2). At the end of the 1970-75 cycle of planning, a new FGV thesis was issued on return rates of education in Brazil: Gibbon, V. H. S. Taxas de Retorno dos Investimentos em Educação no Brasil: Uma Análise Agregada. IBRE/FGV, 1975.

The particular reason for the importance which was attributed in the last pages to the foreign academic work on the economics of education is that it actually nourished the meetings and technical cooperation of international agencies involved in the policy-making process of developing countries.

Keeping the momentum of US President Kennedy's launch of the Alliance for the Progress and the expansion of US political influence in America, the Organization of the American States (OEA) summoned a special meeting of its Inter-American Economic and Social Council which is composed of ministers of the member-states between 5th and 17th August 1961 in Punta del Este, Uruguay. The Punta del Este Conference, as it became known was a decisive turning-point in international technical cooperation for education which was the privileged vehicle of the influence of the developmentalist ideas in Latin America, chiefly the concept of education as an investment in human capital.

Before Punta del Este and since World War II, a few inter-American conferences were held by OEA on education without effective repercussion.⁵⁴ This time the conference

54. Panamá, 25/9-4/10/1943, which was rather a proclamation of the democratic ideals of education (See: OEA, Diario de la Primera Conferencia de Ministros y Directores de Educación de las Repúblicas Americanas, Panamá, Comp. Ed. Nacional, 1943); Lima, 3-9/5/1956. This conference was participated in by UNESCO and emphasized the ideas of overall education planning and compulsoriness of primary education. It was extended in a regional meeting (23/4-5/5/1956) with the same purpose, sponsored by the same institutions plus the government of Peru and introduced the idea of consensus on voluntarily assumed targets of education development by the countries (*El Proyecto Principal* of UNESCO). Despite its obvious political obstacles, this idea was repeatedly pursued in the following decades, possibly encouraged by the élan of Punta del Este.

counted on strong political (diplomatic) and financial support from the USA through the Alliance for the Progress. Its purpose - confirmed by a joint seven-point resolution and solemnly signed by all ministers of state on behalf of their countries - was to draw up "the bases of a policy inspired by the Alliance for the Progress", particularly a "Decenal Plan of Education" for this institution, assuring better results for its financial resources. Punta del Este boosted the language of education as "a decisive factor for the economic and social development", a field where "high results of investment" could be expected and whose plans should be urgently integrated in national development programmes.⁵⁵ The details of the resolution and the Decenal Plan were to be set down in the following inter-American meeting of ministers of education which followed six months later.

Indeed, a "Conference on Education and the Social and Economic Development in Latin America" was held in Santiago (5-19/3/1962), sponsored by OEA, UNESCO, CEPAL (United Nations Economic Commission for Latin America) with the participation of OIT (Labour International Organization) and FAO (United Nations Organization for Food and Agriculture). As an extension of Punta del Este's, Santiago Conference defined targets to be implemented by individual countries and reached by 1970. A few months earlier in Brazil, the Law of Directives and Bases of National Education (Law 4024, of 20/12/1961) provided about a National Plan and targets for education. Stemming, therefore, from this law and the international commitments, the National Plan of Education (PNE) adopted the targets and 1970 term of Santiago Conference with slight adaptation to the Brazilian education system, the

55. Quotations in this paragraph are from the text of the "Declaration of Punta del Este" in: INEP/MEC, Conferências Interamericanas de Educação, INEP, 1965, pp.111-15.

precedence of the figures being explicitly mentioned. ⁵⁶

The 1962 élan was temporarily halted by the political opposition mood of some Latin American countries in the 1963 OEA conference (Bogotá, 4-10/8/1963) which highlighted the prior need for economic and social justice among countries for education to succeed. ⁵⁷ The targets of the National Plan of Education, however, were upheld. They had influence in the initiative for the creation of an important financial source for primary education (the *Salário-Educação*, Section 5.1.1.1) and their origin in the two previous inter-American conferences was again mentioned in a revision of this plan, which was carried out in 1965, simply ignoring the terms of the 1963 Bogotá conference. ⁵⁸

2.2.3.4. The MEC-USAID agreements

The USAID's agreements of technical cooperation with the Ministry of Education (MEC), acting as a vehicle for the existing conception of education in the context of economic development started only in 1964 and were

56. MEC/Conselho Federal de Educação, Plano Nacional de Educação, 1962, pp.11, 33-4. See specially the terms (pp.62-3) of the basic document presented by the writer of the Plan, Prof. Anísio Teixeira, to the Federal Council of Education (CFE), which was annexed to that publication.

57. Reflecting the discourse of the Goulart government in 1963, Brazilian delegation made a harsh, separatate declaration of vote in the final session, referring to "present iniquous structures" and advising the Alliance for the Progress "to avoid settlements with privileged groups and support basic reforms". MEC/INEP, Conferências Interamericanas de Educação, 1965, p.66.

58. MEC/Conselho Federal de Educação, Plano Nacional de Educação, Revisão 1965, 1965, p.3.

permanently controversial, being accused by left-wing opposition, particularly in universities, of being an instrument of an alleged "americanization" of the Brazilian education system.

As an initiative of the MEC's National Institute of Educational Studies (INEP), six American experts gave technical advice on primary education, through an early agreement USAID-MEC (26/6/1964).⁵⁹ Soon, two new agreements with USAID and the Council of Technical Cooperation of the Alliance for the Progress (CONTAP) were drawn up, this time under the direct influence of the MINIPLAN's EPEA.⁶⁰ They were intended to support the activities of MEC's specialized bodies which were going to be entrusted with the implementation of major reforms, then under planning by MINIPLAN/EPEA: the first, for the "Reestructuring and Reform of Secondary Education" (31/3/1965) and the second for the "planning of higher education, its expansion and improvement" (23/6/1965).⁶¹

Standard activities of these two agreements were the advice by American and Brazilian experts (always in equal numbers) to education political bodies of MEC or state secretariats of education, visits to and special training in the USA by Brazilians, and studies and seminars. They had diverse fates, however.

59. This agreement, to the value of US\$ 375,000, had some additional US\$ 131,000 initially (29/12/1965) and was extended (30/12/1966) to 30/6/67 to involve the participation of the Alliance for the Progress (the Council of Technical Cooperation of the Alliance for the Progress, CONTAP) with Cr\$ 443 million.

60. Information by Mr Arlindo Correa, who was the Head of the Area of Human Resources in EPEA (interview with the author).

61. Information on these and other MEC/USAID agreements are from MEC/INEP and the *Diário Oficial da União*. There is no full or satisfactory publication of MEC/USAID agreements. With regard to the main agreement for higher education, an official report

That for the secondary school - through its Technical Team for the Reform of Secondary School (EPEM) was successful in harmonizing the external advice (San Diego State College Foundation, California) with the general movement among Brazilian professional educators for a change in secondary school and therefore managed to influence the studies and the Bill which resulted in the important Law 5692, of 11/8/71.⁶² The agreement was extended on 17/1/1968 to have the support of CONTAP and finished at the end of 1971. Technical agreements were followed by loan implementation programmes from USAID, the Inter-American Development Bank (BID) and the International Bank for Reconstruction and Development (IBRD, The World Bank), which extended for the 1970's and even the early eighties, in the case of IBRD.⁶³

Diversely, the activities of the agreements for external technical cooperation in higher education were frustrating. Pressure on MEC's officials, collaborators and members of the Federal Education Council (CFE) was permanent by political opposition, a considerable part of the press and active groups of teachers and students in universities. Until the first quarter of 1967 MEC had not even managed to gather a team of Brazilian experts for the two-year agreement of June 1965, and the counterpart team of Americans which had arrived in Brazil for the joint

61. (cont.) was issued; MEC/EAPES, Relatório da Equipe de Assessoria ao Planejamento do Ensino Superior (EAPES), 1969. Some scattered texts, not mentioned in EAPES' report, can be found in a propaganda booklet by the left-wing Deputy Márcio M. Alves: O Beabá dos MEC-USAID, Rio, Ed. Gernasa, 1968.

62. Information by Mr Edson M Souza, who was a member of CNRH at the time. The reform aimed to extend primary education to eight years and give professional skills to youngsters over eleven, this becoming a major feature of the secondary school.

63. General information on loan by the federal government for education can be found in Section 5.1.1.2, under the header "LOANS".

works one year before.⁶⁴ Some weeks before its expiry, the agreement was renewed (9/5/67) until 30/6/69, but the fiasco became obvious when a second team of Brazilian experts again failed to take up the work and a third team, which finally gathered in January 1968, scarcely managed to have some meetings and present scattered suggestions, suddenly closing down the activities of the agreement (30/6/68) twelve months before it was due to expire, just on the eve of the day the University Reform started its work (Decree 62937, of 2/7/68)! No work by the American experts was published.⁶⁵

Meanwhile, on 30/6/66, MEC had a separate agreement with USAID for "advice on the modernization of university administration" which was due to provide technical assistance (training for university administrative staff) to 18 Brazilian universities in subjects such as finance and cost controls, the planning of campuses and academic activities organization. A member of the staff of the University of Houston, Mr Rudolf Atcon, with wide international experience of advice in the administration of universities, was in charge of the programme which was conducted closely to the Council of Chancellors of the Brazilian Universities (CRUB).⁶⁶ Mr Atcon's enthusiastic

64. An interview published by Jornal do Brasil, edition of 30/4/67, with Mr Alvanir Bezerra de Carvalho (possibly a pseudonym of a member of the few Brazilians left with the matter) describes a situation of mismanagement or neglect of MEC administration towards the commitments of the agreement.

65. See MEC/EAPES. Relatório da Equipe de Assessoria ao Planejamento do Ensino Superior (EAPES). Op. Cit., especially pp.12-21. This chaotic 650 page collection of texts, often irrelevant, is a clear indication of how isolated the MEC-USAID Commission was.

66. Although the circumstances of the first introduction of Mr Rudolf Atcon to the Brazilian authorities are not clear and his links with USAID are undeniable, he had been engaged by MEC's Directory of Higher Education as an independent adviser between

crusade among public universities raised as much controversy and left-wing opposition as the other MEC-USAID agreement for higher education planning. The agreement for the modernization of university administration was due to expire in 1970 but was finished by MEC on 31/7/1967, in the first quarter of its course.

Loans were contracted from foreign agencies for the implementation of the university reform (1965 and then 1968), most from BID for buildings, equipment and administrative training, and from governments of Eastern European countries also for equipment.⁶⁷ Even sometimes involving the advice of American experts, programmes of loans were mostly staffed by Brazilians and the external influence was more limited, as far as the formulation of the policies on education was concerned.

There were other, minor, agreements with USAID in educational matters but virtually without involvement in the formulation or support of federal policies.⁶⁸

66. (cont.) June and September 1965, before joining the 1966 MEC-USAID agreement, to go for a long tour of Brazilian universities, after which he gave a gloomy picture of the administration of these institutions, matching central government's worries, and wrote: Rumo à Reformulação Estrutural da Universidade Brasileira, Rio, MEC, 1966. "Mr Atcon exerted a personal proselitism among chancellors, suggesting to them the creation of the Council of Chancellors of the Brazilian Universities (CRUB) of which he became the first general secretary." (Mr Edson Machado, interview with the author).

67. General information on loans by the federal government for higher education can be found in Section 5.1.1.2, under the header "LOANS".

68. On November the 1st, 1966 a Letter of Agreement in general terms was signed by MINIPLAN, MEC and USAID, to pave the way for specific agreements. A MEC-USAID programme for the agriculture education (secondary and university level) was agreed on 27/11/67 and 30/4/69; USAID had already had similar agreements with the Ministry of the Agriculture and the cooperation of CONTAP. Other agreements: MEC/Committee for Technical and School Book (COLTED)-Coordination Commission of the Alliance for the

2.2.3.5. Assessing the influence of the MEC-USAIDs

One could affirm that the actual importance of the MEC-USAID agreements for higher education in the decision-making process was overestimated as an effect of being a main target of opposition campaigns.

"I would affirm that, unlike what most people say, precisely what came from MEC-USAID Commission was preliminarily rejected or misconsidered by the Task-force of the University Reform because of the fragility of their group, including the American advisers who only repeated current American experience of university organization. The Task-force had a feeling of disgust for the work of the Commission."⁶⁸

Indeed, no member of the MEC-USAID Commission had any part in the work of the Task-force of the University Reform and two key figures of the latter, Professors Newton Sucupira and Valnir Chagas left the Commission twice in spite of having been officially appointed, the same happening to other members of CFE. The several points the reports of the two groups have in common should rather be attributed

68. (cont.) Progress (COCAP)-USAID-National Union of Book Publishers (SNEL), on 6/1/67 for the production of 51 million books in three years; Superintendency of the Development of the North-east (SUDENE)-MEC-State of Pernambuco-USAID-CONTAP for the creation of a Centre of Educational Training, linked to a regional sector of INEP, on 30/12/68;

69. Mr Edson Machado, who was directly involved in the works of the University Reform, interview with the author. Studies with an approach too close to the student and teacher opposition views seem to have slid into this mistake; Romanelli, O. O. História da Educação no Brasil, 1930-73. Petrópolis, Vozes, 1978; Fávero, M. L. A Universidade Brasileira em Busca de Sua Identidade. Petrópolis, Vozes, 1977; Serrano, J. (coord.) "Atcon e a Universidade Brasileira". Revista dos Tribunais, 1974; Vieira, S. L. O (Dis)curso da (Re)forma Universitária. Fortaleza, UFCE/PROED, 1982.

to an existing consensus about obvious shortcomings which appeared in most criticisms and suggestions since the early sixties. On the other hand, considerable experience had been gathered by Brazilian experts on university reform, particularly after the University of São Paulo (1932), the University of the Federal District (1935-39) and the new University of Brasília (1962), whose model, incidently, was inspired in the German and American model.

2.2.3.6. Significant influence from other agencies

The ideas which related funding of education to the major needs of the overall economic development plan also came from other international agencies fostering the making of corresponding policies through conferences and technical cooperation, as mentioned. In this context, of special importance is the statement by Mr Arlindo Corrêa, head of area of human resources and labour (later CNRH), responsible for education general plans coming between 1964 and 1970. Asked about the influence of other areas of the government on his work, he replied outright:

"Absolutely not. We worked independently at our own discretion. Now, of course, we had the technical assistance of UNESCO and OEA. (...) During the first years, somebody from OECD, Mr Anglos Medici, came regularly to inspect the work at the request of Minister Roberto Campos".⁷⁰

Also of particular note is that a close collaborator with Mr Corrêa, Mr José Roberto Moreira, who had been the Director of UNESCO's Centro Latino Americano de Investigaciones en Ciencias Sociales (CLAICS), in

70. Mr Arlindo Corrêa, interview with the author.

Santiago, Chile, in the early sixties and was a pioneer in the propagation in Latin America of the "human capital approach" in the economic planning in developing countries.⁷¹

Besides the decisive fact which was the establishment of a structure of permanent and opportune presence in educational bodies through agreements of technical cooperation, the external influence continued by the attendance by Brazilian selected officials at international conferences in which the issue of investment in education for economic development was discussed. Even without producing joint commitments on educational targets to be achieved by individual countries, as in Lima, Punta del Este and Santiago, the following conferences of international agencies must be mentioned: OEA, Technical Conference on Secondary Education Planning, Mexico, 14-26/6/1965; CEPAL, Regional Seminar on Technical Assistance on Investment in Education in America Latina, Santiago, 1966; UNESCO and CEPAL, Conference of Ministers of Education and Planning in Latin America, Buenos Ayres, 21-28/6/1966; OECD, Conference on the Financing of Education for Economic Growth, 21-24/9/1967; UNESCO, International Conference on Education Planning, Paris, 6-14/8/1968; UNESCO, XXXIVth International Conference on Education, Geneva, 1973; IRDB, Seminar on the Financing of Education in Latin America, Mexico City, Nov-Dec 1978.

71. See Mr Moreira's articles on the subject in CLAICS's Bulletin, n. 1, 2 and 3 of 1960 and n.3 of 1961, and "Educación y desarrollo" in Revista de la Universidad de Buenos Ayres, n. 1, 1961, pp.99-125. In Brazil he published: Educação e Desenvolvimento no Brasil, Rio de Janeiro, CLAICS, 1960; "Alguns Aspectos do Planejamento da Educação no Brasil". Revista Brasileira de Estudos Pedagógicos, n. 98, Apr-Jun 1964; with other authors: "A Educação e as Resistências às Mudanças Sociais". Resistência às Mudanças Sociais, CLAICS, 1960.

2.3. FROM THE HUMANISTIC TO ECONOMIC APPROACH: THE CHANGE

In describing the origins and the formation of the policies on funding education as connected to government's strong aims at economic development, the previous Section 2.2 showed a move towards an economic approach from the mid-sixties which was considerably fostered by external influence. This section focuses specifically on federal bureaucracy in order to relate how the change occurred in it and how the conflicts were settled.

Until the mid-fifties public expenditure on education was claimed on grounds of several ideological trends: liberal ideals on individual development, democratic beliefs on the extension of opportunities for social ascent for all by means of education, and convictions about the superior values of culture, civilization and spiritual development in a society. They had in common the fact that education was justified in itself (it delivered its own excellency) not in its productivity, and a general humanistic, not economic approach. The difference did not turn into conflict, however, until it came to the first, basic step of the decision-making process: planning.

When the 1964 government first faced this issue, the previous experience in education planning by the Brazilian federal authorities had been the National Education Plan (PNE, 21/9/1962), which was made by the Federal Education Council (CFE) according to the Law of Directives and Bases of Education (LDB, Law nº 4024, of 20/12/61) and was to last until 1970. LDB had extensively provided for the financing of education including the disposal of all federal financial sources in three funds for primary, secondary and higher education respectively, after

deducting one tenth for all expenditure of the central, administrative bodies. An "Education Plan", corresponding to each fund, had to be issued by CFE (Article 92, §§ 1 and 2). CFE elaborated one plan (PNE) for the three funds and integrated it with targets and criteria about what per cent and to whom the resources were to be allocated among the states which were supposed to prepare their own internal plans involving each *município*, further calculation being made by a MEC's technical body. Although having its merits in the circumstances of the time, PNE did not withstand a criticism by modern planning techniques.⁷² Nevertheless, having its status from a high-ranked law such as LDB and the supreme technical authority in the area of education, CFE, the plan was inviolate in MEC or among other public educational bodies.

Thus, when MINIPLAN/EPEA's economists set out in 1965 for a ten-year education plan they certainly were on a course of collision with MEC/CFE's humanists. Then, sharp differences of conceptual approach turned into clashes. The first occurred when Mr Arlindo Corrêa, in charge of EPEA's Area of Human Resources, went to Prof. Leônidas Sobrinho Pôrto, MEC's Head of National Education Department (DNE) to explain what he intended to do. After involving a direct intervention of MINIPLAN's Minister Roberto Campos the affair was settled by a compromise

73. Besides not drawing up a policy which related education to other variables involved and defining priorities, PNE's targets were almost arbitrarily defined and the allocation itself, whose criteria conflictingly started from roughly estimated cost per pupil and apportionment of the total funds, did not keep direct relation with the aimed targets. See MEC/CFE, Plano Nacional de Educação, 1962, pp.33-40; see also the basic study (May 1962) of PNE's writer, Prof. Anízio Teixeira, pp.68-79. Except for the suppression of the cost per pupil as a parameter, the revision of PNE in 1965 did not change those shortcomings of the original methodology.

which preserved the position of MINIPLAN.⁷³ Beside the fact that the incident was the tip of an iceberg, also noteworthy is the way it was handled by the Minister of Planning, showing that he shared the new authoritarian rule of the regime.

The dispute, however, was not over. Authorities in education bodies kept a reserved but unchanged position often intensifying criticisms in general terms against the "functional" or "technical" approach to education.⁷⁴ Such a reaction lasted for at least four years but did not impede the progress of EPEA's planning activities and the implementation of the new policies. On the contrary, it could have contributed to the "impatience" from the military with the slow reaction by MEC to the announced reforms, thereby leading to the "intervention" by the Special Commission headed by Gen. Meira Mattos between December 1967 and May 1968 (Section 3.3.1).

A way to perceive the early thought (and its later change)

73. Mr Arlindo Correa reports: "He (the head of DNE) simply opened the drawer of his desk, picked up a volume of LDB and put it in front of me. 'Read Article 92, please'. (This article was on the statutory competence of CFE to draw the plans of education). 'PNE is not a plan', I replied, 'it is a mere scheme of distribution of funds'. We were unable to reach an agreement. Then, Minister Roberto Campos asked Prof. Clóvis Salgado (former minister of education, 1956-59), the Chairman of CFE, an authority formally subordinated to the minister of education, to visit him and told him: 'Arlindo will make the plan' (the Decenal Plan). It was also agreed that a member of CFE, Prof. Durmeval Trigueiro, would be assigned to write the introduction." (Interview with the author).

74. Prof. Durmeval Trigueiro, who later became a sharp critic of the technocratic reasoning (see his "Desenvolvimento, Tecnocracia e Universidade", Vozes, Revista de Cultura, n.6, 1975), was compulsorily retired together with other university teachers for ideological reasons.

of MEC authorities is to research into the terms of the President of the Republic's annual address to the Congress (March) reporting on his administration. The texts were usually a composition which was made **by the President's Office** as a routine from the corresponding (unpublished) reports **by the ministries, without interference by the Ministry of Planning**, to which, diversely, the texts of plans and programmes were due.

There is no trace of the theme of the economic value of education for development in President Castello Branco's 1965 and 1966 speech (the 1964 one had already been given by President Goulart) but recurrent references to LDB. The same happened in 1967, with a brief mention of the Decenal Plan to add: "whose democratic feature is evident". Following an older trend, an artificially balanced composition of texts was used when a development-related justification for education appeared.⁷⁵ Thus, the 1968 presidential speech uses an ambiguous formula:

"Under the views on the priority aim at valorization of Brazilian man, access to the education system was widened with the purpose of preparing necessary human resources for the productive sectors, education being a means at the service of the integrated development of the country."⁷⁶

Even in 1969 a composite formulation revealed remaining

75. This is the case of President Kubitschek, who, addressing the Congress in 1957 and after stressing his policies on education, science and technology for the development, added that this would be made "under the influx of Christian ideals", aiming "a technical progress which preserve the spiritual physionomy of the nation so that it could boost itself in the world as one of the most splendid conquests of the Latin and Christian civilization; that is the ideal which polarizes the expectations of all Brazilians today." MEC/INEP, A Educação nas Mensagens Presidenciais, Período 1890-1986, 2v, Brasília, 1987, v.II, p.301. All references or quotations in this paragraph are from this source, volume two (1956-86).

76. MEC/INEP, A Educação nas Mensagens Presidenciais, Op. cit., p.397.

hesitations in spite of already giving a prevailing position to the economic approach:

"In its conviction that the educational sector is one of the main factors of development, the federal government channelled its efforts into expanding and reformulating the education system in order to form human resources, indispensable to the country's economic needs, and also aiming at the process of democratization of opportunities which is necessary to political and social perfection."⁷⁷

Following the settlement in the first conflict MEC-MINIPLAN (reported above), the formula of admitting a MEC's humanistic writer for the introductions of development plans (the space for conceptual, discursive statements) and maintaining MINIPLAN's EPEA as the author of the plan contents (what actually mattered) became a usual procedure. In attempting some conciliation, the introductions themselves revealed the conceptual conflict between the two government bodies.⁷⁸

77. MEC/INEP. A Educação nas Mensagens Presidenciais. Op. cit., p.397-8.

78. For example, in the Strategic Development Programme (1968-70) which was markedly directed to the rationalization of education and was a product of EPEA's work, one can read in its introduction by a writer from CFE (Father José Vasconcellos): "The Strategic Programme adopts an integrated view of education. Stressing its function of spiritual leadership and instrument of social transformation in a democratic frame, the Programme involves its socio-cultural and economic dimension. (...) The basic aims of the Brazilian educational system reform are: I. To provide for the leadership which the country needs to achieve its major national targets of reconciling the technological progress of our time, the aspirations of economic development and social and spiritual progress; II. To transmit the creative genius of Brazilian culture; III. To prepare human resources for the development - 'development' in that whole meaning of building a new society." Just after this, however, the three "general basic objectives of the Strategic Plan" are reminded, sharply contrasting with this statement. Again, after explaining that the "integrated view" (beginning of the text) is founded on the Pope's encyclical, "*Populorum Progressio*", the vacillation of the positions appeared when

The relations could not go on as they were, and pressures, including from the military, for the reforms - particularly the university reform - induced MINIPLAN and MEC to settle their differences. This turning-point could be identified on a series of private meetings which took place on the premises of the Getúlio Vargas Foundation (FGV) in Rio de Janeiro on Saturdays in the first half of 1968 gathering together eminent "economists and educators", most of them holding top positions in the government. Mr Arlindo Corrêa, Head of CNRH, who was present, relates:

"The objective and the result was a sort of a 'pact': we (he spoke as a MINIPLAN's economist) wanted from them a commitment with rationality. But we also were soothed in relation to a more humanistic view of education. All of us benefitted from those meetings." 79

Finally, the conceptual conflict between the humanistic and economic aims of education seemed to have been

78. (cont.) education is then presented as: "I. Instrument of the acceleration of development; II. Instrument of social progress; III. Instrument of the expansion of job opportunities." BRASIL/MINIPLAN, Programa Estratégico de Desenvolvimento 1968-1970, Área IX Infraestrutura Social, Vol.I, Educação e Recursos Humanos, Fevereiro 1969, pp.5, 6, 10.

79. Interview with the author. Mr. Arlindo Corrêa named the following persons: economists: Prof. Isaac Kerstenetzky (General Director of the Brazilian Institute of Geography and Statistics, IBGE), Ambassador Roberto Campos (Former Minister of the Planning), Prof. Mário H. Simonsen (Director of the Economy Post-Graduate School, FGV, a mastermind of the first government economic plans and later Minister of the Planning), Dr. João Paulo dos R. Velloso (MINIPLAN's General Secretary and President of IPEA), Prof. Julian Chacel (Brazilian Institute of Economy, FGV); educators: Raymundo Moniz de Aragão (former Minister of Education, Director of FGV's Institute for Advanced Studies in Education) and the following members of CFE: Prof. Roberto Santos, Father José Vasconcellos, Prof. Vicente Sobrinho Pôrto and Profs. Newton Sucupira and Valnir Chagas, who were members of the task-group for the University Reform.

overcome through the linkages of both to the superior community needs, as it appeared in the government's document of directives (1970). Nevertheless, the formulation of "community needs" in a strictly economic context, left the core of the issue untouched. In the section "Basic definitions for an education policy", the document started stressing the qualification of man-power as a condition for a country to enter the society of developed nations, and enunciated:

"The individual valorization must be achieved for the benefit of community needs, say, as a production factor, not a professional surplus, at the margin of the productive process."⁸⁰

A theoretical consensus was never reached, but a *modus vivendi*, following a clear political prevalence of the views which came from the body undoubtedly better positioned in the centre of power, could be seen from the early seventies. This can fairly be attributed to the personal relationship of Minister Jarbas Passarinho (a politician and former militaryman) with the members of CFE. Mr Edson Machado, who was then a member of this council, recalled:

"From the beginning, he (the minister) tried to maintain an intensive relationship with CFE. He broke the formal style of relationship and looked for dialogue and competent assistance. For both purposes he had informal meetings with small, selected groups in the ministry and sometimes welcomed the whole Council to his house."⁸¹

He invited one of CFE's most eminent leaders, Prof. Newton Sucupira, to be his Special Adviser for International Affairs (1971-73). Prof. Sucupira in this period was Chairman of UNESCO's Education International Bureau.

80. BRASIL/Presidência da República, Metas e Bases para a Ação do Governo, Setembro, 1970, p.60.

Minister Passarinho, himself, had never been a technician and his humanistic culture (he was a member of the Arts Academy of his state of Pará, for his literary activities) complemented his professional military formation. His early influence as minister of education was humanistic and even Christian and the language of his speeches made easier the conciliation he obtained in the area, in spite of having followed the mainstream of the official discourse on education. 81

A last, decisive factor for the consolidation of a technical, often economic treatment of policy-making on education must be mentioned: a change in the composition of MEC's staff involved with the subject. By the mid-seventies, a new generation of technicians in education planning had already been trained in other agencies, including those linked with international technical cooperation, reflecting the new trends. The administrative reform of federal universities had also stimulated the formation of new skills in the rationalization of

81. Interview with the author.

82. In the early sixties, when he was still a colonel in the Army and Chief of Staff of the Army's unit in the State of Pará, Passarinho, under the influence of a sister of his who was a nun, attended meetings of a Catholic élite. He knew well the recent social encyclicals of the Pope and became enthusiastic about Father Bastos D'Ávila's theories of the "Christian Solidarity", as an alternative to Marxism and Capitalism. He declared he had read three documents before making up his mind, just arrived at MEC: a book by a young university teacher in Philosophy of Education, Dr Arnaldo Niskier, the "Meira Mattos Report" (See Section 3.3.2) which had been given to him by a relative who was a MEC's officer, and a work by the most eminent leader of the liberal professionals of education, Prof. Anizio Teixeira, an indefatigable fighter for the democratization of elementary education and then recently deceased. "The readings of Anizio Teixeira, Senator Passarinho recalled afterwards, was decisive for me." Interview with the author.

education administration (MEC central bodies have always had a considerable part of its staff from federal universities). The increasing identification of views — as far as the economic approach of education was concerned — between many MEC and MINIPLAN officials smoothed down remaining resistance, while the institutional structure until 1975 had been completely reformed by new regulations, extinction and creation of bodies. Definitely, in a decade the centre of gravity for the making of education policy had been moved from CFE to MEC's specialized departments and the economic approach had prevailed over the humanistic one.

2.4. THE RATIONALITY OF PLANNING AND EXPENDITURE ON EDUCATION

"The yield of federal investment in higher education is so scandalously low that it would be unwise to increase expenditure without correcting the causes of the spillage. (...) Brazil does not spend absurdly little on education, it spends absurdly badly."⁸³

"Brazil invests little but spends worst on education."⁸⁴

These public declarations of the first two ministers of planning of the 1964 regime are exceptionally precise in elucidating the government's most spontaneous reaction towards funding education in the first years and a permanent feature of decisions on the matter afterwards. Although the approach had been particularly used in the

83. Former Minister of the Planning Roberto Campos, O Globo, edition of 31/1/68.

84. Minister of the Planning Hélio Beltrão, Jornal do Brasil, edition of 15/5/68.

case of the federal universities, it was typical for all direct federal expenditure on education (federal education organizations).

The search for the underlying reasons for this attitude would firstly turn to the modernizing trends which are related to bursts of economic expansion under the leadership of the governmental sector. Governments expressed in these situation a need for providing themselves with a managerial infra-structure to implement development policies, and this brought about repeated administrative reforms with the accent on efficiency and suppleness.

Section 1.4.2 studied the rise and the reformist activities of the Administrative Department of the Public Service (DASP) under the Vargas' new concept of the state role in leading industrialization policies during the thirties up to the end of the World War II. A decade later, the pattern came back with the intensive development aims of the Kubitscheck's government (1956-60), reinforcing a weakened DASP with a Commission for the Bureaucratic Simplification (COSB, 14/7/1956). As a second pole of his modernizing policy, Kubitscheck managed to create a Commission for Administrative Studies and Projects (CEPA, 24/8/1956), strategically placed in the Congress structure, just where all institutional changes were expected to come from. When political circumstances did not allow new economic projects, such as in 1953 and 1962/63, bills of administrative reform remained stuck in the Congress or were not implemented. ⁸⁵

85. Details of these and later reforms or attempts at reform in: Wahrlich, B. "Reforma Administrativa Brasileira: passado e presente". Revista de Administração Pública, vol.8, n.2, 1974; Neto, J.P. "Contribuição ao estudo dos Problemas da Reforma Administrativa". Revista de Administração Pública, vol.8, n.3, 1974.

During the two first years of economic purge and austerity in the Castello Branco's government, when a ten-year development plan was born, a new élan pushed ahead the work of a Commission for the Studies on the Administrative Reform (COMESTRA, November 1964).⁸⁶ Again, when a political developmentist project finally began to emerge from 1967, a major administrative reform (Law-by-decree 200, of 25/2/1967) gathered the necessary momentum and political stamina to change the figure of the federal Executive Power completely during the following ten years with intensive projections in the state administration (Institutional Act nº 8, of 2/4/1969).⁸⁷

In a well designed scheme of sequential steps, the reform was to reach all government organizations of any kind, including the state-owned enterprises, and bring about a revision and adaptation of all federal laws. In comparison with the previous administrative reforms its new element was the teleological concept of "efficacy" (Amintai Etzioni) - the effectiveness towards the governmental and organizational ends - beyond the simple "efficiency" which was defined in relation to the most

86. COMESTRA used the results of the 1963 group of studies (*Comissão Amarel Peixoto*) and was basically developed in FGV's Brazilian School of Public Administration (EBAP) which originated from a dissident group from DASP, in the late forties. Also of particular note is the influence of the seven-year technical cooperation agreement between EBAP and the School of Public Administration of the University of North Carolina (headed by Professor Frank Sherwood, who often visited Brazil). The agreement had the support of USAID.

87. Law-by-decree 200 had its provisions frequently altered or extended. BRASIL/Senado Federal/Subsecretaria de Edições Técnicas. Reforma Administrativa. Organização da Administração Federal. Brasília, 1984, lists 16 alterative acts and 116 acts extending original rules and structures.

economical and output-producing combination of means.⁸⁸ Law-by-decree 200 explains the practical "principles" of the reform as (Articles 6 to 14): "I. Planning; II. Coordination; III. Decentralization; IV. Delegation of legal capability; V. Control."

The three other pillars of the whole plan were: a) the close links between planning, programme-budget and financial flows programming (Articles 15 to 18) to secure the achievement of planned targets; b) the ministerial supervision, as the backbone mechanism of central coordination and control (Articles 19 to 29); c) the structuring of the so-called "auxiliary services" - staff management, material, accountancy and other services such as cleaning, security, communications, etc. - as specialized systems throughout the whole federal organization, and so directly ("technically") connected to central bodies of the same nature, issuing specific rules. A "line-linkage" (or hierachical dependency) was supposed to remain between each individual service and the departments, agencies or bodies in charge of the "end-activities" or governmental services. This "system structure" - from which state-owned companies and public foundations were excluded - was later generally used for several other activities, not properly classifiable as "auxiliary services" such as planning, security & information, public relations, etc. These three "pillars" of the new administrative system were the crucial elements, finally responsible for the outcomes of the following ten or fifteen years of the implementation of the rationalizing policies. Such results in the case of

88. On the theoretical framework of the 1967 Administrative Reform, as explained from its own point of view, see: Teixeira Dias, J.N. A Reforma Administrativa de 1967. (Cadernos de Administração Pública nº 73). Rio, FGV, 1968.

federal educational organizations will be studied in detail later, in Chapter Seven.

Law-by-decree 200 dedicated special space to an ambitious reform of the personnel in thirteen items which would later be specifically regulated (Articles 94 to 97). The model was a typical Weberian-type civil service: professional, trained, publicly selected, paid according to objective criteria, with good career prospect and judged by disciplinary and ethical standards. In a word, a rational bureaucracy.

The first signs of serious worries towards the rationalization of federal educational organizations were from the early moments of the 1964 regime. The choice of the Chancellor of the Federal University of Paraná (UFPR), Prof. Flávio Suplicy de Lacerda, as the first minister of education could have been influenced by UFPR's image of a "tidy university" to military eyes.⁸⁹ The Ministry of Education (MEC), however, did not produce effective policies before late 1965, when an agreement with USAID gave rise to initiatives of modernization of administration in federal universities.⁹⁰ Even so, the first acts changing some aspects of the academic organization of

89. Referring to Prof. Lacerda's administrative performance, Col. Mauro Rodrigues, who actively participated of the first military moves in power and later became MEC's general secretary, remembers: "I always heard something about it when his name was mentioned", (Interview with the author).

90. A declaration of an adviser from the University of Huston, Mr Rudolf Atcon, who made a survey of the administrative situation of Brazilian federal universities and then was put in charge of the MEC-USAID agreement, provoked a passionate controversy. He said that only three of Brazilian universities had administrative conditions to operate. (The statement was quoted from newspapers by Deputy M. Moreira Alves in his pamphlet-styled: O Beabá dos MEC-USAID, Rio, Gernasa, 1968, p.35).

universities (laws-by-decree 53, of 18/11/66 and 252, of 28/2/67) were not implemented before the university reform in the second half of 1968.

A few months after the launch of the administrative reform the government showed in its general plans how far it took the rationalization in education:

"Consonant to the orientation of the Strategic Programme, the basic directive of the Brazilian educational policy will be complying with the principles of planning, simplification of bureaucratic procedures (*desburocratização*), decentralization, coordination of administrative activity, privatization of some special services and communitarian cooperation."⁹¹

Due to historical reasons (Chapter One), the large number of federal education organizations linked to MEC, made it an important target for the central management of the reform (Administrative Reform Office, ERA, in MINIPLAN). Legal developments of Law-by-decree 200 were preceded by intensive doctrination, most mid and high ranked officials in universities, schools and the MEC's bodies attending short courses on the basic concepts and administrative techniques. It was established that a certificate of these courses would thereafter be required for access to managerial positions. One by one all administrative units of universities, schools and the central agencies and bodies of MEC had their organizational structure and positions as well as their manning tables, freshly established.

Rationalizing policies, however, had a quite wider scope than that of the administrative reform. A basic economic rationality guided the government policy. Dr João Paulo

91. BRASIL/MINIPLAN, Diretrizes de Governo, Programa Estratégico de Desenvolvimento, Julho, 1967, Cap.V, Seção I, p.95.

dos R. Velloso, former IPEA's President and Minister of Planning, the most long-staying top government official (1964-78) begins its explanation of the government policy on education funding with these words:

"The administrative structure in the area of education was not prepared for a change to a modern educational sector. It was run by individuals with humanistic background, by teachers, the professionals of the area. They had little knowledge of economic issues and modern planning techniques. This element had to be brought into the system in order to have a better profit from invested resources."⁹²

Furthermore, obtaining the best combination from the various elements of the educational process and not risking the possibility of surplus human resources from the educational system were priority issues. The latter turned out to be a key issue in the decisions on the expansion of higher education (see Section 3.3.1 and footnote 63 of Chapter Three). The former was expressed by the insistence of the reforms of university and of secondary education in "the principle of avoiding the duplication of means for the same end" particularly in the case of similar subjects, specialized staff (teachers) and equipment in different academic units of the same or nearly placed universities and schools (Law 5692, of 11/8/71, Articles 2 and 3, and Law 5540, of 28/11/68, Article 11).

The report of the task-force for the 1968 university reform - probably the most decisive fact for the development of the university system since the 1931 first Statut of the Brazilian Universities - is perfectly clear on the intentions of the project. So it starts:

92. Interview with the author.

"The decree which set up the Task-Force (D. 62937, of 2/7/68) entrusted it the mission of 'studying the reform of Brazilian university aiming its efficiency, modernization, administrative flexibility and formation of high-level human resources for the development of the country'. The terms of the decree are explicit enough and define a concrete and objective task. It is not a question, therefore, of formulating a diagnosis of the current university crisis or even drawing the guidelines of a reform but bring up a collection of realistic solutions and operational measures to rationalize the organization of university activities and give them greater efficiency and productivity."

The most striking feature of the regime's administrative strategy was the emphasis on planning. Planning - a comprehensive, economic and social planning - appeared as an expression of strength and will of the new political power. Combined with the practice of power, planning was believed to bring efficacy and ultimately political legitimacy. Close to order and rationality, planning was among the values of the military culture. Rationally, the economic and social planning was entrusted by them to civilians - government technicians, not politicians, since the political control had to be retained. Planning, therefore, conferred authority on emerging technobureaucrats and implied the control of financial means, giving planners a feeling of their possession. Planners spoke a special, sometimes esoteric language and shared the glamour of modernity. Planning appeared as a value in itself, and, for all these reasons, working in a planning body was a symbol of superior bureaucratic status which meant privileged salary conditions and often

93. BRASIL/MEC. Relatório do Grupo de Trabalho para a Reforma Universitária. Brasília, agosto 1968, p.15.

determined the top position of this body or the verticality of the relationship within bureaucracy.

This political meaning of planning is crucial in understanding the context of policies and relations in which education funding was dealt with inasmuch as planning was actually identified with economic planning, the prevailing approach to the issue.

Following the creation of the Ministry of Planning in 1964, the administrative reform attributed to it three more important functions: provision of statistical information, budgeting and "administrative modernization" (improvement of management and organization of the federal bureaucracy), taking the last two from DASP whose area was restricted to personnel administration. Planning was seen as a macro-function in the government structure and was organized as a "system" in itself. General secretariats were thereupon created in 1967 in each ministry as sector planning bodies, in charge of financial and budgetary matters. Chiefly, the general secretary was the second constituted authority in the ministry, replacing the minister in his absence or incapacity. This change brought about conflicts in MEC, where the role was performed by the minister's Chief of Office and the head of the National Education Department (DNE).⁹⁴

94. The minister's Chief of Office was number 2 in MEC and the position had gained prestige since it was held during the long tenure of Minister Gustavo Capanema (1934-45) by one of the most eminent figures of Brazilian literature, the poet Carlos Drummond de Andrade. Even at the end of 1967 (so after the Law-by-decree 200) the minister's Chief of Office, Mr Favorino B. Mércio temporarily replaced Minister Tarso Dutra. In such circumstances, the competition for power always came to light. The first MEC's general secretary, Mr Edson Franco (who came from a MINIPLAN body, incidently), had difficulty in fully exerting his function as his rival's position, head of DNE, had not been abolished. Even in 1969-71, the group close to

The "planning system" has never ceased expanding. In 1968 it increased internally: EPEA (thereafter IPEA, Institute of Applied Economic Research, headed by the general secretary of MINIPLAN on behalf of the minister) unfolded into two other institutes: the Institute of Planning (IPLAN) and Institute of the Budget (INOR), each one with several internal units, CNRH being the one in charge of the education planning and even, initially, budgeting. EPEA (IPEA) was instituted as a foundation. As such, it did not belong to the federal system of personnel administration, under DASP jurisdiction, and so it was immune to normal staffing restrictions and salary constraints in force for all civil servants. In 1972 the planning system was reinforced externally (Decree 71353, of 9/11/72) beyond the federal government to establish organizational links with similar bodies in the states and municipios, particularly for the control of the voluminous financial transfers, constitutionally due to them. In 1974, in a major structural change (Law 6036, of 1/5/74, Arts.6 to 8), the Ministry of Planning, taking IPEA with it, was raised above other ministries and made an integral part of the Presidency of the Republic as Secretariat of Planning (SEPLAN), whose "Chief-Minister" had daily meetings with the President, sharing the same building. There are unexplained circumstances in this organizational arrangement to reinforce the planning body. 95.

94. (cont.) the minister's Office did not get on well with the new general secretary. A position of "secretary of administrative support" was created (1971) in parallel to the general secretary. (Information by Mrs Ecilda Ramos, who was a high-positioned official of DNE and later head of the National Fund for the Development of Education (FNDE); interview with the author.

95. The procedures in which the reform of MINIPLAN's took place were the legally deficient. In the last weeks of the Medici's government MINIPLAN had been

A move of centralization followed the expansion of planning bodies. An increasing share of the federal budget was directly assigned to MINIPLAN (SEPLAN). In 1979, these trends peaked to tackle the government's financial crisis. Then, the para-governmental system of state-owned companies and foundations - until then under supervision of sector ministries - was put under SEPLAN's direct control, a Secretariat for the Control of State Companies (SEST/SEPLAN) being created, and two other important functions were moved from the Ministry of Finance to SEPLAN: the control of all expenditure throughout the entire federal government structure, and the control of prices in the whole economy.

The overwhelming influence of the "planning philosophy" was not only exerted by the planning system and its almighty central body. It passed on down through all technical bodies and autonomous agencies, including those

95. (cont.) restructured (Decree 73627, of 13/2/74). Only the general functions and position of SEPLAN were defined by the reforming Law 6036/74, two months later. The internal structure of SEPLAN was never established by law or decree, as required, in spite of the considerable administrative implications for the legal competence of the several authorities in the new body and their special salary condition (see note 200, page 260, of: Senado Federal/Subsecretaria de Edições Técnicas, Reforma Administrativa - Organização da Administração Direta, 4 ed., Brasília, 1984. This odd legal circumstances could be related to the tricky way in which the bodies of IPEA (a foundation) accompanied the change of MINIPLAN into SEPLAN. Their units and staff turned out to work under the formal cover of some SEPLAN's "secretariats", which were created in correspondence to IPEA's internal structure, so that the special foundation status (and therefore salaries) could be preserved; in this way, there was a Secretariat of the Budget (SOF/SEPLAN), headed by the Superintendent of INOR and fully staffed by INOR's personnel. A section of SOF/SEPLAN dealt specifically with budgetary and financial matters of MEC, and MEC's own Coordinatory (later Secretariat) of Budget and Finance (CODEOR/SG, later SOF/SG) in MEC's General Secretariat (SG/MEC) reported to this unit.

of MEC, reproducing the same standards of administrative behaviour on a different scale. On the other hand, the official line encouraged the introduction of new planning-related administrative techniques in MEC, among which the "administration through projects" (already induced by the 1967 and 1968 plans) and the "administration on objectives".⁹⁶

A consequence of the position of planning in the government's administrative strategy was the direct interference of CNRH and later SOF/SEPLAN with the allocation of funds to particular education programmes, universities and MEC's agencies, replacing the ministry's specific competence. Officials of these MINIPLAN (SEPLAN) bodies often discussed the details of the programme-budget of individual universities, making final decisions on them.⁹⁷

The political importance of the rational approach in the allocation of finance caused one of the most radical decisions of the 1964 regime, when the constitutional competence of the Congress in this matter was virtually suppressed. Moreover, the concept of planning gave birth to the principle of the "universal and free budget", attachments of revenues to particular programmes, including education, being abolished and forbidden. These issues will be studied in sections 5.1 and 5.2.

The major instrument of planning for the achievement of

96. In an interview with the author Col. Mauro Rodrigues, MEC's general secretary (1969-71) recounted the enthusiastic indoctrination he fostered in MEC's central bodies for the re-structuring of services on the basis of the "administration on objectives". Between 1970 and 1979 priority policies gave rise to independently administrated projects.

97. Information given the author by Mr Arlindo Corrêa, head of CNRH, and other officials of MEC's SOF/SG, including the head of this body, Mrs Odete Lapa.

targets was undoubtedly the technique of the programme-budget, developed in the USA in a sophisticated and integrated scheme called "Planning, Programming, Budgeting System (PPBS)". Brazil did not take it so far but, since the early sixties, and specially after the reform of the public financial system (Law 4320, of 17/3/64), planning bodies took upon themselves the task of superseding the "old roll of revenues and expenditure", simply classified from its nature in which the budget had been traditionally moulded. The 1967 administrative reform stressed the programme-budget as the definitive way to establish the crucial link between plans and allocation of funds (Law-by-decree 200, of 25/2/67, Articles 16-18). All governmental annual and pluriannual programmes of permanent services or temporary projects were to have their aims and targets financially expressed. Indeed, the effectiveness of policies and the credibility of the planning rested on the programme-budget. Most officials working in the area were intensively trained and some were selected for special mid- and long-duration courses in foreign centres (USA and CEPAL, Chile). In MEC, where the budget was broken up in almost a hundred units, scattered all over the country, this was certainly the area in which modernizing efforts were more intensive.

2.5. CONCLUSIONS

From the early sixties to the late seventies, education was predominantly conceived in the official policy as a capital investment in human resources, an infra-structure of economic development.

In Brazil the economic approach to education had a markedly external influence - particularly through

"technical assistance" to government planning bodies. However, its effective introduction in the government policies was actually due to the fact that, from 1966, it met a strong, ambitious political project of fast economic development by the military which was entrusted to an élite of civil technicians, most of them with a background in economics.

The authoritarian feature of the regime was also decisive for the implementation of the new approach in a short period in the cultural context of the education organizations, particularly the Ministry of Education and Culture and its Federal Education Council, following the liberal stance of the recently passed Law of Directives and Bases of Education which really pointed to another, humanistic direction.

The concept of education as an economically valuable investment formed a common basis on which conflicting groups compromised and settled. Economic and educational targets met, and humanists were able to trust economists because these had direct concerns about education!

As far as the investment in federal organizations was concerned - particularly universities - the prevailing stance was that the country needed to spend well. Without rationalizing expenditure through planning, control and modern administration principles it was not possible to increase investments, as desired. The blame for the regrettable situation of education should firstly be placed on the irrationality of the investment.

CHAPTER THREE

THE MILITARY AND EDUCATION: AN INCIDENTAL INVOLVEMENT

This chapter is a research into the attitudes and direct involvements of the military with education. Seldom does the issue of education funding come to light, but the stance is that, given the political circumstances at the time, the decision-making process in the bureaucracy closely followed "the direction of the winds" on the military area. The views of the military on education in general or the importance attributed by them to particular educational programmes would be a ponderable reason for a careful consideration by the budgetary authorities. This approach expresses the author's convictions on the decisive role of the political factor in the allocation of finance in technical bureaucracy and the fact that the issue of education funding is largely that of the political significance of education.

3.1. MARKS OF ORIGIN: THE STANDPOINT OF STATE SECURITY

Looking at society from the professional point of view of security, the Brazilian military of the 1964's regime had their idea of education indelibly marked by some activities of students and teachers which could generate political action. The more internal security became the focus of attention, the more such idea was reinforced.

1. This tendency corresponds to Stepan's "new professionalism", as described in: *The New Professionalism of Internal Welfare and Military Role Expansion*. In Stepan, A. (org) Authoritarian Brazil. New Haven, Yale University Press, 1973, pp.47-58.

To them, student tended to be rebels or troublesome people and teachers tended to preach new or destabilizing ideas, mostly from abroad. So, education was the area which always presented "problems", finally requiring intervention of force. For the same reasons, education was identified with **higher** education. This is the level of education whose members had an active presence in movements of the political scene. Moreover, they adopted the role of the progressive, innovating section of society. The first eight or ten years of the regime were deeply marked by repression. Such marks were passed on, inhibiting further attempts at involvement.

3.1.1. Antecedents

A picture of the antecedents of the military's disputatious interactions with students and teachers could help the understanding of the extent of military government repression from 1964.

Goulart's government found an active pole of support for its "mass politics" and in particular for its basic reforms in the universities. Besides a general participation in politics, including mass demonstrations, students and teachers used their institutional resources to act in and out of universities, through the press or the promotion of cultural programmes in public places, poor or rural areas. The organization and mobilization of students through the National Student Union (UNE), was the main institutional vehicle of aggressive activities, and, consequently, they attracted the most intransigent policies of repression.

UNE had its origin in 1937 in a government-aided, philanthropic society for sheltering and assisting students of all levels, the *Casa do Estudante do Brasil*.² It broke away in 1938, and defined itself as an association for the participation of students in the political life of the country, following a century-old tradition of struggles for civil rights and political freedom, including the independence from Portugal, the abolition of slavery and the formation of the republic.

UNE is integrated with state or local student associations but always keeps its direct line of communication with the student in the school. Apart from its annual, nationwide congress to decide on policies, strategies and ruling committee, UNE's activities have been specific campaigns on political current affairs. Only from 1960 to 1964 were cultural activities undertaken. UNE has been financially supported by student contributions, government (except for the period 1964-1984) and funds from other bodies. As early as 1939 UNE was restricted to higher education students. Later, secondary school students created their own national association, the Brazilian Union of Secondary Students-UBES, mostly following UNE's lead.

After its banishment in 1947, the communist party turned to UNE, took it over between 1948 and 1950 and since then

2. Original information about UNE or facts connected with its activities are the reports and other documents of its annual congresses. During special demonstrations, the newspapers of Rio de Janeiro, mainly *Diário de Notícias* and *Correio da Manhã*, are detailed sources. For the period 1962-64 see also *Cadernos da UNE* (series), Editora Universitária, Rio de Janeiro. Books, in a free chronicle style, were written by former members of UNE; covering the period before 1968: Poerner, A. J. *O Poder Jovem. História da participação política dos estudantes brasileiros*, Rio, Civilização Brasileira, 1968; for the period 1968 to 1978: Gonçalves, T. & Romagnoli, L. H. *A Volta da UNE - De Ibiúna a Salvador*, S. Paulo, Alfa-Omega, 1979.

has always had a part in UNE's internal groups. Liberals prevailed from 1951 to 1955 and left-wing groups have been in control of the organization since then. All through the 1960's the Popular Action (AP), a dissident, marxist branch of the Catholic University Youth-JUC, had its members in ruling positions in UNE. The body was legally abolished in June of 1964 but the organization managed to survive, although it had periods of virtual paralysis. This happened, for example, in mid-1965, after a split-up into two wings over the issue of participation in the elections of the new government-created bodies for student representation: to participate (communists) or not (some radical dissidents of the Communist Party, and the AP). The "no"s prevailed, but the division weakened the movement. UNE found new grounds for action during the violent repressions from late 1966 onwards and in the particularly troubled year of 1968. Then, with the arrest of 719 students, mostly leaders, at UNE's congress in Ibiúna (October 1968), S. Paulo, activities were drastically reduced. ☹

UNE managed to assume the role of a vanguard opposition political movement and aggressively created its place in the political scene of the country, always playing on the full-time availability of their members, mostly idealist middle or upper-class youth. Until 1945 UNE had memorable campaigns against nazism and its Brazilian admirers, and

3. After 1968 many militants of UNE shifted their field of activity to armed underground groups or left the country, although the body had not been extinguished. By 1978 onwards, a tendency had consolidated for the explicit affiliation of militant students to political parties (even when they were not yet legalized), in which students have been assigned relevant functions. Groups are clearly identified in school life by these affiliations which weakens the image of UNE itself. On the other hand, as political parties began exercizing their mediative function, demonstrations and other pressure actions have been pursued in their own names.

for the entry of Brazil in World War II. It supported the nationalist campaign for oil and from the mid-fifties its discourse and campaigns were strongly marked by anti-American nationalism or anti-capitalism. Between 1960 and 1964 UNE held four nationwide seminars on university reform which gave room for the discussion of the broader topic of the role of the university in the envisaged Brazilian people's revolution. UNE tried to set uplinks with labour and lower levels of the population. They organized a nationwide strike of buses in May 1956, followed by a common society against rising prices. This aim of penetrating the poorer social classes moved UNE, together with young or progressive artists and intellectuals, to the creation of the People's Culture Centres (CPC's). CPC's travelled over the country with "street theatres," initiated the production and exhibition of films, and then put out some adult literacy courses, using a literacy primer produced by the Basic Education Movement (MEB).⁴

Other activities of UNE in the early sixties also attracted the attention of the right-wing or anti-communist groups and the Army. Leaving its early affiliation to *Confédération Internationale des Étudiants* (Brussels), UNE joined the Student International Union (Praga), in 1949; they stood together for most of the following period, which brought UNE into a clash with the right-wing Cardinal J. Câmara, of Rio de Janeiro. UNE visited China in 1952, Cuba in 1959, and Moscow in 1960, receiving some scholarships from Russia. Public demonstrations were held in 1960 and 1961 in support of Cuba and against dictatorships in Portugal and Spain. UNE joined Leonel Brizola in his "Legality Campaign" to

4. On the CPC's and MEB (later referred) see Paiva, V. P. Educação Popular e Educação de Adultos. Contribuição ao Estudo da Educação Brasileira, S. Paulo, Loyola, 1973.

support Goulart's rise to power in 1961. "A significant section of the university sector was committed to Brizola's armed fight".⁵ Finally, four large student unions (UNE, UME, UBES, AMES) helped the organization of the big demonstration in Rio de Janeiro on the 13th of May of 1964, one of the last straws in encouraging the military intervention... After a frustrated attempt at armed resistance in the National Faculty of Philosophy, by April the 1st, UNE's headquarters in *Praia do Flamengo*, Rio, were stormed, sacked and set on fire.

In 1960, a People's Culture Movement (MCP) was created in Recife, capital of the north-eastern state of Pernambuco, under the Administration of the left-wing mayor Miguel Arraes, later elected governor of Pernambuco and deposed by the 1964 coup. MCP, despite its short, five year life, had a strong influence among young, progressive artists and intellectuals and would have repercussions for the two following decades. Its aim was "*conscientização*", a rise of the political awareness of the masses through the language of the arts and literacy. The *leit motiv* was that poor, ordinary people were to believe in their own value and strength and struggle for a better standard of living. Popular artists were gathered together, stimulated to produce work using themes from their cultural roots and to become involved in a climate of concern over social problems. The first-reader book of MEB was adopted by the CPCs of UNE.

Almost parallel to MCP, another movement arose specifically directed towards literacy programmes, the Movement for Basic Education (MEB). Actually, MEB was created in early 1961 by the National Council of Brazilian

5. Poerner, J. A. O Poder Jovem. História da participação política dos estudantes brasileiros. Op. Cit., p. 210.

Bishops (CNBB) of the Roman Catholic Church, as a radio broadcast programme for rural areas of north-eastern Brazil. From broad conceptions of man and the process of his socialization and participation in social changes, the sociologist Prof. Paulo Freire developed a literacy method in MEB based on his previous experience in MCP which was eventually known and applied in several other developing countries of Latin-America.⁶ Paulo Freire's method was rapidly accepted and MEB was officially adopted within the year by the federal government through the Ministry of Education and Culture (MEC).⁷ Secondary and university students largely acted in MEB and often used it as a means to approach the lower classes and there be in a position to preach their ideological convictions. MEB was considered subversive by the right-wing supporters of the coup of 1964. The government stopped official support for the institution which was reformulated by having some leaders changed by ecclesiastic authorities and its activities drastically reduced. Paulo Freire himself had to leave the country and their books were placed on a banned list.

The military were attentive to student and teacher activities and, from 1964 they extended their information-gathering and repressive activities to CPC's, MCP and MEB (8), to the extent that the Goulart government had looked for the support of these movements for his so-called

6. For a substantial study of MEB and the applications of the "Paulo Freire Method", see Manfredi, S. M. Política e Educação Popular (Experiências de Alfabetização no Brasil com o Método Paulo Freire, 1960-1964), 2 ed, S. Paulo, Córtez, 1981.

7. The National Programme of Literacy, created by Dec. 50370, of 21/3/61. Article 1 of the decree instituted "the National Programme of Literacy using the Paulo Freire System". The radio broadcast classes of CNBB in the north-east were also made official by MEC's regulation (*Portaria* 4-BR, of 26/9/61).

8. See Ministry of the Army, O Comunismo no Brasil, Inquérito Policial-Militar nº 709, vol.3, Rio, Biblioteca do Exército Ed., 1967, pp. 565-584.

"mass politics".

A general climate of disorder and maladministration in federal universities was commonly admitted in the early sixties.⁹ UNE secured the support of left-wing members of the parliament close to Goulart and exerted a direct influence on MEC itself and its funds.¹⁰ In 1963/64 UNE's freedom from restraint irritated those who remained concerned about the evolution of political events. The premises of MEC in Rio de Janeiro - it only began to move to Brasilia in 1967 - were occupied by UNE for several weeks of February and March 1964. Civil servants complained of the damage and dirt left by the students.¹¹

3. 1. 2. Features of the early repression

9. The declaration by Goulart's progressive minister of education, the well known anthropologist Darcy Ribeiro, briefed by students and the press in Curitiba, Paraná, 1963, is a good indicator of this situation. Asked to remove the conservative, chancellor of the University of Paraná, Prof. F. Suplicy de Lacerda, a firm opponent of UNE, he said; "He cannot be sacked. He is one of the few chancellors who administer their universities, among this mess of Brazilian universities." (Mr. Divonzir A. Gusso, then present at the meeting. Interview with the author).

10. UNE was then normally funded by MEC. In February of 1964, the minister of education Júlio F. Sambaqui was forced to change the legal destination of budgetary appropriations of the National Department of Education (DNE) to a training programme for unqualified teachers of primary education (PAMP) and divert the funds to UNE. (Mrs Ecilda R. de Souza, who was assistant of the head of DNE. Interview with the author). In another example of that, on the 10th of March of 1964 Goulart approved a budgetary supplement of nearly Cr\$ 2.0 thousand million for the University of Rio de Janeiro to simply double its places, agreeing with a claim of UNE for Rio's candidates to the university.

11. Interview with Mrs Souza, expressing the feelings of civil servants of MEC.

These antecedents can help to understand the particular way in which the military approached the world of education. The military's answer to them essentially involved the cooperation of an auxiliary line of civilians representing a variety of trends from the "status quo", from the old groupings of semi-fascist thought and the right-wing press to a majority who, above all, wanted the restoration of order in schools and students to apply themselves to study. The repression could be said to have been aimed at two main targets: first, a "shock treatment" against riots and extremism, to intimidate a supposed majority of "bona fide" students who were just influenced by radical leaders; second, a demobilization of student militant organizations involved in political matters.

This section features three main points which could make clear the early repressive policy and the "marks of origin": the choice of ministers of education, the new legislation on student organizations, and the exemplary treatment of the University of Brasília (UnB).

Gen. Castello Branco had the clear intention of leaving the Ministry of Education to a civilian, and he resisted requests by the military to intervene directly in universities to change the rules of appointment of chancellors by the government and the internal structure of power within the universities.¹² The choice of the chancellor of the University of Paraná, Prof. Flávio Suplicy de Lacerda, was actually due to his nationally known profile of a teacher with a very definite, firm position against student involvement in politics,

12. Interview with Gen. Bina Machado, who was one of the officers close to Castello in the high-level military education system. Sections 3.3.2, and 3.4.2., will refer to Gen. Bina Machado's important role in that area.

particularly UNE's proposals for a university reform. The University of Paraná enjoyed a reputation of an orderly and well administered university. Suplicy's image of a right-wing leader among his peers and military supporters (13) was proved during the twenty months he remained as minister.¹⁴ However, there are indications that this reason was rather the legitimization of Prof. Suplicy for the position. Final reasons for the choice could have been the close relationship of Castello and Gen. Ernesto Geisel (who had served with the army in Paraná) with Mr. Ney Braga, former militaryman and governor of Paraná, who might have suggested Suplicy's name. Ney Braga was himself sounded out to be the minister of education but preferred the Ministry of Agriculture.¹⁵ Suplicy gave a clue as to what his attitude to university movements would be as early as in his short speech of taking office: "And now," he concluded, "let us finish chatting: students get studying and teachers get teaching".¹⁶ He was hard in his dealings with other chancellors to implement the new law in the Universities (following paragraph) and did not spare harder words for students in public.¹⁷

13. "He was a chancellor, say, possibly very accessible to some attitudes of control from the military area (....) a bit of 'a scout'..." (Gen. Golbery do Couto e Silva, interview with the author).

14. The early end of Suplicy's tenure is attributed to some lack of political skill, raising pressure from some sectors of the government against him because of his very bad image with the public, but several well informed people said that his leaving was directly connected to a mental illness he was said to have suffered a short time later.

15. Interview with Mr Edson Machado who is Paraná-born and reported this information from his close friend Prof. David Carneiro Junior, nephew and assistant of Minister Suplicy.

16. Interview with Mrs Ecilda Ramos de Souza, senior official of MEC. The phrase was often repeated by the press as a good synthesis of the policy of the new government.

17. Some samples from a newspaper of Rio de Janeiro: "I found universities dominated by trouble-makers, and little robbers turned into leaders (...) colonies of viruses

Law 4464, of 9/11/64, brought the first legal instrument of the policy of student demobilization. Individual votes for unions in university units, the traditional *Diretórios Acadêmicos (DA)* (for each school) or *Diretório Central dos Estudantes (DCE)* (for each university) were to be obligatory. Any demonstration for the purpose of strikes or political propaganda was prohibited to student representative bodies. A national organization, the *Diretório Nacional dos Estudantes (DNE)* was created - evidently to replace the newly abolished UNE - as well as similar bodies at state level, the *Diretórios Estaduais dos Estudantes (DEE's)*. The structure of student representation bodies kept some links with governmental education authorities. UNE gained the greatest political advantage from Suplicy's law, organizing a nationwide campaign against it. 92.5% of the voters in an opinion poll which UNE held among students, were against the law. The leadership of the organization, however, found itself divided at UNE's congress of 1965, as previously mentioned. UNE survived through parallel, independent organizations called "free unions" (*DA's Livres* and *DCE's Livres*), developing active, radical minorities, despite large sections of old and new students becoming indifferent and absent from university life. The idea of the "free unions" was appealing. *DA's* and *DCE's livres* were set up in many schools and UNE'S 1966 congress (July) was attended by 313 of the 450 higher education schools or universities. The following September was a month particularly marked by violent conflicts between students and the police ¹⁶.

17, (cont,) among students, menacing the future of a whole nation" (*Diário de Notícias*, 13/8/65); and some days later, "...scorpions!" (*Diário de Notícias*, 20/8/65).

18, Impressive reports of events in the UNE's headquarters, in Rio de Janeiro, can be found in the newspaper *Correio da Manhã*, editions of 15, 16 and 23/9/1966.

Meanwhile, Suplicy stepped down (10/1/1966). After a colourless six-month tenure by Mr Pedro Aleixo, he was substituted by his Director of Higher Education, Prof. Raymundo Moniz de Aragão, who was selected either for his recognized personal competence among chancellors (he was himself chancellor of University of Rio de Janeiro) or for his brother's prestige among the high-ranking military (Gen. Augusto César Muniz de Aragão, then commandant of the most important unit of the 1st Army, the Division of Artillery of Villa-Militar, in Rio de Janeiro). Ideologically conservative, trusted by the regime, Minister Aragão tackled the problem through the structural reform of the universities (Law-by-decrees 53, of 18/11/66, and 252, of 28/2/67), but the hardening of the military government after its intervention in the parliament in October 1966, induced him to revise the regulations on the organization of students. Thus, following the newly passed Institutional Act n.4, of 7/12/66, Law-by-decree 228, of 28/2/67, went further than Law 4464. It clearly set up its objectives: to prevent the infiltration of political agents from outside the student milieu and the manipulation of student by agitating minorities (Art. 6), and to draw up the limits and the modes of action of DA'S and DCE's (Art. 1 to 4). The new law suppressed previous student representative bodies at national and state levels, reduced the mandates of presidents of the DA's and DCE's to one year, without recourse to a second mandate. Principals and chancellors were made directly responsible for compliance with the law and the imposition of penalties in their area of competence.

Minister Aragão left the government with Castello Branco in March of 1967 without achieving success, and his policies were discontinued. The banner of the excess candidates for the limited vacancies at the university,

waving democratic appeals and counting on the close involvement of President Costa e Silva's wife (1*), nourished massive student mobilization during 1967 and 1968. The watchword, "freedom", sounded everywhere in slogans and songs to be repeated in meetings and demonstrations. Other popular claims to the government were added: lower prices or free meals in university restaurants, more finance for education, lower fees in private schools. UNE, then a clandestine organization, found new grounds to expand its influence.

1968 was a year strongly marked by student unrest throughout the West. Taking the existence of international political links between student movements for granted (2*), the characteristics of this social phenomenon abroad probably rather stimulated worries and aims of control in the Brazilian government, than boosted special student political activities during that year.

A student movement affecting ten or twelve state capitals was part of a wider political setting for the radicalization of opposition groups, including the rise of urban and rural violence. Students were well organized - their leaders visiting each other's local activities - and came to feel the taste of a looming debacle for the

19. The subject, marking some important decisions on education matters, well recalled in Section-3.3.1.

20. Some years later, in a session of the Federal Senate on 4/8/76, Senator Benedito Ferreira of the government party, ARENA, reported that he had in his hands "from a qualified person" a map from France, "a sort of flow diagramme", on how a movement called "sweetheart" ("*Namorada*") could be transplanted to Brazil. Senador Jarbas Passarinho, O Decreto-lei 477: o Mito e a Realidade. Brasilia, Senado Federal, 1976, p.14.

regime.²¹ They believed themselves to be the vanguard of the people's reaction against the dictatorship, able to expose themselves and precipitate mass mobilization. Some events of the student movement during 1968 are mentioned later (Section 3.3.2.). As far as the government policy of demobilization was concerned, a new "wave" had actually arrived in early 1969, following the drastic political changes of December 1968 which marked a new cycle in the evolution of the military regime (see Section 2.1.1).

The Law-by-decree 477, of 26/2/69 "was a corollary of the Institutional Act 5" (22), as its predecessor Law-by-decree 228 had flowed from the Institutional Act 4. Actually, it did not originate from MEC but was then regulated by this ministry (*Portaria MEC 149-A*, of 28/3/69). The "477 decree", reaching not only students but also teachers and any employees of educational institutions from then on became the major symbol of the repressive features of the regime regarding education and stood as such until 1979. It deals with the disciplinary action within university limits. Offences were specified to prevent any kind of activity with political implications. Penalties were banishment from university (or school) for 3 to 5 years (so the punished student would be definitely detached from his school group). The prosecution was to be carried out in the university itself within 20 days and the authority (chancellor or principal) had then to decide on the liability within 48 hours, or

21. The author expresses here his own experience. He participated intensively in student activities in Recife, as president of a DA at the Catholic University of Pernambuco throughout the year of 1968.

22. Expression by Senator Jarbas Gonçalves Passarinho, Minister of Education and Culture (1970-74), who was then Minister of Labour and thereby a member of the National Security Council (Interview with the author).

the delay itself would incur penalties. It removed the right of appeal at the level of the punishing authority but, in the case of acquittal, the university authority had to submit its decision to the scrutiny of the minister of education. Acts punished by "decree 477" remained liable to prosecution by civil or military courts. The decisive involvement of university authorities was the most effective and new element of this law. After this, a polarization in the internal contention for positions in university bodies occurred: candidates had to be prepared for a considerable degree of submission to the federal government as well as some isolation from the university community. Official source reckoned the number of punishments by "decree 477" at 263, from which 215 in 1969 and 48 between 1970 and 1974; since then the law-by-decree was not used any more.²³ It must be remarked, however, that most facts of the repression against students and teachers, including kidnappings, depredation of private property and torture occurred within the ordinary activity of the police and the bodies of the security system (CODI, through the DOI's, of the regional unities of the Army).

The physical, coercive presence of troops in university premises had intensive repercussions on the few occasions it occurred. From a long tradition, rooted in the European concept of university autonomy, university premises were considered a sort of "sacrosanct ground". There, academic freedom would be saved. The University of

23. MEC. Educação em debate. (Pronunciamento do Ministro da Educação e Cultura, Jarbas Gonçalves Passarinho na reunião conjunta das Comissões de Educação e Cultura do Senado Federal e da Câmara dos Deputados em 25/10/73), Brasília, 1973, p.57; This source must be completed by later corrections of the minister himself, referring to more recent data from the Division of Security and Information (DSI) of MEC; Senador Jarbas Passarinho, O Decreto-lei 477: o Mito e a Realidade, Discuso pronunciado na Sessão do dia 4/8/76, Brasília, Senado Federal, 1976, p.23.

Brasília (UnB), in particular, was born under the spell of the freedom for thinking of new directions for the country. An elite of liberal intellectuals, adapting the German model of a university to some ideas of the so-called "New School" (Dewey) and initially successful Brazilian experiences of the thirties (University of S. Paulo and University of Distrito Federal), in the late fifties had launched the idea of a new university in the newly built capital of the country. Presented as a flexible organization, endowed with a large land patrimony in the urban area of the capital, and gathering many renowned professionals and scientists, even from abroad, the University of Brasília attracted intense interest.²³ It aimed to be a pluralistic "stimulus-university" replacing the old "reflex-university"²⁴.

The mythical space of the University of Brasília was "profaned" when it was invaded in the first days of April 1964, by 400 police. 11 teachers and many students were arrested. Soon afterwards, the Minister of Justice, who assumed the education portfolio for the first fortnight of the new government, decreed the intervention in the university (*Portaria* 224, of 14/4/64). The chancellor, Prof. Almir de Castro, and the board of directors were

23. The original project of the UnB can be seen in: UnB, Plano Orientador da Universidade de Brasília, Brasília, Editora Universidade de Brasília, 1962.

24. Two books on the utopia of a university for a developing Latin American country and the experience of UnB, have exalted its originality and helped to prolong a sort of myth about it. They were printed in Brazil some years after being written outside the country by one of UnB's founders, the anthropologist Darcy Ribeiro who was also minister of education for a short period in the first year after the university was created (1961): Ribeiro, D. A Universidade Necessária, Rio, Paz e Terra, 1969, Idem, UnB: invenção e descaminho, Rio, Avenir, 1978. The concept of "stimulus-university" x "reflex-university" can be found in the first of these works, pp.9-12.

expelled. During the following strongly contested purge, a deep crisis disturbed the activities of the university which had not actually had its Directive Plan fully implemented. Successive cases of dismissal of teachers brought about a strong reaction in the university community. The new chancellor, Prof. Zeferino Vaz, vainly asked the Ministry of Education to leave investigations and dismissals to the discretion of the university itself. He left the university to create a flourishing university in Campinas, S. Paulo. The teachers in charge of courses applied for discharge, student held strikes, some eminent founders moved to other universities abroad. President Castello Branco was booed before the diplomatic corps when he came to the university to give the solemn inaugural lecture of the academic year of 1965. In a new invasion, on 10/10/65, scenes of violence occurred as the police stormed classes and other premises to make arrests. For several days the police occupied the campus and controlled its entrances. 200 teachers resigned en masse in protest against the dismissal of 12 of their fellows. After some years, UnB was recomposed but not in its previous academic and political climate.

From 1968 a vice-chancellor, then chancellor, Prof. José Carlos Azevêdo, who was a naval captain with links to the government information system, rebuilt UnB's organization, developed its campus, expanded its courses and external activities, relying on the full support of the federal government, and controlled internal politics and the trends among the staff with an iron fist. Azevedo only left the chancellorship in 1985.

This complete change of image was not achieved without resistance. In August 1968, at the peak of nationwide student demonstrations, UnB was invaded for the third time with a display of unused military force, repeating the

scenario of arrests and breach of the university life. Minor incidents and long periods of student strikes, certainly amplified by physical proximity to the seat of federal power - UnB's students frequently demonstrated: gathering or even camping in front of the MEC or Congress buildings - punctuated the history of the university throughout the military regime.

The constitutional background of civil rights related to teachers and students suffered some considerable changes from 1967, offering the legal basis for the application of the Law of Security by the governmental system of security, including the regional military courts. The final terms of the declaration of the freedom of thought (Art. 141, § 5, of the Constitution of 1946) left a more imprecise qualification of "order", in the specification of the limits of that right (Art. 150, § 8, of the Constitution of 1967, and Art. 153, § 8, of the Constitutional Amendment of 1969). At the same time, a law (5250, of 9/2/67) regulated that right of manifestation of thought and information, specifying what **did not** constitute an abuse of the right. Some months later a decree (61527, of 13/10/67) had to provide more details of the area covered by the right of expression to supply more precise guidelines for the work of the military or civil judges. The traditional "academic freedom", free speech for teachers, always simply expressed in the phrase "liberty of seat is guaranteed" was changed to: "the liberty of communicating of knowledge in the exercise of the teaching is guaranteed, with the reservations covered in article 154", which referred to "the abuse of political or civil rights with the purpose of subversion of the democratic regime or corruption" (Art. 176, § 3, item VII of the Constitutional Amendment of 1969). The application of this restriction could be enforced by an official of the Executive Power,

the General Prosecutor of the Republic, and sentences of two to ten years could be pronounced by the Supreme Court (the only one dealing with constitutional matters). Finally, the Constitutional Amendment of 1969 added - as a typical vestige of some right-wing groups - to the principle of liberty for the sciences, letters and arts the restriction: "with reservation made for publications and expositions opposed to morals and good habits" (Art. 179)....

Such were the salient features of the first years of the regime in the field of Education. They remained firm to both the top military and those who suffered the repression. UNE remained a sort of "damned acronym" until the end of the regime in 1985. Even when the liberalization, the "Abertura", brought the dialogue or the negotiation of the government with opposition groups, UNE never did manage to meet the ministers of education. Signs of sympathy and good will towards the body caused stumbling blocks for the Minister Eduardo Portela in his relationship with the military, ending with his dismissal.²⁵ His successor, Gen. Rubem Ludwig, in spite of being very well backed by *Palácio do Planalto*, had to go back in his public intention of receiving UNE's Directory in March 1981. Some days later, he agreed to receive members of UNE in a group of students, providing no identification of the group with the students organization was made.²⁶

The Minister of Education Jarbas Passarinho tried to have Law-by-decree 477 abolished. Despite his good position in

25. This was just part of a larger affair involving the minister and top figures of the cabinet. This affair will be treated later, in Section 5.3.1.

26. This fact was confirmed by Col. Pasquali, General Secretary of MEC under Minister Ludwig's tenure (Interview with the author).

the government as a former military, a senator of the governmental party and former powerful minister of labour, he did not succeed. The Secretariat of the National Security Council, then headed by Gen. João Batista de Figueiredo, opposed the move. Passarinho went to President Medici three times to ask for the suppression of some draconian aspects of the law-by-decree, especially the banning of the right of appeal and the *ex-officio* referral by the university authority to the ministry should a student be found innocent.²⁷ Finally, the President approved a formal address (*Exposição de Motivos*) of the Minister with the assessment of the General Consellor of the Republic by which the ministry was to be the upper statutory jurisdiction for all the cases judged at the university level (*Parecer* I-049, of 2/7/70, published in the *Diário Oficial da União* of 21/7/70). In fact, the reason for the strictness of the government on Law-by-decree 477 was the fight against communist activity among the young.²⁸

The way in which the chancellor Azevedo, always regarded as a caretaker for the regime, was kept in his position at the University of Brasília despite the rejection of the majority of the university community and, moreover, without the support of the Minister of Education, Eduardo Portela, was also a clear indication of the persistence of

27. Interview of Senator Passarinho with the author.

28. "The Law-by-decree 477 arose as a reply. It was a reaction to the conquering action of the Communist Party. It is actually able to conquer - for it has a vocation of catechism, a messianic appeal - just that range of the populations of the world which are full of romanticism and capacity for self sacrifice: the juvenals." Senador Jarbas Passarinho, *O Decreto-lei 477*, Op. Cit., p.13. See also pages 6-11, 24, 31-2 of this same speech.

the old scars.²⁹ Repressive intervention in UnB certainly had an exemplary intention. As the banishment of UNE and the Law-by-decree 477, it deeply blemished the regime's standing in the area of education.

3.1.3. The main system of control: the SNI, the DSI's and the ASI's

Despite the military seizure of power in April 1964, it was not so easy for the newly created National Information Service-SNI (Law-by-decree 5341, of 13/6/64) to set up an efficient network of agencies and penetrate civil ministries as it had opened its own area in what had previously been the territory of the National Security Council (CSN).³⁰ Formally, the SNI only consists of a Central Agency in Brasília, regional agencies in most

29. In 1979 *Palácio do Planalto* inserted an article in the Law 6733 to render the appointment of the chancellors of all federal foundations subject to the direct and exclusive will of the President of the Republic, regardless of the board of directors or any other similar collegiate body. In spite of having 24 of the 42 federal foundations, and mostly universities including UnB, the Ministry of Education was not even consulted on the matter. This happened just when the coming expiration of Azevedo's second mandate raised the issue of a change of "political winds" in UNB. See Braga, Ronald, "MEC e Poder", Educação Brasileira, n.13, 2 sem., 1984, p.90.

30. Asked about the organization of SNI in the federal education system, Gen. Golbery do Couto e Silva, the organizer and first head of this body, said: "I had a hard and delicate job in not to create problems for Castello while still carrying out the implementation of the *Serviço* in the ministries. Each of those ministers felt himself to be as a *Grand Seigneur*." (Interview with the author). For an analysis of the institutional and political features of SNI in the context of the "new professionalism" of the Brazilian military, see Stepan, A. Os Militares: da Abertura à Nova República. Op. cit., pp.21-39.

states, and, since 1971, a National School of Information (EsNI) (D.68448, of 31/3/710). However, the body dealing with security information and mobilization in the organizational structure of each ministry, the Division of Security and Information (DSI) is defined as being "technically linked" to SNI, under its guidance and supervision. DSI also has to cooperate directly with CSN.

This organizational structure has been clearly defined since 1967 (articles 29 and 43 of the Law-by-decree 200, of 25/2/67). The DSI of the Ministry of Education (DSI/MEC) is, therefore, the outstanding aspect of the policies of security for education institutions. In its first complete organization of 1967 (Decree 60940, of 4/7/67, and Law-by-decree 346, of 4/1/68), DSI/MEC had only a representative or agent in each university, college and other autonomous body linked to the ministry. Political events of 1968 and 1969 brought about an expansion of the system at a national level and so MEC's DSI was reinforced (Decrees 67325, of 2/10/70, and 68060, of 14/1/71): instead of a single agent, each establishment was given a Special Advisory Body for Security and Information (AESI) (*Assessoria Especial de Segurança e Informações*), which was then able to take its place among other internal bodies of the university, college, etc., and have external relations in the name of that institution.

This structure was again reformed under Geisel's tenure to give the system of information and security a more stable and permanent place in the federal bureaucracy (Decrees 75524, of 24/3/75, and 75640, of 22/4/750). The direct responsibility of ministries and heads of autonomous bodies (including universities and any federal schools) for matters of state security, chiefly security information, was stressed. The staff of all bodies of the

system were to be qualified for their positions in three years and were to be integrated, as a specific group, within the regular staffing system of the government with a career structure like any other civil servant (D. 75639, of 22/4/75). The DSI's and their branches - now called the Advisory Body for Security and Information (ASI) (instead of AESI) - were classified according to their importance. DSI/MEC and its ASI's belonged to Group 3, the highest level of staffing. Although DSI could be headed either by a civilian or a military, DSI/MEC was often run by the military. Civilians (teachers) were most in charge of AESI's and ASI's.

The first insertion, in federal universities, of a permanent, institutional network of bodies reporting directly to a Division of Information and Security (DSI) in the Ministry of Education - albeit also having the statutory function of providing advice to university hierarchy - was a blow to the traditional sense of "university autonomy". It was always seen by the university community as an intruder inserted by force into its internal statutes. Such bodies were always accused of being the preserve of right-wing extremist teachers responsible for purges and expulsions in the university and of acting as an auxiliary of the repression system (officially linked to the Army). Under pressure, the government abolished these bodies in the universities in 1981, but some of their functions were transferred to the local offices of the ministry.

Despite the activities of DSI, AESI's and ASI's in educational matters such as the promotion of civic values and the curricular school subject "Moral and Civic Education", their main task, which characterised its image for members of MEC and universities, was the control of staff appointments.³¹ Special forms to be completed

with personal details, and possible vetos from the central records of SNI through DSI created sometimes embarrassing situations for the authorities who had invited individuals to take up positions in the ministry or on the teaching staff of a college. Similar screening applied to civil servants (including teachers at federal universities and colleges) who asked for permission to travel abroad to carry out their duties. During particularly repressive periods, AESI'S or ASI's were accused of having sheltered right-wing radical teachers who had led "witch hunts" in many universities.*** The fact that AESI's and then ASI's were not particularly designed for the universities by the military, but for all federal agencies, still does not excuse an element of ideological bias in their activities.

3.1.4. Subsequent developments

The military usually overreacted to student demonstrations. Officers or even sergeants in charge of the direct repressive operations were particularly angered

31. Asked about the means by which the military exerted their influence in MEC, senior civil servants and teachers who were interviewed by the author immediately emphasized this point.

32. Although these facts were frequently commented on in universities, documentary records are not easily found. One of the few is: ADUSP, O Livro Negro da USP - o controle ideológico na universidade, S. Paulo, ADUSP, 1978. There were undeniable abuses by opportunist people and teachers willing to settle old scores: "There were groups of 'military collaborators'. We knew them. Some had deformations of character. The 'anti-communist professionals' took profit from the situation." (Col Mauro Rodrigues, an officer involved in the early days of the regime and later (1970) General Secretary of MEC. Interview with the author). In other interview with the author, Gen. Golbery also recognized and regretted these facts.

by the insults and the irreverence of the student's language towards the authorities. The student's unexpected moves, boldness and inventive fighting tactics, confused and sometimes humiliated them. Moreover, police men (the ones who were usually charged with public repressive operations against students) were sometimes incited by their superiors. 33

This psychological component of the street violence must be mentioned because the excesses it certainly caused in the repression had serious repercussions both among the majority of the Army not involved with those actions and the public. Many of the top military were increasingly uneasy with the image of the regime in the area of education. The security of the state, the actual intention of the repression, was not to be misunderstood - they thought - in all those events. The Revolution could not afford to lose ground in public opinion and a rejection by the world of the schools and intellectuals would not do justice to the democratic purposes of the Movement of March. President Castello Branco had been a top figure in the army education system and had shown special feelings of sympathy for the education tasks of his government. After all, systematic education had always been highly valued in military culture for decades. The military also shared the concern of the country regarding education.

33. "Stand by" orders - cancelling leave - were frequently issued by the army and police headquarters for periods actually longer than they would be necessary, just to maintain, among the troops, a mood of anger against students and other demonstrators. (Conversation of the author in early 1970 in Recife with a sergeant of the army who worked in the University of Pernambuco as a part-time typist).

3.2. "INTERVENTIONS"

From late 1965, at least, to 1974 it is possible to identify trends which reversed the position of the military, without prejudice for the activities of the systems of information gathering and repression. After three years limiting educational concerns to security, the military reacted to recurrent unrest in the area by intervening with a more direct presence in the Ministry of Education. At the same time, attitudes of compensation, concession or tactical set-back appeared in the regime's relationship with the area of education or the students themselves, even if this cost the military some conflict with civil technicians to whom education policies had been committed. From 1975 onwards, with the "*distensão*" and then the "*abertura*", views of again leaving the matter to civilians and, furthermore, of using the ministry to reinforce the general liberalizing purposes of the regime came to prevail. This line of evolution does not exclude some simultaneity and recurrence of typical events. Such phases of the involvement of the military with the education will be featured in this Section 3.2. and the following (3.3), respectively.

3.2.1. The "mission" of Gen. Meira Mattos:

Origins and features

When Colonel Carlos de Meira Mattos, a member of the permanent teaching staff of *Escola Superior de Guerra*, received an unexpected phone call from the Chief of the Military House of the Presidency of the Republic, Gen. Jayme Portela, in November 1967, the scene of higher education in Brazil, sharply coloured by recurrent student

unrest, was really worrying. Nobody could, however, expect particular and direct interference from the military beyond the aspects of security as the new minister of education, a civilian like his three predecessors since the coup of March 1964, had been appointed some months before.³⁴ The colonel, who had been recently called upon by the Presidency for special missions - he had commanded the siege and closure of the Congress (20/10/66) and led the Brazilian Task Force to Dominican Republic the year before - was only filled in on the new mission some weeks later, when he was appointed general.³⁵

Decree 62024, of 29/12/67, created a "Special Commission" in the Ministry of Education to "propose measures concerning student problems", "considering the necessity of coordinating governmental directives to solve student problems". Beside laying down a conclusive assessment of the crisis and planning the decisions, the original purpose of the Special Commission would be to supervise and coordinate the execution of these policies (letter c of the article 1). No fixed period was ascribed to the Commission, whose attributes exactly matched the legal competences of MEC bodies. Together with Gen. Meira Mattos as president, the Commission had four other members: two teachers, one of them the principal of the traditional Faculty of Law at the University of Rio de Janeiro and the other the head of a first-rank body of MEC (later a teacher at *Escola Superior de Guerra*), a lawyer

34. "We've got a hard pill (*"um abacaxi"*) for you, joked the minister. What this will be we'll tell you later". (Interview of Gen. Meira Mattos with the author).

35. "Meira Mattos was one of the so called 'hawks' or hard-liners, but he was very close to Castello". (Minister Jarbas Passarinho, a former colonel of the Army and Minister of Labour at the time. Interview with the author.)

and a air-force colonel of the National Security Council (CSN), who was appointed as its general secretary shortly afterwards and eventually Minister of the Air Force, Waldir de Vasconcelos. The presence of a high-ranking member of CSN's staff, where the idea of the Special Commission may have been developed, should be stressed.

The obvious necessity for change in the structure and supply of higher education was the leit-motiv of a nationwide political mobilization of students between 1961 and 1964, following a widespread debate on the bill of Directives and Bases of National Education (LDB) and the creation of the UnB as a new model for a developing country. UNE had regularly held conventions on the so called university reform, most of them raising broader political issues as their context of analysis.³⁶ The II Seminar on studies of the Northeast (Recife, March 1961), the I National Seminar for University Reform (Salvador, May 1961), the I University Meeting of the South (Porto Alegre, June 1961), the II National Seminar for the University Reform (Curitiba, March 1962) and the third of these "national seminars" in Belo Horizonte, 1963, all left manifestos and activities behind them. Even before 1964, MEC had set out to find ways to change, as in the National Symposium of Chancellors (1961) and in the strong support given to the University of Brasília experiment.

36. For instance: "University Reform will be a superficial end unless it is seen as a moment in the wider process which is the Brazilian Revolution". UNE, 1º Seminário Nacional de Reforma Universitária - Declaração da Bahia, Salvador, 1961, p.26. A description of the particular moment when the aspirations for changes in the pattern of higher education in Brazil developed, in: Gusso, D. "A Pós-Graduação e o Desenvolvimento da Educação Superior". In: Gusso, D. et alii, A Pós-Graduação na América Latina. O Caso do Brasil, Brasília, CAPES/MEC, 1985, pp.136-44.

The regime of 1964 felt compelled to answer the demands and criticisms of teachers and students and, after a hesitant recourse to international aid (MEC's agreement with the United States Agency for International Development (USAID) for the Planning of Higher Education in Brazil, June 1965), it had laid down two law-by-decrees (53, of 18/11/66, and 252, of 28/2/67). The structural reform of the university was declared to have begun. No real change, however, seemed to have occurred as there were still complaints, criticisms and excuses for student unrest. Only involved with the accidental consequences in the area of security, the military were impatient.

"At least, the government wanted to know, what was going on, what were the causes of these troubles".³⁷

A formal ceremony of swearing-in on 11/1/68 began three-months work, during which the Commission was physically installed in the premises of MEC (then still in Rio de Janeiro) and was given the support of civil servants, to whom some extra payment was given. The members had 33 formal meetings but they each carried out individual tasks, travelling around when necessary. From the reports and messages issued by the commission (seven official letters, *ofícios*, and a general report in two parts), comments of the press and some testimonies, it is possible to see two different trends: first to go directly to the fire and devise a strategy to extinguish it, in a typical military style, and to get involved with the demands which were generated by the high status and image attributed to the Commission by the public and the clientèle of the education system. Without a systematic approach, the matters dealt with in the official letters and the first part of its report range from the politically crucial issue of the payment of annual fees in federal public universities and colleges by students in a better

economical position, to an individual disciplinary affair in a college in the state of Minas Gerais.

The explosive problems of the qualified but unplaced candidates for the limited vacancies in higher education institutions (the so-called *excedentes*) and a crowded student restaurant in Rio de Janeiro, the "*Calabouço*", where the students used to meet and start street actions, were fought concurrently. The Commission sometimes worked as a bureau of direct appeal for suggestions and complaints by student associations or individuals, and its president had to travel in order to work out a wage dispute for a local teachers association. It was felt to be invested with a sort of overall powers, covering all bureaucratic ranks and the institutional competences of the bodies of MEC ³⁷. In a first evaluation of the system, the Law of Directives and Bases of Education was re-examined as was the relevant section of the National Strategic Plan for Education, of the Ministry of the Planning (MINIPLAN). Gen. Meira Mattos had independent contacts at ministerial level. He met the Minister of Planning to discuss organizational aspects of university reform and the Minister of the Exchequer to release grants or to get agreement to a loan from the Rockefeller Foundation. Discovering the role of the head of the Department of Higher Education in MEC, Mr Epílogo de Campos, during the investigations of government's policies for the expansion of vacancies, Meira Mattos was displeased by the "demagogic" behaviour and incompetence of Mr. Campos. "I

37. Gen. Meira Mattos, interview with the author.

38. "The general feeling of people in MEC was that Meira Mattos was installed as a parallel minister". (Mrs Ecilda Ramos, a senior official in MEC, then holding an important position in the National Department of Education. Interview with the author.)

asked for his dismissal", he said 39.

The position of the Minister of Education, Deputy Tasso Dutra, vis-à-vis the Special Commission was both delicate and uncomfortable. He obviously knew what was happening in his house, but preferred not to cross swords with the well-supported general, understanding the nature of the situation.⁴⁰ Mr Tasso Dutra's good relationship with President Costa e Silva were only useful enough to keep him as a minister.⁴¹ Asked about the rumours that his "mission" would have actually been a "white intervention" in the Ministry of Education, Gen. Meira Mattos replied: "At the time, the press insistently said this. Well..., It could have been a 'bypass', yes."⁴²

3.2.2. The "mission" of Gen. Meira Mattos: the end and results

During the sixties, particularly 1967 and 1968 the City of

39. Interview with the author.

40. "Tasso Dutra was a good man, But he had not the vocation for minister of education. His concern was the politics of Rio Grande do Sul, his state. This problem could have caused the creation of the Commission". (Gen. Meira Mattos, interview with the author).

41. Deputy Tasso de Moraes Dutra was probably chosen for the Ministry of Education "for his personal relationship with Costa e Silva, from Rio Grande do Sul, their native land. (...) People generally thought he was not a man for such a high position. " (Gen. Golbery, interview with the author). His name was associated with education through the federal budget for education; he had reported about it for several years in the Congress Budget Commission. The military "knew he kept a personal relationship with Costa e Silva". (Col Mauro Rodrigues, interview with the author).

42. Interview with the author.

Rio de Janeiro was a leading focus of student left-wing activities. There, the leadership developed of the radical Popular Action (AP) which took control of UNE throughout that decade and the majority of which became the Marxist and Leninist Popular Action (APML). It was also there, in 1966, that some radical factions of the Communist Party's Youth Commission broke with Prestes' directives for participation in the new government-created bodies for student representation. These so-called "Guanabara dissidents" either joined a dissidence of the Communist Party (PC), the Brazilian Communist Revolutionary Party (PCBR) or helped to set up other organizations: the Revolutionary Eighth of October Movement (date of Guevara's death), the MR8, and the National Revolutionary Movement which counted among its members with many military banned from the Army in previous years. All these groups believed that only force in the form of urban or rural guerillas would overthrow the military regime.⁴³ As a well trained minority they had a leading role in student activities, managing not only to provide the political image of the students in public opinion but to create political demonstrations which actually brought thousands of young people onto the streets.⁴⁴

Just when the government had taken the initiative through

43. According to Senator Passarinho in a speech to the Federal Senate, on 4/8/76, General Murici, Chief of the Staff of the Army during Medici's tenure, said that 80% of the terrorists arrested in 1971 were university students and more than 70% of these studied social sciences.

44. Item 2.8, in the Second Part of the final report of the Special Commission quotes a survey of IBOPE in Rio de Janeiro and S.Paulo on the self-declared political tendency of students. Only 23% declared themselves to be left-wing, and again only 10% of these showed a clear political stance.

the Special Commission and the radical trends among youth needed a new political event to recover from the consequences of the splitting in the movement and the long holidays (December-February), the first death of a young man killed on the street by the army occurred. The students made the best political mileage from the confused circumstances of the incident which occurred on 28/3/1968 in the student restaurant "*Calabouço*".⁴⁵ The press gave a wide publicity to the incident, covering the student demonstrations (where they carried the body of the young man, covered by the national flag, and sang the national anthem among their usual slogans). This event, which moved the general public, raised a strong feeling of sympathy among the students throughout the country and brought about bitter criticisms of the opposition, soon extended to further themes. Following the large mobilization for the funeral, a massive demonstration in Rio de Janeiro on the 1st of April (coinciding with the official celebrations of the fourth anniversary of the coup) was brutally repressed by the police with hundreds of arrests and three deaths. This triggered popular reactions, heralded a long sequel of unrest in the area of higher education and had sharp repercussions in the delicate political climate of

45. The incident was described by student leaders and then the press as a siege and then an invasion of *Calabouço* by the Military Police, which fired on the students killing one of them, Edson Luis de Lima Souto, 18. In fact, from the registers of the colleges and schools, it became known that the young man was not exactly a student. He was a poor immigrant from the state of Bahia who was given a job by students as an assistant in the restaurant and who attended some literacy classes provided by the students in the evening. Interviewed by the author, Gen. Miera Mattos gave a different version of the military's involvement in the event. He denied siege or invasion by the Military Police, attributing the shot to a sentry at a Navy Headquarters opposite the *Calabouço*, after "provocations".

the country.⁴⁶

In an official letter (n. 28) to the Minister of Education on the 8th April, the Special Commission declared that the fundamental part of its studies was concluded and that it considered its research and advice finished, leaving only the main report to be presented in 60 days (actually handed to the minister on the 13th of May). Moving a little away from the terms which the decree had set as the purposes of the Commission, without any fixed period, Gen. Meira Mattos, when interviewed about his mission started his first answer by explaining that the Commission was created to give suggestions only about the hindrances which were preventing the government's broader policies for the university reform from succeeding. This was the limit of the Commission, which would not deal with the overall policy for education.⁴⁷ Indeed, the political context created by all those events recommended the suppression of yet one more reason for unrest in this area. Minister Tasso Dutra handed over the report of the Special Commission to the President of the Republic with a laconic note, and for some months the subject was not officially referred to, as the report was only published

46. Actually, big demonstrations were organized in the main state capitals in the following three months, reaching their climax with the ones of 26/6 and 4/7 in Rio de Janeiro, the so-called "Demonstrations of the Hundred Thousands". The mobilization of students who were trying to get the support of workers in strikes continued, and gained ground in S. Paulo. The University of Brasília was invaded on 28/8 (as already mentioned). The mounting political pressure of students was only restrained by the massive arrests of 719 student leaders, who were surprised by the police at a nationwide congress of UNE in Ibiúna, in the interior of S. Paulo, in October, and the issuing of the Institutional Act nº 5 (AI-5), by 13/12, followed by the Law-by-decree 477, of 26/2/69.

47. Interview with Gen. Meira Mattos.

by the 25th of August.⁴⁸

The so-called "Meira Mattos Commission" and its report was highly controversial, as may be easily understood. However, in spite of a general refusal to quote its recommendations, it seems to have influenced the ensuing decisions of the government to a greater extent than the studies usually suggest. Two years later, in a speech given in the *Escola Superior de Guerra* on the 26 of May, 1970, the Minister of Education, Jarbas Passarinho, commenting on the work of the commission, said:

"The unmistakable fact is that the riots of 1968 provoked a speeding-up of the MEC machine. There, initially the presence and then the recommendations of the Meira Mattos Commission produced, at the least, a catalytic effect."

Then he specified:

"Some of its fruits may be identified in the decision to implement the university reforms, in the change of the criterion for choosing chancellors, in the stress placed on adopting the full-time system for the teaching, in the sharp increase in the offer of places in the initial grades of higher education courses, and even in the drastic reinforcement of authority in schools through the draconian Law-by-decree n. 477, of 26/2/69."⁴⁹

As early as the 2nd of July 1968, a high level Commission consisting of eleven members, including the General Secretary of the Ministry of the Planning and General

48. Gen. Meira Mattos himself recognized the troubles that the political climate brought to his work: "The Minister compromised over the situation (*pds panos quentes*) so as not to exacerbate the students. They preferred not to manifest they gave importance to the report." (Interview with the author).

49. Passarinho, J. G. O Ministério da Educação e Cultura (Aspectos Essenciais da Atualidade). ENFA/ESG, 1970, p.36.

Co-ordination (MINIPLAN), the president of the Federal Council of Education (CFE), and some well-known scholars who had collected or explored Brazilian experiences and reflections on university problems (50), was appointed by the Decree 62397, "to study the reform of Brazilian universities". This commission was given only 30 days "to propose realistic solutions and operative measures". It worked full-time and, within that period, produced a set consisting of one bill for a major law regulating higher education and all its organizations - not only the federal ones as the law-by-decrees of 1966 and 1967 had done -, five other bills of special laws, two of which were later passed, seven drafts of presidential decrees, all signed by the President, and four formal recommendations.⁵¹ Especially remarkable is that several budgetary decisions were taken for the then current year and for the two following ones. The Law 5540, of 28/11/68, the main work of this commission, was changed or complemented in some aspects by a law-by-decree (464, of 11/2/69), made under the exceptional regime of the AI-5, urging the implementation of the reforms.

A comparison of the "nine points" of the report of the Meira Mattos Commission with the subsequent (1968-9) legislation would yield more about its results.⁵²

50. At least two of these, the ones who reported for the commission, had been consulted by the Meira Mattos Commission, Professors Newton Sucupira and Waldir Chagas. (Gen. Meira Mattos, interview with the author).

51. See BRASIL/MEC, Relatório Geral do Grupo de Trabalho para a Reforma Universitária, Brasília, 1968.

52. The "Meira Mattos Report" was first published by the newspaper *Correio da Manhã*, edition of 25/8/68. It was officially published in the *Diário Oficial da União*, edition of 30/8/68, Suplem. n. 168. The edition hereby quoted is that published in the magazine *Paz e Terra*, n.9, Sept, 1968, pp.199-241.

Matching the Commission's hard criticisms (pp. 211-13), from June 1968 a Task Group directly supported by MINIPLAN began working in a deep change of the administrative structures of MEC which had remained basically the same since the early fifties, whilst the number of bodies under its supervision had doubled. Rationalization of the administration became one of the regime's strategic policies for education during its two decades (Section 2.4). Specific comments on a "crisis of authority in the educational system" (pp. 213-16) became law some months later, embodied in articles 4, 6, 7 and 16 of the Law 5540, of 28/11/68, and articles 12 and 14 of the Law-by-decree 464, of 11/12/69. The suggestions for a special regime of payment for teachers in higher education, extending their weekly number of hours in schools (then only twelve hours) and the adoption of a legal status different to that of the ordinary civil service (pp. 216-19) initiated deep changes in the system since 1968. The concerns about abuses of the "freedom of cathedra" in the teaching situation (pp. 219-21), appearing for the first time in official MEC documents, passed into the new terms of the Constitutional Amendment nº 1, of 30/10/69. Other examples were to be found in the new policies for assisting the student and the exceptional measures for the expansion of the enrolment in universities, to be specifically studied (Section 3.3.1. in this chapter).

3.2.3. Other aspects of the military presence in MEC

Although the choice of the Senator Jarbas Passarinho, a colonel in the army until 1966, for the portfolio of education after Deputy Tasso Dutra could be described as an attempt at dialogue rather than as an additional proof

of an intention to intervene (Section 3.3.2., below), his tenure left a strong mark of the military presence in the bodies of the Ministry.⁵³ It would be a mistake, however, to interpret this fact as being caused by a wish to control. Actually, the military were motivated by assumptions of their own superior competence in administration - mainly where reforms were to be undertaken - , regretting the civilian lack of discipline and ability to command. In those circumstances, the military thought, they had an important contribution to make. (In passing, teachers and intellectuals were not really concerned with the organizational side of educational problems; their ministry, always growing, was not a "tidy house" and contrasted with the traditional military view of the importance of administration ⁵⁴...) From this point of view, a different sort of "intervention" was still to be found after the "Meira Mattos Commission" and might be mentioned in order to complete the picture of the period.

The military in MEC were mostly former officers of the army appointed to run administrative bodies, special decentralized programmes, support agencies for students and technical bodies. The basic consideration of trustworthiness stimulated the appointments from the top, when the minister or his general secretary was a military man himself. Col. Mauro Rodrigues then Col. Confúcio Pamplona were Minister Passarinho's general secretaries,

53. Answering current comments about a "colonelization" of MEC during the period 1970-74, Passarinho agreed he had brought "several colonels into the administration of MEC, a natural consequence of my restricted knowledge of staff". (Interview with the author).

54. Medici told Passarinho: "Go over to MEC and tidy that thing up!". (Col. Mauro Rodrigues, Passarinho's first general secretary; charged with an administrative reform of the ministry, Interview with the author.)

Col. Gontijo was the Secretary of Administrative Support and Col. Abudibe was the head of the Department of Student Assistance. The Department (then Secretariat) of Physical Education and Sport and the National Programme for Improvement of Installations for the Secondary Schools (PREMEN) were always run by military. The Department of Materials, the Brazilian Centre of Educational Television, the Programme for the Development of University Campuses, the Council of Moral and Civic Education and some others were also headed by the military at some time. Col. Sérgio Pasquali who was the general secretary of the Minister Ludwig stayed in that position until the end of Gen. Figueiredo's government. His Chief of Office for some time was Col. Péricles and Col. Brochado was for a couple of years the Executive Director of the Foundation for Student Assistance. Other military were also invited to help their fellows who headed ministerial bodies such as those mentioned.

The tenure of the four militarymen as ministers or general secretaries of MEC (ministers Passarinho and Ludwig and general secretaries Panplona and Pasquali) is generally considered by most universities and civil servants of the bureaucracy to be the best in the recent decades. Despite this fact, which deserves a more thorough analysis, the presence of many retired officers in high positions of MEC, just for the period of military intervention in politics, continued to be seen as an exceptional situation.

At the peak of a serious crisis in the Ministry of Education in 1980, when the minister himself resigned, another circumstantial decision of the military could also be placed in the same context of this analysis. Minister Eduardo Portela was induced to resign, mainly for a specific political reason but also as a result of some

dissatisfaction on the part of the government for a hesitant or lax administration of MEC's large range of programmes and institutions. A newly appointed general, Rubem Ludwig, was called upon to take over the largest and most sensitive ministry. The decision was taken in a couple of hours in typical military style, at the suggestion of Gen. Golbery to the President and his close assistants. Gen. Ludwig entrusted a general administrative reform of MEC to a particularly gifted administrator, Col. Pasquali. 34 decrees or MEC regulations (*Portarias*) completely changed the organizational profile of the ministry within eighteen months. The number of internal bodies was reduced and several buildings vacated, all the auxiliary bodies being concentrated in the ministry's central building. The new image of MEC's once heavy bureaucratic machine was acknowledged by the ministries of Planning and Administration and the ministry itself began using a large data processing system in its every-day operations. Ludwig was a general on active duty and was not supposed to remain in a civil position for more than two years without resigning from the army. In a move which included some unexplained elements (see footnote 12 of Chapter Two) Ludwig left MEC and was appointed Minister for Military Affairs (*Ministro Chefe da Casa Militar*). He said he had

55. "I feel responsible - in the good sense of the word - for having recalled the name of Ludwig". (Gen. Golbery, interviewed by the auctor). Col. Sérgio Pasquali, a very close friend of Ludwig's and always well informed about movements in *Palácio do Planalto* described the event: "The government was looking for a quick solution for the crisis and a new name for MEC. The problem was brought up in a meeting of the "group of *Planalto*" (the President, Gen. Figueiredo, and usually the four ministers with a seat in the same building; at the time, Gen. Golbery, Gen. Venturini, Gen. Medeiros and Mr Delfim Netto, Minister of the Planning). Then somebody suggested: 'why not Rubão?' (nickname of Gen. Ludwig among the military of his generation). Everybody agreed." (Interview with the author).

finished his "mission" in MEC, as if a period of intervention were coming to an end.⁵⁶

3.3. CONCESSIONS AND ATTEMPTS AT DIALOGUE

"To us, working in the governmental policies of education, the feeling was that the military were willing to make concessions to compensate for the strong repression exerted by other sectors of the government exclusively involved with security".⁵⁷

This statement by a senior official who was, for a long time, close to the internal policy-making process of the government gives an important clue to properly understanding a major intention of the military in the government with regard to education during the period 1967-74. The most relevant consequence of such an attitude was the expansion of higher education in some impulsive way. The government of Gen. Medici, attempting to ameliorate its public image, aimed for a dialogue with opinions in education, particularly the university population. In the succeeding period, Generals Geisel and Figueiredo, in their chief political target of the "*Distensão*" and then "*Abertura*", had the same liberalizing purpose as in their first stance regarding the area of education.

56. Speech at his farewell meeting with the staff of the ministry on 23/8/82. (Records of the autor who was present at the event). Yet in an interview with the author, Gen. Ludwig remembered about his short stay at MEC: "I was appointed in exceptional circumstances. That was a manoeuvre of some hours."

57. Mr Edson Machado, economist specializing in educational planning, who was a member of the small team of technicians responsible for studies and policies for education in MINIPLAN, from late 1966. He came to hold important positions in the area of education in MINIPLAN and MEC. Interview with the author.

3.3.1. The expansion of higher education

The expansion of higher education in Brazil is one of the most outstanding facets of education in recent decades. The number of students multiplied tenfold in fifteen years with enormous consequences in the balance of the educational system and political events involving education. This section does not hold that the expansion of higher education in Brazil was a concession of the military but that a concessive and compensatory attitude on the part of the military regarding this issue did actually exist and was important at a decisive moment (1968-69) in the governmental policies for the reform of the universities.

When the military came to power, the boom in the demand for university places was already a fact. The expansion of vacancies had been rallying cry for student movements during the two last years of Goulart's government. The trend had its roots in the rapid process of urbanization and industrial development in the country during the 1950's when the aspirations of social mobility met a flourishing job market and the traditional view of the university diploma as the first key to open the doors for privileged wages or marriages.⁵⁸ While higher education was still conceived as an appendage of social elites, the stress on policies for promoting secondary education during the two previous decades and even in the period 1965-68 had formed a permanent basis for further education. Mention should be also made of the so-called

58. See Cunha, L. A, A Expansão do Ensino Superior : Causas e Consequências, Debate e Crítica, n.5, S. Paulo, Mar, 1975; Horta, J. S. B, "Expansão do Ensino Superior no Brasil", Revista de Cultura Vozes, n.6, Petrópolis, Aug, 1975.

"repressed demand": people able but unwilling to compete for a restrictive access to higher education.⁵⁹

The restriction of that access came from both a rigorous selective process in each school involving dissertations and interviews, and a limited expansion in the number of places which were regulated by the availability of teachers and material.⁶⁰ As far as the pressures of increasing demand undermined the resistance of the selective process, the system generated the figure of the "*excedente*", the candidate who had been approved but was not enrolled because he exceeded the number of places. The number of places was not subject to the discretion of the universities or colleges but that of the Federal Council of Education (CFE) (for federal and independent schools) or the state councils of education (CEE's) (for state and municipal schools). These bodies issued individual licences after inspecting teaching conditions. Once the new team of education economists at MINIPLAN began participating in the decisions on this matter, another criterion was to be added to the policy: the limits and requirements of the job market. The two

59. Actually, the increase in the number of secondary school students completing their courses, about 8 or 10% in the period 1954-64, would not be enough to explain the higher figures for the demand to enter university from 1960.

60. The "limit of places" for higher education, instituted by the decrees 19851 (1931) and 24297 (1934) and the Law-by-decree 421 (1938), was a constitutional rule for some years (Constitution of 1934, Art. 150, letter g). It was consolidated by the tradition (Regulation 97 (1949) of the (then) National Council of Education). The Law of Directives and Bases of Education (LDB) of 1961 (Art. 69) repeated those rules. The principle of admission examinations being a matter for each school was repeatedly confirmed by CFE in 1962 (Regulation 58), 1963 (regulations 53, 321 and 324), 1964 (regulation 166 and 367), 1965 (Regulation 18) and even in 1968, July (Regulation, 452).

sources of federal policies for education, MEC, including the CFE, and MINIPLAN, therefore, took a cautious, restrictive and rational approach to the demand to expand the system.

Actually, the element which first weakened the resistance to student pressures for an increase on places came from an unexpected source: the wife of President Costa e Silva, Mrs Yolanda Costa e Silva, well-known for her active, willful character.⁶¹ Mrs Costa e Silva agreed to hold meetings with the students to discuss their demands. This fact became public and demonstrations by students in Brasilia cheered her name. She did not refuse the image of "godmother of the *Excedentes*", as she was called by the press, and attended a Mass with the students, held in her honour. She exerted a direct influence in the Ministry of Education through the head of the Department of Higher Education (DESU), Mr Epílogo de Campos, her protégé.⁶² Soon the movement was to reach the institutional level. Technical bodies of MINIPLAN were concerned about the budgetary consequences of a sharp increase of enrolment in federal public institutions, and strongly resisted ideas of indiscriminate expansion.⁶³ The Commission for

61. "At a certain point during Costa e Silva's time, *Dona* Yolanda took on the role of the godmother of the students, the great *patronesse*". (Gen. Golbery do C. e Silva, interview with the author).

62. Mr Campos, a colourless deputy of the state of Piauí, liked to mention his good relationship with the wife of the President and had two large pictures of his patroness hung on the wall of his office. (Gen Meira Mattos, interviewed by the author). The special edition of the magazine "*Brasil Universtário*", n.76, January 1968, which was supported and prefaced by Mr Campos, published a dedication of Mrs Costa e Silva in a facsimile of her handwriting: "To beloved, studious youth of my Brazil, my word of faith and trust".

63. Among other testimonies, that of Dr J. P. Veloso, General Secretary of MINIPLAN and President of the Commission for University Reform, is typical and relevant: "I

University Reform which was rapidly set up after the troublesome events of the first half of 1968, gathered outstanding names from CFE, MEC, MINIPLAN and the Ministry of the Exchequer (MINIFAZ) and tried to maintain a position of compromise. It reaffirmed the traditional and rational principles of access to higher education which would keep its quality and its relation to the job market.⁶⁴ But it repeated that a solution for the "problem of the *Exedentes*" had to be found and suggested an increase of places, of not less than 110,000, in 1969 (an increase of 32 % from 1968), to be "rationally" planned by another special commission, immediately.

Such commission, appointed by the Decree 63422 and installed on 18/11/1968, was to find out, within one month, the ways of achieving this... It became clear that pressure came from the nucleus of the government, notwithstanding the position of most of its technical, second rank bodies.⁶⁵ Actually, when this second commission was suggested some of the urgent "solutions" which would be taken by it had already been prepared in MEC.⁶⁶ Before the regular assessment of CFE over the

63. (cont.) said in the Commission that we risked exchanging excess number of candidates to the university for excess number of professionals in the job market within some years. And this actually happened". (Interview with the author).

64. MEC/MINIPLAN/MINIFAZ, Reforma Universitária - Relatório do Grupo de Trabalho, Brasília, Aug, 1968, pp.45-48. A specific decree was issued just to establish the principles and criteria for the expected expansion of higher education (D. 63341, of 1/10/1968).

65. "Continuous pressure came through the Office of the Minister of Education to make things easier", said one member of this commission, Mr E. Machado, (Interview with the author).

66. In the first half of 1968, the Minister of Education forwarded a formal query about the legality of the unification of the admission examinations to the General

findings of the commission, the Law-by-decree 405, of 31/12/1968, made under the exceptional powers of AI-5, changed some of the basic rules on which the system worked. The provision of places was now to depend merely on the schools themselves, simply through publication in a current newspaper, if before the date of the examinations or even without publication, if after it. In case any places remained, they were to be filled, even if a new examination would have to be made. Special grants were assured for at least three years to any school proportional to the number of new places. The impact of this measure on the expansion of private (independent) colleges was important. This was the first time it had been applied. A few months later another law-by-decree on the same grounds of AI-5 (Law-by-decree 547, of 8/5/69) prevented universities and colleges from reducing the number of places from the level of the previous year.

However, this was not enough. A new set of revolutionary measures completed the government's scheme to get rid of the uncomfortable figure of the "*Excedentes*". In addition to providing for new places, changes were now to extend to the examinations procedure itself. The major new law of university reform, Law 5540, of 28/11/68, in its article 21 provided that, in three years, admission examinations would be unified per areas of knowledge and carried out simultaneously in each university or college. However, two months later, the Law-by-decree 464, of 11/2/69, still based on the AI-5 powers, abolished the three years delay

66. (cont.) Counsellor of the Republic. The Counsellor returned the query to CFE, a body of the ministry itself, legally competent to pronounce on the subject but technically in disagreement with other bodies of MEC over it. See *Paracer* CFE 452, of 4/7/1968. The reporter, Prof. Valnir Chagas, was a member of the main commission for university reform.

and encouraged the unification at regional level by agreement among institutions, the federal ones being the first to join. In this way, the criteria and policy for admission were removed from the schools and given to centrally organized bodies.⁶⁷ The implementation of this policy was left to the following government's regulations (*Portaria*/MEC 3585, of 27/10/1970, and *Portaria*/MEC/DAU 38-GB, of 17/2/71). Then, a nationwide governmental effort completed the change of the old system: universities and colleges were unified in large sets, examinations adopted standardized syllabuses and methods, the majority based on multiple choice, the results being processed by computers. The system failed almost nobody, as candidates were called for enrolment by their score, in descending order. Nobody could claim any longer to have been formally approved by the school and not enrolled, as there were only candidates with better average scores than others who got the vacancy. Politically, the "ghost" of the "*Excedentes*" had been ruled out. Following this reform, expensive, short term, intensive courses (the *cursinhos*) sprang up everywhere with a restricted programme for cramming candidates, as a standardized training for the well-defined contents and procedures of the university entrance examinations.

Another side of the issue of places in the university is that of permission for new courses or colleges to be set up. Here, the rules were not, in themselves, changed. Constitutionally, the field of education is free and open to private initiative, depending only on the fulfilment of

67. There was one more strategic reason for the unification at regional level: many students registered for more than one examination at different institutions which distorted the interpretation of figures for the real demand, with political and practical consequences.

some conditions, independent of its status as a public service to satisfy the requirements of the demand. Although the legal constitution of an educational enterprise is a matter of commercial law, since the LDB (1961), the authority for setting a course - the educational activity itself - is given by CFE (federal and private colleges) or CEE's (state or municipal colleges). Exceptionally, universities are entitled to set their courses, subject to previous conditions defined by CFE. During the period of this study, the assessment of CFE and CEE's on the fulfilment of legal conditions for the authority directly followed the expansionist policies described above, mainly for private schools which were well represented in CFE. From 1962 to 1973 (the peak-year of the conceding authorizations)

"...from a total of 1,136 requests of authority for the creation of new higher education courses 897 (79%) were granted and 239 (21%) refused. About 55% of total requests were presented to CFE in the triennial 1970-72, a period in which 60% of total authorizations occurred."⁶⁸

The new system faced enormous resistance, and was always seen as being imposed for political reasons by the military regime. It was bitterly criticised and identified as the main cause of the uncontrolled expansion of Brazilian higher education and the sharp fall in its quality, in spite of the deployment of many other important programmes in an attempt to hold or improve its level.⁶⁹ It must be remarked, however, that the vertiginous escalation in the figures for the enrolment

68. Horta, J. S. B. "Expansão do Ensino Superior no Brasil". Op. Cit., p. 35.

69. See Brasil/Presidência da República, Metas e Bases para a Ação do Governo, Brasília, Sept. 1970, p. 63; Brasil/MEC, 11º Plano Setorial de Educação e Cultura, Brasília, 1975, pp. 40, 54-58.

started a little before the governmental reform of the system. It occurred chiefly in the private sector, probably because of the booming economy and middle classes rather than the support of some policies of the federal government, mostly from 1974. In addition to this, the way it came about in a few developed areas of the country differed greatly from its course in others. In 1975, under the pressure of some sectors of the academic community dealing with post-graduate studies, Geisel's government began to apply a policy of restraining the authority given by CFE for setting up new courses. The demand for higher education, however, only began to drop later, from 1980. Also in 1981 and 1982, under the tenure of Minister Ludwig, a decree stopped the concession of authorities for new courses by CFE, by then a body largely controlled, on this issue, by organized groups of private enterprise interests in education.⁷⁰

Table 5, below, traces some variables of the expansion of higher education in Brazil during the period 1960-84, breaking this up into sections according to the analysis of the preceding pages.

70. This fact came to be recognised more recently in an official document: MEC/Comissão Nacional para Reformulação do Ensino Superior, Uma Nova Política para a Educação Superior - Relatório Final, Brasília, Nov. 1985, pp.48-9.

TABLE 5
BRAZIL: THE EXPANSION OF HIGHER EDUCATION, 1960-1984

ACCESS			ENROLMENT**		
Applications (A)	Places (P)	A/P	Total	Public	Independ.
Annual % Change	Annual % Change		=100%	%	%

	ACCESS			ENROLMENT**		
	Applications (A) Annual % Change	Places (P) Annual % Change	A/P	Total =100%	Public %	Independ. %
1960-4	11,1	13,2	0,8	142,386	61,6	38,4
1965-6	12,5	2,6	4,8	180,109	54,7	45,3
1967-9	31,5	25,4	1,2	342,886	54,0	46,0
1970-4	17,5	21,8	0,8	937,593	36,4	63,6
1975-9	20,7	5,5	3,8	1,311,799	35,2	64,8
1980-4*	3,0	1,3	2,3	1,436,000	39,0	61,0

** At the end of each period

* Figures estimated for 1984

Sources

Brasil/MEC, Estatísticas da Educação Nacional, 1960-71, vol.1, Rio, 1972.

Brasil/MEC, Retrato Brasil, Educação-Cultura-Desporto, 1970-1990, vol.1, Brasília, 1985.

3.3.2. Attempts at dialogue

His capacity for negotiation and dialogue in the face of difficult relations was the main reason for the choice of

the Minister of Labour, senator and former colonel Jarbas Passarinho, for the Ministry of Education and Culture.⁷¹ However, in explaining his choice by Medici, Passarinho himself went deeper and touched on a strategic governmental reason:

"Medici repeated to me what he had said at a meeting of the Army High Command, that he wanted to popularize the Revolution, to reduce the resistance to the Revolution. I had just come from a sensitive area and I had managed to work out most problems not through violence but through dialogue".⁷²

The intention to "popularize" the regime was probably due to a policy which had started during Costa e Silva's tenure with the creation of a Special Agency for Public Relations (*Assessoria Especial de Relações Públicas*, AERP), reporting directly to the President. AERP was run by the military and re-structured into a larger body, the Secretariat of Press and Public Relations, during Geisel's tenure. It became well known for its nationwide campaigns to raise civic feelings and to create a good image for Medici's government among the population. The campaigns, largely supported by TV propaganda, popular songs and a busy programme of events with students from government schools, involved members of AERP with educational institutions and the collaboration of some intellectuals. There are important links between AERP and the involvement

71. "Passarinho was the personal choice of Medici for his ability in negotiation and leadership" (Col. Mauro Rodrigues); "Undoubtedly, Passarinho did well in the Ministry of Labour during a difficult period and for this reason was moved to Education" (Gen. Golbery), interviews with the author. Passarinho had a reputation of a cultured man among the military, an author of books and member of academies of letters. He was appointed governor of his state (Pará) by the new government in 1964 and then elected senator in 1966, leaving the Army to enter politics.

72. Interview with the author.

of the military in education, either in the decisions of the Presidency of the Republic or through some common origins.

The idea of a permanent "open window" for the military on civilian society and matters predated that of an institutional use of the media as an auxiliary line of attack by the government. The former was developed when the latter was not a particular political need, before the regime changed its direction from the views of Castelo Branco, leading to the direct takeover of the government by the military under Costa e Silva.

The systematic introduction into the awareness of the military establishment in Brazil of the idea that some civilian sensitivity and skill was an essential requirement of the new forms of the military presence in the life of the country (the "new professionalism") must be credited to the pioneer work of Gen. João Bina Machado, a man whose career had been largely involved with the Army educational system.⁷³ In an innovative initiative, Bina Machado sent ten officers from the Army Staff and Command School (ECEME) to take a course in Public Relations at the Catholic University of Rio de Janeiro in 1965. That discipline was then introduced into ECEME's curriculum

73. Gen. Bina Machado had taught for fifteen years in military schools before and after he served in World War II. He was trained at military academies abroad and came to command the highest schools of the Brazilian Army: the Army Staff and Command School, ECEME, (1962-66) and the *Escola Superior de Guerra*, ESG, (1973-74). In 1968 he headed the Teaching Directory of the Army and there created the Centre of Studies for the Staff to develop advanced techniques in military training. Even when on active duty with the Army, he was a member of the High Council of the Catholic University of Rio de Janeiro and, when he retired was invited to teach at the three largest universities in that state.

together with Sociology, International Law and Civil Law. This group of officers (teachers of ECEME) worked at AERP or ran it from 1967. In this year, Costa e Silva created this new agency within the structure of the Presidency of the Republic, following a suggestion of Col. D'Aguiar, one of the members of ECEME's.⁷⁴

In 1970, when he was second-in-command of the Army Staff, Bina Machado created the so-called "Area 5" or "Civilian Matters" in that body "aiming towards integration with civil society".⁷⁵ Following this initiative, most of the Army's regional commands created their own "5th Section" with that purpose, in addition to the four traditional sections which composed the Staff of the commands. These bodies, besides helping in the psychological aspects of military operations, were committed to the study of current social problems, the good image of the armed forces through the knowledge of their social role and the diffusion of principles and practices of civics, particularly in co-operation with educational authorities. A former head of "Area 5" in the Armed Forces Staff (ENFA), Gen. Paula Couto, was president for several years of the National Council for Moral and Civic Education (CNMC), a body created in the Ministry of Education. The proposal of a new school subject, nationally co-ordinated by CNMC, the Study of Brazilian Problems, was sent to Gen. Bina Machado for his collaboration and assessment, before being submitted to the Presidency of the Republic (September 1969).

The direct involvement of Gen. Bina Machado's group in

74. This was reported to the author by Col. Pasquali who was a teacher in ECEME in 1965-67, then moving to AERP where he became its deputy chief in 1968.

75. Recurrent expression used by the general, when interviewed by the author.

ECEME - from which two general secretaries of MEC would come - with education will be discussed in the following Section 3.4. For the moment it is enough to mention the close links of three men in that group with Gen. Medici: Col. Otávio Costa and Col. Pasquali, who worked with the future President in the *Palácio do Planalto* when the general was the chief of SNI and the colonels were the head and deputy head of AERP (1968-69), respectively, (76) and Col. Manso Neto who was President Medici's influential and active head of the Special Advisory Office (*Assessoria Especial*) of the Presidency of the Republic. Note should also be made that the head of AERP (then re-structured into Press Secretariat) under Geisel's government, Col. Rubem Ludwig, became Minister of Education in 1980 and Col. Pasquali was appointed as his General Secretary.

The Minister and former colonel Jarbas Passarinho was Medici's major weapon in improving relations with the students, teachers and educational bodies. The name of Col. Mauro da Costa Rodrigues, an officer of Gen. Bina Machado's group in ECEME in 1966, was suggested to Passarinho for the General Secretariat of MEC. 77

In his inaugural speech, Passarinho professed faith in teachers' "freedom of cathedra". Within the month, he

76. Later, in 1971, when Rio de Janeiro still was a scene of activity by clandestine organizations whose membership was basically drawn from left-wing ex-students, Médici moved Gen. Bina Machado from his command of the 4th Army in Recife before he had completed his posting and gave him the command of the 1st Army in Rio de Janeiro. In this same command, in 1975, Col. Pasquali ran the 2nd Section of the Army, the one responsible for intelligence and counter intelligence, including that for the so-called "anti-subversion war".

77. "I did not know Col. Mauro. He had just come from *Projeto Rondon* where he showed exceptional qualities of relating with students. His name was suggested to me just for that reason." (Minister Passarinho, interview with the author).

began action in the government with the initial intention of abolishing the Law-by-decree 477 of 26/2/69 or, in the face of the hard line taken by the General Secretary of the National Security Council (CSN), to at least modify its more draconian aspects.⁷⁸ The minister then began to criticise the law-by-decree in interviews with magazines.⁷⁹ Section 3.1.2. of this chapter has already described the limited success of his campaign. Notwithstanding resistance from the security branches, Passarinho overturned 199 sentences passed by lower authorities and confirmed only 48 during the four years of his tenure.

The minister used a tactic of making the first approach to students or teachers wherever a crisis was about to give rise to strikes and unrest. He called upon the protesters for an open discussion of the problem and often attended these meetings personally.⁸⁰ Counting on the flexibi

78. Three weeks after the new ministers took over their positions (November 1969), the ministers of justice and education received a formal expository document, the *Exposição de Motivos* n. 400, of 28/11/69, issued by CSN and approved by the President, recommending that they did not forward appeals from people punished by AI-5 or the Law-by-decree 477 to any governmental jurisdiction. "The law-by-decree, according to CSN, is fully accomplishing its targets of fighting subversion in the student area, and, for the moment, possible results of any sort of amnesty are uncertain." (Quoted by Senator Passarinho in a speech in the Senate, by 4/8/76).

79. *A Defesa Nacional*, January 1970, a magazine for the armed forces, and another, *Realidade*, March 1970, with a wide readership among the middle class.

80. During the first two years, students from the University of Brasília or other delegations frequently gathered right in front of the ministry's main building in Brasília, shouting their slogans or demands. "I soon became used", Col. Mauro Rodrigues, the General Secretary recalled wittily, "to going down from my office, with a footstool to stand on so I could be better seen, and chatting." (Interview with the author).

lity of a reformed ministerial bureaucracy, an emergency solution (money, supplies or other administrative decisions) was provided immediately and the basis for the protests was removed. The possibility of a direct dialogue with the highest education authority silenced arguments for radical forms of demand or weakened criticism in the area against the dictatorship of the regime. For a broader discussion of current problems or matters, three-day seminars were set up. The minister, on several occasions during disputes, offered to open the ministry to his opponents for a free investigation of charges regarding the honesty of his arguments.

It is curious that these attempts at dialogue came about in exactly the period of the most violent political repression in the two decades of the military regime, under a complete disruption of democratic institutions. One could assume a certain dichotomy between the two functions of the military in the government: the system of repression acting autonomously while the major strategy of the "High Command of the Revolution" was already directed to a wider project of "Brazil, the emerging power" through growing economic development. In the latter, some room could be found for a specific policy in the area of education. Passarinho was not without support in his audacious style of ministry, as the issue of the Law-by-decree 477 proved. Indeed, the search for a good image (AERP), requiring a posture of dialogue within the area of education, coincided with a need for political legitimization and was already on the lines of the policy of "*Distensão*" embraced in later years.

3.3.3. Ministers of education and the era of liberalization

"There was no concern with an educational policy in the choice of the ministers of education. Names are not attached to a programme".⁸¹

This harsh assessment of the crucial issue of the choice of ministers of education by the military was made by a deputy of the government party who was president of the Commission of Education of the House of Deputies for the period 1974-84. It serves to introduce a review of that issue in the period and raises the use of some appointments to serve the political purposes of the "*Distensão*" and "*Abertura*" of generals Geisel and Figueiredo.

Despite a definite policy on the part of Geisel's government to seek a better image and relationship with the intellectuals and scientific elites of the country, the choice of Mr Ney Braga for the Ministry of Education can give an example of the actual position of the government vis-à-vis the area of education. Mr Ney Braga had retired from the Army twenty years previously with the rank of captain and had become a professional politician with a large following in the state of Paraná. He had solid links with the ~~Castello Branco's~~ group (he had been his minister of agriculture), Geisel and Golbery.⁸² In

81. Deputy Rômulo Galvão, interview with the author.

82. Explaining the choice of Ney Braga for MEC, Golbery said: "Ney was an old mate. We were frying meat patties with Geisel in a friend's apartment in "Montese" (a well known apartment building for the military in Leme, Rio de Janeiro) when we were warned that Lott (Gen. Teixeira Lott, Minister of the War, for the acting President Carlos Luz) was going to attempt his coup (Gen. Lott's intervention by 11/11/1954, to prevent a supposed coup by other military groups and so to secure the elected President Juscelino Kubitschek to take over his office). We said: Ney, go back to Paraná quickly (Mr Ney Braga was then the mayor of Curitiba, the capital of the state). But he followed us to *Palácio do Catete* (the Presidential Palace). Yes, Geisel liked him very much, and then he was a civilian rather than a militaryman." (Interview with the author).

1974, because of such links and as a part of political calculations (83), Mr Ney Braga was sure he would be minister, even he did not know for which ministry. 84 In fact, he wanted to become Mayor of the Federal District, not minister of education. 85 His appointment to MEC was a last-minute decision of Geisel, who could not disappoint his old friend 86 Minister Ney Braga chose a teacher of engineering of the University of Paraná, Prof. Euro Brandão, to be his general secretary in a manoeuvre to reinforce the situation of Braga's brother, candidate for the office of chancellor of the university. 87 In MEC Brandão is said to have been a general secretary without any special appetite for administrative activities. Even so, he replaced Mr Ney Braga as minister for a year, when the latter had to resign to stand as a candidate for the governorship of Paraná (for the second time).

Despite the hesitant choice of Mr Ney Braga for the Ministry of Education, the government was decisive in taking a policy fairly consonant with the political strategy of "*Distensão*" and the policies of reinforcing the basic industrial and technological development of the

83. Col. Pasquali, interview with the author.

84. During the days leading up to the government of Gen. Geisel, who had been already selected, Senator Ney Braga entered his (Braga's) office joyously and said: "I am going to be minister, I do not know what of." Reported to the author by Mr. Divonzir Gusso, who had a close relative as Mr Braga's secretary at the time.

85. He said this openly at his first meeting with MEC department heads. This was reported to the author by Col. Pamplona, General Secretary of MEC under the previous administration who remained in MEC for some days helping the new general secretary.

86. Col. Mauro Rodrigues, interview with the author. Col. Mauro, Secretary of Education of the state of Rio Grande do Sul at the time, was specifically interviewed by Geisel in order to choose his minister of education.

87. Mr. Divonzir Gusso, himself of Paraná, interviewed by the author.

country. MEC launched the 1st National Plan of Post-Graduation (1º PNPG) and called for the co-operation of the scientific community in universities and academies of science. Mr Ney Braga, himself without a previous transit in this institutional area was to make the PNPG MEC's outstanding flagship for the period 1974-79. The plan brought generous investments in research centres, grants for post-graduate training at home and abroad and boosted the existing programme of full-time regimes for university teachers.⁸⁸ Decree 73411, of 4/1/74, still under Medici's government but already influenced by Geisel's plan, created the National Council of Post-Graduation (CNPQ), a high administrative structure to coordinate the efforts of MEC with those of related bodies of the Secretariat of Planning of the Presidency of the Republic (SEPLAN, previously MINIPLAN). Ney Braga created an opening for intellectuals and artists, establishing a foundation for the promotion of arts, the National Art Foundation (FUNARTE). A special programme for the restoration of historic towns and places was set up with the direct support of SEPLAN, in addition to the extension of the activities of the reformulated Institute of the National Historic and Cultural Patrimony (IPHAN). Support for the Brazilian Film Enterprise (EMBRAFILME), a government agency to control and promote the national film industry, FUNARTE and IPHAN also helped to compensate for the censorship of plays and films, still practised in the country. Meeting a demand of the academic elites, Ney Braga recommended that the Federal Council of Education should make its conditions for approving new higher education courses more rigorous.⁸⁹ The indiscriminate

88. See Brasil/MEC, 1º Plano Nacional de Pós-Graduação. Brasília, 1975.

89. *Portaria* 122, of 13/5/74, and *Aviso Ministerial* 1033, of 19/11/74. Prof. Newton Sucupira explained MEC's position at this turning-point of the policy of expanding

expansion of these courses was highlighted as being responsible for the low standard of graduate students.

The choice of minister of education for Gen. Figueiredo's government had some personal elements, but was inspired to a far greater extent by the leading political strategy of the "Abertura". According to Gen. Golbery, who presided over the transition from the previous government, and other accredited testimonies, Professor Eduardo Portella, of the Federal University of Rio de Janeiro, a well known writer and literary critic, was chosen through family pressure.⁸⁹ However, he perfectly conformed to the figure of the liberal intellectual in government, just suiting the politically desired image of the "Abertura" and voicing governmental policy in the social area. Fluent and cultivated in speech, he preached the superior efficiency of social participation over bureaucratic controls, and the necessary relaxing of some forms of social and cultural censorship. He attracted frequent press coverage and Figueiredo himself was said to have

89. (cont.) higher education in an address to *Escola Superior de Guerra*. See Sucupira, N. O Ensino Universitário, ESG, September, 1976.

90. "He was selected after family interference. Guilherme Figueiredo (brother of Gen. Figueiredo, writer and literary critic like Prof. Portella) put forward his (Portella's) name. He hoped to control the area of education through Portella." (Gen. Golbery, interview with the author). Indeed, some first appointments to MEC bodies had names suggested by Mr Figueiredo. Speaking to a close friend (Col. Mauro Rodrigues), about the choice of Prof. Portella for the Ministry of Education, Gen. Costa Cavalcante, one of the most influential military of the generation of 1964, former Minister of Mines and Energy under Costa e Silva and Minister of the Interior under Medici, President of Itaipú and Eletrobrás companies, said: "Figueiredo (the President) told me he had come to an agreement with his brother, and he (Mr G. Figueiredo) had suggested the name of Portella. This was to be the price of the reconciliation

admired and discreetly encouraged his outspoken minister.⁹¹

Portella led the amnesty in universities and ordered the revision of all punishments imposed on students and teachers by the Law-by-decree 477, which had just been abolished, together with the AI-5. He formulated a new, broad policy on culture, beyond the limits of a simple view of the arts, the folk-lore and the historic patrimony, conceiving it as a complete social process in which education itself was seen as being both a product and an instrument. The new Secretariat of the Culture (SEAC) was to co-ordinate this policy. The Third National Plan for Education (III^o PNE) highlighted the priority of the education for children of the large unassisted majority of the population as an elementary civil right for all. Even after Portella's resignation in November 1980 (an issue to be discussed later, Section 5.3.1) his successor Gen. Ludwig retained the plan untouched⁹².

The appointment of Gen. Rubem Ludwig to the Ministry of Education, following the crisis involving the resignation of Prof. Portella, featured in Section 3.2.4. as a form of special "intervention". After twenty two months Ludwig left MEC and his replacement by Ms Esther de Figueiredo Ferraz still revealed a clear intention of using the appointment of education ministers as facts of the

90, (cont.) between them." (Col. Mauro Rodrigues, interview with the author). The breach between the two brothers was public knowledge, as was their reconciliation after the appointment of Portella.

91. Reported by Minister Portella to Dr. Tarcísio Della Senta, who was his close assistant in MEC. (Interview of Dr. Della Senta with the author).

92. See Brasil/MEC, III Plano Setorial de Educação, Cultura e Desporto, 1980-1985, Brasília, 1982, particularly the foreword of the second edition, p.9.

liberalizing policies of the regime. Ms Esther Ferraz had a national reputation as an educator. She was a professor of law at the Catholic University of São Paulo. She had held important positions as chancellor, secretary of education for the state of São Paulo, head of the Department of Higher Education of MEC and was then, for the second time, a member of the Federal Council of Education (CFE). However, her choice by *Palácio do Planalto* did not chiefly refer to these posts but was presented in different terms. She was the first primary teacher and the first woman to have ever been appointed as minister in the whole history of the country!

3.4. ROOTS AND LINKS

3.4.1. The men of the Army education system

There is a link among the instances of personal involvement by the military in educational institutions under the 1964 regime: all of them were experienced teachers ("*instrutores*") in the regular education system of the Army. Despite being quite evident, this fact is ignored in many studies explaining the origins of the education policies in the period ⁹³.

The Brazilian military has a tradition of cultivating the quality of its own schools. As a social elite in the XIXth century, officers were provided with a special

93. During interviews and talks, the author was first struck by the frequent way most military started the report from their own or other colleagues's role in the military education system. They spoke in terms of "a man of the area".

system of education after high school. Training became deeply associated with the basic values of the institution, the necessary pre-condition for any career progression.

"A key factor in shaping officers' attitudes has been the military education system. Unlike the American army with its multiple entries into the officer corps, all Brazilian regular officers are graduates of the military school, and since the 1920's promotion has been tied to completion of various service schools."⁹⁴

Furthermore, class rank in academic results is also a decisive factor in promotions. The three successive, graduate and post-graduate schools are the major element in the formation of the internal groups which eventually determine institutional and, by extension, political movements.⁹⁵ During its three-year residential course, a high degree of professional and personal intimacy is developed among the young members of each class-group

94. McCann, F. D. *The Military Elite*. In Conniff, M. & McCann, F. D., eds, Elites and Masses in Modern Brazil. University of New Hampshire. To be printed, p.5 (quoted from a separata).

95. As far as the army is concerned, since World War II the basic (graduate) training of officers was unified in the *Academia Militar das Agulhas Negras* (AMAN) in the state of Rio de Janeiro (RJ), after being in Rio Grande do Sul (RG) for a long time (the generation of colonels and generals involved in the 1964 coup was formed in the two military schools in RG). After 1950 attendance at two other schools became obligatory for further career advancement: the *Escola de Aperfeiçoamento de Oficiais* (ESAO) for a eight-month advanced course, and the 3-year course at the *Escola de Comando e Estado Maior do Exército* (ECEME) required for a staff-officer to reach the rank of colonel. The regular course of the *Escola Superior de Guerra* (ESG), a ten-month course of research and political studies, has recently also become a requirement to reach the top flight as a four-star general. For a better view of military education see Peregrino, H. História e Projeção das Instituições Culturais do Exército, Rio, Biblioteca do Exército, 1967; and Motta, J. Formação do Oficial do Exército, Rio, Companhia Brasileira de Artes Gráficas, 1976.

(*turma*) of the Military Academy. A particular relationship also links them to their full-time teachers (*instrutores*). These come to enjoy some special prestige even after being moved from that job. They are respected and they are considered to be qualified professionals, many of them being sent abroad for further training. Although they do not constitute a specific institutional group, they are frequently identified as the "men of the area of education".

President Castello Branco was a respected leader among the military due to his long service in their education system. He taught in all of the Army's four higher education schools. He was commandant (principal) of ECEME, director of Studies of ESG and commander in chief of Staff of the Army, the top body of the system. As President, he first encouraged the organizing of the National Conference of Education, in Brasília, a three-day event to discuss the problems and a policy for education at the highest level. Leaving the decision on activities to the proper institutional bodies, he then gave voice to his thoughts on the matter in a speech which became a policy guide for the principals of the federal system of educational organizations during the first years of the new regime. He created the National Council of Culture (CFC) and provided for MEC to set up a Foundation for Brazilian Educational TV Centre (FCBTVE) together with the British-inspired Open University⁹⁶.

96. The personal involvement of President Castello Branco in FCBTVE, for which he provided a grant of Treasury Bonds for the initial endowment of a foundation's patrimony, was reported to the author by Col. Pamplona who was the general secretary of MEC under Minister Passarinho. The two officers implemented Castello's idea, which had remained merely a formal creation, and regretted the covert opposition to the Open University, which was never implemented in spite of the favourable assessment of CFE (*Parecer* 499). The University of Brasilia, under the long governorship of the

The presence of *instrutores* in the military involvement with the federal educational system during the period is not accidental. After a long passage through the military regular schools, Gen. Meira Mattos was a *instrutor* in ESG when he was called upon to head the Special Commission. Commenting on the so-called "colonelization" of MEC during his tenure as minister, Passarinho, himself a former military *instrutor*, said;

"We had the care of finding people concerned with education. (...) We brought in teacher-colonels. They had been *instrutores* either in the military high schools or in AMAN".⁹⁷

Colonel Confúcio Pamplona, one of the most distinguished officers in MEC in the 1970-74 period, had served more than half of his career in military schools. He was amazed at the poor level of didactic skills and school organization among the federal education institutions he supervised as MEC's General Secretary. He thought the military indeed had something to teach the civilians in the area of teaching technology. He promoted a programme of intensive training at the advanced Centre of Studies for the Army's Staff (in Leme, Rio de Janeiro) for selected volunteers among teachers in technical schools and universities. He thought these professionals would then create Teaching Sections in their own institutions. Although the programme was selective, Col. Pamplona felt disappointed with the results: except for a few cases, the mere 40 teachers trained in three years were not successful in making further use of their experience.⁹⁸

The four year experiment of using military teachers in

96. (cont.) chancellor Azevedo, himself a military man, adopted a similar programme of university study extension to the community.

97. Interview with the author.

98. Interview with the author.

MEC's administration was applauded and the military came to think of continuing. On two occasions, early in Geisel and Figueiredo's governments, Col. Mauro Rodrigues, a former *instrutor* of ECEME who had been General Secretary of MEC for two years and then Secretary of Education for the important state of Rio Grande do Sul, was encouraged by his fellows to stand for the post of minister of education, although, in the event, circumstances had not been favourable.⁹⁹ Some years later, just after Gen. Ludwig had been appointed to command the military graduate academy (AMAN) his name was raised as being the best emergency solution to a MEC in crisis, after a "civilian" administration. Then, there was a new influx of former military *instrutores* at MEC, led by Col. Sérgio Pasquali, a former teacher of AMAN, ECEME, and recently (1978) invited to be a member of the permanent staff of ESG. For five years Pasquali pursued a strenuous round of visits to universities, colleges and state secretariats of education, inspecting services and tackling problems where they arose in the place of events. He frequently contacted local authorities, seeking links and support for educational programmes, and gathered students and teachers to discuss demands or protests in the presence of local representatives. When Ludwig left MEC in September 1982, there was intensive lobbying for Pasquali in *Palácio do Planalto* and he was named by the press as the "natural successor", his name being openly supported by the Council of Chancellors of Brazilian Universities.

Following the presence of military *instrutores* in MEC, a feeling of sympathy could also be perceived among the

99. Interview with the author. As already referred to, *passim*, in footnotes 86 and 90, important military figures were involved in these contacts. "I spoke personally with Figueiredo", Gen. Costa Cavalcanti told Col. Mauro, "but there is no way it can be done because he has already committed himself with his brother."

military themselves towards education administration. Apart from the logistic support of local military units for special educational events, mainly related to sports and civic education, these feelings were manifested at higher levels of the military hierarchy by events such as the frequent invitations to Minister Passarinho to give speeches at higher military schools and clubs or the award of military honours (*Medalha do Pacificador*) to a group of MEC's senior officials on June 1982, the solemnities taking place on military premises some months later.¹⁰⁰

The search for the roots of both the increasing desire of some military, the *instrutores*, to work in federal educational organizations and the changing reaction on the part of the military hierarchy would lead us back to the innovative period of 1962-67 in ECEME, a "hotbed" for the formation of attitudes for staff officers. There, a new approach to the civilian world was sought. The lessons of the impressive figure of Gen. Bina Machado regarding the relationship with students and teachers resounded among the young captains and majors:

"The day we have to pull the trigger against a student", he summarised, "we've already lost the battle"; or, trying to prepare his pupils for the difficult military-student dialogue, he reminded them of a popular football skill:

"Don't react immediately! Deaden the ball on your breast, drop it to your foot and get control of it before replying!"¹⁰¹

Seminars and meetings brought university teachers and the military of ECEME together in the second half of 1966. The first seminar, a initiative by the ECEME command -

100. *Portaria* n.414, of 2/6/82, of the Ministry of the Army.

101. Interviews with Col. Pasquali and Gen. Bina Machado.

although circumstances recommended that the formal invitations came from the University of Guanabara (UEG, later University of the State of Rio de Janeiro, UERJ) - , discussed the theme: "Education and National Security: correlations and interdependencies" over several weeks. They found some common ground on the propositions that Brazilian society was changing quickly; the country had new horizons of development; a place among the great nations and its chances had to be ensured. The climate of frankness pleased participants and it was during this seminar that the idea of the "Rondon Operation", later institutionalized as "*Projeto Rondon*" (Decree 62927, of 11/6/1968) arose.¹⁰² A day-long meeting between the ECEME command and the chancellors of the three universities with seats in Rio de Janeiro, including the Federal University

102. *Projeto Rondon* was an original idea. University students were invited to trips to distant regions of the country to assist local communities and participate in their lives for four to ten weeks during school holidays. Counting on official support (initially hesitant), these so-called "operations", carefully organized by Army officers and university teachers, boomed between 1967 and 1975 under nationalist ideals and evolved to include permanent activities in which institutional links were established between university and local government so that senior students had their technical assistance counted as regular academic training (*Campus Avançado*). *Projeto Rondon*, an extremely rich personal experience, provided an alternative engagement to student political activities and was accused by some left-wing university sectors as having de-mobilizing purposes. Following the political changes in the country from 1975, the initially idealistic movement increasingly presented symptoms of having reached a turning-point: defining its own institutional characteristics or becoming a simple auxiliary line for special governmental programmes. *Projeto Rondon*, whose permanent staff was nearly 500 people in 1984, seemed not to have successfully overcome this dilemma and declined with the regime, being completely re-structured from 1985. An introductory, descriptive view of *Projeto Rondon* is given in: *Projeto Rondon/MINTER, O Projeto Rondon*. Rio, INL/Bloch ed., 1972; *Projeto Rondon/MINTER, Projeto Rondon e Sua Dimensão Atual*. Brasilia, julho de 1974.

of Rio de Janeiro, prepared the way for a wider seminar gathering a hundred selected university teachers and many officers in order to develop aspects of that same theme. The seminar was held some weeks later.¹⁰³

The ECEME initiatives were controversial and had repercussions in Brasília. Gen. Aurélio Lyra Tavares, commandant of ESG (later minister of the Army and member of the junta which ruled the country when Costa e Silva became ill) was angry. Apart from his own reservations regarding the idea, he thought that these matters should not be the concern of ECEME, but of ESG. The former ought to be limited to military professional subjects. The Minister of Education, Moniz de Aragão (brother of Gen. A. C. Moniz de Aragão, then an influential member of the military) also evinced his disagreement as he had not been sounded out beforehand. The Ministry of the Army showed his disagreement but the commander of ECEME was not removed for this cause.¹⁰⁴

103, "We wanted to sell the idea of the new horizons of the Revolution which they did not have". (Gen. Bina Machado, interview with the author).

104, "Gen. Bina Machado suffered a great deal because of his ideas, not only in this episode", said Col. Pasquali referring to the seminars with civilians in ECEME. Besides other events in this paragraph, Col. Mauro reports that, on the following year, when the Ministry of the Army was asked to provide a plane and accommodation for the first group of teachers and students on the "*Operação Rondor*" trip to a remote Amazonian border, Gen. Lyra Tavares, the then minister, refused, at the last moment, to give any kind of support, when he was informed that the activity was related to "that fabrication of ECEME's"... When Gen. Bina Machado, then in command of ESG in 1973, instituted an open course of "Studies of Brazilian Problems" at post-graduate level, the Minister Chief of the Armed Forces Staff (EMFA), to whom ESG was accountable, asked for the course to be closed, even after the formal approval of the Federal Council of Education (CFE), on the grounds that the initiative, although praiseworthy, did not fit the military education system. (Interviews with the author. On being reminded of these episodes, Gen. Bina Machado refrained from making any kind of complaint).

Gen. Bina Machado, however, went on. Together with his officer *instrutores* he carefully planned an invitation to a group of university left-wing students to visit ECEME and openly debate about any matter they wished. After preliminary contacts at the restaurant which was the traditional meeting place for the Students Union of the Faculty of Law (known as *CACO*) and required guarantees of freedom and security for the unusual visitors had been given, 34 students stayed for a full day – including lunch – with the officers. The general described the experience as a complete success.

3.4.2. Has ESG interfered with MEC?

This section is not intended to provide an analysis of this important military-civilian centre of studies and research on national security and strategies of defence of the state.¹⁰⁵ The context of this chapter limits the

105. *Escola Superior de Guerra* (ESG) was created in the early fifties (Law 786, of 20/8/1949, the first regular course starting in 1951) to be a centre of "studies and planning on national security". Its more recent regulation was made by the Decree 72699, of 27/8/73 and *Portaria* 002 ENFA-6-244, of 24/12/73, by which ESG became linked to the Armed Forces Staff (ENFA). Its main course, the *Curso Superior de Guerra* is annually offered to a 120 selected candidates, 1/3 of them civilians, in full-time regime. The doctrine of ESG is also extended through the courses of its linked National Association of ESG Graduates (ADESG). Basic sources for the study of ESG's doctrine, beside its Manual Básico (ed. ESG, 1986), are: the work of Antônio de Arruda ESG: História de sua Doutrina, Rio, GRD/INL/MEC, 1980; a summary in Alves, M. H. M. State and Opposition in Military Brazil, Austin, Univ. of Texas, 1975, pp.13-28. Alfred Stepan in his Os Militares: da Abertura à Nova República (Rio, Paz e Terra, 1986, pp.57-64) summarise his research on the role of ESG in the Brazilian political Abertura. Gen. Golbery's Conjuntura Política Nacional. O Poder Executivo e Geopolítica do Brasil, Rio, José Olympio, 1981, is a current influence on ESG's thought.

approach to the question of a possible interference by ESG in the policies of education during the period, politically backed by military involvements in the area.

A general or indirect influence of ESG's doctrine is supposed through the participation of the National Security Council (CSN) - which is usually supplied with ESG's papers (106) - in some of the government's top decisions affecting education, or the active presence of former students (*estagiários*) in bodies dealing with policies for education.¹⁰⁷ Further, the specific influence of ESG, as an institution, in the political or policy-making process of MEC could be investigated. During the interviews for this work, eight military and three civilians who held key-positions in that process during the period 64-84 were questioned on this, but they were unanimous in denying any interference by ESG in MEC.

"ESG was a centre for the formulation of doctrine, not policies. Papers produced by *estagiários* (students of ESG's courses) on problems of education were mere final qualifying academic exercises",

assured Gen. Golbery¹⁰⁸; and Stepan says:

106. Col. Pasquali, interview with the author.

107. As with other ministries and state administrations, MEC is offered two places every year on ESG's main course. Senior officials are selected and the opportunity is seen with particular interest for reasons of both the chance it may offer of access to positions of leadership and a ten month break from bureaucratic activities, with full pay and extra financial support for accommodation and other daily expenses in Rio (*Paracer* CBR/PR 981/69, n. H-798, of 7/3/69). Until 1985, 2,500 people had graduated from that course of ESG, according to its official publication Catálogo dos Diplomados da ESG, 1986. The part-time extension courses of ADESG each year enrol between 1,000 and 1,300 participants in most states of the country.

108. Interview with the author, who also looked through those academic exercises related to education at ESG's Library without finding anything special. They tended to be more frequent in the periods of 1968-72 and 1981-2, when political conflicts

"Specifically, no study of ESG was sent directly to the ministries, although it was sent to the Armed Forces Staff".¹⁰⁹

Tracing the events referred to here as the "involvements" of the military with education, some scattered elements seem to indicate that there probably were ESG-MEC specific approaches in the period 1967-70. Minister Tasso Dutra in his first speech at ESG in the last quarter of 1967, quoting a directive of President Costa e Silva to ESG's *estagiários* about the team-work in his government, insisted on the full understanding and co-operation between MEC and ESG, as he had already ordered MEC bodies to offer for the implementation of Moral and Civic Education. He stated that he was going to arrange with the general commander of ESG to set up a mixed study group, aiming at a closer co-operation.¹¹⁰ No details were found about this group but the design of the national programme of Moral and Civic Education was certainly due to ESG's direct participation.¹¹¹

CSN and the Military House of the Presidency of the Republic were to have contacts with ESG before appointing

108. (cont.) occurred in the area of education with frequent press coverage, and to match ideas and data issued by MEC.

109. Stepan, A. Os Militares: da Abertura à Nova República, Op. Cit., p.58.

110. Tasso Dutra, O Panorama Educacional, ENFA/ESG, Doc. C1-32-67, p.1-3.

111. The draft of Law-by-decree 869, of 12/9/69, which instituted the subject of "Moral and Civic Education" in schools at national level (in university courses it was called "Study of Brazilian Problems") was elaborated outside MEC by General Moacyr de Araújo Lopes, well-known in the army for his ideas and championing of the issue, with a group of former *estagiários* of ESG, closely following the syllabuses of courses of this school. This information was given the author by Gen. Bina Machado (who also co-operated in the final version of the text) and completed by Col. Pasquali who emphasized that Gen. Lopes was not acting in his capacity of member of the Armed Forces Staff but as a studious individual of the matter.

two teachers of its permanent staff to head or form a Special Commission (the "Meira Mattos Commission") to carry out important reformative tasks in the Ministry of Education, in late 1967, as described in Section 3.2.1.

These events of 1967-69 were followed by the most significant fact to be reported. At the end of 1969 Medici was strongly lobbied to appoint a senior civilian member of ESG's teaching staff, Prof. Jorge Boaventura, as minister of education.¹¹² The attempt failed but a few months later Prof. Boaventura went to the Minister of Education, Jarbas Passarinho, with a set of ideas and proposals for the new administration. They did not agree on them, and the minister was not visited again, although his annual and much applauded speech to ESG - where he was decorated for his "worthy contribution for three consecutive years to the activities of the School" - attest to the good relations between himself and ESG.

If the assumption of particular links between MEC and ESG, as proposed above, is correct, then it should be noted that education entered the concerns of ESG just at the point that this institution is supposed to have begun its period of decline.¹¹³

112. The information was disclosed to the author by Senator Jarbas Passarinho .

113. Barros, A. de S. C. The Brazilian Military: Professional Socialization, Political Performance and State Building. PhD thesis, Department of Political Science, University of Chicago, 1978, pp.168-91, quoted and supported by Stepan (Op. Cit., p.58). Gen. Golbery expressed a similar point of view as he referred to the "distortion after 1964, when some people rushed to the School's courses as a key to open the doors of the ministries to them, or aiming to sell their ideas to the government. Though, the Revolution disturbed the goals of the School a little". (Interview with the author).

3.5. CONCLUSIONS

Four general remarks emerge from the overall view of this chapter.

1) The military lasted two decades ruling the country but they had no coherent design for education. This happened simply because education was not their concern. They did not come to power for that.¹¹⁴ It is opportune to remark that they came as professionals, with initially limited expectations of staying. At the crucial instant of 1967, they continued by extending their conceptions of security to a development project, chiefly committed to civilians. And then, from 1974, when the progress of this project prove to require different political internal conditions, and external economic circumstances also forced a change of direction in economic strategy, they failed to find a way out or a resolution for the conflict. Political liberalization proved to be a partial solution. As economic policies wavered, no room appeared possible for social investments such as education. The redemption of a huge educational debt, which was not a purpose at the origins of military intervention, later became omitted from their strategy for leaving.

114. Asked about a possible scheme for education of the 1964 movement, some military deeply involved in the whole issue gave the same answer. Gen. Golbery was clear; "There was not a plan for education nor was there to be. The Revolution was not made for this. Even the document of basic social reforms issued by IPES in 1963 only had the purpose of opposing a similar document from ISEB." Gen. Ludwig went further; "Actually, the Revolution was not even planned; it was plotted." Colonels Pasquali and Mauro Rodrigues, early enrolled as revolutionaries, confessed they had never known any kind a plan as such; "everything came after, in different circumstances". (Interviews with the author).

2) All through the period of the regime, the military related to the subject of education in two different, parallel roles: the military as the security system and the military linked to governmental bodies, including MEC. There was a dichotomy and lack of agreement between the two tendencies over policy towards the same subject. The security system policies seemed to exist above any contest. This has deeply damaged the credibility of some genuine efforts by the military *instrutores* for education at certain periods.

3) The military undoubtedly held the power in the country for twenty one years. They are supposed to have had political views about some governmental areas. The proof that education was seen by them to have no strategic political meaning (115) such as they always attributed to the policies for communications, energy and self-sufficiency in arms supply, is a distinctive feature which gives a consistent background to the analysis of the struggle for finance for education (chapters Five and Six), in the case of Brazil. 116.

4) Above all, as a consequence of this stance, the issue of education financing was seen by the military on the level of general instrumentality; it was to be dealt with technically by the federal bureaucracy ("the civilians"),

115. Interviewed by the author, Senator Jarbas Passarinho said that during his eight years as minister (1967-74) he knew of a document of the National Security Council (CSN) entitled "Policy of National Strategy" and classified as "confidential" which had been approved by CSN (so by the President) and given to ministers. "Nothing was said in this document about education".

116. Atypically (if the two decades of the regime are considered), Gen. Ludwig in late 1981 had a discourse on the political meaning of elementary education as the provision of a basic right and the instrument of access to citizenship.

as they did all governmental programmes. Moreover, in most situations where education issues brought political conflicts, the military endeavoured to take them out of the political stage and give them a "technical" treatment. This tendency meets perfectly the government's prevailing approach to education funding which the main argument of the thesis deals with.

CHAPTER FOUR

FROM THE DEVELOPMENTALIST STATE TO THE EDUCATION FUNDING

This chapter aims at putting the issue of funding education against the broader, decisive context of the country's economy in its wildly fluctuating moves from the 1968-73 boom to the exhaustion of the model in the 1979-84 critical period.

Indeed, taking for granted the immense gap between the country's resources and social demands for better standards of living in the early sixties, the roots of a particular shortage of financial resources to cope with the targets of social programmes, as defined by the major 1967 and 1970 governmental plans of development themselves, should be sought in the economic project of the regime.

This chapter does not relate the whole story of the regime's economic policies. Although referring to the expansion cycle, it stresses the "post-miracle" economic linkages which explain specifically the shortage of resources from the federal Treasury, those upon which the funding of education was most dependent.

4.1. A GENERAL VIEW OF THE GOVERNMENT FINANCIAL CRISIS

4.1.1. The Brazilian public deficit: the crisis' fulcrum

When the Minister of Finance, Mr. Francisco Dornellas,

attended a crowded meeting of the Plenary of the Congress on 8 May 1985, a few weeks after the end of the two decade military regime, to make a full account of the financial situation of the government, the expectation of the country's political classes was at its height. He had promised to disclose the real figures which were only partially known by politicians and the public. His speech, however, exceeded all expectations and became a landmark representing the beginning of a two year period when economic issues completely absorbed the political life of the country. The minister made a long, technical report of the government's financial deficit in didactical terms. To an astonished audience he said that the **current** estimated deficit of the government - the one which was to be covered until the end of the year - mounted to Cr\$ 84,9 thousand billion, 70% of all its expected revenues or 6% of the GDP. He added the explosive position of both the external and internal registered debt, the former amounting to US\$ 103 thousand million and the latter - Cr\$ 82,3 thousand billion, more directly connected with the current deficit - exceeding three times the 1985 existing Treasury Budget. Dornelles' accounts took into consideration a new, higher estimate for the government's tax revenues and a rate of inflation limited to 200% a year.

Such was the composition of the current deficit which the minister explained item by item (1) : **In Cr\$ thousand billion:**

from the Treasury Budget	4.9
from the so-called "Monetary Budget"	80.0
of which:	
from the state owned enterprises	22.3
from the Welfare System	4.5
from subsidies to agricultural products	

1. O Estado de São Paulo, 9/5/85, p.34.

and other special programmes	14.4
from state and municipios' current	
deficits under federal responsibility	8.0
from the debt service	39.0
less transfers from the Treasury	-8.2
Total	84.9

There is a consensus among economists from the early eighties about the fulcral point of the Brazilian economic crisis: the deficit of the public sector. It could be described as stemming from two cumulative processes: the external imbalance and the state over-expansion in the economy beyond its classical function of providing justice, security and welfare. The two trends - the first being the mainstream of the whole process - are directly related with the rapid development policies and involve top priority political decisions (Section 2.1.2). The analyses in the next section intend to provide a broad view of the roots and extension of the problem to which the education funding has been connected.

4.1.2. The main process behind the deficit

Facing the needs of foreign capital to set economic development going faster with massive imports, ruling - often nationalist - groups have been inclined to borrow rather than welcome direct investment by foreign companies (venture capital) since the early fifties. The assumption was that loan capitals would bring about far less interference in the country's economic policy than venture capitals did. 2

2. Rosseti, J. P. Economia Brasileira: retrospecto, situação atual, prognósticos, S. Paulo, Atlas, 1984, p.20.

Table 6 show clearly the developments of these policies reflecting on Brazilian foreign accounts. Except for the recessive purge period 1964-67, massive imports of basic industry inputs, oil and technology accumulated constant deficits in the trade balance, notwithstanding the restrictions on importing direct consumption goods. Trade deficits (first column on the left) multiplied ten times in less than ten years, and only slowed down at the end of the cycle when the correlative accounts of interests from loans and an aggressive policy of exports put pressure on imports or balanced them. On the other hand, the ratio loans/foreign investments ("external capital movement" column) is always positive and peaking in the 1968-73 period of fast growth. Venture capital, although better flowing into the country after 1964, did not reach the levels of the previous decade until the early seventies, and, even increasing up to 800% from 1971 to the crisis of the early eighties, they were at least five times less than the loan capital.

TABLE 6
BRAZILIAN FOREIGN ACCOUNTS - SOME ELEMENTS, 1956-84

	CURRENT ACCOUNT BALANCE (US\$ current million)			EXTERNAL CAPITAL MOVEMENT LOANS/INVEST	LATER CONDITIONS OF TRADE Indices 1977 = 100				
	TRADE+SERVICES less INTEREST & PROFITS	INTEREST & PROFITS	TOTAL		OIL PRICE	QUANTUM EXP IMP	TERMS TRADE	PRIME RATE	
1956/63	-140	-114	-254	3,0					
1964/67	+200	-190	+10	5,2					
1968	-302	-228	-530	15,5					
1969	-49	-263	-312	5,9					
1970	-230	-353	-583	9,7					
1971	-901	-420	-1,321	14,9					
1972	-974	-520	-1,494	12,3	22	76	70	87	61

	CURRENT ACCOUNT BALANCE (US\$ current million)			EXTERNAL CAPITAL MOVEMENT LOANS/INVEST	LATER CONDITIONS OF TRADE Indices 1977 = 100				
	TRADE+SERVICES less INTEREST & PROFITS	INTEREST & PROFITS	TOTAL		OIL PRICE	QUANTUM EXP	IMP	TERMS TRADE	PRIME RATE
1973	-1,003	-712	-1,715	4.2	28	88	85	95	106
1974	-6,222	-900	-7,122	7.3	93	89	115	78	132
1975	-5,077	-1,674	-6,751	6.4	94	98	109	76	93
1976	-3,829	-2,189	-6,018	6.5	96	99	108	85	81
1977	-1,364	-2,559	-3,923	7.8	100	100	100	100	100
1978	-2,828	-4,232	-7,060	6.6	101	113	105	86	152
1979	-5,218	-5,542	-10,760	4.5	135	124	115	79	193
1980	-6,009	-7,032	-13,041	5.8	226	152	115	65	277
1981	-1,661	-11,633	-13,294	7.2	270	183	99	55	203
1982	-2,816	-13,494	-16,310	4.8	260	167	91	54	188
1983	+4,171	-11,008	-6,837	6.0	235	191	76	53	139
1984	+11,401	-11,235	+166	5.6	229	228	70	58	139

Sources

Rossetti, J. P. Economia Brasileira. S.Paulo, Atlas, 1984, pp.25, 28; BRASIL/Banco Central, Relatório 1984. Brasília, 1985, pp.76, 77; FGV, Conjuntura Econômica. July, 1986, p.82; US Dept. of Commerce, Bureau of the Census, Statistical Abstract of USA, 1975, p.xvii.

The 1970's were the period when the foreign borrowing for the big development projects had its decisive take off, either boosted by the optimism of a booming economy or by credit facilities. The debt jumped from US\$ 5 to 70 billion and rose from 12 to 30% of Brazilian Gross National Product (GNP). The counterpart repayment service, however, moved faster from the late seventies and maintained its mounting course until 1982, while the debt

was fed mainly by the accumulation of high interests which were rolled over. The final result in 1984 was an overwhelming total debt of US\$ 103 billion, equivalent to 52% of a GNP affected by the previous four years of recession. Table 7 shows up the figures of the foreign debt and indicators related to it.

TABLE 7
BRAZILIAN FOREIGN DEBT, 1970-84 (SOME YEARS)

YEAR	TOTAL DEBT US\$ Million	DEBT SERVICE US\$ Million	IMF CREDITS US\$ Million	INDICATORS (%)		
				DEBT PNB	DEBT EXPORTS	DEBT SERVICE PNB
1970	5,138,2	679,9	-	12,2	164,8	1,6
...	-
1975	23,725,2	4,297,5	-	19,4	238,5	3,5
...	-
1980	70,236,7	13,141,2	-	29,0	301,6	5,4
1981	79,978,4	15,332,4	-	30,3	296,3	5,8
1982	91,304,2	16,830,4	550,0	34,0	388,7	6,2
1983	97,854,8	11,259,1	2,644,3	49,8	401,6	5,7
1984	103,520,4	10,313,7	2,166,8	52,4	342,1	5,2

Note. Data for 1970 and 1975 do not include short-term debt

Source. THE WORLD BANK, World Debt Tables, 1986-87, pp.286-89.

The long term feasibility of the model, however, depended on the capacity of the economy to produce enough external trade current surpluses to cope with the service of the debt and to go beyond in order to hold on to investment

programmes without resorting to inflationary means. In other words, to overcome the so-called "resource hiatus". On the other hand, current surpluses depend on a complex timing of the maturity of investments vis-à-vis the decrease in the need of imported goods and technology. The more the even-break point of these equations become critical and its positive results minute, the more the dependency on the international market conditions turn out to be crucial. There lies the risk or the hazard of the exterior-dependent model. Brazil was too slow in passing that equilibrium point, either by taking governmental investment activity (so borrowing and importing) too far or by failing to keep the rationality of this activity. It was, therefore, caught by the harsh international trade and financial conditions which followed the "second (1979-80) oil shock".

International trade conditions are expressed by the indices in the columns on right side of Table 6, short above. When the crisis broke out in 1979, the country had already sustained an expansion in the quantum of its exports by 63% since 1971 and imposed a slower increase in its imports. Nevertheless, the oil price - to which half of the total imports was due - had become six times higher than it was in 1971 and would soon take this difference quite further (twelve times in 1981/82). As a consequence of the recession in international markets, commodity prices collapsed and custom restrictions were adopted by the largest buyers. Generally, the terms of trade deteriorated against Brazil, falling continuously since the levels of 1977 (after the international recovery from the 1974-76 recession). They reached dramatic levels in 1983 when Brazilian goods were worth only half of their value of 1977 or even 1973. The biggest blow, however, came from the international financial markets which raised interest rates to recover the economies of the major

industrialized capitalist countries. Together with the savings available in these, the income of debtor countries was implacably drained. Interest rates tripled from 1977 to 1980 or double their levels if compared with the worst position in the previous recession. Brazil paid US\$ 2.5 billion interest in 1977 (against US\$ 0.9 billion in 1974) and soon had to pay US\$ 5.5 billion in 1979, 11.6 in 1981, and US\$ 13.5 billion in 1982, the last year of OECD recession. Such external conditions caved in on the Brazilian developing economy, aggravated imbalance symptoms existing as from 1974 and determined the collapse of the economic model. Table 8 presents an overview of what could be properly called "the rise and crisis of Brazilian economy".

TABLE 8.
THE RISE AND CRISIS OF BRAZILIAN ECONOMY, 1964-84

	GDP	REAL ANNUAL GROWTH RATES of GDP	GROSS FIXED CAPITAL FORMATION	FEDERAL GOVERNMENT FINANCES		
				EXPENDITURE	NET REAL TAXATION	INTERNAL CURRENT DEFICIT
	US\$ Million	(%)(% of GDP)		(% of GDP)*	(% of GDP)	(% of REVENUE)
1964/67	27,991	3.7				
1968	36,009	11.0	22.1			
1969	39,779	10.2	22.8			
1970	42,020	8.3	22.5	16.4	15.8	
1971	46295	12.0	23.1	17.0	16.3	
1972	55,466	11.1	23.2	17.5	16.8	
1973	77,707	14.0	23.5	16.6	17.0	
1974	95,158	9.5	24.9	16.5	16.6	
1975	111,320	5.6	26.9	20.0	15.2	2.5
1976	131,590	9.7	27.8	20.0	15.1	0.9
1977	154,939	5.4	26.3	23.5	14.9	3.7
1978	179,917	4.8	25.7	23.8	13.1	7.6

	GDP	REAL ANNUAL GROWTH RATES of GDP	GROSS FIXED CAPITAL FORMATION	FEDERAL GOVERNMENT FINANCES		
				EXPENDITURE	NET REAL TAXATION	INTERNAL CURRENT DEFICIT
	US\$ Million	(%)(% of GDP)		(% of GDP)*	(% of GDP)	(% of REVENUE)
1979	148,407	6,8	22,7	22,2	12,2	2,5
1980	200,974	7,9	23,2	23,5	10,7	10,9
1981	200,562	-1,9	22,1	26,0	11,0	9,9
1982	201,113	1,4	22,4	27,7	10,8	10,1
1983	122,223	-3,3	18,0	29,5	9,8	13,2
1984	121,535	4,5	17,3	27,8	6,4	17,4

Note. (*) Figures of government expenditure do not include the balance of government's subsidized lending until 1974 and all expenditure of state-owned companies which do not depend upon public funds.

Sources

IMF, Government Finance Statistics Yearbook, 1986, p.188; FGV, Coniuntura Económica, vol.32, n.10, 1987, p.81; BRASIL, Central Bank's Annual Reports: 1984, pp.19, 26; 1985, p.25; Rossetti, J. P., Economia Brasileira, S. Paulo, Atlas, 1984, p.48; Castro, A. B. e Souza, F. E. P., A Economia Brasileira em Marcha Forçada, Rio, Paz e Terra, 1985, p. 205; FGV, Projeto Aries, Reports 315011 (for the Cr\$/US\$ conversion rates) and 001104.

Since the heavy foreign debt was almost doubled in five years by the increase of international interest rates, the so-called mechanism of its "conversion to internal debt" became the feeding centre of the crisis: the government bought foreign currency proceeds from the private sector's massive exports by issuing public securities (in *Cruzeiros*) and so making it possible to pay the service of its own foreign debt. The dizzy devaluation of the *Cruzeiro* to stimulate exports - from an average exchange

rate of US\$ 1.00/Cr\$ 18,08 in 1978 it reached US\$ 1.00/Cr\$ 1.868,64 in 1984 - made this mechanism extremely expensive. The accumulation of this "special" internal debt with the usual policy of raising internal savings to provide for governmental investment or repay previous deals resulted in the rapid enlargement of the total government internal debt. From 1968 to 1973 domestic federal securities debt increased at an astonishing average of 38% p.a., proving its close linkage with the strategy of fast economic growth. The amount of public securities in the market was reduced in the following period, contracting or expanding between 1979 and 1984, either as a consequence of the governmental efforts to reduce its financial needs or the pressures from the private financial sector to prevent further drainage of savings available in the economy. The general course of the internal debt was mounting, however, if compared with GDP. It approached 10% of GDP in 1976-78 and exceeded this in 1984.

The government provided for its needs and alternated its active participation in the securities market with an increasing money supply over 30% p.a. until 1978 and could not avoid resorting to this inflationary procedure during the crisis, when its increase hit 100% on an annual average. The constant pressure of attractive offers of public securities in the financial market, in its turn, brought about a soaring trend in commercial interest rates which reached the unbearable levels of 90% p.a. in the period 1979-84, pushing prices violently up in an economy living on credit, and driving hundreds of firms to bankruptcy.

In its turn, inflation increased steadily, as a consequence of three aspects of the financial crisis: the rapid devaluation of the national currency, massive internal

money supply, and high interest rates. Brazilian high historical rates of inflation accelerated: the 1977 39% inflation had doubled two years later, 1980/82 touched the barrier of 100% and 1983/84 featured an hyperinflation above 200%.

The tragic side of the process, however, was that first, the huge amount of the internal debt was conversely affected by high interest rates and, second, the devaluation of the *Cruzeiro* had to be kept above the internal prices, the two phenomena setting up vicious circles. Data for this and the previous paragraphs are in Table 9.

3. The approach of this section only leads to the connections between the public deficit and inflation. Inflation in Brazil has deep roots and complex - including psychological - causes, having remained at the two-digit level for three decades. On this matter, see: Pastore, Celso, "Inflação e Política Monetária no Brasil", Revista Brasileira de Economia, vol.23, 1969; Lara-Resende, A. e Lopes, Francisco, "Sobre as Causas da Recente Aceleração Inflacionária", Pesquisa e Planejamento Econômico, n.11, 1981; Arida, Pérsio, "Economic Stabilization in Brazil", Working Paper n.149, Woodrow Wilson International Center for Scholars, Nov., 1984.

TABLE 9
FINANCIAL VARIABLES RELATED TO THE RISE AND CRISIS OF BRAZILIAN ECONOMY
1964/1984 (Average of periods)

	DOMESTIC PUBLIC FED. SECURITIES DEBT		PRICE INDEX	MONEY SUPPLY	EXCHANGE RATE	INTEREST RATE
	REAL % CHANGE	% of GDP	Annual Av. PGI (DS) %	at 31/12 % CHANGE	Annual Av. Cr\$/US\$	(COMMER. BANKS) Annual Av. %
1964/67	-	1,9	47,4	55,2	2,00	-
1968/73	37,9	6,5	19,3	35,8	4,90	20,0
1974/78	19,2	8,4	38,0	38,6	11,56	21,8
1979/84	28,8	11,1	136,2	99,1	470,46	90,5

Notes

- 1) Until 1979 Public Securities of the federal government were registered by the Central Bank in their accounted value. As from 1980 only the nominal value was used, bringing down the registered debt. The difference can be seen through comparison with the curve of the internal current deficit, Table 8.
- 2) "PGI (DS)" stands for Price General Index (Domestic Supply).
- 3) During 1982 interest rates were "frozen" by the government, keeping approximately the same level as for 1981 (49%). Figures do not count the monetary correction.

Sources

BRASIL/Banco Central. Relatório Anual 1985, p.66; Idem, 1979, p.89; Idem, 1972, p.131;
FGV, Conjuntura Econômica, July, 1986, p.69; Idem, November, 1972, p.34; Rossetti, J. P. Economia Brasileira, S.Paulo, Atlas, 1984, p.71; FGV, Projeto Aries, Reports D010006 and 315011; IMF, International Financial Statistics, Yearbook 1986, pp.236-7.

Mr Roberto Campos the first Minister of Planning of the regime and the mastermind of all its economic model assessed the declining cycle of the Brazilian economy:

"Then... we made a timid and inadequate adaptation to the first oil crisis; we deployed overestimated programmes in some sectors (nuclear energy, steel, etc.), not supported by internal savings, and the presence of the state in the economy has grown morbidly. But the fatal mistake was not to have, in good time, perceived the seriousness of the second oil crisis and the blast of the interest rates, and their recessive sequels in the world economy. We went on expanding, even in 1979 and 1980, when we should have entered a vigorous austerity programme, as other countries were doing. The refusal to adjust which was facilitated by easy access to the euro-dollar financial market, is at the roots of the decay of our dream of being a great power."⁴

4.2 THE TREASURY BUDGET: A NARROWING SPACE FOR EDUCATION

Public overall deficit and financial crisis began to affect the allocation of finance to education through their connections with the federal Treasury. Two particular points could adequately demonstrate those connections and make clear the true extent of the government's argument about "lack" of resources, which caused political conflicts (Chapter Six) and can link the funding of education to the whole political developmentalist strategy of the regime.

The first point is the consequences ("the aftermath") of the expansion of state activity in the economy, fostering it by several policies which finally resulted in the reduction of taxation capability or directly burdened Treasury's accounts. Among these consequences a particular aspect is stressed: the growth of the government decentralized structure through which that state activity was executed. The proportions of this organizational apparatus became a problem itself when many corporations appeared inefficient or redundant. The fact was that the special, development-promoting policies and organizations were originally meant to be implemented by means of extra-budget sources but eventually came to drain tax-originated resources. This was a major fact increasing scarcity and the competition for finance in the government with direct reflexes on programmes basically depending on the Treasury, such as education.

In a second point, the MEC's internal budget is examined and an accentuated reduction in real values for ordinary maintenance from the Treasury is focused, contrasting with

4. Jornal do Brasil, 1/4/84.

significant extra-budget capital expenditure (university campuses installations, school buildings and equipment).

4.2.1. The federal Treasury and the aftermath of the expansion of state economic activity

The expansion of the presence of the state in the economy occurred in many ways which range from the participation in the production and markets through state-owned companies, often supplied by loans and non-tax compulsory "contributions" to subsidies and incentives to private investors. The overall result was a complete change in the profile of the presence of the state in the economy. Table 10 shows the major components and general figures of the governmental decentralized system. The federal government alone became directly responsible for nearly 43% of total GDP. In this context, however, the federal Treasury became comparatively weaker with 20% of the total financial resources under direct control of the federal government.

TABLE 10
BRAZIL: TOTAL FINANCES UNDER DIRECT CONTROL OF THE FEDERAL GOVERNMENT
(December 1984)

	<u>Cr\$ Billion</u>	<u>Percentages</u>
EXCHEQUER BUDGET (ministries and transfers to local governments)	33,817	20.3
TOTAL DECENTRALIZED AGENCIES	145,913	87.5
Transfers from the Treasury (-)	-12,993	-7.8
STATE-OWNED COMPANIES	89,193	61.1
"PRODUCTIVE SECTOR"	80,138	89.8
TYPICAL PUBLIC SERVICES	9,055	10.2
SOCIAL SECURITY SYSTEM	19,467	13.3
FEDERAL BANKS	40,846	28.0
EXPENDITURE AND SUBSIDIES	18,956	46.4
LENDING	21,890	53.6
Intragovern. transfers (-)	-3,593	-2.4
TOTAL FEDERAL GOVERNMENT	<u>166,737</u>	<u>100.0</u>

Memoranda

GDP	<u>386,968</u>
Total tax and other compulsory contributions	<u>60,733</u>

Sources

BRASIL/CDE (SEPLAN), Exposição de Motivos n. 33, of 19/12/1984, Anexo I; Idem, Exposição de Motivos n. 34, of 19/12/1984, Anexo; Idem, Exposição de Motivos n. 35, of 19/12/1984, Anexo; BRASIL/IBGE, Anuário Estatístico, 1986, p.469; IMF, Government Financial Statistics Yearbook, 1986, p.188.

4.2.1.1. The organizational instruments of the expansion

Chapter Two remarked the importance of the 1967 administrative reform (Law-by-decree 200, of 25/2/67) which defined the legal status of decentralized governmental organizations - *Autarquias*, Public Enterprises, Joint Venture Societies (with private capital) and Foundations. Public Enterprises and Joint Venture Societies (or generally the state-owned companies) were the administrative structure used for activities of the government in the economy and had the largest share in the expansion. Aims at a rapid implementation of developing policies often led to the option of straightforwardly undertaking a project through a public corporation, without waiting for private national or foreign initiative. Foundations became the favourite structure for typical governmental activities, sometimes replacing *Autarquias* which actually were no longer created. The military supported the scheme directly and even set up several state-owned companies linked to the military ministries, some of them becoming powerful industries.⁵ Many of the military were given jobs in these organizations, frequently in the top running positions. More than three quarters of the total foreign debt was directly or indirectly due to state-owned companies as in 1979 or 1984 (Table 11, below).

5. According to the 1984/85 Report of the Secretariat of Control of State Enterprises (SEST), auxiliary table B, the three military ministries, the Army, the Air Force and the Navy, had twelve state-owned companies, all created after 1964, and three foundations, their total investments being planned at US\$ 812,5 million in 1985. The biggest of them were the Brazilian Corporation of Aeronautics (EMBRAER), Brazilian Corporation of Airport Infra-structure (INFRAERO), Ordnance Industry of Brazil (IMBEL) and Management Corporation of Navy Projects (ENGEPRON) which were responsible for 88% of that investment figure.

TABLE 11
 BRAZILIAN FOREIGN DEBT
 COMPOSITION OF PRINCIPAL* PER LIABILITIES, 1979, 1984, (Percentages)

DEBTOR or GUARANTOR	<u>1979</u>	<u>1984</u>
TOTAL	100.0	100.0
PRIVATE SECTOR	17.8	22.0
PUBLIC SECTOR	72.2	78.0
FEDERAL UNION	68.8	79.8
DIRECT	76.6	78.7
GUARANTEED	23.4	21.3
STATES AND MUNICÍPIOS	1.5	0.7
DIRECT	70.9	88.5
GUARANTEED	29.1	11.5
PUBLIC DECENTR. AGENCIES	29.7	19.5
DIRECT	73.8	84.7
GUARANTEED	26.2	15.3
TOTAL	100.0	100.0
Involving Public Decentr. Agencies **	76.3	77.4
Otherwise	23.7	22.6

Notes

(*) Excludes interest and fees.

(**) As debtor, guarantor or direct beneficiary

Sources

BRASIL/Banco Central. Relatório 1984, p. 88; THE WORLD BANK. World Debt Tables. 1985-86, p. 158, 160; 1986-87, pp. 286.

The political and administrative control of this system became a major threefold government problem: the unwillingness of state-owned companies and foundations to comply with the government's policies of rational operation, particularly relating to expenditure on personnel from 1979; the autarchical reinvestment of their profits which should have been handed over to the federal Budget according to the law (Art. 108, I of Law 4320, of 17/3/1964), and their powerful lobbying activity at the ministry's top echelons to have their projects approved. Ministerial relations with them were decisively affected by the fact that most high-ranking officials at the ministries were employed and paid by these state-owned companies and foundations who were put at the disposal of the ministry as a means to by-pass the inferior salary levels of the central government.

Figures of Table 12 show the mounting course of the government decentralised system. This universe of organizations is quite diverse and the biggest public corporations have themselves diversified their objectives or decentralized their activities, creating several subsidiary companies and becoming powerful groups or holdings (PETROBRÁS has 22 subsidiaries, CVRD 11, SIDERBRÁS 13, TELEBRÁS 29 in conjunction with the states, ELETROBRÁS 8 and PORTOBRÁS 10, among others). The whole set features meritorious companies and hides others abusively created or absorbed by the government, the overall deficit of its financial results not doing some of them justice. ⁶

6. At least seven groups should be distinguished: the leading groups of oil, chemicals, mining and metallurgy; the large holdings either for sector-monopoly (electricity, nuclear energy, tele-communications, ports, airports) or market balance and control (food supply and storage, urban planning, transport and other services);

6. (cont.) official banks and financial organizations; the organizations which compose the National Welfare System; a variety of companies created to implement particular policies or even routine activities of the authority (electronic data processing, regional development, colonization, planning, project and financial administration, control of radio and television broadcasting, tourism and film, official press, printing and coinage, etc.); ordinary social services such as education, housing, medical or sanitary assistance; and a number of companies created or absorbed from the private sector for circumstantial, not always sufficient reasons. Among some 30 state-owned companies in this marginal group, the following could be found: hotels, hospitals (not linked to the public national health system, INAMPS), bookshops, stockbrokers, insurance, travel agencies and handcraft firms.

TABLE 12
BRAZIL: TOTAL STATE-OWNED COMPANIES AND OTHER DECENTRALIZED AGENCIES, 1984

	Data from previous years					1984		
	1949	1959	1969	1976	1982			
	STATE - OWNED COMPANIES					OTHER	TOTAL	
Federal	30	45	84	154	217	189	233	422
State and municipal	34	83	258	318	482	...	...	1,007
TOTAL	64	128	342	472	699	...	...	1,422

Sources

BRASIL/CDE (SEPLAN), Exposição de Motivos n. 33, of 19/12/84, p.5; BRASIL/IBGE, Orçamentos da União, Estados e Municípios, 1982, vol.1, t.7, p.xxiv; BRASIL/SEPLAN/SEST, Relatório Anual 1982, (Annexes 1 and 2); Idem, 1984 (Annex 5); Resende, F. "A Evolução das Funções do Governo e a Expansão do Setor Público Brasileiro". Pesquisa e Planejamento Econômico, vol.1, n.2, 1971; Guimarães, C. et alii. "Perfil da Expansão do Estado Brasileiro na Esfera Econômica: 1945-1975", IUPERJ, 1977.

4.2.1.2. Consequences for the Treasury

This section explains the consequences of the overall expanding activity of the government to the federal Treasury, in terms of indirect financial implications and then direct effects on the annual Treasury Budget.

Exemptions, deductions and reductions from due taxes were awarded to individuals and firms to encourage them to invest in priority projects, particularly those of less developed regions or colonization areas (the Northeast Investment Fund - FINOR, the Amazônia Investment Fund - FINAM, the Sectoral Investment Fund - FISET, the Programme of National Integration - PIN, the Programme of Land Redistribution and Incentives to the Agro-Industry of the North and North-east - PROTERRA).⁷

Trusting the implementation of a policy or project to a decentralized agency and legally designing it to rely on its own operational revenues, subject to tax and market conditions, as any private enterprise, did not always mean that the federal revenue system would not eventually be affected.

"Truly, the assignment of a state-owned company to implement a project hardly occurred without the claim by this company to some (or all) of the following privileges: exemption from customs duties, compulsory deposits on imports and measures

7. "Between 1970 and 1974 the share of incentives which were deducted from income tax of individuals increased from 9,8% to 13,9%. As relates to firms, such share moved from 49,1% to 51,6%" Oliveira, A.F. "A Reforma Tributária de 1966 e a Acumulação de Capital no Brasil". *Estudos*, n.3, 1982, *apud* INOR/IPEA, "Retrospecto das Finanças da União, Tesouro - Brasil, 1970/1981", "Capítulo I. Aspectos da Economia Brasileira". *Revista ABOP*, n.20, 1984, p.25.

protecting similar national products; authority and public guarantee for foreign loans; special tax conditions for the sale of its products in the home market, including facilities exclusively granted to export goods; blockage of private competitor projects or products, and so on. (...) That is why the statement that such project by the state-owned company is to be carried out without onus to the federal Treasury is not true."⁸

Some large, new programmes, most of them created during the sixties, could not be suddenly financed by the ordinary tax system without inopportune political cost. The government intended to circumvent the problem by giving them a special political and budgetary status calling them "special programmes" to be funded by non-tax compulsory contributions, attached to them, most of them registered outside the Treasury Budget. In 1984 they amounted to Cr\$ 10.5 billion (the constitutionally defined tax revenue was then Cr\$ 26.4 billion). Besides, the contributions for the Welfare System more than doubled in the period 1964-84 (and the system still suffered a Cr\$ 1.9 billion deficit in 1984).⁹

Obviously, these contributions - some applied on the payroll - were passed on to prices by firms and worked as real taxes. So, since the early seventies, the capability

8. Reis, F. A. R. "A Administração Federal Direta e as Empresas Públicas; Análise de suas Relações, Recomendações e Alternativas para seu Aprimoramento". Revista ABOP, n.18, 1983, p.68. This author lists in detail administrative privileges by which state-owned companies could expand, including the use of public-originated funds in its own benefit.

9. Figures in this paragraph are based on data from: IMF, Government Finance Statistics Yearbook, 1986, p.188-190, and completed by: BRASIL/IBGE, Anuário Estatístico, 1986, pp.465-68.

for taxation of the economy or taxpayers was severely engaged, making a new tax increase politically unwise. The argument about the impossibility of imposing new or increased taxes on firms and citizens was used as a political parameter by Médici and Geisel (see quotation at the beginning of Section 5.1.1.2).

Finally, a medium or long term financial implication for the Treasury came from a steady direct subsidising activity by public financial institutions to the private sector, particularly the Banco do Brasil and the National Bank of Economic and Social Investment, BNDES. This was carried out either as low interest rates for loans - those financial institutions having their assets compensated for by the monetary authorities - or through the direct undertaking of part of the cost of some products, mainly food and petrol, by those authorities themselves, the two forms finally resulting in a debit entry against the federal Treasury's account with them.¹⁰

An assertion by the President of the Central Bank of Brazil in a speech at *Escola Superior de Guerra*, adequately sums up the previous paragraphs:

"In 1980, the incentives by tax deductions plus subsidies equalled 99.2% of actual tax revenue and 7.6 of GDP."¹¹

For all these consequences of the policies towards fast

10. In 1983, when the government brought in measures to reduce subsidies, the Central Bank of Brazil supplied money to more than twenty funds or programmes, going to Cr\$ 4,0 thousand billion (the total tax revenue was then Cr\$ 7,8 thousand billion). Central Bank of Brazil, Annual Report 1983, Vol.20, 1984, pp.44-5, 63.

11. Langoni, C. G., speech at *Escola Superior de Guerra* in 1982, quoted by: INOR/IPEA, "Retrospecto das Finanças da União, Tesouro - Brasil, 1970/1981", "Capítulo I, Aspectos da Economia Brasileira", Revista ABOP, Op. Cit., p.25, footnote 2.

economic growth, the room for a sounder federal Treasury did not widen to meet increasing demands from its traditional activities, mainly those which were carried out by the government's direct administration or its *Autarquias*. The levels of net real taxation have fallen continuously since 1970/72 (Table 8).

Notwithstanding the early intentions of achieving the take-off and soaring of economic growth without a straight charge on tax revenues, the ultimate result was a large and perhaps premature resort to the federal Treasury.

Apart from the transfers to states and municipalities, the resources of the Treasury's Annual Budget were directly burdened by three kinds of outlay: first, the repayment of loans directly contracted by the ministries; second, the current deficit of state-owned companies which could not be postponed (¹²); third, transfers of tax-originated finance to monetary authorities (The Central Bank) to reduce the Treasury's deficit account in extra-budgetary operations (subsidies, internal borrowing, purchase of foreign currency, etc.), when such a deficit could not be rolled over by means of new loans or currency issue.

Table 13 gives the declining position of the net finance of the Treasury. Direct transfers to reduce the huge deficit of the extra-budgetary operations came to drain off almost 10% of tax revenues in the 1979-84 period of crisis. In 1984, when these transfers accumulated with a large debt repayment, the finance actually free to fund government ordinary activities did not reach 60% of the Treasury's total outlay!

12. State-owned companies composed their 1984 budget with Cr\$ 3,2 thousand billion from the federal Treasury and Cr\$ 19,7 thousand billion from external and internal borrowing, the two figures making up 1/4 of their total revenue. In the same year, the

12, (cont.) whole decentralized system depended upon the Treasury in 12% (Cr\$ 13,0 thousand billion), not counting the federal banks, which generate their own resources. BRASIL/CDE, *Exposição de Motivos* n.35, of 19/12/84, Annex 1.

TABLE 13

BRAZIL: THE FEDERAL TREASURY'S BUDGET AND NET EXPENDITURE ON FEDERAL PUBLIC SERVICES, 1977-84 (Percentages)

	TOTAL BUDGET	TRANSFERS TO STATES AND MUNICÍPIOS	TRANSFERS TO MONETARY AUTHORITIES	DEBT REPAY	GENERAL EXPENDITURE
1977	100.0	17.6	5.0	2.7	74.7
1978	100.0	18.8	4.6	2.9	73.7
1979	100.0	20.2	10.6	4.4	64.8
1980	100.0	20.4	14.7	3.6	61.3
1981	100.0	19.1	6.9	1.0	73.0
1982	100.0	19.9	5.2	4.8	70.1
1983	100.0	18.6	12.8	7.0	61.6
1984	100.0	20.2	8.8	12.2	58.8

Sources

Revista Brasileira de Orçamento Público. ABOP, n.20, 1984, pp.73-5 (General Balance Sheets of the Federal Union, Brazil, 1977-79); BRASIL/Banco Central. Relatório Anual 1979. p.37; BRASIL/SEPLAN. I Plano Nacional de Desenvolvimento da Nova República, 1986-89. (Projeto). Brasília, 1985, p.28.

4.2.2. Specific consequences on MEC's budget

The access of education, chiefly higher education, to this kind of special or extra-budgetary funds according to the concept of education as investment for the economic development. This feature will receive specific study in Chapter Five. For the moment it is relevant to refer to its particular link with the Treasury's vicissitudes.

By means of loans, all three dozen Brazilian federal universities have had their campuses completely re-built, since 1968, or partially developed to meet a vertical increase in the number of students, researchers, laboratories, academic departments and libraries.

The natural consequence of the enlargement of the **capital expenditure**, was unavoidably a sharp increase in the budgetary pressure for **current expenditure**. Money for current expenditure was to be supplied by the federal Treasury both to personnel and ordinary maintenance, and their curves would normally be ascending in real terms until the capacity of the system or the demand for it approached their limits. Expenditure on personnel had always had its own particular decision-making process - specially examined in Section 6.2. - and increased in real terms. Current expenditure on maintenance, in its turn, suffered the effects of the general pressure on the federal Treasury, as described above.

Table 14 compares the levels of the ordinary appropriations from the federal Treasury for capital (equipment) and current expenditure - personnel excluded - (OCC) in the early seventies with those some years later. The curve is not ascendant as supposed. On the contrary, it goes through deep dives in some years of Geisel's government and at the end of the regime (only half of 1970 levels). Small rallies occurred even during the 1979-84 period of crisis particularly the 1981/82 peak which was

due to the personal influence of Gen. Ruben Ludwig, then minister of education, in a contentious event (Section 5.3.2 "The Ludwig affair").

TABLE 14

BRAZIL: ORDINARY APPROPRIATIONS FROM THE FEDERAL TREASURY FOR CAPITAL AND CURRENT EXPENDITURE, PERSONNEL EXCEPTED, (OCC) OF THE MINISTRY OF EDUCATION, 1970-84

	TOTAL OCC		REPAYMENT OF DEBT	
	Cr\$ Million of 1975	% 1970 = 100	Cr\$ Million of 1975	% of OCC
1970	1.799,5	100		
1971	1.476,5	82		
...		
1975	877,1	49	181,0	21
1976	796,3	44	153,6	19
1977	1.113,2	66	149,0	13
1978	1.536,8	85	163,3	11
1979	1.769,2	98	200,9	11
1980	1.295,0	72	206,8	16
1981	1.441,2	80	113,5	8
1982	1.857,8	103	189,1	10
1983	904,5	50	190,0	21
1984	804,7	45	205,3	26

Sources

BRASIL/IBGE. Anuário Estatístico 1975; BRASIL/MEC/SG. Retrato Brasil: Educação, Cultura, Desporto, 1970-1990.

(cont.) Brasília, 1985, pp.152-54, 153-65; BRASIL/MEC/SG. Report T08L003T, of 8/10/86.

The impact of inflation on current expenditure is of particular note and the budgetary device by which it was done must be explained.

In the first quarter of each year an estimate of the tax revenue was made for the following year's Budget. Volatile economic and political conditions required a cautious planning of future tax revenues. Forecasts about the maintenance of the existing level of inflation could renew expectations of high prices, boosting a harmful psychological factor against anti-inflationary policies. As a consequence, levels of programmed expenditure in the budget were compressed to meet this cautious view of revenues. However, if expenditure is fairly contained within the planned levels during the two or three first quarters of the year and the inflation is not, revisions of the early estimate of revenues should be made - tax levy follows the real course of prices - during the year and readjustments in appropriations for the programmes should be carried out, accordingly. This was, intentionally, not done, as if the budgetary (social) programmes were to pay for the inflationary effect of other governmental policies or mistakes.

Mr Delfim Netto took over the Secretariat of Planning of the Presidency of the Republic in late 1979 and soon promoted some changes in the budgetary law to suit a clear policy in this matter which continued during the following years. One of his early directives said:

"H) (...) In this transition stage the following measures shall be taken up to the preparation and execution of the Budget:

H.1. The estimate of revenues will be very conservative,

particularly relating to attached revenues.

H.2. As a consequence, a significant excess of levy is to be expected for 1980. It will be 'sterilized' and its proceeds will be destined to the service of the public debt." 13

Indeed, the nominal difference between the revenue underestimated in the Treasury Budget and that actually levied, the "excess of levy", was diverted to the monetary authorities (Table 13) which operated extra-budgetary accounts of public borrowing and subsidizing, as already explained.

As budgetary appropriations did not benefit from new prospects of revenue, current expenditure had to be severely restricted whilst prices of goods and services did not stop a rising course.¹⁴ From a legal or formal point of view, the government had complied with its duties towards the maintenance of public schools, as funds were transferred monthly according to the Congress-approved Budget, the dispute being moved first to economic and statistic fields and so having its political sequels diluted. In the last quarter of the year, after conflicts, pressure and even strikes at universities

13. Quoted from a conference given by the Director of the Budget, Mr João Baptista Lengruher, at the annual seminar of the Inter-governmental Committee of Technicians of Economy and Finance (COCITEF), held in Cuiabá, MT, 1982. These directives were never published. In spite of facts, official documents repeatedly described the estimates of revenue as "realistic, as inflation was in decline". See Item I - *Receita* in the first page of the annexes to the following *exposições de motivos* (EM) from SEPLAN to the President, presenting the directives for the preparation of the annual Budget: EM nº 128, of 11/1981; EM nº 151, of 04/5/1982; EM nº 154, of 14/5/1984.

14. Even official letters came from the President's Chief of Staff to MEC asking it to "avoid requesting budgetary supplements, particularly to expenditure of OCC" (letter of *Aviso Circular* nº 003, of 15/5/1981).

(Section 5.4), some supplements were finally granted to MEC, when the tactics of compressing routine decisions on spending had already produced the desired effects.¹⁵

Inflation was therefore used to restrain current expenditure and so cut down on the public deficit without an explicit - politically undesirable - declaration by the government about which programme had to be the first to pay the bill. The ruthless or unfair aspect of this budgetary policy was that, unlike state-owned companies and other autonomous agencies which had their revenues registered outside the Treasury Budget, the *Autarquias* and foundations (most of them universities and technical schools), ministerial bodies and agencies were not legally allowed to apply their financial assets in the open market, particularly in "over-night" deals, to maintain their real value. They were prohibited by Law-by-decree 1290, of 3/12/1973. The inflationary practice of state-owned companies was always tolerated and justified by the necessity of maintaining the value of their assets.

4.3. EXPANSION, DEFICIT AND AUTHORITARIANISM

In this chapter the economic background of the federal policies of financing education, particularly during the

15. MEC's officials at the General Secretariat, explaining these budgetary tactics of delaying needed supplements, did not cover up their mood calling them "to push (the decision of supplementing the real costs) with the tummy", in a joke allusive to Mr Delfim Netto's physical profile. The delaying tactics also brought about bitter political thrusts: when SEPLAN, in 1982, delayed for nine months the decision to provide for an increase in the school meal service from four to five days a week and a provision of 15% of daily needed calories (Cf. MEC's EM n^o 76, of 26/7/1982), Mr Delfim Netto was told to be saving money on children's tummies...

crisis which had its epicentre in the public deficit, has to be complemented by a political approach: a reference to the link between the administrative mechanisms of the fast economic expansion (and eventually the deficit) and the authoritarian feature of the regime.

Literature is divided over the interpretation of the causes and developments of the expansion of the state in the economy. Martins (IUPERJ, 1977), Coutinho and Reichstul (1977 and 1983) stood for a marxist ideological approach: the state organized itself to lead a fast accumulation of capital and serve the interests of dominant international and national economic groups which acted from the National Monetary Council (CNM).¹⁶ Baer, Kerstenetzky and Villela (1973), Suzigan (1976) and Dain (1980) insist that the study of the facts leads us to conclude that there was no clearly pre-conceived scheme and that the government acted circumstantially, moved only by the major objective of fast development; nationalist views of both the military and some politicians as well as the interest of economic groups converge.¹⁷ Without the intention of judging between these positions - which in fact firstly diverge from their methodological approach -

16. Martins, L. "A Expansão Recente do Estado no Brasil, Seus Problemas e Atores". IUPERJ, mimeo, 1977; Coutinho, L. e Reichstul, H. "O Setor Privado Estatal e o Ciclo". In: Martins, C. E. (ed.) Estado e Capitalismo no Brasil. S. Paulo, Hucitec/Cebrap, 1977; Reichstul, H. Coutinho, L. "Investimento Estatal 1974-80; Ciclo e Crise". In: Belluzo, L. G. and Coutinho, L. Desenvolvimento Capitalista no Brasil, Ensaio sobre a Crise. S. Paulo, Brasiliense, 1983.

17. Baer, W., Kerstenetzky, I. and Villela, A. "As Modificações do Papel do Estado na Economia Brasileira". Pesquisa e Planejamento Econômico, vol.3, n.4, 1973; Suzigan, W. "As Empresas do Governo e o Papel do Estado na Economia Brasileira". Aspectos da Participação do Governo na Economia. Rio, IPEA/INPES, Série Monográfica n.26, 1976; Dain, S. Estatização - Mito e Realidade, Alguns Ensinamentos de Análise Comparada. Doctoral Thesis, UNICAMP, 1980.

the scope of the present study would rather draw attention to the background stance of the decision-making process.¹⁸ The authoritarian rule of the government played a large part in the results of both fast economic growth and uncontrolled enlargement of the public deficit.

The course from the expansion to the deficit could be described as a dangerous combination in the governmental system between autonomous proliferation of internal demand for public funds and the mechanisms of its supply. In both of them the fulcrum point is the failure of an alleged technical self-control, in spite of the creation of dozens of committees of co-ordination and control.¹⁹

Indeed, the suppression or weakening of some basic democratic links by which the state politically depends on society had the immediate effect of placing the control centre of the government's activity in the government itself.

This point turned out to be very sensitive when development-promoting policies gave rise to new functions for the technical bureaucracy which made up the executive body of the acting political power. Autonomous forms of association between governmental agencies and economic interest groups built up over the creation, appraisal or

18. From this point of view, see: Resende, F. "O Crescimento (descontrolado) da Intervenção Governamental na Economia Brasileira", Revista ABOP, n.18, 1983.

19. Wahrlich, B. ("Controle Político das Empresas Estatais Federais no Brasil. Uma Contribuição ao seu Estudo", Revista de Administração Pública, vol.14, n.2, 1980) analyzes the activity of 30 councils at high ministerial levels. Brasil, O. ("Autonomia Organizacional, Recursos e Policentrismo Decisório", IUPERJ, 1983) describes a situation where the general acknowledgement of several, changing decision centers at the federal government in the early eighties gave origin to a sort of "access policentrism".

disbursement of innumerable programmes of investment of public resources.²⁰ It was by means of such lobbies - which were later reinforced by the co-operation of deputies - that subsidies to many agricultural sectors, particularly the agro-industry of sugar-cane in the north-east and the production, processing and distribution of wheat in the south, consolidated and could not be eradicated in the early eighties when the government endeavoured to change these policies. The continuous expansion of public civil works by thousands of federal, state and municipal bodies gave birth and shelter to powerful groups of industry which did not develop strategies of survival and growth based on the market rules; they laid deep roots in public agencies, adapted to bureaucrats' behaviour and stood firm for the policies of keeping up high rates of public investment, regardless of the exhaustion of public borrowing.

Typical authoritarian behaviour in the management of public affairs passed down through the chain of government bodies, where many managers "took the law and the policies into their own hands"... In principle, compliance with limits of expenditure would have to be found in the budget, the final instance where the balance between aims of expanding and real resources had to meet. Analysing

20. Interesting studies on the relationship between Brazilian businessmen and bureaucrats of federal agencies have been made by E. D. Cerqueira and R. R. Boshi of the University Institute of Rio de Janeiro - IUPERJ ("Burocracia, Clientela e Relações de Poder: Aplicação de um Modelo Teórico ao Estudo das Relações entre o Empresariado e o Setor Público (O Caso do Conselho Interministerial de Preços)", IUPERJ, 1983; "Empresariado Nacional e Estado no Brasil", IUPERJ, 1976). The authors stress the importance of the informal arrangements between the two sides and the rise of some specific patterns diverging from the classic bureaucratic behaviour as a "fragmentation" of public interests occurred.

the poor situation to which the Treasury Budget was reduced at the end of the military regime, the Director of the Budget (1974-84), Mr João Baptista Lengruher complained about the autonomous generation of financial commitments, from the over-staffing to the engagement of new loans by state-owned companies and other agencies without previous assessment of the financial repercussions by the budgetary authorities of the federal Treasury (the Secretariat of Budget and Finance - SOF of SEPLAN). There was always some decentralized agency bypassing them and obtaining a "provisional" "go ahead" for a new project, "which could not have been planned the previous year" when the budget was made.

"The Budget always came after to the scene. Things happened as they (the decentralized agencies) had a special licence to spend and we were responsible for providing the money."²¹

Finally, the only real control of the expenditure was to be the sole existence of available money. But, politically, money had to be provided and this stance was legally established, even at the constitutional level. The Constitution of 1967 and particularly the military Amendment n. 1 in 1969 introduced some decisive changes in the traditional "Section VI, The Budget". The mechanisms of money supply soon stemmed from them.

Changes aimed at freeing the Executive Power (the government) from dependence on the Legislative Power (the Congress) and securing "flexibility" for governmental agencies to implement policies. As for other major political strategies of the regime, some place was to be preserved for parliamentary representation in budgetary matters in order to keep a sort of subsidiary legitimacy and lawfulness. Chiefly, the spending of tax-originated

21. Mr. Lengruher, interview with the author.

resources could not be taken out from the formal (at least) approval of Congress and so the federal Budget became increasingly a budget of the Treasury alone, all other sources being decided apart. A need appeared afterwards to have similar means of planning and control for the public financial activities which developed outside that Budget and then, from the late seventies, a "budget of the state-owned companies" and a "monetary budget", actually bigger than the Treasury Budget itself, already had independent existence.

Four points would summarize the new constitutional provisions which were introduced between 1967 and 1969.

1) Public organizations which did not depend on funds from the Treasury Budget had not to be part of it (Arts. 65/1967 and 62/1969). Most state-owned companies were then expanded without Congress' knowledge of their operations, including those of foreign borrowing with the guarantee of the federal Treasury. Those in deficit were often helped by transfers from the federal Treasury through the ministries to which they were formally linked, funds being registered in some broader programme of the ministry.

2) The 1969 Amendment abolished some provisions of the 1967 Constitution (Art. 66) which aimed to prevent a deficit situation in the Treasury Budget because of government overspending. In the 1967 version special permission was to be asked from the Senate if real revenues estimate appeared insufficient to meet the desired level of expenditure, and a specific programme of adjustment was to be approved if the imbalance reached 10% of the Budget. This was omitted in 1969. Besides, the new version left for complementary laws to decide, an existing limit for personnel expenditure at 50% of current revenues.

3) The participation of Congress in the Budget was to

be strictly limited to acknowledging it and giving it approval and legitimacy. Only some small changes of form would be possible, not affecting contents and figures both of revenues and expenditure (Arts. 67/1967 and 65/1969).

4) As from 1969 the operations with public securities in the market (issues or redemptions) were given a special legal status and set outside the Budget (Arts. 67§ and 69/1969). The Constitution left the matter to be detailed by the law.

This last point lead to the analysis of a major institutional mechanism: The National Monetary Council (CMN). The understanding of its role is crucial for this section.

As early as in 1964 the newly inaugurated government set up a basic organizational scheme to run economic and monetary policies, initially to organize a modern financial market in the country and then to preside over the financial aspects of the major aims of development. CNM was created by Law 4595, of 31/12/1964, before the regime's Administrative Reform and enjoyed a privileged position in federal bureaucracy, being even reinforced by later changes (laws 6045, of 15/5/1974, Art. 3º, and 6385, of 7/12/76, Art. 5, §2). CNM was a collegiate body of eleven members appointed by the President of the Republic, eight of them linked to the federal government and the others belonging to the private sector, often the chairmen of the Federation of Brazilian Private Banks, the National Council of the Industry and the Federation of the Industries of the State of São Paulo. Three ministries (Planning, Finance, and Industry and Commerce) and the chairmen of the four main federal banks had seats at CNM which was headed by the Ministry of Finance. The Minister of Agriculture is usually also appointed.

CNM had the complete authority in regulating money supply, monetary indexes, credit, financial markets and the organization and operation of all financial institutions in the country. Crucially, CNM was in charge of the administration of the Balance of Payments, public internal borrowing, credit concession to agriculture and the major decisions on the balance of food supply (purchase of harvest and import of food by the government). In spite of having been supported by four autonomous technical commissions (71 members), CNM was always closely controlled by the highest level of the government and gravitated round the strongest minister of the area (Mr Roberto Campos, 1964-67, Mr Delfim Netto, 1967-73 and 1979-84, and Mr Mário Simonsen, 1974-78). This trend came to a sort of virtual absorption of CNM by SEPLAN during the years of the financial crisis when Mr Delfim Netto was said to have held several meetings and taken joint decisions by telephone calls to CNM's members.

Article 96 of the 1969 Constitution Amendment - the management of public debt - was detailed by a law of the highest legal status below the Constitution itself, Complementary Law nº 12, of 8/11/1971, when the country was under a dictatorial rule. This law became the definitive mechanism of the supply of money for the expansion of the public sector throughout the 1970's, although some important aspects related to the matter, such as foreign financial loans were already in practice by means of Decision (Resolução) nº 63, of 21/8/1967, and older regulations (Law 4131, of 3/9/1962). Its main points were:

- 1) The Executive Power through CNM had full authority to contract and roll over public debt, including its service, independently of the Congress.

- 2) The Central Bank of Brazil (BACEN) implemented CNM's policies and had the authority to secure the

repayment of the debt. A later decision of CNM ordered BACEN to carry out any repayment of debt not punctually honoured by a public body or state-owned company.

3) The Ministry of Finance was enabled to use resources of the federal Treasury to equalize the deficit of public debt account.

Soon the major part of the public economic sector had developed in parallel to the Treasury Budget, either under the exclusive control of an executive agency (the Central Bank) or completely without control until late 1979 (the state-owned companies). The "unification of the budgets" has been what the government needed and intended to do since 1980 but it clashed with the whole authoritarian system and did not come into effect until 1987.

4.4. CONCLUSIONS

Generally, the story of lack of funds for social programmes, including education, began with the policies of rapid development, although the assumption was that they would directly benefit from the economic growth or, at least, they would not be affected.

Specifically, some federal government policies towards fast economic growth - subsidies, tax exemptions and mainly the internal and external borrowing - had undesirable reverberations on social programmes, despite the intention of financing the "take-off" of the development by sources independent of the federal Treasury (tax revenues). It could not be expected from most state owned companies or other public agencies which were granted loans that they would repay their own large debts by a real increase in productivity or even return net

proceeds to social programmes. Soon the burden passed on to monetary authorities or other areas of the government, and finally to the Treasury. This means that those expanding sectors - with access to easy, special financial sources - were actually privileged and the real priorities of the model were revealed. Moreover, the consequences of the borrowing in the following years spread all over the economy and the country's real resources were drained by internal and external creditors, when the economy itself had not yet matured sufficiently to generate substantial additional income or face harsh conditions from the international market during the recession periods of 1974-76 and 1980-82.

The federal government was caught in such a deficit situation that it had increasingly less to invest further and had to spend less than it levied from the only definitive source, the taxes, in order to make up for the deficit which had originated from other sources. Strictly speaking, the government's stance towards funding education programmes stemmed from this point, at least as from 1979.

When the government manipulated the effects of the inflation to increase surpluses and preserve economic programmes and the Ministry of Education had its appropriations from the federal Treasury for current expenditure gradually reduced, an essential political decision was definitely revealed.

The crack of the economic model prematurely victimized the continuation of the investments in equipment for education, particularly higher education, as they were not met by corresponding funds for current expenditure from the federal Treasury.

Developments of the authoritarian rule in budgetary institutions and the managerial behaviour of public bureaucracy prevented a timely control of the process of expansion and investment. As the final instance of that control tended to be the existence of resources itself, the bureaucracy of the planning and financial agencies of the government adopted the role of "generating resources" in parallel to the federal Treasury but finally resorting to it.

CHAPTER FIVE

THE STRUGGLE FOR FINANCE FOR EDUCATION

In Chapter Four a picture has been drawn of the economic context and main economic policies and problems of the 1964 regime, generally explaining the decisions in the education funding otherwise reflected in the figures of tables 2, 3 and 4, in the Introduction. This chapter goes further, beyond the figures, to understand the developments and role of the government's policy on this issue.

The main reason for the financing of education and even its special place in the government strategy was the concept of education as an important investment for the development in which money had to be planned and spent rationally (the economic approach). This idea came to prevail over humanistic views of the political significance of education and fully dominated the official discourse in the development plans, elaborated in the 1966-74 period (Chapter Two).

Our first purpose is, therefore, to examine what the resilience of such a motive was when other interests or economic policies were involved, or, indeed, whether it was used at all. (One could even question the extent to which the government approach to education gave the Ministry of Planning, MINIPLAN, later Secretariat of Planning of the Presidency of the Republic, SEPLAN, an easier position vis-à-vis the Ministry of Education and Culture, MEC, in frequent disputes over the merit of funding particular educational programmes, and thereby turned out to be a disadvantage for education administrators in political terms). The research goes further, however, into other justifications to give or deny a

special budgetary treatment to education, a theme which the events in the struggle for finance for education especially exposes.

In the first sequence of events, education is distinguished by some new financial sources - often outside the Treasury Budget - earmarked in the same fashion as the government did to other special economic priority programmes. Table 4 in the Introduction has featured the large proportion which this kind of funds, all created from 1964, reached in the total education finance. The accidental course of these sources is quite revealing.

A second trend, starting some decades before 1964 and receiving a persistent, adverse governmental reaction from 1967, is the effort of some liberal groups outside federal financial bureaucracy to have minimum percentages of federal taxes secured for education by setting up special legal provisions in the Constitution. This amount would be above annual competition in the budgetary process which was conducted by the central planning body. If the percentages actually allocated to education and the use of similar devices elsewhere by the government are collated with the terms of the dispute, the true nature of the question appears, highlighting the falseness of a contention between "technical" and "political" arguments, as the situation appeared.

Still dealing with this false contention but also bringing about the fundamental issue of the motive for giving or refusing education a privileged budgetary treatment, two major conflicts (even clashes) are studied, involving ministries of education and the nucleus of the government over funds for education in the peak of the financial crisis (1979-84), a context which strained the decision-making process and revealed its meaning.

In this same context, the 1980-85 industrial actions by university staff broke away with the previous, technobureaucratic process of dealing with the demand for funds and represents a major recall to the political nature of the issue.

Each of the four sets of events raises a particular aspect of the whole purpose of the chapter, as above declared. The text, however, makes a special feature of providing details of events, not only for the sake of coherence in a general descriptive characteristic of the thesis, but also to allow for the government's alleged and real stance to appear in some detail or crucial aspect of the events.

5.1. THE VICISSITUDES OF EARMARKED FINANCIAL SOURCES FOR EDUCATION

Chapter Four has mentioned the regime's typical policy of creating special programmes which were granted with new financial sources and run outside the Treasury Budget ("extra-budgetary" sources). The government's general justification for this was the policy of giving a special administrative status to investment projects and thus protecting their expansion and managerial flexibility from the procedural controls and routines which Budget expenditures are legally subject to. This section analyses the main cases in which this policy was applied to education.

5.1.1. The early period, 1964-73

5.1.1.1. The *Salário-Educação*: origins and development

The first experience of an earmarked source in the education area did not arise from the central planning body. Although later finding a suitable institutional place in similar extra-budgetary schemes and being inspired by the same concepts, the *Salário-Educação* has always carried a sort of slur for not having been created under the aegis of an economic policy, which was the case of loans, lotteries, etc. Besides, it has the notoriety of having been born from an old-fashioned concept of the relationship between the state and private entrepreneurs in the time of the Vargas' *Estado Nôvo*. Nevertheless, it proved useful and realistic.

The "*Salário-Educação*" was a legal contribution - fixed at 2.5% of the pay-roll (1984) - paid by private or public enterprises to the state as an **alternative way** of accomplishing their constitutional obligation of supplying elementary education to employees and their children. The whole system generated two large financial flows: the first, at this fixed percentage, from the enterprises to the federal government which returned a share - 2/3 (1984) - to the states where the money had been levied by a federal agent (the Levy Institute of the Welfare, IAPAS), and programmed the rest for transfers to states and *municípios* (25%) in an important redistributive function, retaining a fraction for direct expenses. All revenue was strictly dedicated to primary education. This was the *Salário-Educação*.

The second flow, also originating from the same obligation, related to the individual support of education of employees or their children by the firms. The amount of this support had not to be less than the total contribution which otherwise had to be paid as *Salário-Educação*, and the scheme admitted option for one of three forms: direct spending in the enterprise's own school,

reimbursement of employees' expenses and full scholarship provided at local private schools. This last option was called the *Sistema de Manutenção do Ensino*, SMU, and its flow went into the private school network although, from 1982, all SMU payments had to be made through a federal agency of MEC, the National Fund for the Development of Education (FNDE) which was also the governmental body responsible for the whole system and particularly by the control and handling of the *Salário-Educação*.

The *Salário-Educação*, which in 1985 collected Cr\$ 2.670 thousand million (US\$ 401.6 million) and was among the seven largest revenue sources of the federal government, performed a vital role in the financing of the country's education, covering 42% of all public expenditure on primary education. The public services and private enterprise in education shared the funds, a situation which was always about to give rise to the traditional polemic between public and private education.

The origins of the *Salário-Educação* go back to the Constitution of 1946 (Article 168, III), although some traits of a similar scheme can be recognized in Article 149 of the previous 1934' text. Inspired by Vargas' corporativism, the commitment of such a basic state duty to firms was unrealistic and never worked, in spite of the Ministry of Education and Culture's repeated regulations, or was accused of having distorted results on the few occasions when it was applied.¹ In the early sixties, governmental pressures and frustrated efforts by the

1. The high standard primary schools of Volta Redonda, the industrial town built up around the first flourishing state metallurgy centre, with all facilities including full daily board for children and sport equipment with marble swimming pools, shocked neighbouring towns with poor school facilities.

Ministry of Education and Culture (MEC) for the compliance with the law, were followed by the acknowledgement that the targets of the National Plan of Education (PNE, Table 22) for elementary education would not be achieved.² The MEC's National Institute of Pedagogy Studies (INEP), under the leadership of Professor Carlos Pasquale, studied the experience of 80 countries and began working on an alternative project for firms to comply with their legal obligation. INEP's efforts were boosted at the time by the new wave of the importance of education for development, intensively spread out by international meetings (see Section 2.2.3.3 and footnote 55 in Chapter Two).

A primary formula was found to overcome the basic problems of collection and control. The *Salário-Educação* was then created by Law 4440, of 27/10/1964, and soon regulated by Decree 55551, of 12/1/65. The levy was to be made through several, independent unities of the welfare system, based on a fraction of the actuarial standard cost of education per pupil (7% of the region's minimum salary). The revenue from the *Salário-Educação* was to be shared in equal parts by the states where the collection had been made and the Federal Union was in charge of the redistributive transfers. One year later, a new, decisive step was taken: the contribution was to be based on the payroll, at the rate of 1.5%, which was also to be the minimum amount for any form of accomplishment of the constitutional requirement (Decree 58093, of 28/3/1966). The standard individual cost was kept only to help in

2. In 1961 the eccentric President Jânio Quadros sent the Minister of Education, Brígido Tinóco, one of his famous hand-written small messages with the words: "How long will Article 168 of the Constitution remain a dead letter?". This brought a series of actions from MEC's National Department of Education (DNE), often followed by embarrassing acquittals. (Facts reported to the author by Mrs Ecilda Souza, who was then a senior DNE's assistant and to whom information in this paragraph is also due),

defining possible differences between the minimum and the cost of the direct provision for the service by the firm, according to its accounting. In 1982 it was replaced by specific annual standards defined by FNDE ³.

From 1968, with the administrative reform of the several welfare institutions (which were unified under the National Institute for Welfare, INPS) and the end of the purging recession, which give place to a cycle of economic prosperity, raising the employment and so the payrolls, the levy of the *Salário-Educação* was made feasible and its revenues blossomed. From the initial Cr\$ 56 million (1966-68) they sprang to Cr\$ 257 million in 1969. The new financial source was consolidated and its success was celebrated in the 1968-70 plan of education.

Three points must be noted regarding this early stage of the *Salário-Educação*. The time of its institution, simultaneous to the elaboration of the regime's first plan (the "Ten-Year Development Plan" of 1966), its initiative and efforts outside MINIPLAN, where economist planners were sceptical about its success ⁽⁴⁾, and its financial definition. The *Salário-Educação* was defined in the terms of the Law 4440/64 as a special source to **supplement** the ordinary resources of the Exchequer for the Primary Education Fund, which still existed by the Law 4024, of

3. A study of the *Salário-Educação*, including all the legislation of its early years can be found in: Castro, L. F. Meira de, "Fundamentos do Salário-Educação", Forum Educacional, Oct/Dec, 1983.

4. Interviewed by the author, Mr Arlindo Lopes Correa, who gathered and led the first team of MINIPLAN for the area of education from 1965, said: "Truly, the merit for the *Salário-Educação* belongs entirely to Carlos Pasquale. We did not participate." The same comment was made by Mr Edson Machado, who joined CNRH/MINIPLAN in 1967. Mrs E. Ramos also referred to the attitude of MINIPLAN's team towards MEC's new financial device: "They did not believe that it would work". (Interview with the author).

20/12/1961, to supply the National Plan of Education, in force until 1970.

A few years later, however, this supplementary feature of the *Salário-Educação* was forgotten. From 1968 the appropriations of ordinary Exchequer resources to primary education were drastically reduced which was understood as a reaction from the prevailing higher education sectors within MEC itself to the increase of the *Salário-Educação*.⁵ This occurred just when pressures and disturbances related to the expansion of higher education precipitated governmental intervention and university reform (see Sections 3.2.2 and 3.3.1).

Stronger barriers to the implementation of the new financial source should be attested to in the federal government. They came from sectors better represented in the top financial bureaucracy. According to the law, the *Salário-Educação* was to be drawn from agricultural enterprises and the fixed earnings of the owners and specially contracted executive managers of firms. This never happened. Technical difficulties in the collection were always alleged when FNDE set out to implement the provision, even after the body began accounting on modern computer services. FNDE, which had the control and

5. Mrs E. Ramos, who was the Executive Director of FNDE for the whole period of the military regime and one of the most prestigious senior civil servants of MEC, reports: "They said: you already have a booming *Salário-Educação*. MEC needs finance for secondary and higher education which are areas more specifically linked to it." (Interview with the author). The weaker position of primary education programmes also reflected in the fact that MEC's National Council of Social Service (CNSS), which was legally charged with declaring the public utility feature of organizations and exempting them from paying the *Salário-Educação*, always had a prodigal view about the exemptions and did not consult FNDE on the matter.

administration of the *Salário-Educação* as one of its more important legal tasks, was denied effective means to access the amounts of revenue actually collected by INPS (later IAPAS). Strangely, this body had the right to define how much it could transfer from the monthly levy, although it was being paid 1% of all revenues for this collection service. Financial crisis of the welfare system had repercussions directly on the regularity of the transfers of the *Salário-Educação* by INPS (IAPAS) to FNDE. 6

Finance was retained to alleviate cash shortages of the welfare system, indeed, even on a large scale (1971/72 and 1980/82). In 1972 the financial flow of the *Salário-Educação* was simply stopped by INPS. This caused immediate disturbance across the country because the wages of thousands of primary school teachers of the municípios depended on that financial source. In spite of happening just when an extensive reform of primary and secondary education (L. 5692, of 11/8/71) was to be implemented, there was no prompt solution for the crisis and the state secretaries of education had to present a joint petition to President Médici to protest against the abuse.

The flow was again suddenly suspended in November and December, 1980, and then for a longer period (February to June, 1981), raising the debts to Cr\$ 21.8 thousand million (US\$ 237 million) which was more than 2/3 the minimum programme of Cr\$ 30 thousand million for the year. In early May the Minister of Education, Gen. Rubem Ludwig, went for the second time to President Figueiredo, who simply advised him to apply pressure directly to the Minister of the Welfare, Dep. Jair Soares. The flow was

6. Information on the two following paragraphs are from talks with MEC's civil servants (General Secretariat and FNDE).

permanently restored due to the political position of Gen. Ludwig, who obtained new regulations from the Minister of the Exchequer, Ernani Galvêas (?), but a considerable part of the debt had not been paid off when Dep. Soares left the ministry. The problem remained unsolved for most 1982, under the tenure of Minister Jarbas Passarinho (a former minister of education, himself). Of particular note is that MINIPLAN (SEPLAN), the central body of the government programme-budget, has never intervened in any of these crises leaving the problem for MEC alone.

The uneasy position of the *Salário-Educação* in the government's financial system was attributed to the fact that it was anachronistic in its origins (why should primary education be a concern of firms?) and it ended up as one more form of indirect taxation (firms transferred the cost to the consumer). This economist-minded argument resented a *Salário-Educação* out of the control of the economy policy-makers. The technical bureaucrats of the government's planning system have never understood why, after the changes of the 1967 Constitution in this field, Article 178 which provided about the "obsolete" obligation of firms to maintain primary education was retained, against their proposal, in the large military Constitutional Amendment of 1969 and even extended by explicit mention of the *Salário-Educação*!

In fact, supporters of the *Salário-Educação* had never felt

7. "Jair Soares retreated at Ludwig's first attack. He was politically weak at the time, but the problem was only solved by the *Portaria* of Galvêas". (Col. Sérgio Pasquali, who was MEC's General Secretary at the time, Interview with the author.) Minister Ludwig had a special relationship with Minister Galvêas, who took the initiative of issuing the internal regulation (*Portaria*) ordering the Banco do Brasil automatically to set aside the previously agreed values, from IAPAS' deposits of monthly collections to MEC's account.

secure since the Constitution of 1967 established the principle of not tying revenues and so the planning. This fear drove the government party's (ARENA) Senator Aderbal Jurema, who had built his political career on educational issues and clientele, to align himself with the issuers of the Amendment and be able to secure Article 178 and introduce the new version.⁷

5.1.1.2. Lotteries' proceeds, loans, contributions to MOBRAL, percentages of FPE/FPM.

The main set of special, earmarked sources for the education funding was created from 1967. The story of their origin and that of the majority of extra-budgetary sources which were created to implement major development policies have something in common. A statement by a high-placed government officer from 1964 who was later twice Minister of Planning (1970-78), Dr João Paulo dos R. Velloso may properly introduce the subject:

"Between 1968 and 1978 there was no change in the structure of the tax system of the country. I was personally asked by the presidents Médici and Geisel, at the beginning of their tenure to not propose any increases of taxes, as they thought these were already too high. Areas such as education and health lacked any means of generating a substantial part of their own financial resources as did some other areas of the government dealing with production. As there was no more room available in the Exchequer revenues, we had to think of some

7. This fact was disclosed to the author by Mrs E Ramos: "I've the honour and the privilege to say that this article was written at my house. Senator Aderbal Jurema came personally to discuss the terms of the amendment he wanted to propose. By inserting these explicit terms, we were fully aware of saving the *Salário-Educação* for the time being."

kind of extra-budgetary sources such as lotteries and loans to expand investments in education."⁸

LOTTERIES. Federal and state governments in Brazil took to the control and exploitation of lotteries during the fifties and have always justified this policy by the dedication of funds raised to social programmes. Lotteries were also part of the policies of the 1964 regime for that area, particularly to supplement the Welfare System.

The oldest federal lottery, the *Loteria Federal* had its "Special Fund" reorganized by the Law-by-decree 204, of 27/2/67, and altered shortly after by Law 5525, of 5/11/68. The reform kept the previous dedication of part of their revenues to education, but only 5% of the total was to be directly handed to the National Campaign for School Meals (CNAE); the largest share of 20% was to be given to FNDE for that or other educational purposes.

The Sports Lottery (*Loteria Esportiva*) was a new initiative of the 1964 regime in this field. It was created by the Law-by-decree 594, of 27/5/69, and regulated by Decree 66118, of 26/1/1970, when Brazil prepared for the Mexico 1970 Football World Cup and soon proved to be a complete success, marking the decline of *Loteria Federal*. It originated from talks between MINIPLAN's Social Development Sector (later CNRH), headed by Mr Arlindo Lopes Corrêa, and the President of the Brazilian Football Confederation (CBD), Mr João Havelange (later twice President of FIFA). Mr Corrêa was seeking financial sources for a large literacy programme (the Brazilian Literacy Movement, MOBRAL; was about to be formally created), but the personal interference of

8. Dr Velloso, interview with the author.

President Costa e Silva's active wife, Mrs Yolanda Costa e Silva, who needed money for her Brazilian League of Assistance (LBA), was politically decisive in breaking resistances and encouraging the organization arrangements.⁹

The Brazilian Savings Bank (CEF) was given the management of the new lottery. 40% of net revenues were dedicated to LBA, 30% to Sport Education and 30% to MOBRAL. CBD and Brazilian Olympic Committee (COB) were to benefit from special draws matching major international sports events. *Loteria Esportiva* boomed with Brazil's third win of Football World Cup (Mexico, 1970) and yet in 1972 its annual revenue reached Cr\$ 2,0 thousand million (US\$ 340 million).

LOANS. Going to loans for educational programmes - often available from international development banks - was initially seen as a dynamic managerial attitude from the federal authorities and encouraged by central planning bodies. This became a trend which eventually left its developmental characteristic to enter the financial crisis stage when loans were sought chiefly to re-store foreign currency reserves (Section 5.2.3.2).

From the late sixties, MEC or its bodies received loans from external financial agencies and, from 1976, from the National Savings Bank (*Caixa Econômica Federal*, CEF) adapting their structure to this policy.¹⁰

9. Information on the origins of *Loteria Esportiva* are from author's interview with Mr Corrêa.

10. MEC used some of its decentralized units to control and run the borrowing programmes mainly: FNDE, the Programme for the Expansion and Improvement of Education (PREMEN), 1972, later associated with the Programme for the Development of Secondary Education (PRODEM), 1974, the Brazilian Centre of School Equipment (CEBRACE), 1973, the bodies which successively dealt with higher education campuses and equipment - the

The events which led directly to the borrowing strategy - then starting a decisive cycle in Brazilian economy - were the two major educational reforms of the military regime: the reform of primary and secondary education (L. 5692, of 11/8/71) which emphasized technical, professional education, requiring the re-equipment of federal secondary schools and that of higher education (L. 5540, of 28/11/68).¹¹

Two programme-loans with USAID, replacing free technical assistance, were contracted by the Brazilian government to implement the primary and secondary school reform and were soon followed by three others from the International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB), giving birth to specific bodies in MEC and totalling US\$ 133 million.¹²

10. (cont.) Special Commission for the Implementation of the Plan for the Improvement and Expansion of Higher Education (CEPES), 1967, reformed and renamed as PREMESU, 1974 - and finally the Centre for the Development and Technical Support of Education (CEDATE), which replaced PRODEM, CEBRACE and PREMESU, 1982.

11. Mr Edson Machado, head of MINIPLAN's CNRH (1971-74) and then of MEC's Department of Higher Education, DAU, (1975-78) is explicit on the matter:

"During the seventies there was a deliberate government policy not to finance the consequences of the expansion of higher education, chiefly the campuses, at the expense of the Treasury. Loans and even other sources were discussed in meetings of SOF/SEPLAN (the Secretariat of Budget and Finance of MINIPLAN, later SEPLAN), DAU/MEC and PREMESU." (Interview with the author).

12. Information from the Centre for the Development and Technical Support of Education (CEDATE). The loans and MEC's bodies were: with USAID: agreements numbers 512/L-079, of 13/11/69 (US\$ 32 million), and 512/L-081, of 17/6/71 (US\$ 50 million), implemented by PREMEN and, from 1973 by CEBRACE, Decree 72532, of 26/7/73); with IBRD: agreements numbers 755/SF-BR, of 21/6/71 (US\$ 8.4 million), which were run by PRODEM and 1067/BR (US\$ 23.5 million), of 27/12/74, whose implementation by PREMEN dragged on quite beyond its accorded time until 1982; with IDB, the agreement n° 379/SF-BR, of 28/2/74 (US\$ 16

From 1967, when the policy began, to March 1985, US\$ 721.7 million were borrowed to implement the university reform, chiefly the instalation or re-equipment of university campuses; 47.5% of this total came from foreign agencies and 16.8% was directed to 50 university hospitals. 13

CONTRIBUTIONS TO MOBRAL. In 1970 another dedicated source was created specifically to support a large programme of literacy which had been conceived in 1967 - when the Executive was already authorised to create a foundation for that purpose: the Brazilian Movement for Literacy (MOBRAL). The economic approach to education clearly marked its origins.

Private enterprises were allowed to deduct 1% of the income tax they owed, provided they had already made a corresponding donation to MOBRAL. Besides restricting dedication of finance to special cases which were constitutionally established or approved by the law in some special circumstances, the Constitution strictly forbade the allotting of public revenues before they were formally accounted. In MOBRAL's case a stratagem was deliberately invented to make the contribution possible:

12. (cont.) million), by PRODEM; with CEF, the agreement 1783/76, of 17/6/82 (US\$ 3.1 million) by the Federal Technical School of Pernambuco.

13. Information from the Centre for the Development and Technical Support of Education (CEDATE). The major external lender was BID, in five agreements, US\$ 170 million. Seven agreements with Hungary and the German Democratic Republic in the amount of US\$ 133 million for the supply of laboratory equipment and other machinery, composing a broader deal in which Brazil was paid off a previous debt from coffee sale, were often criticised as buy of "scrap"; the material, hastily ordered by schools from poor catalogues, rested unpacked in school common areas for years or became useless for lack of instructions or replacement parts. Firms specializing in hospital equipment financed a US\$ 59.4 million purchase. The larger part of loans for university campuses came from the CEF's Social Development Support Fund (FAS) ; US\$ 379.1 million.

since the handing of the money to MOBRAL occurred before any formal accounting, the law had, literally, not been broken.¹⁴

The programme had just been given a share of Sports Lottery revenues, but its decisive financial source was provided after the Minister of Education, Jarbas Passarinho, took a firm stand on implementing the project. The point to remark in the creation of this financial source and the definite launch of MOBRAL is the idea which led the minister to choose the first President of the Foundation, Professor Mário Henrique Simonsen:

"We saw that the illiterate was somebody discarded by industry and the modern economy; and then we fetched Simonsen to head MOBRAL." (...) "He had the idea of the device of the 1% deduction from the due income tax bill."¹⁵

Simonsen is a well-known economist and professor at the Institute of Economy of the Getúlio Vargas Foundation, who had been very close to the leading figures of the regime's economic policies (he had been a partner of the economics consultancy firm CONSULTEC, together with Mr Roberto Campos, the powerful President Castelo's minister of planning, and Mr Arlindo Corrêa). Later, when Simonsen became President Geisel's Minister of the Treasury (1974), MOBRAL extended the income tax deductions in its favour from 1 to 2%. The Foundation had always had a comfortable financial life, independent of MEC's funds.

14. This feature of the allowance in favour of MOBRAL was reported to the author with a good humour by Senator Passarinho. Since then, the "deduction of donations" to public programmes from the due income tax has become a device authorised in several cases.

15. Senator Passarinho (Minister of Education, 1970-73), interviewed by the author.

PORTIONS OF FPE/FPM. Education had percent portions of the State Participation Fund (FPE) and the *Municipios* Participation Fund (FPM), financial mechanisms directly linked to the regime's basic strategy of concentrating public finance at the central government and then redistributing them according to developing policies.¹⁶ Education shares which came to the impressive figure of Cr\$ 770.722 million (US\$ 2,891 million) during the period 1970-84¹⁷ were always affected by the moves in this broader policy (Section 5.1.2).

The portions were created by the Law-by-decree 835, of 8/9/69, when the reform of primary and secondary education had already been designed at MINIPLAN. The dedication of 20% to primary and secondary education was imposed together with the obligation of a corresponding counterpart of funds by the recipient governments and expressed the worries of the federal government regarding securing finance for the two year extension of the former and the massive introduction of the technical courses in the latter. According to early regulations, all FPE/FPM' transfers should be conditioned to projects, formally

16. FPE and FPM were created by the Constitutional Amendment n.18 of 1965, which laid down the regime's major tax reform and consisted of a share of 10% in the two largest federal taxes. Half of their assets were intended for capital expenditure. Since then, their percentages have varied following the movements of centralization or the necessary political compromises of the federal government with the states and *municipios*.

17. Calculations were made from annual revenues of the Income Tax and Tax on Industrial Products, taking into consideration the eight changes of percentages of FPE/FPM occurred in the period and the annual average of the rate Cr\$/US\$.

18. Interviewed by the author on this matter, Mr Paulo Sotero, a senior MINIPLAN's economist, who worked for several years on FPE/FPM's transfers, explained the practice as unfeasible: projects came from approximately 4,000 states and *municipios* and the transfers came to be delayed for three years.

presented by the states and *municípios*, so that the central planning body could control their developmental purpose. MEC was to examine those related to the education share, but no traces were found of any project appraised by MEC's bodies from 1972. Good intentions clashed against the budgetary treatment given by MINIPLAN to the funds: they were all classified as "Regional Development" and allocated to the budget of the Ministry of the Treasury. Furthermore, at the end of Geisel's tenure the practice of conditioning transfers to projects was abandoned as dilatory and exposed to abuses.¹⁰ No other means to secure the correct application of FPE/FPM' shares was found and the resources were increasingly treated as "state and municípios' money" - although the MINIPLAN/SEPLAN's Secretariat for Liaison with the States and the Municípios (SAREM) had made a large political use of the transfers.

THE SHARE OF THE PETROBRÁS DEVELOPMENT FUND. During the last months of President Costa e Silva's tenure, FNDE was granted half of the Fund for development projects which was raised from 5% of the product of the exploitation of oil and gas from the Brazilian continental shelf. The money was exclusively dedicated to improve university laboratories and geology courses (Law-by-decree 523, of 8/4/69). The idea was to use the institutional network and technical experience already available in public universities to expand the PETROBRÁS' technical development support.

In late 1973, when the planning office of the president-elected Gen. Geisel, until recently President of PETROBRÁS, already had influence on the government's decisions, a sudden change in that policy occurred. Without any negotiation with MEC or even notification from

the Presidency of the Republic, the Law-by-decree 1288, of 1/12/73, simply abolished the grant.¹⁹

5.1.2. The changes in 1974-76

The sudden abolition of grants from PETROBRÁS' Fund is a clear indication of the end of a period. This section analyses a sequence of events which features revealing changes in the governmental policy towards earmarked finance to education.²⁰ Of special note is that existing

19. "We simply stumbled upon the law-by-decree when we opened the Official Daily Newspaper (*Diário Oficial*)". (Mrs E. Ramos, interview with the author). It was not possible to find out the details behind the facts. The laws-by-decree of the concession and the abolition of the PETROBRÁS' revenue share were the result of a short decision-making process, involving the Ministry of Mines and Energy (MME). MME's minister in the two cases was Mr Antônio Dias Leite Junior. Without doubt, however, is the fact that education authorities were kept out of the decisions.

20. Would President Geisel's personal views have made a difference or somehow influenced his ministerial team? The position of the general in the following episode, reported to the author by Col. Mauro Rodrigues, former MEC's General Secretary (1970-71), is curious. Recently appointed President, Gen. Geisel worked in the preparation for his government. During a visit to the State of Rio Grande do Sul, at early 1974, he talked with Col. Rodrigues who was the State Secretary of Education and was supported by the State Governor as a candidate to become the new minister of education (in a good temper, the colonel recalled the episode as "a disastrous interview which eliminated my chances"). Gen Geisel started the conversation abruptly: "I was told you spend too much on education," "No, I scarcely managed to spend 1% over the legal 20% minimum limit." "But the Secretary of Finance told me that it had been quite more, something round 30%!" "Maybe this is the figure if he adds other education-related expenditure and those out of my control as the school of the Military Brigade; for me is still 21%." "Then - relates the colonel - he began criticizing the legal provision. 'But this is the law', I said". "We can change the law", replied the general, finishing the interview (and the colonel's chances of becoming minister).

prospects of economic decline and international financial crisis had not still induced any policy to curtail extra-budget sources which expanded until 1979.

5.1.2.1. A blow to the *Salário-Educação*

After Law 5692, of 11/8/71, extended primary education from four (six, in some cases) years to eight years, FNDE and other MEC's bodies began studying a profound change in the *Salário-Educação* to match the additional costs caused by that reform, also taking into consideration the changes which had occurred in the level of the work-force in enterprises since 1966, an element which composed the contribution's percentage of 1.4%. Minister Passarinho encouraged the studies which were aimed at returning the *Salário-Educação* to its original relation with the cost of primary education, but faced persistent resistance from MINIPLAN's National Centre of Human Resources (CNRH), the reformed body then responsible for the ministry's policies in education. Departing from MEC in March 1974, he barely managed to leave a draft bill for changes in the *Salário-Educação* on the President's desk.²¹

The efforts to raise the aliquot of the *Salário-Educação* were re-activated under MEC's new administration. The bodies interested in updating the financial source planned to implement the legally-established inclusion of agricultural firms in the scheme by requiring them to pay 0.8% their total production. The percentage on the payroll of all other private or public enterprises was to be increased from 1.4% to 4.8%, according to studies

21. "We were defeated in that battle to raise the aliquot of the *Salário-Educação*, yes," (Senator Passarinho, interview with the author).

specifically hired by FNDE. The controversy of the previous years over the repercussions of this increase on the economy were raised again by MINIPLAN (then transformed into Secretariat of Planning of the Presidency of the Republic, SEPLAN). SEPLAN's resistance, still presented under economic reasons, appeared to be political, since the government, at the time, faced a movement by powerful businessmen's groups against the excessive interference of the state in the economy.²²

A new facet was added to the dispute, at this time, complicating FNDE's negotiations: some states (Rio de Janeiro, Guanabara, Matto-Grosso) were also imposing a sort of "state *Salário-Educação*" on firms, taking advantage of undefined aspects in the original law. As the experience proved highly controversial other states were discouraged from doing the same but began to put pressure on the federal government to obtain a substantial increase in the *Salário-Educação* or, at least in their share in its revenue to deal with new duties following the primary education reform. The group of states was led by S. Paulo, whose secretary of education was Mrs Ester Ferraz (later minister of education, herself).

At a certain point in the event, the Minister of Education, Mr Ney Braga, took up personally the negotiations with SEPLAN and other interested sectors. The result (Law-by-decree 1422, of 23/10/75) was a compromise where the aliquot was fixed at 2.5%, the states

22. A study then made by a respected Professor of University of Brasília, economist Edmar Bacha, concluded that the question should be set on political grounds, as, from a purely economic point of view, no significant change in the Out-put as a whole would occur, considering the increase in the flow of the public expenditure on the programmes of the *Salário-Educação*.

gained a larger share of the gross revenue of the *Salário-Educação*, having their portion increased from 1/2 to 2/3, so causing a reduction in the redistributive function of the federal government's transfers. The charge on agricultural firms was "temporarily suspended". Minister Ney Braga, who had been President Castelo's minister of agriculture and had political commitments in his highly agriculture-productive state of Paraná (of which he became governor in the following elections), explained the odd "suspension" - the obligation had never been applied - as due to the financial difficulties of the sector.²³ Furthermore, the base for the calculation of the standard cost of a pupil changed from the minimum wage to a more rigid parameter of governmental expenditures ("*valor de referência*").

At the end of the affair, FNDE had twice been defeated, and an irreparable damage had affected the *Salário-Educação* because the principle of its correspondence to the cost of primary education had been broken. After this, all attempts to change the terms of the contribution to increase its revenues were frustrated and the charge on agricultural firms remained suspended. The increase in the *Salário-Educação* from 1975 to 1976 was 22% in real terms, whereas FNDE's calculations required it to multiply three times in order to secure the full financial support necessary to the achievement of the governmental targets which had been defined in the 1st National Plan of Development for primary education. The constitutionally established full supply of primary education between 7 and 14 years of age was not reached in 1980, and the 1974 schooling rates remained nearly the same (Table 22).²⁴

23. Mrs E. Ramos, Director-General of FNDE, interview with the author.

24. These results are highly related to the redistributive function of the federal government's share in the *Salário-Educação* which had only a 5% real increase with the

5.1.2.2. The cut down on proceeds from lotteries with the creation of FAS.

From the end of 1974 radical changes took place in the scheme of lottery proceeds with the institution of the Fund for Support of Social Development (FAS) - Law 6168, of 8/12/74 - which was set up by a special grant of Cr\$ 1.0 thousand million and operated by the National Savings Bank (*Caixa Econômica Federal*, CEF), the true beneficiary of the policy, albeit FAS was legally defined as the financial instrument of the newly created Social Development Council (CDS).²⁵ Although there had been variation in the rules (laws-by-decree 1405, of 20/6/75, and 1923, of 20/1/82), the final position was a cut in more than half the whole flow of lottery funds to MEC.²⁶

Dedication to particular ministerial programmes

24. (cont.) timid changes. The evolution of the federal share of the *Salário-Educação* from 1970 is shown in tables 16 and 17 at the end of the Section 5.1.3.

25. Information from Mr Gil Macieira, who was the first Executive Director of FAS and then appointed Chairman of CEF (interview with the author). CDS was created by the Law 6118, of 9/10/74, again modifying the structure of the Presidency of the Republic (an Economic Development Council had been created five months earlier) with loud political fanfares, to co-ordinate the government's policies towards the social areas, whose ministers compose the Council, headed by the President himself. CDS's activities declined after its two first years and it never had a meeting under Figueiredo's presidency, formal decisions - inclusive on the approval of FAS's annual budget - being taken through the isolated collection of ministers signatures by Minister Delfim Netto's SEPLAN, which prepared all documents in its capacity of secretariat to the Council.

26. Under the new rules, from the gross revenue 20% (Federal Lottery) and 17.3% (Sport Lottery) were to be due to the National Savings Bank (*Caixa Econômica Federal*, CEF), in its capacity as CDS's financial agency and for its services in the administration of the lotteries, besides other continuing portions to brokers, the income tax and Social Security Fund, 8.125% (Federal Lottery) and 2% (Sport Lottery), still from the gross

was abolished, the funds being freely allocated by the ministries. Later, two more deductions from the gross revenue of lotteries were introduced: 1% of the Federal Lottery (Law 6430, of 7/7/77) and 5.2% of Sport Lottery (Law-by-decree 1923, of 20/1/82), which went to football clubs. This scheme was to be gradually implemented between 1975 and 1978, as far as the basic reduction of 50% of net revenues was concerned.

The final financial success of the new policy, however, came in 1979 with Law 6717, of 12/11/79 which created a new lottery (commonly called LOTO and formally instituted as "special numerical forecast draw" of the existing Federal Lottery). LOTO took advantage of the popular, traditional relationship between numbers (tens) and animals, largely exploited by an illegal but highly profitable gambling organization ("*Jôgo do Bicho*"). It was approved by the President after an arduous and complex series of negotiations with the opposing Roman Catholic Church, after which opportune help from FAS was decisive for the difficult financial situation of the Catholic universities, run by the Jesuits.²⁷

26. (cont.) revenue, and all net revenue of lotteries were incorporated to FAS. 50% of this net revenue, however, was to be automatically handed over to MEC and the Ministry of the Welfare, which shared them in the same ratio as previously. The remaining half was to be distributed directly to social programmes by FAS, under the co-ordination of SEPLAN.

27. President Giesel, then looking for a political compromise with the Church for a peaceful transition from his government to that of Gen. Figueiredo, made the approval of CEF's plans for LOTO conditional on the agreement of the Brazilian bishops, who had reservations about the initiative due to Catholic precepts opposing "games of chance". Mr Gil Macieira reported on an arduous "tour" of individual meetings at several dioceses to persuade the most reluctant bishops of the advantages Catholic schools could gain from the subsidized loans of FAS. The issue was decided in a final meeting in Rio, in the presence of the cardinals and heads of religious orders, "D. Eugênio

FAS enjoyed 30% (the entire net revenue) of LOTO which grew quickly. Its participation in the total FAS revenues climbed from a 3.4% budgetary estimate of 1980 to a 53.9% final balance of 1985, reaching the impressive figure of Cr\$ 1.389,2 thousand million (US\$ 209 million) net revenue, far overtaking all other lotteries.²⁷ Indeed, LOTO determined the definitive decline of the Federal and Sports Lottery, and, with them, a sharp and final drop in education grants through FAS (Tables 16 and 17).

Citing the traditional purpose of lotteries to support education, the Minister of Education, Eduardo Portella, made an insistent but vain attempt to obtain a share in this new source.²⁸

At the same time that the creation of FAS brought about a significant reduction in MEC's revenues from lotteries, it instigated a high volume of loans to public and private educational organizations. From 1975 to 1985, Cr\$ 4.030,1 thousand million (US\$ 606.2 million), at prices of December 1985 were effectively disbursed in loans to education. Approximately 2/3 of them were taken up by public organizations (linked to the states, the *municípios* and even the Federal Union, to which FAS/CEF itself

27. (cont.) Sales was the first to agree and D. Evaristo Arns the last". The Jesuit-administrated pontifical Catholic universities (PUCs), then in serious financial difficulties, were soon being assisted by FAS with subsidized loans. Mr Macieira remembered CEF "turned a blind eye" to some PUCs, such as that of S. Paulo, which did not repay their loans "to show solidarity" with the defaulting PUC of Rio de Janeiro and to press for privileged solutions for their group. (Interview with the author).

28. Exposição de Motivos nº 002/80-CDS, of 5/3/80, and CEF/DIRFAS, Fundo de Apoio ao Desenvolvimento Social - FAS, Relatório 1985, Chapter I, Section 6.2.

29. Mrs E. Ramos, interviewed by the author.

belonged).³⁰ 449 out of 1779 applications by educational organizations for loans turned into contracts. Although all applications have to be given an appraisal by MEC, the final decision about financial conditions and the concession itself were made by three representative officers from CEF, SEPLAN, and the Ministry of Finance (*Portaria Interministerial* 48, of 30/4/75). Technical bodies of CEF execute and control financial aspects of the loan.

In association with public funds from MEC, Banco do Brasil and some private banks, FAS/CEF also run a strongly subsidized programme of loans (chiefly for school fees) for needy higher education students, the Educational Loan Programme (PCE). PCE was created in 1975 (*Exposição de Motivos* 393, of 18/8/75, and *Resolução* of the Central Bank of Brazil nº 356, of 12/1/76) and profoundly restructured in 1983 (*Exposição de Motivos* 10, of 27/12/83) as the effects of inflation, which were not passed on to the students, jeopardized its survival. From 1976, when it peaked, to 1985, PCE supported 581,290 students, 331,821 of them with full school fees (roughly about US\$ 350 per student/year), and total loans mounted to Cr\$ 148,3 thousand millions at current prices, of which FAS/CEF was responsible for 78%. The refusal to repay PCE's loans was an object of student political campaigns - default reached 53% in 1985 and had been worse - and the threat to the existence of the programme mobilized private college owners, to whom PCE represented about 15% (1982) of their clientele in national terms but quite a lot more than that

30. CEF/DIRFAS. Fundo de Apoio ao Desenvolvimento Social - FAS, Relatório 1985. Chapter I, Tables 3.1, 4.1 and 4.4. Data about loans to public and private educational organization were given by the Office of FAS/GTE at MEC. 1985 annual average rate Cr\$/US\$ was used.

in some poorer regions.³¹

The impact of the creation of FAS on the financing of education, either in reducing MEC's lottery revenues or increasing the volume of loans to educational institutions or individuals, raises the question of its actual origins. FAS was the result of a definite policy of reinforcing the National Savings Bank (CEF), whose new chairman, Mr Karlos Rischbieter, later Minister of the Treasury, was very close to the Minister of Education, Mr Ney Braga, himself an old friend of President Geisel and interested in promoting Mr Rischbieter (they were both from the state of Paraná) in federal government.³² CEF was defined as "the Social Bank" of the government and given the status of a subsidiary financial agent of the Treasury for some public revenues related to the ministries or federal bodies of the social area, even for the ordinary payment of staff. CEF offered special personal loans to any civil servant to encourage MEC bodies - nearly a hundred, including all federal universities - to shift their assets from Banco do Brasil, the traditional financial agent of the Treasury, to its branches.

Favouring CEF also served some governmental views of offering a better support to private initiative in higher education.³³ As direct grants of public finance to

31. Data of this paragraph are from CEF/DIRFAS, Fundo de Apoio ao Desenvolvimento Social - FAS, Relatório 1985, Chapter IV.

32. "FAS was virtually born in MEC, so close was the relationship between Ney Braga and Rischbieter and so decisive was the co-operation of the minister." (Mr Edson Machado, then Braga's Director of Higher Education and himself Paraná-born, Interview with the author). Changing the plans of his predecessor Minister Passarinho, Mr Ney Braga give PCE to CEF, not FNDE, to run, (Mrs E. Ramos, interview with the author).

33. "The federal government did not plan to expand higher education by its own system. But some decisive events passed its controls and, since the expansion was a fact and

private universities were subject to some legal conditions and would attract angry reactions from some sectors of the federal universities, the ideal solution appeared to be subsidized loans and the PCE through a financial source outside the Treasury, as FAS/CEF in fact was.

FAS/CEF's lending on a grand scale to other public bodies raises questions, although the majority are out of the scope of this work. For the whole period 1976-85, the additional benefits in the new system - the difference between the public subsidies granted in the loans to educational organizations and the revenues of which MEC was deprived - was about 39% or 2.2% if the calculations were limited to loans to public institutions ³⁴. These two figures match the original purposes of the creation of FAS as explained above: the intention of benefiting CEF, which retained the whole money in its lending fund (the FAS), and the support of the private educational system. This does not seem to be enough to justify the movement of such finance to a system where the decisions relating to the allocation of finance to educational projects have, at the end, been made under political or financial grounds by

33. (cont.) the demand could not be contained, private education was the solution." (Dr Tarcísio Dela Santa, who was special adviser to the Minister of Education for some years and MEC' Secretary of Higher Education (1980-82). Interview with the author.)

34. Calculations were based on data of sources quoted in footnote 27 and records of FNDE. Subsidies were almost always 40% of the monetary correction, less the 6% annual interest paid to CEF; their amount for 1976-85 was estimated as being Cr\$ 1,370,2 thousand million (1985 prices) for all loans and Cr\$ 1,014,0 for loans to public institutions. Lottery proceeds which would have been given to MEC and immediately applied if the reductions of Law 6182/74 had not come about were reckoned up and annually converted into the official monetary standard used by CEF to update their monetary assets and records (*Obrigações Reajustáveis do Tesouro Nacional*, ORTN); their amount for the same period was estimated as being 14,061.2 thousand ORTN, or Cr\$ 986.6 thousand million of December 1985.

ministries other than MEC and subject to the demands of individual cases, without any control over the educational results achieved.

5.1.2.3. Changes in the FPE/FPM

Section 5.1.1.2 referred to the earmarking of 20% of the Fund of Participation of the States (FPE) and its similar of the *municípios* (FPM) to education. The earmarked portion of the FPE/FPM became the second largest special financial source for education, closely following the *Salário-Educação*. This new source was to be indirectly benefited from Geisel's policies of *Distensão* and *Abertura* which brought about federal efforts to obtain legitimacy and support from the state and local politicians. The Constitutional Amendment n.5, of 28/6/75, gradually restored the percentage (10%) of major federal taxes to be allocated to the FPE/FPM after they had been cut in half by the military junta in 1969. In 1981, a new rise to 10.5% and shortly afterwards (Constitutional Amendment n.23, of 1/12/83) to 12.5% (1983), reaching 16% in 1985. The 20% special allocation to education, however, was abolished for FPE in 1979 (D. 83556, of 7/6/79), only remaining for the *municípios*. The changes had started the year before when the restriction to apply the funds at primary and secondary schools was relieved to allow for applications to any educational or cultural activity (L. 6536, of 16/6/78).

5.1.3. The moves related with the financial crisis

5.1.3.1. Loans for dollars

From the late seventies, seeking for dollars to balance the country's foreign currency stock was increasingly the first reason to think of loans. Periodically, the ministers of Planning or the Treasury made a tour among international bankers, often The World Bank and came back with lump sums or even specific programmes already agreed to become loans.³⁵ The "money" then was offered to ministries which rushed to make up a programme suitable to the lender's general conditions and meet the deadlines SEPLAN had fixed to have the first transfers cashed.³⁶ The situation was that the loan had to be carried out anyway; a secondary question was, for which programme, and this was made clear to the top MEC's officials by SEPLAN.³⁷

Obviously, the Bank's officials stood in a stronger position for the negotiations. They stuck to details related to the Bank's internal procedures, often difficult for Brazilians to adapt to; they created financial conditions which turned out to be disadvantageous, given the accelerated devaluation of the national currency to the dollar. The most important of these was the scheme of

35. In 1983 the World Bank introduced the scheme of "sub-sector loans" to meet this situation. Targets and activities of programmes might be defined during later negotiations and the loan itself was agreed, provided an area of education was defined.

36. Yet in 1978 this sort of "putting the cart before the horse" amazed the MEC's General Secretary, Professor Armando Mendes, who relates: "The Ministry of the Treasury took the lead and negotiated external loans without consulting us. One day they phoned me as bringing good news: 'We have got US\$ 300 million for you! Be prepared to spend!'", (Interview with the author)

37. "If you do not take it other ministries will do." (Talks with the author). This was also the framework of the final decision by MEC in relation to the loan agreements with the World Bank for technical and agricultural education (IBRD V) and primary education in the North and Centre-West (IBRD VI), during the official missions to the headquarters of that agency in Washington, November 1983 and April 1984, where other ministers, particularly that of Mines and Energy were also represented.

payments in dollars only as re-imburements of corresponding amounts spent on the programme in cruzeiros (irrespective of the accomplishment of the schedules for the counterpart of MEC in the programme). Since the exchange rate for dollars between 1980 and 1983 increased 729%, MEC had to spend several times more from its budget to be able to cash the loans. This brought a sharp imbalance to MEC's budget which was at the same time pressed by internal inflation. Other programmes were sacrificed; the loan-supported programme was highly privileged - the expenditure standards required by external lenders were far above the national ones - extending well over its original targets and times, and, in the end, the much-desired foreign currency was delayed! Moreover, Brazil (MEC) was charged a 1.7% "commitment fee" on the dollars retained with the bankers against the original schedule of disbursements.³⁸ From 1976 to 1985, US\$ 196.2 million were borrowed from which, after all efforts, only US\$ 117.9 actually entered the country.³⁹

Indeed, the same programmes could have been carried out with the same national money alone or even less. Meanwhile, the share of general loan repayments in the MEC's funds from the Treasury sprang from 3.4% in 1980 to 9% in 1984 (Table 14). From 1982, authorities in MEC's General Secretariat were convinced about the burden foreign loans represented to education, the true reason for the continuation of the policy being a major financial need of the federal government.⁴⁰ Loan agreements with

38. Explanation of this and other disadvantages of foreign loans was given by MEC's Deputy General Secretary in interview to O Estado de S. Paulo, edition of 15/7/84, p.17, in which the official held that this policy was unsuitable for social programmes in the conditions of the time.

39. Informations from the records of MEC's General Secretariat.

40. Col. Sérgio Pasquali, MEC's General Secretary, talks with the author.

IBRD and BID, particularly the former, generated new sections in MEC's bureaucracy, specially paid by loan revenues, to support negotiations and control the implementation of the programmes. These officials naturally became one additional reason for the borrowing policy to be part of the ordinary financial supply of education.

5.1.3.2. The turning against extra-budgetary sources

A turning against the widespread use of earmarked sources in the federal government, most of them outside the Budget, took place between 1979 and 1982, when the economic crisis, postponed once during Geisel's tenure, finally forced the government to face the problem of uncontrolled public expenditure. The policy was to gradually reduce "the Central Bank's function of foster-bank" (subsidizing the economy) and the issue of government security bonds to alleviate the public deficit. Instead, room had to be made in the Treasury Budget to liberate the surplus which could effectively cut down this deficit.⁴¹ The government turned its batteries against earmarked financial sources which reduced the options of the planning bodies and might not refer to priority programmes any more.

The most significant change was brought about by the Law-by-decree 1754, of 31/12/79, which, in a single blow, provided for the inclusion of hundreds of small federal Funds of earmarked finance into a National Development Fund (FND) within two years, the immediate control and approval of all of them by the Secretariat of Finance and

41. Source quoted at footnote 13 in Chapter Four.

Budget (SOF) of SEPLAN, and finally the extinction of FND itself in 1983, with the entire absorption of all its accounts into the ordinary finance of the Treasury. One year afterwards, a new law-by-decree (DL 1859, of 17/2/81) extinguished FND prematurely, saving some dedicated sources as such but including them in the Budget and subjecting them to its procedures and SOF/SEPLAN's control.

From the point of view of MEC, the changes initially came from an unusual visit by the SOF/SEPLAN's Director of the Budget, Mr João Baptista Lengruber, to a conference and debate on the new policy of "disengagement of sources", in a sort of reform crusade which SEPLAN carried out in the ministries. Mr Lengruber flourished a small table showing the 1975-79 mounting ratios of the earmarked resources in the Treasury finance "as weeds preventing the budget from breathing" and driving financial authorities to a deadlock between the imposition of further taxes on an overburdened population or finding themselves without the budget as an instrument of economic policy.⁴²

Actually, those were assumptive figures, reckoning on some earmarked finance which did not belong to the Budget until 1980. Furthermore, the problem was presented as a shrinkage of the available revenue due to the high number of small funds, whereas it was the result of several causes, particularly the increase in expenditure on personnel (from 43% in 1974 to 60% of the Budget in 1979)

42. Figures of the table (headlined: "Evolution of the Dedicated Revenues in the Federal Budget") were:

1975	34.3
1976	41.6
1977	44.9
1978	46.7
1979	47.8

Table and facts reported to the author by Mrs E Ramos.

and the Geisel's Constitutional Amendment n. 5, of 28/6/75, changing the shares of the states and the *municípios* from 5 to 10% of the two largest taxes of the federal government (the income tax and the tax on industrial products) which were responsible for more than half the Treasury revenue.

All MEC's dedicated sources were put under the new scheme. The requirement of submission to SEPLAN's approval sometimes brought about lower authorised revenue for Funds, draining surplus income directly into the general Treasury account. This mainly happened to the funds directly collected by the so-called "autonomous bodies" of MEC such as CAPES (post-graduation support), INEP (research into educational planning), PREMESU and CEBRACE (planning of installations for schools and university campuses, later merged into CEDATE), COAGRI (a network of 33 agricultural secondary schools), CENESP (administration of institutes for education of disabled people) and CNSA (author's copyright administration). *Salário-Educação* and the programmes entirely supported by loans remained as earmarked sources, under the approval of SOF/SEPLAN. Namely, Lottery revenues were merged into the ordinary appropriations of the Treasury for MEC, although SOF/SEPLAN had to inform MEC of the lottery amounts contained within those appropriations to comply with the destination of lottery funds established by Law 6168, of 9/12/74. From 1982 on, MEC is reported to have actually lost additional revenues from lotteries.⁴³

43. Mrs Odete Lapa, MEC's Secretary of Finance and Budget, who completed: "I gave to SOF/SEPLAN a small table which demonstrated that they had reduced either the inflation-corrective increment on MEC's ordinary appropriations of the Treasury or the estimate of the lotteries to our budgetary 'ceiling' for 1982". (Interview with the author).

5. 1. 3. 3. The FINSOCIAL

Lately, in 1982, special political and financial circumstances caused the appearance of a final extra-budgetary, earmarked source. Law-by-decree 1940, of 25/5/82, created a "social contribution to fund investments with characteristics offering assistance such as nutrition, popular housing, health, education and support to the small farmer" (Art.1). The compulsory contribution - whose proceeds constituted the Fund to Support Social Investment (FINSOCIAL) - was to be 0.5% of gross revenue of public or private enterprises dealing with goods or finances and 5% of the value due to the income tax by firms dealing with services. FINSOCIAL, obviously a new tax imposed at the peak of the economic crisis through a law-by-decree, had to face a court contention moved by entrepreneurs before being implemented several months later.

FINSOCIAL rose from talks between ministers Delfim Netto (SEPLAN) and Leitão de Abreu (*Casa Civil* of the Presidency of the Republic) and was intended to have a double purpose: first to provide extra-budgetary, copious funds for the federal government to use in support of political campaign for the approaching crucial elections of November 1982, in which the electoral college of the next president of the republic was to be elected. The Minister of *Casa Civil*, then the political co-ordinator of the government, was eager to find flexible and adequate sources of financing popular, programmes of assistance. On the other hand, SEPLAN's Minister Delfim Netto already had a huge public deficit to be covered somehow, preferably without currency or public stock issues. Therefore, the second purpose for the revenues of FINSOCIAL was to alleviate the government's cash shortage while the final payments for relevant programmes of assistance were being delayed.

FINSOCIAL increased sharply from 1983, when it was partially included in the Budget, and exceeded Cr\$ 3,000 thousand million (US\$ 1.6 thousand million) in 1984. The control of the funds was given to SEPLAN through the National Bank for the Economic and Social Development (BNDES) which was re-structured for this purpose.

The Minister of Education, Gen. Ludwig, became aware of the government's intention before the creation of FINSOCIAL and as early as June he rushed to claim Cr\$ 11.4 thousand million (*Exposição de Motivos* n. 39, of 18/6/82) shortly followed by other Cr\$ 12.8 thousand million (*Exposição de Motivos* n. 76, of 26/7/82), the two to be applied to the National Programme of School Meals (CNAE). Although the minister had been assured about the money, this was not transferred by BNDES until the third quarter of 1983, when four times that value was still to be formally agreed for this year. Between 1982 and 1984 Cr\$ 369.6 thousand million of FINSOCIAL came to be promised MEC and programmed by state secretariats of education but only Cr\$ 241.3 (65%) were actually transferred.⁴⁴

Except for a grant in 1983 for primary education in special circumstances (namely, education in prisons, health education, school books for poor children and education in rural areas), only the National School Meal Programme - a service with particular features offering assistance - was supported by FINSOCIAL. This clearly distinguishes FINSOCIAL from the ordinary funds for educational programmes and places it among the government programmes aiming at short-term political yields. It did not alter the declining trend in special, earmarked sources for education from 1974.

44. All data on FINSOCIAL were collected at MEC's General Secretariat.

5.1.3.4. General results

Tables 15 and 16 below, give financial statistics of federal special sources in a way to show their position in the whole federal finance for education or variations during the period, matching the changes in the policies, as described in previous sections.

TABLE 15

BRAZIL; GENERAL FIGURES OF FEDERAL SPECIAL SOURCES OF FINANCE FOR EDUCATION
AS COMPARED WITH BUDGET ORDINARY EXPENDITURE, 1970-84

<u>S O U R C E S</u>	<u>1970-72</u>	<u>1973-75</u>	<u>1976-82</u>	<u>1983-84</u>	<u>ALL PERIODS</u>
ORDINARY (Cr\$ million)	4,737	11,058	882,952	3,428,416	4,327,163
SPECIAL					
Cr\$ million	2,958	8,767	380,962	1,902,395	2,295,163
US\$ million	327	1,228	6,080	1,577	9,212
<u>Special/Ordinary (%)</u>	<u>62.5</u>	<u>78.8</u>	<u>42.5</u>	<u>54.9</u>	<u>57.5</u>
<i>Sal. -Educação - Federal</i>	14,4	16,2	8,3	8,9	12,1
<i>Sal. -Educação - State</i>	14,4	16,2	15,5	17,8	17,3
Lotteries	10,0	9,7	1,2	0,7	0,8
FPE/FPM	23,7	25,6	11,9	19,3	17,8
MOBRAL	-	6,7	4,1	0,9	2,0
External Loans	-	4,4	0,9	0,2	0,3
Internal Loans	-	-	0,6	0,1	0,2
FINSOCIAL	-	-	-	7,0	7,0

NOTES

- 1) "ORDINARY" sources refer to expenditures included in the federal Budget under the denomination of "Education and Culture" (*função Educação e Cultura*).
- 2) Although most special financial sources have been introduced in the ordinary Budget after 1979, they were excluded from "ORDINARY" sources to make possible comparisons over the time series.
- 3) FPE/FPM were counted in this table by the amounts annually due, according to the law. In fact, long delays occurred in transfers, mainly during the seventies, which carried differences in figures from one to another year/period.
- 4) Annual averages of official Cr\$/US\$ conversion rates were used.

SOURCES

Financial records of the FNDE's Planning Office (DIPLAN); Financial records of the Secretariat of Budget and Finance (SOF) of MEC/SG; Associação Brasileira de Orçamento Público, Revista ABOP, VOL.20, pp.61-3; MEC/SG, Educação, Cultura, Desporto, 1970-1990, Brasília, 1985, pp. 559, 572, 579; BRASIL/IBGE, Anuário Estatístico do Brasil (AEB), 1984, pp. 968-82, and 1985, pp. 682-97; Fundação Getúlio Vargas, Projeto Aries, 1987, Report A0112588 (for currency equivalents Cr\$/US\$).

TABLE 16

BRAZIL: FEDERAL TAXES and SPECIAL FINANCIAL SOURCES FOR EDUCATION
PER CENT AVERAGE OF ANNUAL CHANGES, 1970-84.
(Constant prices of 1970)

PERIOD	FEDERAL TAXES	SALÁRIO-EDUCAÇÃO Federal Share	SALÁRIO-EDUCAÇÃO State Share	LOTTERIES	FPE/FPM
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	<i>FEDERAL TAXES</i>	SALÁRIO-EDUCAÇÃO Federal Share	SALÁRIO-EDUCAÇÃO State Share	LOTTERIES	FPE/FPM
1970-75	12,8	13,4	13,4	149,2	10,8
1976-78	5,5	37,7	101,5	-16,7	19,9
1979-84	-8,2	-14,2	-14,2	-18,2	-4,6

SOURCES

The same of Table 16, plus:

Fundação Getúlio Vargas, Projeto Aries, 1987, Report A0126147 (for inflation annual rates, based on the FGV's Price General Index, Domestic Supply (IGP/DI).

Tables 16 and 17 suggest some general notes besides other possible observations on each particular financial source:

1) Compared with the ordinary appropriations of the Treasury for education, the high proportion of the special, dedicated sources (over 50%, in the average) highlights their importance, hence the significance of the policies which are analysed in last sections. It must be noted that the policy-makers did not necessarily face these figures because the formal programming system, chiefly before 1980, was intended only to treat the "ordinary sources".

2) In the curve of the special, earmarked sources over the whole period, 1975 separates a section of rise from a following cycle of rapid decline which began before the emergence of the government's financial crisis, making evident the impact of the policies described in Section 5.1.2.

5.2. THE ISSUE OF "MINIMUM PERCENTAGES" FOR EDUCATION

The true reason for the reservation of minimum percentages of tax revenues (the main source of the Treasury Budget) for funding educational programmes has been the covert mistrust of some liberal groups, inside and outside the federal bureaucracy, towards the actual political position of education regarding other governmental programmes, chiefly those involving economic interests. To the technical bureaucracy, responsible for the economy and the budget, dedication of minimum percentages was actually anticipation of the political decision on finance allocation, limiting their room for manoeuvre and, in their words, tightening planning and "bringing sclerosis" to the budget. This is an issue which has been source of contention for the last half century and was brought into light in the most important legislative moments marking the prevalence of one or the other tendency.

These legislative moves are the first aspect which this section studies in a collation with the actual budgetary allocations to education during the corresponding periods, including 1967-83, when the military-backed planning bureaucracy obtained the abolition of the minimum percentages from tax revenues for education. The struggle for the reconstitution of the legal provision, obstinately led by the liberal Senator João Calmon, is scanned next in its 1975 frustrated attempt and the successful one in late 1983, in different political circumstances. The blocking of the effects of the legal changes for the rest of the military regime, however, was the conflicting experience analysed in the last part of this section. to make clear the full extent of the contention.

Nevertheless, it is vital for the perception of the true nature of the issue to bear in mind the government's simultaneous, intensive policies of creating extra-budgetary financial devices to implement particular programmes of economic development (see specifically Section 4.2.1.2), later resulting in an overwhelming public deficit.

Besides, another consideration can raise interest in the issue. From the late sixties to the early seventies a new element was brought into the debate, undermining the main argument of the liberal tradition of securing minimum percentages for education. It was the resolution of the conflict through the concept of education as an important investment in the economy, as it was assumed to be. Interests in an expanding economy and education met and were reconciled as complementary variables, giving a new status to the latter. Technicians and economic planners could be trusted because education, viewed as the development of a basic economic resource, was their concern, no less than that of teachers and liberal politicians. So there was no need to avoid general rational planning by legal preventive devices.

5.2.1. Constitutional provisions versus figures

A nationwide movement among liberal intellectuals, education professionals, part of the press linked to them (such as the influential "O Estado de São Paulo") and the Roman Catholic Church during the Twenties (Section 1.3), resulted in some important laws in the area in the years from 1927 to 1936, the first part of the Vargas tenure, as many leaders of the movement were influential government appointees to educational bodies. Under the movement's

direct influence, the Constitution of 1934 - the draft of which was prepared between 1930 and 1933 by a special commission appointed by Vargas - for the first time required a ten per cent minimum expenditure of federal and municipal tax income "on the maintenance and development of education systems", one-fifth of which was to be spent in rural areas (Article 156). The states were to apply a twenty per cent minimum, as the authorities charged with major education responsibilities.

Three years later, Vargas' dictatorial *Estado Novo* abolished these provisions under the increasingly influential principles of rational (then called "scientific") administration which were to be implemented by a specific high-ranking body, the Administrative Department of Public Service (DASP, Section 1.4.3). At the same time, the 1937 constitutional text also introduced a section on the Budget to be technically run by DASP. After the fall of the Vargas dictatorship, the Constitution of 1946, which was strongly influenced by liberal views and had a middle-class majority in the constitutional assembly, returned to the terms of 1934. The stress on budget preparation was reduced and Article 169 reinstated the same ten per cent minimum of federal taxes to be spent on the "maintenance and development of education". A twenty per cent minimum was fixed for states and *municípios*. The Law of Directives and Bases of National Education (L. 4024, of 20/12/1961), a bill which entered the parliament shortly after the Constitution was approved, extended the minimum percentage of the Federal Union's tax revenue for education from 10 to 12% (Article 92).

The Constitution of 1967, in following a strategy which featured the centralization of political and financial resources in the federal government's hands and the predominance of economic criteria for public spending

(Section 2.1.2 in Chapter Two), made a marked change in these matters, again approaching the terms of the 1937 text. The section on budget was reinforced and, for the first time in general terms, the earmarking of financial sources was forbidden, although with several exceptions.⁴⁵ In particular, the provision on minimum percentages of federal tax income for education was eliminated from the text, as happened to the 3% set aside for fighting north-eastern droughts and for the Fund for the Valorization of the Amazon.

The terms in which the constitution set the issue - some situations excluded and others allowed for the sake of priority investment - is of particular note. The "technical" principle of non-earmarking of revenues was subject to higher values related to investment for development, in which education did not appear as involved. This clearly sets the practical limits of the concept of education as investment, so expressively put forth in the official discourse and plans.

The Constitutional Amendment n.1 of 1969, dictated by the military junta, retained the changes introduced by the Constitution of 1967 in this field. Nevertheless, in the Section dealing with possible reasons for state intervention in a *município*, one of those cited was a drop in expenditure on education below 20% of the municipal tax

45. Article 65, paragraph 3, said: "No taxation shall have its proceeds attached to a particular body, fund or expenditure". Exceptions were made for lubricants, fuels, electricity and minerals - the taxes from which were reinvested in the sector - besides other cases specifically defined in the Constitution itself or in complementary laws. Other laws could also create dedication of sources, provided they were intended for "capital expenditure" only. This side-door was later thrown wide open, when this concept gave grounds for many autonomous funds to be set up as "investment programmes".

revenue (Art. 15, II, §3, f).

The actual significance of the political devices of tax minimum percentages for education may be easily understood from their budgetary results over a period covering the last three constitutions. The oscillation of the law on this matter is not reproduced in figures and the general results could be revealing.

There are no statistics available to make possible a specific or completely homogeneous comparison over a long period between year-end tax revenues and expenditure on education (which do not coincide 100% with the expenses of MEC). However, data shown in Table 17 would seem to be sufficient to indicate the main trends of the issue. On the other hand, it is quite relevant to remark that the complete lack of control over the accomplishment of the constitutional mandate is the first indicator in properly understanding the position of Congress and the actual power of the federal financial bureaucracy.

TABLE 17

BRAZIL: ACCOMPLISHMENT OF THE CONSTITUTIONAL REQUIREMENTS FOR MINIMUM EXPENDITURE ON EDUCATION; 1930-1984

GOVERNMENT YEAR	FEDERAL GOVERNMENT			STATES			MUNICIPIOS		
	LM%	$\frac{E}{TxR}$ %	Δ R%	LM%	$\frac{E}{TxR}$ %	Δ R%	LM%	$\frac{E}{TxR}$ %	Δ R%

(continues)

Symbols used: LM% stands for Legal Minimum Percentage;
 $\frac{E}{TxR}$ % stands for Percentage Ratio of Education in Total Tax Revenue,
 TxR
 Δ R% stands for Percentage Increase of Tax Revenue from previous year.

GOVERNMENT YEAR	FEDERAL GOVERNMENT			STATES			MUNICIPIOS		
	LM%	$\frac{E\%}{T \times R}$	$\Delta R\%$	LM%	$\frac{E\%}{T \times R}$	$\Delta R\%$	LM%	$\frac{E\%}{T \times R}$	$\Delta R\%$
<i>*VARGAS (I)</i>									
1930		n. a.			28,2				
1931		8,6			31,6				
1932		10,2			30,3				
1933		6,7			31,1				
1934	10	7,6	26		35,2				
1935	10	7,0	13		34,5				
1936	10	7,9	-1		26,8				
1937		10,5			26,3				
1938		10,8			23,5				
1939		11,5			26,2				
1940		11,4			20,4			13,6	
1941		10,4			22,1			14,4	
1942		10,1			21,3			14,7	
1943		8,8			18,2			14,9	
1944		10,8			18,7			16,7	
<i>*DUTRA</i>									
1945	10	7,8	26	20	19,8	12	20	17,4	16
1946	10	8,2	32	20	18,9	39	20	18,4	16
1947	10	9,2	25	20	18,6	15	20	19,0	26
1948	10	12,2		20	22,3		20	21,4	
1949	10	14,9		20	18,6	30	20	22,3	
<i>*VARGAS (II)</i>									
1950	10	16,0		20	22,4		20	23,4	
1951	10	10,4		20	18,7	40	20	24,3	
1952	10	11,4		20	22,0		20	21,1	
1953	10	14,8		20	24,2		20	24,9	
<i>*Transition</i>									
1954	10	8,7	34	20	20,7		20	23,1	
1955	10	7,4	30	20	19,8	26	20	21,6	

GOVERNMENT YEAR	FEDERAL GOVERNMENT			STATES			MUNICIPIOS		
	LM%	<u>E %</u> TxR	Δ R%	LM%	<u>E %</u> TxR	Δ R%	LM%	<u>E %</u> TxR	Δ R%
*KUBITSCHK									
1956	10	6,8	25	20	18,8	31	20	20,8	
1957	10	8,8	20	20	20,2		20	21,4	
1958	10	5,2	35	20	19,8	26	20	23,5	
1959	10	9,4	42	20	18,3	48	20	22,9	
*QUADROS									
1960	10	9,2	41	20	19,9	43	20	22,1	
*GOULART									
1961	12	9,6	44	20	22,4		20	22,1	
1962	12	11,2	57	20	25,0		20	18,6	72
1963	12	8,3	91	20	24,8		20	19,1	98
*CASTELO									
1964	12	9,4	103	20	20,2		20	15,8	132
1965	12	12,9		20	24,7		20	n. a.	
1966	12	11,8	58	20	24,3		20	20,5	
*C. E SILVA									
1967		11,6			25,4			60,1	
1968		8,4			22,2			76,7	
1969		8,1			25,0		20	75,0	
*MÉDICI									
1970		8,2			24,9		20	72,8	
1971		7,2			27,7		20	76,2	
1972		7,5			29,0		20	77,9	
1973		6,9			28,4		20	76,1	
*GEISEL									
1974		6,5			29,4		20	80,7	
1975		7,3			30,9		20	79,7	
1976		7,8			31,4		20	91,2	
1977		10,8			30,3		20	80,1	
1978		12,4			30,3		20	78,0	

GOVERNMENT YEAR	FEDERAL GOVERNMENT			STATES			MUNICIPIOS		
	LM%	$\frac{E}{TxR}$ %	Δ R%	LM%	$\frac{E}{TxR}$ %	Δ R%	LM%	$\frac{E}{TxR}$ %	Δ R%

*FIGUEIREDO									
1979		12,6			32,6		20	83,6	
1980		9,0			30,0		20	89,9	
1981		13,0			32,9		20	90,6	
1982		14,2			33,5		20	89,6	
1983	13	12,1	133	25	32,6		25	65,9	
1984	13	(11,4)	(212)	25	29,6		25	(62,4)	

NOTES.

- 1) Symbols used: LM% stands for Legal Minimum Percentage;
 $\frac{E}{TxR}$ % stands for Percentage Ratio of Education in Total Tax Revenue.
Δ R% stands for Percentage Increase of Tax Revenue from previous year.
- 2) "Tax Revenue" is understood as *Receita de Impostos* not *Receita Tributária* which is a broader category in the jargon of Brazilian public accounting, and also includes direct payment for governmental services (*taxas*) and other revenues from financial compensation for increased value of private property close to public works (*Contribuição de Melhoria*). When making provisions for minimum percentages of expenditure on education, the Constitutions refer to *Receita de Impostos*.
- 3) Figures are from final Balances but do not include finance running outside the Budget. Where these were not available, the initial approved Budget was used and *figures are printed in italic*. This is the case of the *municípios* for some years before 1954. The Budget was then usually overestimated in about 2 to 10%.
- 4) From 1931 to 1953 the figures of the Federal Government's expenditure on education are those of the old "Ministry of Education and Health", which were the only ones available. For this reason they are overestimated by about 10 to 15%. However, this fact is approximately balanced by some expenditure of other ministries on education which are not included. From 1954 to 1970 the same kind of figures refer to the

Ministry of Education and Culture (MEC) alone. From 1971 onwards only the expenditure on education and culture is included (*Função Educação e Cultura*), so excluding some by the administration of the central bodies of MEC and the contributions of the federal schools for the Welfare System, but including the expenditure of all ministries on education, which makes up a balance and gives figures as high as 10 to 25% above those of the previous period, in proportional terms.

5) Expenditures on education by funds other than Tax revenues were not counted, due to the special purpose of the table (the constitutional provision refer to Tax revenues).

6) Tax revenues which were collected at one level of government and transferred to another were counted at the transferer level, irrespective of any special flow of resources, as no restriction is made by the Constitution.

SOURCES

BRASIL/IBGE, Separata do Anuário Estatístico do Brasil, 1939/40, 1941, pp.12, 120-3, 127-8; BRASIL, Ministério das Relações Exteriores, BRASIL, 1940-41, Rio, 1941, p.446; BRASIL/IBGE, Anuário Estatístico do Brasil (AEB), 1949, p.556; AEB, 1951, p.496; AEB, 1956, pp.542-44; AEB, 1979, p.765; Ludwig, A. K. Brazil, a Handbook of Historical Statistics, G. K. Hall & Co., Boston, 1981, p.354; BRASIL, Ministério da Fazenda, Finanças do Brasil, Vol. XXI, pp.55, 119-23, 143, 191, 223; Idem, Vol. XXII, pp.11, 16, 43, 215, 254, 345, 381; BRASIL/MEC/SG, Retrato Brasil: Educação, Cultura, Desporto, 1970-1990, Brasília, 1985, pp.551, 559; MEC/SG/SOF, Report T08L003T, of 08/10/86; MEC/SEPS, Records on states and municípios' expenditure on education.

Some remarks directly based on data of Table 17 are:

1) The constitutional obligation to set aside minimum percentages of tax revenues to be applied to education was not observed by the Federal Union for 2/3 of the period of 24 years during which the provision was in force! The same is true of the states for almost a half of the 21 year corresponding period. The *municípios* failed their

obligation for half-a-dozen out of 35 years but the fact must be taken into account that, following the 1966 constitutional reform of the tax system, the *municipios*' own financial sources were drastically reduced and they began relying heavily on federal and state transfers for most local services.

2) Regarding the Federal Union over the period preceding the Constitutions under the military regime, short moves of rising percentage expenditure on education were followed by longer periods when it again dropped. The 1935 to 1939 gains were lost between 1940 and 1945 under the effects of the 1937 changes. The levels reached between 1946 and 1950 under the initial impact of the 1946 Constitution were never recovered in the following years although between 1950 and 1965, when the minimum percentage was finally attained, the section 1956-62 showed some positive movement.

3) The immediate decline of the curve for nine successive years from 1967, when the provisions were suppressed, is also significant, mainly if it is remembered that this was exactly the period of the country's economic boom, the so-called "economic miracle". The new career plan for the civil service in the highly-manned Ministry of Education and particularly the expansion of university foundations forced up the expenditure curve from 1975 until the years of economic crisis. For the Federal Government the declining sequences prevail over the period 1931-84 as a whole.

4) Tax revenues always showed an increase from the previous year, except for 1936, contrasting with the instability of the expenditure on education.

5) The curve usually dropped against education at periods of political crisis or instability: as happens in 1945/46, 1950/51, 1953-56, 1963.

The above remarks provide evidence that the issue of defining budgets for education is essentially political since the results are related to **current** political moves rather than to special moments in the history, when the significance of education was politically asserted. The trend is so definite that Constitutional provisions themselves were overwhelmed. This point provides a good basis for the approach of events later in this chapter, focusing on a misleading "economic argument" in the making of decisions on the matter.

5.2.2. Congress and the education budgets

The results of Table 17 in the last section also draw the attention to the position of Congress on the matter, seeing that the law was repeatedly overlooked. Although it has been used in politicians' discourse, the development-related concept of education and the ensuing policies have never been absorbed by Congress. Building and cheerfully inaugurating schools or giving them grants was, indeed, the prevailing, electorate-addressed aim of politicians as regards education.

Congress had complete power over the approval of budgetary appropriations and made thousands of amendments to the budget bill, practically defacing it; the Executive, however retained a strong bargaining power because, through the Ministry of Finance, it had the final word when, during the year, it controlled the implementation of the programmes by funding them at its convenience. This

potential, however, was capitalized by individual ministries of the Executive. Mainly after the Vargas' tenure, the planning body, the Administrative Department of Public Service (DASP) drafted the budget bill but, as it did not want to be involved in the subsequent quarrels, it left the bill to its fate. Hence, for decades, generations of Congressmen were used to conceiving and treating the annual budget as a major instrument for their traditional way of conducting politics, not as an opportunity to discuss education problems and plan solutions (this was a matter for the specific educational bills and fell upon the initiative of federal or local authorities).

MEC intensively used the pattern of relationship between the Executive and Congress. MEC's officials in budgetary bodies, representing the interests of chancellors, principals and heads of important agencies took part in intensive bargains with Congress, particularly the Congressman reporter for the education section of budget bill, during the discussion and approval of the budget.⁴⁶

It is easy, therefore, to understand the Congressmen's reaction to the new rules which had almost completely prevented them from introducing changes in the Executive budgetary bill since 1967. The general course of the activities of Congress related to education from 1963 to 1985 could be followed through the data of Table 18. The table compares the education-related amendments to the budget bill which were proposed by Congressmen (whether they had been passed or not) with other amendments to

46. "Before 1967 Congress called upon the Ministry directly to discuss the amounts for the programmes and bodies. I was myself taken many times from home in the evening to provide them with information." (Mrs Odete Lapa, head, for many years, of MEC's section in charge of the budget, interview with the author). To Mrs Lapa other information in this paragraph is also due.

bills related to education in general. After a paradoxical reaction during the adjustment period (1968-74), a move is clearly shown: the interest is shifted from the former to the latter which peaked abnormally when political liberalization began.

TABLE 18
BRAZIL: PARLIAMENTARY ACTIVITIES RELATED TO EDUCATION, 1963-1984

PERIOD	EDUCATION-RELATED AMENDMENTS TO THE BUDGET BILL				OTHER EDUCATION-RELATED BILLS							
	PROPOSED		PASSED		TOTAL		ORIGINATED FROM THE CONGRESS				EXECUTIVE	
	N.	Av	N.	Av	N.	Av	N.	Av	N.	Av	N.	Av
1963	1,452	-	1,264	-	7	-	7	-	-	-	-	-
1964-67	341	107	218	73	27	7	21	5	6	2		
1968-69	3,599	-	1,039	-	37	18	15	8	22	11		
1970-73	11,128	2,782	10	3	187	48	176	44	9	2		
1974-78	616	123	2	.	616	123	602	120	14	3		
1979-84	95	16	2	.	1,001	167	991	165	10	2		

Notes

- 1) For each year/period, the budget which is discussed and voted is that of the following year.
- 2) "Av"; short for Annual Average.
- 3) In 1964 and 1969 the Budget was decreed by the Executive alone so no Amendments to the Budget bill are counted.

Sources

Sub-Secretariat for Budget and Finance of Brazilian Senate;
BRAZIL/IMPrensa OFICIAL, Coleção de Leis, 1963-84.

Relevant details to remark on Table 18 are:

a) The year of 1963, when the Budget of 1964 was approved, reflects the situation preceding the military coup-d'état: 1452 proposed amendments difaced the original bill of the Executive, as 87% of them were approved.

b) Then (1964-67), the clientelistic trend receded, since it was felt that traditional practices opposed the planning policies of the new regime, although they had not been legally banned until then.

c) Strong reaction against the 1967 Constitutional rule came the following year: the number of proposals for amendments to the 1969 Budget bill more than doubled those of 1963 and took the government leadership in the Congress by surprise, before full regulations could be provided to decide on individual cases. Some 30% of the amendments still managed to be passed. The climate of rebellion intensified only in the following months, preceding Institutional Act n.5 and the closure of Congress. In 1969, the Budget (1970) was approved by decree of the Executive

d) In the period 1970-73 the huge increase in the number of proposed amendments (5,442 in 1970) against almost no approvals - proposals were preliminarily rejected as being unconstitutional - reflected tactics of charging the military government with the rejections, causing its political wear and tear in local electorates.⁴⁷

e) After 1974 the adjustment was completed and the

47. This was the interpretation given to the 1968-73 peak of amendment proposals by Mr José Carlos Alves dos Santos, Senate's Secretary for Budget and Finance, who directly assisted the Congress Joint Commission for Budget, (Interview with the author).

number of amendment proposals fell sharply. On the other hand, the number of bills concerning other matters related to education began soaring. Only 3% of the bills which were examined by Congress between 1974 and 1978 and 2% of those in the period 1979-84 originated from the Executive, the remaining large majority of bills being the initiative of Congressmen themselves.⁴⁸ Some of these bills related to changes aiming at improving the educational system but in most cases the old trend of electorate politics re-emerged. They refer to attempts at transferring the responsibilities of maintenance of educational institutions to the federal government, the so-called federalization of state, municipal and even private technical or higher education schools (See Section 1.5). In many cases the proposals depended on Congress authority for the Executive to create cultural or educational foundations, a formality suitable for political purposes. The end result of most of these proposals was a long, unsuccessful course through MEC and SEPLAN for technical assessment until clientéle pressure was weakened. The bureaucracy had to share the blame for the refusals and the annoyance of pressing local visitors.

Another political aspect of the 1967 changes in the participation of Congress in education financial matters must be mentioned on the side of the Executive, the exclusive controller of the matter ever since. From 1969, a cooptation mechanism was efficiently developed in the federal budget: lump appropriation sums were allocated to the budget of some ministries (usually MEC, the Ministry of Health and Social Security, the Ministry of Justice and the Presidency of the Republic under a budgetary general

48. Complementary information obtained from the summaries of: BRASIL, Coleção de Leis, Imprensa Oficial, (Series),

account, *Encargos Gerais da União*) to be freely disposed of by Congress. The leadership in Congress organized the access to the funds or distributed them, referring to the ministry concerned when administrative ministerial regulations were needed. In MEC a large twofold scheme of thousands of scholarships was set up one from *Salário-Educação* funds for primary school pupils only and the other, more flexible, from ordinary funds of the Treasury.⁴⁹ MEC's authorities had their own policies and budgetary programmes of student assistance which was run by a large specific department (later a foundation). The so-called "parliamentary appropriations" have always worked even when Congress was closed - for ten months from 13/12/68 and for two weeks from 1/4/77.

The contents of this section are at least indicative of the political stance of Congress beyond its occasional generosity of discourse: education was never something special for it but was used for other political purposes. This remark also introduces the next section which returns to the theme of the minimum percentages of tax revenues for education.

5.2.3. The bills of Senator Calmon

In the wake of Geisel's policy of "*Distensão*" some movements occurred in the Senate, two of them involving education: the *Projeto Educação* (50) and two bills

49. Information given the author by officials from FNDE and the Secretariat for Internal Control (CISSET).

50. *Projeto Educação* was an initiative (May 1977) of a group of government and opposition Senate members to create a nationwide movement of interest in the educational problem, aiming at the elaboration of an ambitious long-term project of

intended to restore the constitutional provisions for minimum percentages from tax revenues for education. The movements were led by Senator João Calmon, a liberal politician with a history of struggles for education programmes. He followed the steps of his promoter and mentor, Mr Assis Chateaubrian, a well-known businessman and former Brazilian ambassador to Great Britain, who built up the first nationwide newspaper and radio broadcast network, the *Diários Associados*, and highly contributed to the diffusion of liberal thought as well as professional journalism. Calmon headed *Diários Associados* and was elected deputy and then senator for his state of Espírito Santo. He took up the education issue as his outstanding political platform and used *Diários Associados* as an effective means of giving political resonance to his campaigns.

Twice in succession, Senator Calmon presented his bills of constitutional amendments, confronting one of the most notable policies of the so-called government technocracy which had been firmly established by the 1967

50. (cont.) education development with the participation of large sectors of Brazilian Society, to be implemented from the next government in 1979. With the support of the press and the educational sector, the initiative had favourable repercussions in its initial months of national seminars held in the Senate but suddenly collapsed, following a clash in October 1988 with the government over the invitation of well-known and politically banned writers, with large academic or administrative experience, Professors Paulo de Tasso Santos (President Goulart's Minister of Education), Lauro de O. Lima and another Goulart's former Minister of Education and Chancellor of the University of Brasília, Darcy Ribeiro. At the last minute the invitations were cancelled without clear explanation and *Projeto Educação* fell into discredit. It was abandoned some months later in 1978, overwhelmed by the major political interest in the 1978 presidential elections. See Calmon, J. (ed.), *Projeto Educação*, Senado Federal, 1978; on the affair of the cancellation of invitations see Jornal do Brasil, edition of 12/10/77.

Constitution: that of the permanent non-attachement of Exchequer revenues to particular purposes or programmes. Calmon was always celebrated by his peers and the press for his obstinacy in pursuing the approval of his bills. He was seen as a lonely fighter, a champion of a neglected crusade, as if his cause were not actually momentous enough to rise the enthusiasm of Congressmen. In such recurrent expressions, the intention of praising the old senator is without doubt. Calmon's first attempt in 1976 to have his bill approved was unsuccessful just when he was a member of the *Aliança Renovadora Nacional* (ARENA), the government-supporting party. Some years later, in 1983, after having shifted to the opposition, Calmon would finally see his bill passed through a Congress where the government still held a majority of seats.

Before presenting his bill for the first time at the Senate session of 25/5/76, Calmon consulted the President of his party, ARENA, Sen. Petrônio Portella, who arranged for a meeting of Calmon with President Geisel. A fortnight later the "nihil obstat" came from Geisel through Portella.⁵¹ Quite confident that no veto would originate from the Executive, Calmon proceeded with his work. In the document of bill justification his arguments were specifically oriented to the political sensitivity of

51. "I took care to talking with the leader of ARENA before everything else. He considered my initiative was very happy and made a point of me bringing the matter up with the President of the Republic, General Geisel. I met the President indeed and summarised my project to him. He showed his sympathy to the issue but asked for 15 days for the examination by the relevant areas of the Executive. At that time I was told by Senator Portella that the President had approved my idea, and that I could collect the necessary signatures of the senators to formally present the bill. The government would not object to the amendment." Report of Senator Calmon in Jornal do Comércio, 15 and 16 of September, 1985.

ordinary Congressman. He related the bill with financial grants to municípios, the restoration of the provision of Law 4024 (1961) about a minimum percentage of 12% of federal and 20% of state and municípios' tax revenues to be applied to education and the precarious situation of the country's elementary education ⁵². The report of the twenty-five-member Joint Commission of the two Houses of the Congress on the matter was based upon the same reasons and statistics as Calmon's justification and led the reasoning to a candid argument: who could be against creating resources for education? ⁵³ The bill was unanimously approved by the Commission. Outside the Congress, public opinion was mobilized and there was a special convention of all State Education Councils (SEE's) together with the Education Federal Council (CFE) in support of the bill.

When the time came for the two decisive voting sessions, ARENA's leader left the matter to the individual discretion of the members of his party; this sounded a little different from the original talks. Following laudatory speeches of members at the first full-Congress session of debates on the bill (9/7/1976), the festive climate was

52. Calmon, João, História de uma Proposta de Emenda à Constituição, Brasília, Grafica do Senado, 1976, pp.5-9. Later, when the bill came to the vote, Calmon pushed the argument to its sentimental limits: "The present Minister of the Treasury, Professor Mário Henrique Simonsen, said that 'the increase in the number of vacancies in our universities is due to the extraordinary power of expression of youth who took to the streets, demonstrated and requested a larger enrolment'. But now, what voice do four million Brazilian children out of primary schools have? They cannot demonstrate, shout and claim more school rooms, adequate salaries for their teachers, wider distribution of school meals! We, the people's elected representatives, have to speak on behalf of these voiceless children!" (p.95).

53. Calmon, João, História de uma Proposta de Emenda à Constituição, Op. Cit., p.60.

suddenly broken up in the final session of discussion and voting, five days later. ARENA's leader, Senator Portella, was not there. In his place the vice-leader, Senator Eurico Resende, was the first to speak. He said that the arguments in favour of the amendment were half-true and started reading a document which he afterwards confessed to have been handed to him by the government and had originated in MEC. He quoted a number of financial statistics to prove that the federal government was already spending more than 12% on education, all things considered. Deputy Peixoto Filho (ARENA), spoke after Sen. Resende to support the bill, "although sensing and regretting the government's directive behind Senator Resende's speech". ARENA's Congressmen started to leave the room discretely, a fact which Deputy Alceu Collares (MDB) publicly noted.⁵⁴ In the end, the leader of the opposition, Senator Franco Montoro, said that once more the Executive had decided on the position of the Congress, because "the technicians do not want finance to be limited, alleging that this restricts the freedom for better applications". The President of the Congress, ARENA's Senator Magalhães Pinto, still attempted in vain to prevent the embarrassment of the final vote by declaring the non-existence of a legal quorum (283 "yes" votes would be necessary for the approval, 2/3 of the Congress). But the voting was carried out: 180 senators and deputies were present and all voted "yes", the majority of them being members of MDB, the opposition minority party.⁵⁵

54. Four days before this decisive session of the Congress, a well-informed journalist of the newspaper *O Estado de São Paulo*, Rosângela Bittar, had published a note revealing the government's intention of withdrawing from the previous commitment and commanding ARENA's Congressmen not to attend the final session.

55. Details of the session in Calmon, João. História de uma Proposta de Emenda à Constituição. Op. Cit., pp.91-105, and from a report of Correio Brasiliense, 21/9/76.

"I felt most indignant with Geisel because he had personally promised me ", commented Calmon on the outcome of the episode, afterwards.⁵⁶

Two other constitutional amendment bills with terms similar to those of Calmon's were also presented by the MDB's deputies, Celso Peçanha and Júnia Marise. Only nineteen Congressmen attended the voting session.

Senator Calmon himself was quite outspoken when making public the circumstances which, seven years later, encouraged him to re-present the same bill with a slight change in percentages (13% instead of 12% for the Federal Union and 25% instead of 20% for the states and municípios).

"I had learned a bitter lesson from the previous attempts. In order to attract more than two thirds of deputies and senators to the plenary of Congress it was desirable for my amendment bill to be presented for vote together with another one of major impact and more immediate political interest."⁵⁷

On 9th of November 1983 Calmon's bill was presented to Congressional vote at the same session during which an important salary bill was also scheduled for approval. But after this bill, at the exact moment Calmon's text was to be submitted, the session was unfortunately suspended with the news that the President of the Congress, Senator Nilo Coelho, had just died in a hospital in São Paulo, where he was ill.⁵⁸

56. Talks of the author with Senator Calmon in April 1984.

57. Jornal do Comércio, Op. Cit.

58. "Even death conspired against education", the senator would joke some time later, Jornal do Comércio, Op. Cit.

The new president of the Congress, Senator Moacyr Dalla, was elected amidst a climate of rebellion against the guardianship of the Executive. An important Constitutional Amendment bill widening the share of the states and municípios in federal-collected taxes was to be voted in a few weeks (*Emenda Passos Pôrto*), defying the government. This bill would represent a hard blow to the federal Budget - percentages would be raised from 10.5% to 14% (for states) and 16% (for municípios) - but would certainly warrant a massive attendance of Congressmen to the plenary.

Calmon went to Dalla, an old friend, asking for his educational bill to be voted in the same session with the final voting of Passos Pôrto's. He succeeded but did observe careful treatment of every detail, not being confident in the laudatory speeches by which his bill had been praised at the first attempt. He contacted every speaker, asking him to give up speaking in support of the education bill so that the session would not be prolonged. The afternoon session was indeed very tiring and dragged through the evening by debates, the leadership of the government trying to postpone the voting by provoking the departure of tired Congressmen. There was also another matter scheduled for that night (a bill of Deputy Celso Peçanha) which had precedence over Calmon's. He hardly managed to invert the position of the bills on schedule. It was dawn when the presidency of the session announced the final voting of Calmon's bill to an exhausted plenary. Calmon himself gave up speaking to present the bill which was finally approved by a simplified procedure of consensual vote by party leaders⁵⁹

59. "For the first time ever in the history of the Congress a Constitutional Amendment was approved without any speeches at all", commented Calmon later, Jornal do Comércio, 15 and 16 of September, 1985.

The constitutional Amendment n. 24, approved by the Brazilian Congress on the 25th of November 1983, was solemnly promulgated on December the 1st, becoming paragraph 4 of Article 176 of the Constitution and bringing back into force a provision which had been abolished by the 1967 Constitution. Its terms were:

"Article 176 of the Federal Constitution comes into force with the addition of the following paragraph: § 4 - Annually, the Federal Union will apply not less than thirteen per cent of tax revenues and the States and *Municípios* not less than twenty five per cent for the maintenance and development of education."⁶⁰

The singular circumstances of the two episodes highlight: first, the fragility of the education cause itself as a motive to define the position of Congressmen, including the stance of opposition members in 1975, when, given the background of the parliamentary activity at the time and the result of the first session, the full attendance at the final session rather revealed a main goal of imposing a defeat on the government. Second, the concept of "education for development" did not seem to be the right one to move Congressmen. Third, the technically-minded argument against the attachment of percentages from the budget to particular programmes sheltered the government's position - victorious in 1975 and defeated in 1983 - as if the conflict were between particular political views or banners and a rational approach to preserve a general interest.

This last point clearly appeared in the sole manifestation of the Secretariat of Planning of the Presidency of the Republic, SEPLAN, over the approval of the Amendment 24. As early as four days after the promulgation of the new § 4 of Article 176, SEPLAN's Minister Delfim Netto attacked

60. BRASIL, Diário Oficial da União, Monday, 5/12/83, pp.20455/6.

publicly the new law, provoking Senator Calmon's indignation.⁶¹ One must bear in mind how hard this blow was to Mr Delfim Netto's policy of cutting down on the public deficit by saving on Treasury's tax revenues, or, in other words, keeping programmes essentially supported by this source, such as education under prices/revenue level (see Section 4.2.2 and Table 13). Of course this strategy was not brought into the debate and remained covered by the general "technical argument" (to deal rationally with the decision-making process for a balanced allocation of scarce resources). The issue developed through the following year in the conflicting events of the implementation of the provision, which is studied in the next section.

5.2.4. The regulations of the Constitutional Amendment 24

Constitutional Amendment 24, in late 1983, came at a particularly delicate political and economic moment. The government, committed to an institutional political transition and in evident decline, needed to consolidate its parliamentary support and that was why it had just painfully compromised in the approval of the Passos Pôrto Amendment, transferring needed shares of its revenues to states and *municípios*. Under extreme pressure from the economic front — the crisis was at its peak —, the

61. In a national TV broadcast interview with the well-known journalist J. Betting of *Réde Bandeirantes* by 29/11/83, Delfim said that the Amendment was "inocuous" because the government already dedicated more than 13% to education and "the Congress had only 'sclerosed' the Budget by approving it". The following week Calmon appeared at the same interview programme to reply to what he called a "shameless lie". (Jornal do Comércio, 15/7/85).

practical way out was to accept the changes but to circumvent or delay its implementation. At this stage, at least, the task could be easier since the government would be dealing with its own internal bodies. In this context, the necessary regulations in order to implement the Amendment became a conflicting political issue which brought federal authorities of education and economic planning on a course of collision. Indeed, new implied sums - quite sufficient to double the MEC's disputed budget for current expenditure - precipitated the involvement of ministerial first ranks, recalling the arguments and recent clashes involving Minister Delfim and MEC's ministers Portella and Ludwig (next sections).

At the beginning of January 1984 MEC brought up the issue of the regulation of the new constitutional provision, fearing that the broad legal terms used for an essentially technical matter, would render it ineffective, given SEPLAN's position. A discussion panel was held on the subject at the National Institute for Educational Research (INEP), a MEC affiliated body, by 10 January 1984 and Sen. Calmon was one of the panellists. The following week the Minister of Education, Ms Esther Ferraz, touched upon the subject in a meeting with President Figueiredo and asked for a provision on it. A Joint Commission SEPLAN/MEC, composed of a special group from each ministry, was appointed following negotiations at ministerial level. 62

62. MEC's special group was composed by a Deputy General Secretary of the MEC's General Secretariat, the Director of the National Fund for the Development of Education (FNDE), Mrs Ecilda Ramos de Souza and the Director of the National Institute for Educational Research (INEP), Prof. Lena Castello Branco. Most information for this section was obtained by the author from these officials. Talks were also held with Mr Frederico Bastos, SEPLAN's Secretary for Finance and Budget (SOF/SEPLAN), who was the chairman of the Jointed Commission and a member of SEPLAN's special group, together

Soon opposing views made the meetings of this commission tense and infrequent. MEC and SEPLAN adopted different strategies to tackle the regulation. The latter wanted the broadest possible interpretation of legal terms so that the largest number of budgetary appropriations could be reckoned to make up the 13% required level, keeping the existing situation virtually unchanged. The former, stemmed from the fact that the Constitution has been altered to bring a real change in financing education by referring to a minimum percentage of tax revenue for a specific expenditure group, those with "maintenance and development of education" (*manutenção e desenvolvimento do ensino*).⁶² MEC tried, therefore, to interpret legal terms in the narrowest possible way so that the ministry would be entitled to additional funds from the Treasury (financial sources outside Budget being preliminarily excluded from all calculations). MEC stated that the technical interpretation of the key-terms "maintenance and development of education" was part of its legal competence, and granted SEPLAN the right to define "tax revenues". But SEPLAN stood as a politically stronger ministry. It did not make concessions and called upon other ministries with some kind of educational activity in their programme-budgets to be present at the meetings of the Commission, counting on their support for a broader

62. (cont.) with Mr João Baptista Lengruher, SOF/SEPLAN's Director of the Budget, and Mr Percy Rigotto, Co-ordinator of Education Area at SOF/SEPLAN.

63. Explanatory note. The word which was used in the text is "*ensino*", not "*educação*". Although these vocables, translated into English as "education", have the same meaning in the vernacular, in the technical Portuguese jargon of the area "*educação*" has a broader meaning, that of any systematic transmission of knowledge or development of life attitudes aiming at the formation of a mature personality, whereas "*ensino*" means a kind of regular education usually obtained in schools. As the Constitution used the two terms for different aspects of the matter, MEC stood for a technical interpretation of "*ensino*" which better suited its interests.

interpretation of the legal terms. The use of this tactic inhibited MEC's will to have frequent meetings and the decision-making process soon concentrated at ministry level.

MEC's standpoints and cause of disagreement with SEPLAN were:

a) only expenditure on regular schools of the public or private network, or those directly benefiting the schools, should be counted in for the constitutional minimum percentage, priority being given to primary schools which dealt with the 7-14 year compulsory schooling;

b) all other courses or institutions aiming at special training should not be counted in, although deserving public finance support;

c) pensions of retired teachers or former school employees should not be included;

d) the same went for institutions dealing only with pré-schooling;

e) expenditure with MEC repaying of loans should only be counted in as for new programmes classifiable in the group a above;

f) budgetary procedures of classification and control of these expenditures should be adapted under MEC's advice in order to obtain proper identification;

g) the regulations urged that, because the new constitutional text, approved the year before, was in force, the Budget should be amended during 1984 to conform to it (alterations to the Budget for several reasons were habitually made by SEPLAN during the year);

Presenting her hopes for a quick decision on the matter, Minister Ferraz wrote a letter to the President dated 17/4/84.⁶⁴ She included an study of the additional

64. It is noted the way Ms Ferraz sometimes addressed the President, through letters

resources MEC would be entitled to receive from the Treasury for the current year (1984) as a result of the Constitutional Amendment and given the prospects of tax revenues. The figure was Cr\$ 602 billion from which about Cr\$ 300 billion would be set aside for a substantial improvement of MEC's chronically insufficient appropriations for current expenditure, personnel excepted, and capital expenditure (OCC). This would be enough to recover all devaluation caused by the inflation to the Cr\$ 121 billion OCC existing annual budget and to develop a large programme of repairs or modernization of equipment in federal universities and technical schools. These Cr\$ 300 billion "of MEC's dreams" became the real stumbling block in the settlement of the matter since then, and precipitated a definitive reply from Minister Delfim ("This is impossible", would have been all he had said to Ms Ferraz and the President). There Ms Ferraz's retreat began.

The work of the MEC' special group was conducted between January and April 1984. At the request of the National Information Service (SNI) through the MEC's Division of Information and Security (DSI), the group reported about the matter. A preliminary draft of a regulating law was handed to the minister. She praised the group's results but decided to make her personal alterations on the text, as an experienced lawyer and law university professor. In May she handed a new letter to the President with a draft

64. (cont.) instead of personal talks, unlike her predecessors. She adjusted herself in discussing with and entrusting to Prof. Leitão de Abreu, The Minister of the Civil Staff and an old colleague in the teaching of Law in S.Paulo, the subjects which depended on Presidential decision. Referring to the top people of *Palácio do Planalto*, Col. Pasquali, Ms Ferraz' general secretary, said about her; "She was 'new' in that group. She had difficulty in positioning herself at the same level and sometimes she even felt like a stranger." (Interview with the author).

of law in which she relinquished points c, d, e and gave a broad formulation to f. She wrote:

"We made all necessary concessions which seemed rightful to the Secretariat of the Planning, as far as adopting its document as our basic text. I think we can not go beyond these concessions as we would not be complying with the terms and the spirit of the new constitutional text".⁶⁵ As the following paragraph shows, however, she weakened her position even more when she said she thought her document should be sent to ministers Delfim and Leitão (Chief of Civil Staff). Delfim simply sent her a new text advancing SEPLAN's requirements further: all expenditure on education administrative bodies, as those of MEC's headquarters, should be counted in for the minimum 13%, a point which had already been given in by SEPLAN. The process seemed to start all over again.

Meanwhile, pressure mounted from Congressmen to see the new legal provisions implemented. Deputy Rômulo Galvão, Chairman of the Congressional Commission for Education and Culture, often visited the Office of the Minister of Education and promoted a well attended seminar on the matter in Congress with large press coverage. Senator Calmon went further, holding that the Amendment was self-executive and did not need regulation, and required its immediate implementation from the date it was published.⁶⁶

After that, Minister Esther Ferraz did not request the

65. From the files of the MEC's General Secretariat.

66. Later on, in a speech at the Pedroso Horta Foundation by 27 February 1987, he said: "This text is fully in force from the date of its promulgation, although it had suffered the most overt sabotage by the ministers of the economic area of Figueiredo's government." (Text of the speech given to the author by Senator Calmon).

MEC's special group to study or discuss the matter with SEPLAN any more and conducted the decision-making process personally. She asked for the direct advice of an old friend, Prof. Valnir Chagas, a well-known writer of legal texts of major educational reforms since the sixties, and suppressed the restriction of funds to schools (letters a and b). Any lawful education-related activities under any ministry's supervision could be granted and this sheltered a large range of training governmental programmes, meeting SEPLAN's original request. Looking for support for her new positions, she resorted to her close friends of the Federal Education Council (CFE), Prof. Lafayette Pondé (CFE's chairman) and Prof. Caio Tácito, well-established reporter of CFE's commissions for legal financial subjects. Ministerial letter (Aviso 569, of 4/6/84) asked for an advice with restricted publication (*Parecer Reservado*) from CFE on the last version of the draft. The covered advice was written by Prof. Tácito and handed over to the minister shortly after (*Parecer* PL 73, of 7/6/84). In its short, hesitant advice CFE finally agreed with the draft. It suggested some minor changes and touched the point which was raised by the Delfim's latest version. It defined that administrative activities should not be counted in for the minimum 13% "except for those linked to education", a feature which was actually difficult to avoid in organizations of the area...

One by one, all points of disagreement with SEPLAN had been withdrawn, except for the Constitutional Amendment's condition of already being in force in 1984, the basic exigency of the Congressmen. In August, the final touches were given to the text in the *Palácio do Planalto* and the bill was forwarded to the Congress. But the Executive did not ask for special or urgent legal processing through the houses of the Congress and the bill was not voted for the rest of Figueiredo's tenure.

On the 5th of September, a formal representation was made to the Congress against President Figueiredo who was accused of failure to comply with the Constitution.⁶⁷ The trial, however, did not take place. It would have to wait until February 1985 for the definitive Federal Union's Financial Balance to substantiate the charge and Figueiredo would be leaving the Presidency in March, after a major political change. The House of Deputies judged the accusation inconsistent and terminated the proceedings. The regulations finally came one year later (L 4378, of 24/7/85), its terms remaining nearly the same.

The details of this episode clearly show that the matter was worked out politically, the relative positions of the ministers in the nucleus of power being the almost exclusive factor in the decision-making process. Technical elements, which initially divided the contenders, proved absolutely irrelevant. SEPLAN's political goal finally prevailed to accomplish economic priority. No room was found for arguments from the education-development concepts.

5.3. OTHER CONFLICTS IN TIME OF FINANCIAL CRISIS

Following the theme of the arguments raised in the competition for funds for education, the following sections analyse conflicts at the top levels of federal government over this issue, still in the forefront of the country's deep financial crisis as an especially revealing context.

67. The representation, a criminal legal procedure regulated by Law 1079/1950, was actually moved by Senator Calmon and Deputy Zanetti, although signed, due to legal formalities, by a group of teacher unions. Details in Última Hora and Correio Brasiliense, Brasilia's newspapers, of 6/9/84.

The next two sections report on major clashes between ministers of education and the powerful Minister of Planning, Mr Delfim Netto, who had been the minister of finance (1967-1973) during the seven decisive years of the regime's consolidation. Mr Delfim Netto, together with planning ministers Roberto Campos (1964-66) and Reis Velloso (1967-78), was a leading figure among the civilian policy-makers who made up the image of a developmentalist technobureaucracy acting on behalf of the military. It is significant to point out that the events happened in the high echelons of the long government of Gen. Figueiredo, when the liberalizing policy of "Abertura" made possible a full coverage of the facts by the press which was also interested in exploiting the internal conflicts and cracks of the declining authoritarian regime. For this reason the facts assumed the dimension of important political affairs at the time.

Two education ministers endeavoured to avert from their budgets the effects of the ruthless policies on cutting down on the public deficit, particularly that of reducing the real values from tax revenues in the Treasury Budget to compensate for the red-tape position of the extra-budgetary accounts, as already mentioned.

The unique feature of these two affairs is that political reasons - not mainly economic ones, as in the typical 1967-73 period - were raised for funding education especially and had repercussions. In the case of Minister Portella (1979-80), the political element was the idea of cultural and social development through education which benefited from the momentum of President Figueiredo's political *Abertura*. In the case of Minister Ludwig (1981-82) approximately the same idea was retained this time, however, supported by his personal political weight. Their public clash with Minister Delfim who

wielded his "technical argument", the need of balancing the budget, actually happened at another level, since neither the financial crisis nor the low efficiency of federal educational organizations in spending was ever accepted as a sufficient reason for refusing a better budgetary treatment to the evidential needs of education. In terms of the decision-making process of public finance allocation, education and economic targets contended for political priority. Here, as for the previous episodes, the "technical argument" covered economic targets.

5.3.1. The "Portella affair"

When the Minister of Education, Professor Eduardo Portella, resigned - following a suggestion by the Minister Chief of Staff, General Golbery - in the peak of a crisis which was followed step by step by the press, the impression remained with the public that a liberal intellectual with new, democratic ideas did not manage to survive the pressure of a bitter, truculent technobureaucratic structure, led by Mr Delfim Netto. The same authoritarian face of the government - the public could deduce - still remained. However, alongside this image through which most of the press showed its mistrust of government's policy of *Abertura*, one can focus on the main reasons of the profound dissent which caused Professor Portella to declare his uneasiness in the government when, proving his mastery in Portuguese linguistics, he used publicly a phrase which has become proverbial in Brazil in order to express the feeling of being or not being in the real course of political power. "*Eu não sou ministro, eu estou ministro*" ("I am not a minister, he said, I stand as

a minister").⁶⁸

The reasons for Portella's difficulties had a definite origin:

"In spite of his leftish discourse in the last months of his tenure to gain the support of some areas of the opposition, Portella was never a left wing man and the military government knew that perfectly well. He was not dangerous to the government. The affair involving Portella rose from problems of funding education and he finally clashed with Delfim. This was the point because MEC was completely autonomous for policies towards education and culture. (...) In the bosom of the government he felt a stranger because his reasons were not understood by the bureaucrats who had another form of logic".⁶⁹

For the first months of Figueiredo's government, Portella seemed to be a leading minister in the social area of the Cabinet and his cultivated discourse, presenting a good image of the new government, was welcomed in Palácio do Planalto. Later, he had to look for money for his plans and to face the technical structure responsible for the allocation of finance. Then, his troubles began. The intermediate bodies of the ministry did not help much, since the centralization of the decision-making process on the matter brought to him personally the task of

68. Closely following its Latin origin, Portuguese has two different verbs, "*ser*" and "*estar*", either to express the essence of the subject ("*ser*"), what somebody or something is, or its current situation ("*estar*"), whereas English can express the two meanings through the verb "to be" alone. Portella used the verb "*estar*" in a context where people would normally use the verb "*ser*", and so highlighted the transitoriness and even unsuitability of his status as minister.

69. Interview of Dr. Pedro Demo with the author. Dr Demo was a close adviser of Minister Portella, and probably the most influential one, as far as the minister's ideas and proposals about the social functions of the state were concerned. In a collection under Portella's directorship (*Biblioteca Tempo Universitário*) Dr Demo published his Desenvolvimento e Política Social no Brasil (Rio, Editora UmB, 1978).

advocating better budgets. He argued politically, playing on the social relevance of education and culture and the innovative policies of his plan.

"I think", he said afterwards, "that a budget of a little more than 4% in 1980 for education and culture is going to leave this area virtually abandoned. The degree of development of the state and of the country as a whole, facing all this cultural and educational demand, should not allow such a level of budgetary omission."⁷⁰

He expressed the difficulty of dialogue with Mr Delfim Netto since he perceived the real position of his cause within the framework of governmental strategy:

"In the stockmarket of the Cabinet my shares have never had the same rate as those of the minister of planning, for example. Over and above that, we differed a lot as persons. He is a technocrat, enclosed in his world. We have different views of the world. In mine the social predominates; in his, the economic, and this makes it difficult to find a common denominator, mainly in a system where education and culture are placed at an accessory level while economy is placed at a decision-making level. To use a language of the cinema, he was the star and I was one of the extras. Yes, sometimes I felt as an 'extra' in a play which was performed regardless of myself. (...) When the Economic Development Council (a high-level body of the federal government which congregates ministers with the President of the Republic) met, prevailing decisions were based on economic reasons, which was quite fair. But I found that, when the Social Development Council met, at the moment of final decisions the prevailing reasons were economic..."⁷¹

70. A few months after he left MEC, Prof. Portella gave to the magazine PLAYBOY (September 1981, n. 74), a long, frank interview about his experience in the government. This interview, perhaps the most authentic and publicly available, will be frequently used in this section.

71. Playboy, Sept. 1981, n. 74, pp.26,30.

Then he pointed to what he saw as the root of the issue:

..."bureaucratic expansionism. This leads the state to make decisions narrowly technical, some apertures being left to let out few decisions really political. The technocratic state slights or underestimates the capabilities of a political decision-making."⁷²

The reasons for SEPLAN's technicians were probably not unknown to Minister Portella: the limits imposed by the policy of reducing public spending and the mistrust concerning the cost-effectiveness of money invested in his ministry, particularly in its "power-house" of expenditure: the universities. It is of particular significance to quote a SEPLAN's senior official:

"Minister Delfim has always thought that what good could come from the universities would come any way, since some good groups were individually stimulated. For the rest, it was money thrown away."⁷³

The following paragraphs attempt to reconstruct the context and the course of events which brought to a conflicting end Prof. Portella's twenty months in the government.

Portella had been away from administrative milieux for twenty years (he had been Chief of Office of the President Jânio Quadros). He was not familiar with Brasília's technical staff from which he had to choose most of his direct assistants. He looked for support and strongly relied on a small group of the SEPLAN's National Centre of Human Resources (CNRH)⁷⁴ which had just profoundly revised the previous policies of the federal government on

72. Playboy, Sept. 1981, n. 74, p.35.

73. Mr Divonzir Gusso, interview with the author.

74. Should be named: Dr. Antônio Cabral de Andrade, the head of CNRH, Dr. Pedro Demo and Messers Divonzir Gusso and Raulino Tramontin.

education and whose ideas met those of Portella. To this group was entrusted the preparation of the Third National Plan of Education and Culture (PSEC, 1979).⁷⁵ Priority was given to sectors which had not benefited from the investments of the last decades: public primary education, particularly in city outskirts and rural areas. Cultural institutions were to be intensively fostered. Portella preached that education was not only an instrument for economic development. Education, particularly elementary education, should not be seen merely as a technical matter concerning educators but as a social responsibility closely linked to the broader rights of citizenship. An important role was then expected from education in the political development of the country. The indiscriminate growth of higher education was to be controlled. These lines sounded new to the prevailing sectors in MEC's bureaucracy which also heard the new minister insist that the principle of participation was a basic point for educational planning.

There was a spring-like climate in the beginning of the new administration which strengthened many expectations of the so-called advanced groups in the public sector of education.⁷⁶

A few months later, this climate began to fade as Portella's main concern turned to obtaining sufficient funds

75. MEC/Secretaria Geral, III Plano Setorial de Educação e Cultura, 1980-1985, Brasília, 1979. In 1981, at the tenure of Gen. Ludwig this plan was re-edited with the title: "III Plano Setorial de Educação, Cultura e Desporto."

76. Asked, later, about the main breakthrough of his administration, Portella, himself used the expression: "I think it (the breakthrough) was promoting the democratic redefinition of MEC. I would say with personal satisfaction that this period was a sort of MEC's spring." Playboy, Set. 1981, n. 74, p.26. He accepted with humor the interviewer's joking allusion to Praga's Spring.

for his programme when the country entered a depressed economic stage. The shock of facing the federal bureaucracy of finance was aggravated by the difference of personal style between Prof. Simonsen, the Minister of Planning until October 1979 and that of his successor, Mr Delfim Netto.⁷⁷

By mid-1980 a new, decisive cycle began in the tense relationship between MEC and SEPLAN, when the budget proposal for 1981 was to be decided by the planning body. The estimate of federal revenues for that year was quite conservative in order to lower the level of expenditure and Portella was definitely displeased with the MEC's budgetary ceiling. The implementation of the cultural foundations (National Art Foundation, FUNARTE, and National Pró-Memória Foundation, PRÓ-MEMÓRIA) was refused as it related to new expenses on personnel, and this irritated the minister inasmuch as he had committed himself with artists and intellectuals in Rio de Janeiro who strongly claimed for the new bodies.

These decisions were not what he expected from SEPLAN, after recent contacts with Minister Delfim.⁷⁸ No special

77. "Simonsen was a pragmatic man and said things very clearly. When he could not go along with any of my demands he said: 'do not count on this', and I had to look for an alternative. But with his successor I never knew if the answer was yes or not. He said: 'Let us see'... 'It is not easy'... I remained paralyzed. He is sympathetic in the manner of dealing. He is skilled in embracing*... (*Ele é bom de abraço*) He is one of the best 'embracers' in this country..." Playboy, Set. 1981, n. 74, p.26.

* Prof. Portella referred to the Brazilian habit of greeting friendly people by embracing them.

78. "He (Portella) felt deceived and disregarded by Delfim, who had visited him in his house and showed sympathy for his ideas and programmes and soon after cut his budgetary proposal". (Dr. Tarcísio Della Senta, who was Portella's close adviser and his Secretary for Higher Education, Interview with the author).

responsiveness to his cause appeared from *Palácio do Planalto* and he decided to change his public discourse. His disagreement with SNI's veto on some of his appointments in MEC became public. A large part of university students had begun a strike (held between July and September 1980) and Portella seemed to be compliant with them. He advocated the lifting of the National Student Union's (UNE) ban and publicly supported a boycott of school fees payment. From that moment he began to fall out of *Palácio do Planalto's* favour and, as the difficulties in obtaining funds from SEPLAN increased, he suspected this was part of a right-wing conspiracy against him.⁷⁹ So weak was the position of Minister Portella that he refused to dismiss his senile General Secretary, Mr Guilherme Aragão, openly criticized as inefficient, just because he feared that the Chief of SNI, Gen. Medeiros, would impose a new appointee.⁸⁰ With additional criticisms, Portella's situation in the government deteriorated quickly.⁸¹

University teachers' claims for major changes in the payment regime including better budgetary appropriations for education, by the last quarter of the year, formed a worrying movement which threatened a general strike. Portella again found SEPLAN's doors closed and his frustration with the situation became a personal breach with Delfim:

"He condemned me to such a scheme of starvation", he remembered afterwards, "that I could not say that I have duties of

79. Information from Dr. Della Senta, interviewed by the author.

80. Information from Dr. Demo, interviewed by the author.

81. "Two more criticisms were usually raised against him; the inefficiency of his administration and the constant quarrels among MEC's first rank directors, such as the ones which led to the resignation of the Minister's Office Chief and the Secretary for Higher Education." (Dr. Demo, interviewed by the author)

friendship towards him."⁸²

In early November, federal autarchy university teachers start their general strike. *Palácio do Planalto* advised Portella to harden negotiations with the strikers. He refused to do so and went his own way. He openly criticized the rigidity of the government. In the last week of November, the day before he left MEC, Portella accepted an invitation to hold a conference at the Congress about the crisis. There, asked about his position between the two sides, the teachers and the government, he said:

"I am not a minister, I stand as a minister. I am a teacher and this condition places me on the other side of the river. On that side I will be much more comfortable."⁸³

5.3.2. The "Ludwig affair"

Following Minister Portella's resignation in November 1980, the appointment of a general on active duty to replace a professor in the Ministry of Education and Culture - just when the "*Abertura*" entered its advanced

82. *Playboy*, Sept. 1981, n. 74, p.26. "At one time Delfim joked among friends - and later Portella was told - that the minister of education could not differentiate a zero at the right from another at the left of a point. The following week, at a conference in the Council of Brazilian Chancellors, Portella gave tit for tat and said that 'the history of this country will never be simply the history of inflation or the fight against the inflation, as some people think.' (Dr. Della Senta, interviewed by the author). The day he left the ministry, Portella joked with journalists about Delfim: 'Well, fat men are usually good-natured people. He is the only bad fat man I know...'" *Playboy*, Sept. 1981, n. 74, p.26.

83. *Playboy*, Sept. 1981, n. 74, p.25. The text above incorporates the terms of Dr. Della Senta's report to the author.

stage - attracted the attention of Brazilian public opinion and excited the press. After a conspicuous debut, Gen. Rubem Ludwig stayed in MEC for about the same short period as his predecessor (22 months) and had the same clashes with Minister Delfim Netto over MEC's budget. The story seemed to repeat itself, this time more notoriously because, prior to Ludwig, who was a distinguished military man, three ministers had already stepped down in the wake of conflicts with Delfim. This was indeed a special "dish" for the press which, after an intensive coverage of events, created an image of Ludwig as "the only minister to have ever stepped on Delfim" and the winner of the whole affair. More thorough observation of the events would show different results, at least for education finance.

Rubem Ludwig was a member of the so-called "Group of the Planalto", the nucleus of the military which had led the political process among other military and civilian groups of the establishment, since 1974. This group was actually an extension of Geisel's leadership and its most prominent figures (i.e., President Figueiredo himself, generals Golbery, Venturini and Medeiros) had been direct assistants of the former president. Ludwig himself, as colonel, had been Geisel's prestigious spokesman and was the executive secretary of the National Security Council (CSN) in Figueiredo's government. He had just been appointed general and sent to command the Military Academy of Agulhas Negras (which his son had joined as a cadet) when he was suddenly moved to replace Minister Portella. The circumstantial details of his appointment to MEC in November 1980 are described in Section 3.2.4. Besides the merits of a respected military career, those last years of living in *Palácio do Planalto* gave Ludwig some special

relationship.⁸⁴

Having managed, within a week of office, to put an end to a university teacher' strike already taking place, by means of obtaining from *Palácio do Planalto* a new payment and career plan, Ludwig used his political skill and relationship to promote his position and discourse. He organized MEC's Office for Social Communication headed by a professional journalist and was favoured by acquaintances he had made among members of the press when he worked in the area during Geisel's government. Ludwig basically adopted Portella's same plan (the III PSEC) but introduced marked changes into internal functional relations in MEC aiming at efficiency (Section 3.2.3). He was given a special delegation by President Figueiredo to make any changes in MEC's internal bodies or supervised organizations, so his *Portarias* were to have the effect of presidential decrees. This marked his image in the federal bureaucracy as a "strong minister".

Ludwig assigned the internal management of the ministry to his General Secretary, Col. Sérgio Pasquali, making himself available for external and political contacts. He appeared at several public events and gave a discourse concerning the political significance of education. He related this to Figueiredo's main, often repeated political pledge ("I shall make this country a democracy") and contrasted this concept with that of the role of education in economic development.

84. Col. Pasquali, Ludwig's close friend since they were class-mates at primary school, described the general's political position in the group with analogies: "Ludwig had his own bright and political "specific gravity" but, beyond this, everybody in *Palácio do Planalto* liked him". "Figueiredo liked him", noted Col. Mauro Rodrigues, another friend from the same *turma* at military academy. Interviews with the author.

"Making this country a democracy and reducing social inequalities are the pledges which permeate the whole political project of this government and consequently its educational project. In this context, education is a means of generating 'political capital'. The economic aspect of education, the formation of human capital, is nowadays acknowledged. However, it appears equally certain and more indispensable that the educational process takes up the feature of social and political capital, assuring the balance of development. (...) It is the duty of education to develop the capabilities of people so that, as responsible and conscious citizens, they can create a democratic society well-equipped to reduce social inequalities and to maintain pluralist and independent relationships." ⁸⁵

The new minister made regular contacts with artist groups through his Secretary of Culture, a well-known designer, Mr Aluísio Magalhães. He used a direct and frank way of addressing himself to university teachers and invited them to present a draft bill to reform university administrative structures. Soon it was generally accepted that "education had finally been given some place in the political scene".

Then, the time of facing the budgetary problem came to Ludwig as it had to Portella. Through his General Secretariat, the minister prepared for the oncoming struggle for finance concentrated on the part of the budget in which MEC was most vulnerable: the crucial budgetary group of appropriations from the Ordinary Treasury for current expenditure, other than personnel, usually labelled "OCC". As early as March 1981 he handed

85. MEC/81. Discurso do Ministro Rubem Ludwig na Abertura do Congresso Brasileiro de Pessoas Deficientes, Recife, 26/10/1981, Nº 10, 1981 (leaflet).

the President a definite proposal about MEC's needs for 1981 and 1982 with relation to OCC. Taking into consideration the existing inflation rates (over 90% a year), MEC would need some additional Cr\$ 31 billion (thousand million) for OCC until the end of 1981 (it had Cr\$ 21 billion) and Cr\$ 107 billion for OCC in 1982, the year whose budget was to be prepared in a couple of months. 86

After explanations and justifications at intermediate bureaucratic levels between MEC and SEPLAN, Ludwig sent Delfim an official letter - the "Aviso" n. 363, of 5/5/81 - confirming and explaining the same figures, and two days later met him personally. In the following week, the MEC's budgetary ceiling for OCC in 1982 was fixed by SEPLAN at Cr\$ 44.6 billion (EM n. 128, of 11/5/81), all Ludwig's demands being apparently ignored.

The necessity of observing the ceilings for OCC in the preparation of the budget proposals was explicitly urged on all ministries by Minister Golbery, on behalf of the President - but obviously by direct request of Minister Delfim - in two consecutive "Avisos" (Aviso-Circular n. 2, of 14/4/81, and then another, n. 3, of 15/5/81) which is the most formal written communication at ministerial level. However, MEC held to its previous proposal. It made ready to elaborate its budget for OCC/82 with a hundred linked institutions totalling Cr\$ 108 billion, asking therefore for an extra-ceiling of Cr\$ 63 billion. The angry reaction of SEPLAN was simply disregarded.

86. Information of this and following paragraphs were collected from files of MEC's General Secretariat.

Ludwig went to the President at the beginning of July to present and justify his proposal. He first regretted that SEPLAN had not defined anything about his request for supplement for 1981 until then. As for 1982, he argued that the official Federal Union's 1982 revenue would increase 75% over the estimated sum for the end of 1981, and MEC had proposed to increase only by 59% in OCC, in spite of having the Federal Union's largest network of linked institutions. According to SEPLAN's ceiling, the increase of only 18% would leave MEC's budget well below inflation rates. All difficult financial circumstances of the country being considered, it would be impossible to face MEC's responsibilities in such conditions. Furthermore, the curve showing the participation of MEC in total Union's Budget, a theme which had been politically largely used by the opposition, would remain declining (as it had since 1965). He reported he did not ask for real extra money except for primary education, school meals and the recovery of cultural patrimony.⁸⁷

Constitutionally, the Budget had to be forwarded by the Executive Power to the Congress before the end of August and the ministries' proposals should go to SEPLAN in the second week of July. Ludwig met Delfim on 28th July. He was aware that SEPLAN always added to most ministries' budget proposals some "extra ceiling" money, finally. Portella had obtained Cr\$ 5 billion over his Cr\$ 16 billion ceiling. SEPLAN's final decision came in the first week of August: from its Cr\$ 73 billion request MEC had been granted only Cr\$ 3 billion, some extra-budgetary arrangements being promised for the first six months of school meals in 1982. In the wake of these events, the

87. The information in this paragraph is from the Minister's agenda for the meeting with the President.

press had a political fact: a military minister of education was finally found to be in the same situation as his dissident predecessor. The President accepted SEPLAN's version and sent the Budget's bill to the Congress.

Ludwig resented the President's decision but avoided the press. He began thinking he could not stand the situation and decided to play tough or leave the ministry, and eventually the government. He made his dissatisfaction known to generals Medeiros and Venturini. He failed to appear regularly at MEC and went to Rio for more than one week without informing his whereabouts. Furthermore, he cancelled the conference he was expected to give in *Escola Superior de Guerra*. *Palácio do Planalto* found out he had drafted a personal letter to the President explaining his position and his decision to step down from the government. He did not see the President during August. Finally, in the second week of September he attended an appointment with the President and made it clear that he thought education had not been fairly treated in the 1982 Budget and that he had serious difficulty in running the ministry under such conditions.⁸⁸ To an anxious crowd of journalists who waited for his return from *Palácio do Planalto*, Ludwig announced that the President had agreed to restore MEC's early budgetary proposal. The event, cheerfully celebrated, marked Ludwig's political image, although the affair actually prolonged itself, far from press attention.

Shortly after this, Delfim made a courtesy visit to Ludwig at the general's house. Both men were interested only in a good relationship. Skilfully, Delfim made a point of taking up the matter himself and providing the best way

88. The information in this paragraph was given the author by Col. Pasquali.

of implementing the President's decision, since interfering in the course of the Budget bill already submitted to the Congress perhaps would not be - as he argued - the most convenient decision for the Executive Power. Soon it was announced that the government would double an existing, temporary (three years, DL 1704, of 23/10/1979) additional taxation of 5% on the profits of banks and other financial institutions to generate revenue for education. The burden of the political and economic consequences would be shared, therefore, and SEPLAN's budgetary policies would not be changed... A law-by-decree (n. 1885, of 29/9/81) was laid down, and the ministers left details to be discussed later.

From late September until November (1981) President Figueiredo was seriously ill and underwent heart surgery, which was also traumatic for the delicate political and economic situation of the country. On the other hand, Ludwig preferred to leave the wounds to heal. Meanwhile, the Budget, in its initial SEPLAN version was approved by the Congress. Only in December was it agreed between the two ministers that SEPLAN would secure MEC Cr\$ 30 billion for OCC which would be added to the 1982 Budget as a supplement. This figure did not meet the MEC's original proposal which one assumed to have been promised Ludwig by the President but was based on Delfim's estimate for the additional tax on the income banks (the source specifically created for that purpose). Ludwig understood the difference would be provided for later.

Nevertheless, at the end of the year a law-by-decree (DL 1909, of 28/12/81) established a budgetary cut (formally a "temporary prevention of spending") of 12% on all OCC appropriations which cost MEC more than Cr\$ 5 billion. Facing MEC's complaints, SEPLAN regretted that this was a general measure. It also asked for new plans and

discussions on details of the promised Cr\$ 30 billion and delayed the first decisions on the matter for more than three months. In the course of time, Mr Frederico Bastos, Delfim's Secretary for Finance and Budget, and the man who actually ran the federal government's budgetary policy, began to treat that amount as a "MEC's reserve at SEPLAN to cover all ordinary needs of supplement for the whole year", regardless of the fact that inflation rates, even according to official records, were double the estimated annual 50%. Vainly, MEC insisted on being supplied with some Cr\$ 14 billion as partial compensation for inflation effects which had been an administrative procedure for over a decade. Until the end of July, only Cr\$ 19.5 of the accorded Cr\$ 30 billion had been actually approved to MEC which simply kept several activities paralysed. When he left MEC in September (1982), to become Figueiredo's Minister of the Military Affairs, Ludwig felt exasperated with the "gently-cooking" tactics of Delfim which made it difficult for the general to use his direct-attack approach and eroded MEC's expectations for the 1981/82 period.⁸⁹ At the end of the year, MEC had been given exactly Cr\$ 30.4 billion as an OCC supplement and, in late November, it managed to avoid the 12% cut down on its budget.

Notwithstanding these difficulties relating to the 1982 Budget in progress, the budgetary proposal for 1983, which was to be prepared between May and August of 1982, extended the conflict and confirmed the prevailing position of SEPLAN.

Following approximately the same strategy used in the previous year, MEC concentrated on the section of the

89. General Ludwig's personal impressions reported in this and the following paragraph were related to the author, at the time.

budget for OCC and anticipated SEPLAN's definition of ceilings, presenting its own plan and estimated figures to *Palácio do Planalto*. MEC would need Cr\$ 191 billion for OCC/1983. That year, however, Ludwig and his general secretary felt that they could not "repeat the dose" of the previous year to the President, although Delfim's resistance was the same, since the basis of his argument, i.e., the financial situation of the country, had worsened. Thus, they sought alternative tactics: the involvement of the so called "home ministers" (the ones who daily met with the President and had their offices in *Palácio do Planalto*), especially Gen. Venturini, the Minister of the Military Affairs, to whom the National Security Council (CSN) was linked. Ludwig had solid relations within CSN, as its former executive secretary.

Venturini asked CSN for a thorough report on the MEC's budgetary claims and several meetings were held between a colonel of the CSN's General Secretariat and a deputy general secretary of MEC's General Secretariat in the two bodies' headquarters in March and April. In early May, some days before SEPLAN defined the 1983 budgetary ceilings, Minister Venturini was given CSN's final report (*Estudo Nº 007/3ª SC/82, of 3/5/82*) and Ludwig met the President. Yet this time, President Figueiredo "washed his hands", passing the matter on to SEPLAN. All of MEC's claims to have the Cr\$ 30 billion adjustment to the 1982 Budget included in the budgetary basis for 1983 projects were dropped and the OCC/1983 ceiling was fixed at Cr\$ 104.6 billion which contrasted with the MEC's earlier Cr\$ 191 billion request.

MEC and its linked bodies prepared their budgetary proposal on the same basis of the original estimate, as it had done the previous year, and, by the end, presented a total request for Cr\$ 194 billion for OCC, with an extra

ceiling of Cr\$ 89.4 billion. Meeting *Palácio do Planalto's* reasonable expectations, Ludwig avoided to create a climate of competition publicly with SEPLAN, as happened in 1981, and the General Secretariat's officials were forbidden to give any definite figure to the press on the matter. For its part, the officials of SEPLAN eased intermediate negotiations and cautiously repeated that final decisions would be conceded between the two ministers. In a last effort, Ludwig visited the President by the end of July before SEPLAN decided to give MEC Cr\$ 12.8 billion as extra-ceiling for OCC, which was still far from the Cr\$ 89.4 billion demand. In the first week of August, Ludwig obtained from Delfim, who had invited him for a meeting, some Cr\$ 5.5 billion more and a promise that MEC would have a significant share in the newly-created extra-budgetary source, FINSOCIAL, so as to cope effectively with its costly programme of school meals. 90

Figures in Table 19, below, compare OCC budgetary positions from the end of 1980 - when Ludwig took over MEC - to the end of 1983, whose budget was prepared in 1982, still under Ludwig's administration.

Concerning short-term results, MEC had a 43% increase during the execution of the 1981 Budget (by means of supplements); Ludwig's decisive move in September of that year helped to achieve the peak at 1982 initial position. Nothing else, however, even at current values, could be added during the execution of the 1982 Budget. The 1980-83 results in real terms change definitely the picture. The curve is curiously symmetric. Real values decline from the peak of the September 1981 decisions to exactly

90. The information in this paragraph comes from officials of the MEC's General Secretariat.

the same position of December 1980. SEPLAN's strategy remained unaffected and the "odd Cr\$ 30 billion" were fully "recovered" in two years...

TABLE 19
BRAZIL: RESULTS OF MEC'S BUDGETARY PROCESS, QCC, 1980-83

Cr\$ Billion

POSITIONS	CURRENT		REAL (1980)	
		\$		\$
				Change 1980-83
1980 Final Position		14	14	100
1981 Budget		21	11	79
1981 Final Position		30	15	107
1982 Budget		47	12	
Specially Obtained		30	8	
Total 1982 Plan		77	20	142
1982 Final Position		77	20	142
1983 Budget		121	15	107
1983 Final Position		117	14	100

Notes

- 1) "QCC" is short for ordinary appropriations from the Treasury for current expenditure - except for personnel - and capital (equipment and permanent goods).
- 2) "Real": at December 1980 prices. Inflation rates are from FGV Index (domestic

supply), accumulated from 1980.

Source. Financial records of the MEC's General Secretariat

A small event in October 1981 which did not come to public knowledge must be reported, as it is closely connected with the central issue of this section and the euphoric climate following the peak of the "Ludwig affair".

A draft of constitution complementary law came from the Ministry of the Treasury, with personal support of its Minister, Professor Ernani Galvêas, to the office of Minister Ludwig. The draft proposed a big National Programme of Education to be financed by an attachment of a minimum 10% of all federal tax revenues to education, favoured by allowances up to 5% of the income tax to spontaneously contributing firms and a permanent asset adjustment of all the Programme's funds to compensate currency devaluation. Funds would be deposited in the National Savings Bank (CEF) and would produce interest. A large participation of firms in training was assured and a special board would decide on programmes to be financed by the funds.

The project, whose characteristics clearly recalled the policies of 1967-73, was the initiative of Dr. Carlos G. Langoni, then the President of Central Bank of Brazil, who had previously met Ludwig at a cocktail party and had talked about his idea.⁹¹ Dr. Langoni is a well-known economist and professor of Getúlio Vargas Foundation who wrote a PhD thesis on the economic returns of investment

91. Talks of Gen. Ludwig with the author, who was also handed Langoni's Programme, at the time.

in education and whose ideas, supporting the government's strategy in financing education, had largely reverberated and been discussed during the seventies.⁹²

The draft contained two prudent assessments of MEC's bodies (General Secretariat and FNDE), pointing to some unrealism in the proposal, given the existing SEPLAN's policies on the matter, and the weak role of MEC, the top governmental agency for the area, on the scheme. The SEPLAN's appraisal on the matter was not known but, following it, the Ministry of the Treasury did not refer to its draft any more. The fact is remarkable for the purpose of this work in that, in the early eighties, the idea of education as a priority investment sounded politically extemporaneous.

5.4. THE 1980-85 INDUSTRIAL ACTIONS BY FEDERAL UNIVERSITIES

The years 1980-85 marked the life of Brazilian federal universities - the most important segment of the higher education system - as the time of a demanding movement through which new teacher and other civil servant organizations rose and adopted a stance of labour-like political opposition, with recurrent, prolonged paralyzations

92. Langoni, G. A Study in Economic Growth: The Brazilian Case, PhD Thesis for the Chicago University, 1972. A summary of this thesis was twice published by Ensaio Econômicos (APEC, Rio de Janeiro) in 1972 and 1974 under the title: A Rentabilidade Social dos Investimentos em Educação no Brasil. Dr. Langoni also defended his ideas in magazines reaching different publics (Segurança e Desenvolvimento, n. 22, 1973 and n. 24, 1975; Revista Brasileira de Estudos Pedagógicos, n.61, 1976; Política, n. 1, 1976; Pesquisa e Planejamento, n.1, 1971. He also published O Papel do Investimento em Educação e Tecnologia no Processo de Desenvolvimento Econômico, Rio, IBRE/FGV, 1972.

of federal university activities in an evident defiance of the law which forbade any civil servant industrial action.

This section focuses on this episode which is a shocking sign of the end of a cycle in the history of the struggle for finance for education in Brazil. Sharply contrasting with all preceding events on the issue during the authoritarian regime, now demand is expressed in a purely political fashion. The contenders are not only governmental institutions and authorities representing social demands; even a debate on reasons for special funding of education has only a marginal role in the decision-making process, whereas corporatist stances prevail. The episode, as a whole, reflects the general political change in the country from an authoritarian rule to a democratic one under the first effects of the policy of *Abertura*.

The labour feature of the dispute draws attention to a very important aspect of the issue of education funding. Spending on education is basically spending on teaching personnel (consequently reaching administrative personnel), which means facing the labour issue. This was a crucial point under a developmentalist authoritarian regime, specially if one bears in mind that, in the case of Brazil, the state was the major investor for economic development and therefore had a permanent target (a planning target, at least) of restricting current public expenditure in order to convey savings to capital spending. The labour issue in the education area had been avoided in the political context of the authoritarian regime by the technical approach of education and the problem dealt with by bureaucratic planning bodies.⁹³

93. During the period 1964-84 the issue of ill-paid teachers, particularly in primary schools, was always pointed out as a main cause of the shortcoming of Brazilian

The episode reveals the upsets caused in the nucleus of the government (inclusive of MEC) by the unusual way the issue appeared, but particularly the fact that the authorities, after the first movements of Minister Ludwig, were crippled or politically paralyzed due to the technobureaucratic position of SEPLAN ("The pay rise cannot be given because there is no money, and everybody knows the situation of the country; so there is nothing to discuss"). The fallacy of this technical argument is finally proved by the way concessions were made to other categories of civil servants.

5.4.1. Antecedents and causes

93. (cont.) education. A policy on a substantial rise in teachers' salaries was already formulated by the government's planning body for the area in the two first national development plans (1966 and 1968). But only in 1970, two presidential decrees were issued on the matter, numbers 66258 and 66259, both of them on 25/2/70, the second of them defining minimum salaries for different levels of teaching in the country. The policy chiefly affected the states and *municípios* whose transfers from FPE/FPM were conditioned to the implementation of the measure. The Accountancy Court of each state was in charge of the control of the accomplishment of the decree. In spite of this was not observed, having fallen in the hands of state governors or mayors. Mr Arlindo Corrêa, one of those responsible for the policy, explains: "The act did not work because Mr João Agripino, a member of the Federal Union's Accountancy Court (TCU) and former governor of the northeastern state of Paraíba, rose up against it calling it 'impracticable'. Without the vigilance of TCU, we lost the capability to operationalize the decree". (Interview with the author). The basic cause of the regrettable failure of the policy, however, was the mismanagement and unstable financial situation of most, overstaffed states and *municípios*, since they fear that other categories would press for treatment similar to that dispensed to teachers. Although of utmost importance, this issue lies outside of the scope of this work which is limited to the federal area.

MEC was used to the purely technical treatment of the salary issue in federal educational organizations, sheltered by the authoritarian rule of the regime, since labour paralyzations in public bodies were illegal (the term "industrial action" was technically inadequate if used to what happened in federal universities since 1980). Besides, public civil servants were not allowed to join a labour union.

The studies of the University Reform in 1968 formulated policies on better conditions for the teaching staff. Salary would combine with greater dedication to university activities, namely the full-time working regime, and higher levels of post-graduate training. The first programmes did not come, however, before the fruitful administration of Minister Jarbas Passarinho and salary rise was significant.⁹⁴ University foundations, recently created by the federal government to obtain administrative flexibility, were well settled at the general salary levels prevailing at the time.

From 1974, the government implemented the 1970 general plan of jobs and career for the civil service (Law 5645,

94. Decree 66258, of 25/02/70, connected to the programme of post-graduate education and scientific development, re-structured federal higher education teaching regimes and introduced those of full-time. The increase in salaries, as intended, reached international standards. "The target of Minister Passarinho was that a higher education teacher, researching or teaching full-time, should earn about US\$ 2,000.00 which was the then average of the respective United States university teacher's salary; a target which he achieved." (Col. Confúcio Pamplona, Passarinho's General Secretary. Interview with the author). According to the Art. 1 of Decree 66258/70, the salaries of the four-level teacher career, converted into US dollars at the official rate of February 1970 (US\$ 1.00 = Cr\$ 4.41) scaled from US\$ 2,786 to US\$ 4,195 a month. A bonus of 20% could be added to salary if the teacher forwent any other professional activity.

of 10/12/70 and Law-by-decree 1341, of 1/11/74), which reached the administrative and technical staff of schools, prolonging the momentum of the early seventies for teachers, albeit for a short time.

The absence of a permanent corrective device against the corrosion of salary real values by inflation had already created a new situation in the late seventies. Since Geisel's government, a policy was introduced to maintain the level salaries in the federal civil service by giving them re-adjustment under inflation rates in order to avoid further increases in the public deficit which reached worrying proportions in extra-budgetary accounts. Moreover, the 1974 policy to keep university foundations' salaries under control (Law 6182, of 11/12/74, Art. 19) simply was not observed, a serious issue which will be fully studied later in Chapter Six (section 6.3). The diverging course of these two variables generated a huge salary gap between the older group of federal universities, the *autarquias*, and that of the foundations, despite having the same characteristics and being supported by the same kind of Treasury funds.

Table 20 highlights several aspects of the salary drop from 1976 to 1984. In addition, the salary gap between foundations and *autarquias* is also shown. Values are expressed in minimum salaries which was a legal and politically meaningful relation, actually used during the events.

TABLE 20

BRAZIL: SALARY DROP FOR THE STAFF OF UNIVERSITY *AUTARQUIAS*, AND ITS GAP IN RELATION TO UNIVERSITY FOUNDATIONS, 1976-84

CLASSES	IN MINIMUM SALARIES			IN REAL TERMS			AUTAR, ----- % FOUND,
	MAR/76	JAN/82	JUL/84	MAR/76	JAN/82	JUL/84	JUL/84
FULL-TIME PROFESSOR	30-31	16-17	8-9	100	65	24	73
FULL-TIME LECTURER	22-23	9-10	5-6	100	52	21	
H.E. SERVANT , SENIOR	26-27	12-13	6-7	100	59	20	35
H.E. SERVANT , JUNIOR	8-9	4-5	2-3	100	57	20	
E.E. SERVANT , SENIOR	11-12	4-5	2-3	100	52	19	
E.E. SERVANT , SENIOR	2-3	1-2	0-1	100	58	21	47

Notes

1) Minimum salaries: MAR/76 = Cr\$ 494,40 (US\$ 50); JAN/82 = Cr\$ 11,298,00 (US\$ 84); JUL/84 = Cr\$ 97,176,00 (US\$ 51).

2) "*autarquias*/Foundations": per cent comparison of the salaries of teachers/other civil servants of university *autarquias* with those of university foundations (=100). Since there was a diversity of salary plans among foundations, the highest one was taken into consideration for calculations, and it was actually used at the time for political purposes.

3) Elected dates. "MAR/76": position at the 75/76 annual salary correction in federal civil service (the beginning of the salary decline); "JAN/82": position after the 30% special increase of the salaries of teachers of university *autarquias*, plus the 40% 81/82 salary adjustment in federal civil service (therefore, having the situation partially amended); "JUL/84": Position during the longest federal university strike.

4) "Full-time Professor", equivalent to *Professor Titular, 40hs*; "Full-time Lecturer", equivalent to *Professor Asistente II, 40hs*.

- 5) "H.E. Servant"; civil servant in a job which required higher education degree.
"E.E."; civil servant in a job which required only elementary education.

Sources

- 1) MEC's General Secretariat
- 2) Monetary correction: Price General Indexes from Getúlio Vargas Foundation, Projeto ARIES, 1987, report D010006.

On the whole, salaries shrank to 1/4 or 1/5 of their original size eight years before! In spite of special adjustments of 1/3 rise since 1981, in 1984 the same governmental body paid a teacher of a university *autarquia* about 30% less than his usually less experienced peer at a university foundation! As for other civil servants the gap *autarquias*/foundations was even deeper.

The event which made possible these movements was the creation of independent teacher societies in federal higher education institutions (IFES). Yet in 1978, one year before the abolition of Law-by-decree 477, which was accused of having inhibited and disturbed university community life for a decade, some societies began emerging here and there, from the spontaneous and free association of teachers. They were formally constituted as independent from the university or college and the government itself, with the purpose of representing and promoting the interests of teachers and university institutions. The first associations were formed at the University of São Paulo (USP), the federal universities of Rio de Janeiro, Paraíba and Pernambuco, but yet in 1980 almost every federal university had its society which was called ADU (short for *Associação de Docentes da Universidade*). ADUs congregated as a national committee, the National Co-ordination of University Teachers

Association (CONAD); ADUs and CONAD made up a national entity, the National University Teacher Society (ANDES).

A few years later, other IFES' civil servants began to follow the teachers' example and changed the nature and activities of their existing associations which used to have as main goals the leisure and welfare of their members.

A changing course in the composition and stance of the leading groups in the movement must be recognized over a five-year period of direct confrontation with the government. Abandoning some ethically-inspired feelings which moderated the salary approach of the early times, most ADUs' and ANDES' leadership adopted labour corporate attitudes. Professor Paulo Rosas, of the Department of Psychology of the Federal University of Pernambuco, who was always close to the leadership of his university's ADU, standing as its candidate for the university chancellorship in 1983, and appointed as a member of CONAD, described the first stage of the move:

"I can remember meetings in the early times when many teachers felt embarrassed to strike for salary increases while other workers even in the area of education, such as primary school teachers or other federal civil servants in schools, were in quite a worse situation. Even the press and some malicious official reaction emphasized our salary claims. (...) The dissatisfaction with the government-university relationship was a key factor in forcing the movement's rise in such a striking way. Then, the unionist approach prevailed."⁹⁵

95. Interview with the author.

As the movement matured by 1983, the paralyzation of university activities turned to be an instrument more wisely used, and a definite step in the syndicalist approach was taken. The initially aggressive style of the ANDES' president Dr Pinguelli Rosa (Federal University of Rio de Janeiro) became more self-confident and came to lead the moves in the political minuet with MEC in 1983. In July 1984 new elections were to be held for the ANDES board of directors as the country approached a politically decisive moment, choosing its first civilian president for two decades. The university teachers' movement then had its place in the scene where all political forces stood by for the oncoming new government. A group affiliated to the Workers Party (*Partido dos Trabalhadores*, PT) took over ANDES, and gave the organization a radical unionist approach to the university crisis, which actually had overstepped the limits of a purely salary issue. Professor Paulo Rosas, who then stood as a candidate for the ANDES presidency, completed his report:

"ANDES had already achieved the legitimacy of university teachers representation. Political parties then started looking at the movement in a different light and PT had an active presence at many ADUs. Nationally organized, ANDES could be a useful instrument for implementation of a political strategy. Until 1984 ANDES had only had a single list of candidates for its elections. Then, two strongly opposing factions came up to spread a sort of "splitting neurosis". ADUs of federal universities of Rio de Janeiro, Rio grande do Sul, Pernambuco, Pará, Amazonas and the University of Campinas lost the elections against others under the leadership of the University of São Paulo by 47 to 53% of the votes. The sudden call-off of a then existing strike, unexplicably interrupting negotiations without consulting the university bases as usual, was a clear

indication that the movement began to be commanded by outside forces" (it was August, the 6th, three months before the presidential election of Mr Tancredo Neves by the Congress took place, following intensive political negotiations).⁹⁶

Figures of Table 21, can give a preliminary overview of the paralyzations of university activities, which were openly called on as industrial actions (*greves*) and treated by the press as such. A summary of the motives of the movement, as announced, is also presented.

96. Interview with the author.

TABLE 21
BRAZIL: POLITICAL MOVEMENTS OF FEDERAL UNIVERSITY STUDENTS,
TEACHERS AND OTHER CIVIL SERVANTS, DEZ/1980 - MAR/1985

YEAR/GROUP	PARALYZATION (DAYS)		CLAIMS OR BANNERS								
	Minor	Major	A	B	C	D	E	F	G	H	I

(continues)

Notes

- 1) "Claims or Banners" were individually counted from manifestos of the movement's leadership, irrespective of their importance for the mobilization.
- 2) "Minor/Major Paralyzation": distinguishes between actions affecting all or at least large sections of the federal system of higher education schools.
- 3) * : Two figures separated by a / mean "Total gross paralyzation days" and (/) "Total net paralyzation days". The second case represents simultaneous paralyzation of several categories in a same school. In the two cases, weekends and holidays were counted in when included in a period of paralyzation.
- 4) Key for the "Claims or Banners":

- A = Salary Claims
 B = Abolition or reduction of school fees
 C = Other advantages or facilities
 D = Claims about federal policies of administrative reform of the university,
 mainly those intended by the government
 E = General increase in public funds for education
 F = Universal, free and public education
 G = Reinforcement of university political movement or solidarity to it
 H = Nationwide political issues, not directly connected with school activities
 I = Reinforcement of labour organizations or solidarity to them

YEAR/GROUP	PARALYZATION (DAYS)		CLAIMS OR BANNERS								
	Minor	Major	A	B	C	D	E	F	G	H	I
<u>1980</u>	-	56/-*	2	1	2	-	2	3	3	7	3
STUDENTS	-	6	-	1	2	-	1	2	2	7	3
TEACHERS	-	50	2	-	-	-	1	1	1	-	-
C. SERVANTS	-	-	-	-	-	-	-	-	-	-	-
<u>1981</u>	50/-	7/-	2	1	4	-	3	2	8	1	1
STUDENTS	-	2	-	1	2	-	2	1	4	-	-
TEACHERS	20	5	2	-	1	-	1	1	4	1	1
C. SERVANTS	30	-	-	-	1	-	-	-	-	-	-
<u>1982</u>	-	63/33	4	1	4	2	3	4	6	3	-
STUDENTS	-	2	-	1	2	-	2	3	1	3	-
TEACHERS	-	31	3	-	2	1	1	1	1	-	-
C. SERVANTS	-	30	1	-	-	1	-	-	4	-	-

(continues)

YEAR/GROUP	PARALYZATION (DAYS)		CLAIMS OR BANNERS								
	Minor	Major	A	B	C	D	E	F	G	H	I
<u>1983</u>	2	3/1	6	-	5	2	2	2	6	3	1
STUDENTS	2	1	-	-	2	-	1	1	3	3	1
TEACHERS	-	1	3	-	2	1	1	1	1	-	-
C. SERVANTS	-	1	3	-	1	1	-	-	2	-	-
<u>1984-MAR/85</u>	-	163/77	4	-	8	1	4	1	11	15	1
STUDENTS	-	2	-	-	1	-	1	1	3	6	-
TEACHERS	-	84	2	-	1	1	2	-	7	-	-
C. SERVANTS	-	77	2	-	6	-	1	-	1	9	1
<u>TOTAL</u>	52	307/174	18	3	23	5	14	12	34	29	6

Key for the "Claims or Banners":

A = Salary Claims

B = Abolition or reduction of school fees

C = Other advantages or facilities

D = Claims about federal policies of administrative reform of the university,
mainly those intended by the government

E = General increase in public funds for education

F = Universal, free and public education

G = Reinforcement of university political movement or solidarity to it

H = Nationwide political issues, not directly connected with school activities

I = Reinforcement of labour organizations or solidarity to them

Source: Division of Security and Information (DSI) of the Ministry of Education (MEC).

Table 21 prompts the following remarks:

1) The activities of the three groups - students, teachers and other civil servants - coincided for the purpose of co-ordination only from 1982. Teachers had a dominant position in the number of paralyzed days reflecting their leadership; the civil servants movement erupted in 1982 and the participation of students was quite more modest than during the sixties.

2) The peak of paralyzation in 1984 reached 1/3 of the 180 legal minimum number of school days, even if weekends and holidays were deducted.

3) Mobilization for the reinforcement of the movement is its most accentuated single aim. This appears more significant if one considers the usual practice of demonstrators to expand their list of claims either to involve the wishes of all groups or to balance the image conveyed through their most socially controversial claims.

4) Teachers seemed to have been more attuned to individual advantages than to issues of a wider context: the former (represented by letters A, C and G) totals 68% of all their claims.

5) Worries directly concerning the issue of funding education (letter E) - a claim expressed in broad, repetitive terms - do not seem to play a special role in the claimants' approach: they represent only 12% of total claims.

5.4.2. Developments

An outline of the events of university staff movements and their relationship with the government starts in late 1980, with a thorough victory for the teachers of university *autarquias*. The government was interested in quickly ending the crisis provoked by the resignation of

Minister Portella, as this was also important for the position of the new minister, Gen. Ludwig. This was the circumstantial political fact which caught SEPLAN by surprise. Ludwig took up the role of a direct representative of the nucleus of the government and created a *fait accompli*. Minister Delfim had to fall behind or provoke an inopportune confrontation. Decree 85487, of 11/12/80, brought a new career plan for *autarquias*, which gave opportunity to an increase in salaries but did not affect the *autarquias*/foundations dichotomy itself.

At that time a crucial precedent was set in favour of the strikers: the illegality of the paralyzation was not formally pronounced and no deduction was made from salaries. The outcome of the conflict satisfied MEC, which did recognize the rightness of the salary claim. Punitive measures would impair the successful début of Minister Ludwig, who needed to build up good relations in this sensitive area of his ministry.⁹⁷ MEC alleged that there was no reliable control of attendance or absence on which to base punitive measures. This first move might have been decisive for the ensuing confrontations⁹⁸.

The winning movement thrived and a few months later could come back to MEC, with the claim of the salary gap between *autarquias* and foundations. This would represent a massive increase in expenditure, summarily dismissed by SEPLAN. MEC was left with the problem without financial options, inasmuch as Ludwig had just had a clash with

97. This was the author's feeling in talks with Col. Pasquali, MEC's General Secretary, on the subject at the time.

98. "I am sure that the following strikes would not have taken place if that first one had been won and controlled by the government," (Professor Herbert G. Calhau, MEC's Subsecretary for Higher Education at the time, who actively participated on the negotiations between the government and the teachers, Interview with the author.)

SEPLAN's Minister Delfim over finance for MEC and had forced a presidential decision to be made in his favour (Section 5.3.2). The unfairness of the diversity in salaries was openly recognised but all that was achieved was an innocuous statement obtained from the acting President Aureliano Chaves in October (1981) providing in general terms, for a gradual elimination of the gap.⁹⁹

Needing to keep up mobilization, the ANDES's leadership gave in to the demands of a group of new teachers, the "Colaboradores", which claimed immediate access to the first step of the career (they had then an inferior position due to an exceptional ingress in the manning tables, without competitive examinations, following the strike in December 1980). The general paralyzation was shortly renewed in November 1981.

The political setting of the dispute - then clear for the leadership of each side - could be explained as follows. The striking facts of the salary gap were politically devastating for the government, not least because of their scale but chiefly because their most sensitive aspect - the unfair treatment in the diversity between foundations and *autarquias* - exposed an administrative failure of the regime over the years, during the 1970's. If the government still decided to play tough, to refuse payment during paralyzation days and to clamp down on the illegal movement, the teachers might go to court to force the

99. President Figueiredo was temporarily off duty (23/9 to 11/11/81) for heart surgery. Apart from not being expressed by a decree, the fragility of the decision also came from the fact that the chances of its implementation by Figueiredo were almost of no account, as the matter had not been properly agreed with SEPLAN, as Mr Delfim Netto, also absent for most of Aureliano's tenure, did not participate in it, avoiding contact with his strained Vice-President (a fact openly commented on by the press).

correction of the salary gap on grounds of isonomy, which would have resulted in a terrible blow to SEPLAN's strategy. Since this was not a likely government decision, the best option for ANDES' political targets - including consolidating the position of the organization and wearing the government down - was to keep going with the paralyzations. An indecisive approach resulted, therefore, the best setting for both sides of the dispute. MEC authorities, however, came out as the losers: as much as the strikers, MEC was kept paralyzed with the problem (which was actually of SEPLAN's) and without means to solve it.

One more reason made the position of the government authorities weaker. It could not always count on the total loyalty of the senior officials and chancellors in MEC. Many of them maintained an ambiguous position between the two opposite sides. Most officials were university teachers themselves, temporarily serving in MEC's bodies, some of them even on universities' payrolls. Loyalty to the government and solidarity with their professional colleagues was the uncertain position of chancellors, who were themselves members of the teaching staff and could not forget that in a few years they would be back to working together with teachers.¹⁰⁰

100. "Actually, it was very difficult for many people in MEC not to divide their loyalty in those circumstances and to hide their sympathy for the teachers' cause", said Prof. Calhau, a senior official of the Secretariat for Higher Education (SESU), participating in most conflicts during the 1980-84 period and himself a teacher from the permanent staff of the (*autarquia*) Federal University of Rio Grande do Sul. (Interview with the author). Interference in the same feelings of sympathy to teachers struggles against the government in the course of the events was also recognized by Dr. Tarcísio Della Senta, MEC's former Secretary for Higher Education (1979-81) and minister' adviser (1982-84). (Interview with the author).

Not only were the "Colaboradores" awarded their request, but Ludwig managed to include a 30% additional percentage of salary increase for teachers from *autarquias* in the presidential decree which granted a 40% annual readjustment of salaries for the federal civil service from the first day of 1982. Although the pay rise had become insignificant after one year, it was the last effective measure to be taken by the government to reduce the *autarquias*/foundations salary gap until it was definitively eliminated six years later, in completely different political circumstances by Decree 94664, of 23/7/87. Again, alleging practical means to identify the majority of teachers who had been out of work, MEC did not urge reductions of monthly payment.

The problem remained the same all the year - Ludwig left MEC in September - and, for the third consecutive time, the proximity of the final examinations in November brought a new paralyzation of class activities. This time, however, the worse salary condition of other university civil servants finally led to eruption and the administration of universities was halted altogether. As for university teachers, some minor alterations in the career structure were introduced by Decree 87867, of 25/11/82, and the strike finished. Publicly, teachers presented the movement as successful, as the mobilization was larger, having the solidarity of some paralyzed foundations, and the legitimacy of ANDES representation recognized. MEC backed administrative civil servants, arguing the unfairness of the existing salary situation in relation to special increases awarded to teachers. The government, however, did not ease its position, and nothing was granted this time, although the payment for the paralysation days had not been refused either.

Following the departure of Ludwig, Minister Delfim Netto stepped up SEPLAN's participation in the decision-making process on recurrent university claims.¹⁰¹ For more than two years he "exchanged" courtesies with MEC's Minister, Ms Esther Ferraz - whom he reminded of their mutual particularity as ministers from São Paulo - for effective control of MEC's finance-related demands. To teachers continuously pressing the government with warnings, including a successful day of "warning national paralyzation", SEPLAN replied with a sort of "bankruptcy argument": the government simply could not afford any further burden to the Exchequer, as the chaotic situation of the economy, shaken by a 220% annual inflation, sank the country's 1983 GNP in a -4% deficit!

Nevertheless, an odd 20% bonus on the salaries of the civil servants of *autarquias* "for supporting teaching" (a feature inherent in the job's description) was announced in December (1983). Direct salary increases were to be avoided under the allegation that a privileged treatment of this group would raise an uncontrollable claim of the whole civil service for isonomous treatment. In fact, "the special attention" to federal civil servants in schools, the "precedent" argument and that of the "bankruptcy" had definite limits: the decrees which actually created the bonus (laws-by-decree 2121, of 16/5/84, and 2123, of 5/6/84), only were signed by the President five months later, when similar bonuses had already been granted to several other groups of the

101. Col. Pasquali, MEC's General Secretary throughout the whole period, commented on the actual allocation of power in the nucleus of the government, in the last years of Figueiredo's government: "There was actually an inadequate command by Figueiredo in all these budget-related claims. He only said: 'Talk to Delfim'."

federal civil service.¹⁰²

The delay in accomplishing promises and the modest financial effects of the bonus, given the proportions of the existing gap, dissipated political profits from the concession. Hence, at the second quarter of 1984, the salary claim movement of university staff re-appeared stronger. A unified mobilization of teachers and civil servants from *autarquias* and foundations carried out the most prolonged general paralyzation ever seen in Brazilian universities. The government had nothing else to offer. Previous arguments were repeated; at the same time, numerous drafts of an over-discussed bill on the administrative structure of federal universities, including the reajustment of salary policies towards foundations, passed from hand to hand among bodies of MEC, CFE, universities, CRUB and ANDES, keeping both sides of the dispute busy and dragging the conflict on for three continuous months. None of these drafts ever became law for the remaining period of the military government. The strike finished suddenly - probably by interference of external political forces to which a newly elected ANDES' board of directors was linked - and the government promised to send a bill on the matter to Congress. The outcome this time was that the government was helped by external circumstances but university staff did not suffer any cuts to their monthly payments because of the paralyzation.

102. Police (20%), DL 2111, of 4/4/84; Finance Control Technicians (80%), DL 2112, of 17/4/84; Doctors (up to 100%), 23/4/84; Court Civil Servants and Lawyers (40%), DL 2117, of 7/5/84. Other bonuses were also granted, and finally the general salary table for all civil servants in administrative or intermediate functions was increased (DL 2130, of 25/6/84). Almost the whole federal civil service had its wages "exceptionally" improved between April and June 1984.

Concerning the overall results of the movements it is more precise to say: the government lost and education did not win. The government was forced publicly to compromise itself over an illegal strike, misrepresenting the strikers' position. Education failed to win when concessions were made without reference to education improvement.

5.5. CONCLUSIONS

Contrasting with the rationality of the economic approach to the education funding, the struggle for finance for education brings the true nature of the process to light. Decisive turning points in the changes in earmarked sources and minimum percentages from tax revenues for education and the conflicts between education authorities and the central planning body clearly set the question in terms of political priorities. In this regard, the outright abolition of special budgetary treatment for education in the 1967 and '69 constitutions, whilst the strategy was kept for other programmes, is a definite fact whose nature these events later revealed. Even the economic crisis of the country was never accepted by ministers of education or university teachers as a sufficient reason for failing to give education a budgetary treatment compatible to its needs.

Notwithstanding this, in the same events a "technical argument" - the necessity of a rational, overall allocation of funds by the planning body or that of balancing the budget by cutting down on public expenditure - repeatedly replaced (or hid) prevailing economic policies and strategies, namely extra-budgetary

programmes, overborrowing and subsidizing, which actually caused the deficit and prolonged it.

From Geisel's government onwards, a progressive deflation affected the concept of education as an important instrument for development, as the policy on earmarked financial sources clearly implied. The following facts are examples.

Although proving a vital step forward in securing funds for primary education, which, otherwise, the programme was consistently refused from the Treasury, *Salário-Educação* was never forgiven for its origins and developments outside the government's general economic policy. This uneasy position was revealed some years later when *Salário-Educação* needed financial updating or had its flow affected by the crisis of the Welfare System. These facts and a blunt opposition by political interests linked to the agricultural sector resulted in preventing the supply of financial means for the accomplishment of the constitutional mandate of general education between 7 and 14 years of age, a fact made evident by statistics at the end of the decade. In spite of the fact that no state had individually reached this target, states were exempted from the 20% strict attachment of the FPE/FPM to education.

Education was the unfortunate, "necessary" victim of the policy of CDS/FAS/CEF for the whole social area. Lottery proceeds were given a new dimension in a lending Fund which was built up by half the existing education-supplier lotteries and the exclusive profit from the newer and larger of them, the LOTO. In other words, education had to share its hitherto privileged position with other social programmes.

In the time of the government's the financial crisis, all earmarked sources had to join the "purge crusade" to cut down on the public deficit, and education loans were not waived in the general use of borrowing to alleviate foreign currency shortage.

From the early eighties, against a background of economic crisis, the idea of education/development proved sterile and virtually disappeared. Other motives were raised to justify the funding of education, particularly the requirements of the social justice and the links between education and the cultural and political development. The messages of ministers Portella and Ludwig had strong repercussions in times of political liberalization whereas the "Langoni's project" could not even come to discussion.

Extra-Budgetary, earmarked financial sources were always welcomed by the Ministry of Education, under continuous pressure for funds, provided they came as a limited subsidy to reinforcing ordinary appropriations from the Treasury. A serious problem occurred, however, when these sources, after having reached large proportions of the total revenue and generated a strong dependency in permanent activities such as schools, became unstable or were reduced.

The political fragility of education, including its current official justification among Congressmen's values, was apparent when requirements of "political survival" - whether in terms of serving a political clientèle or reacting against an authoritarian regime - came on to the scene.

Finally, the way in which the of 1980-85 industrial actions by university staff broke out exposes the contrast

of two political contexts in which the decision-making process of the education funding (in this case the policy of salaries) took place. In the transition from a technobureaucratic context to another where open political participation was possible, the government found itself trapped in the typical consequences of the former.

CHAPTER SIX
SHORTCOMINGS OF THE RATIONAL APPROACH

The mainstream of the government's economic approach to education funding implied that this process had to be intentionally conducted and not pluralistically driven by "external", often unwanted or inopportune social pressures. There was an economic rationality to be asserted, before everything. Planning became, therefore, a major governmental activity, intimately connected to political will, and thereby, planning performers - supposedly professionals in the bureaucracy - closely participated in political power.

Planning policies and instruments having been described in Chapter Two, this chapter investigates their fate in the issuing implementation process which features the real weight of other political and cultural variables thus opening the way to further reflections on the meaning of the economic approach when it comes to the political decision on allocating funds to non-economic services.

The basic among those variables is the privileged position of higher education in society, the patrimonial conception of the state or the patrimonial use of state resources by the performers of state functions and political centralization in its counter-productive results, particularly the attachment of a number of organizations to the government' structure and the autonomous activity of the federal bureaucracy.

6.1. EDUCATION PLANNING x EXPENDITURE ON UNIVERSITIES

During the 1950's and most of the 1960's there was an indisputable consensus among policy-makers, including Congressmen involved in education, about the priority of elementary education problems, at least at the level of discourse and policy. The long-discussed bill of "Directives and Bases of National Education" which became law in 1961 (LDB) founded all its decentralizing strategy on the principle that states and *municípios* would be entrusted with the basic education. The realization of the poor situation of that level of education came to hurt national pride in the view of many influential people during the 1960's.¹

The 1960 statistical census showed what increasingly appeared to be shameful figures. Brazil could not stand a 40% illiterate population over 15 years of age! Even considering the sharp differences among regions and states - figures were not so gloomy for some states of the South or South-east - the average schooling rate of the population between 7 and 14 years was about 50%, sadly falling lower in rural areas. 3/4 of schools in these areas were one-roomed schools where children of all ages and education levels had lessons together from a single teacher. With half of its teaching staff being improperly qualified and commonly working for pittance, the output of primary schools was extremely low. The system was, incredibly, unable to retain pupils: only one out of ten children who entered school was still there eight years

1. Examples in the extremes of the political spectrum go from the anthropologist Darcy Ribeiro, Goulart's Minister of Education (Speech to the Federal Education Council, CFE, on 21/9/1962) to the head of the Special Commission which was set up by the military on education, Gen. Meira Mattos, (Meira Mattos' Commission Report, Section 2.10.2, Correio da Manhã, 25/8/68), and the Minister of Education, Jarbas Passarinho, in the golden times of the 1964 regime in his annual address to *Escola Superior de Guerra* on 29/5/1970 (ESG, Doc. C50-123-70, p.4).

later and 65% of them dropped out in the first three years. 70% of the new pupils were recruited after the normal age (7 years) and 1/4 of all primary school students were found unable to attain the next grade at the end of the school year. Even so, 20% of the remaining pupils had to combine study with some working activity in order to help their families.☞

In view of an increasing trend towards the Federal Union, the strongest element of the federation, becoming involved with secondary and higher education, the 1946 democratic Constitution defined education as the responsibility of local governments, the role of the federal government being subsidiary to them. States were supposed to set up their independent education system for primary, secondary and higher education. The 1961 important Law of Directives and Bases of National Education (LDB) ordained, therefore, that all federal funds were to be shared in equal parts among these three levels of education (Art. 92, §1).☞

2. Figure in this paragraph are from: BRASIL/MEC/SEEC, Estatísticas da Educação Nacional, 1960-71, vol.I, Rio, 1972.

3. Speeches of members of the Federal Education Council (CFE), some months after the issue of LDB, highlighted this policy: "Last month we received a report from Deputy Paulo Sarazate in which he showed that in 1961 the Federal Union's expenditure on education was distributed like this: primary education: 9%; secondary education: 17%; higher education: 74%. The Law of Directives and Bases comes to alter this situation completely as it is going to force a distribution in equal parts amongst the levels of education. We will have to re-think the problem entirely." (Rev. Cândido Padim, April, 1962). "The distribution of resources itself, which is made in equal parts among the three levels of education, indicates that the Federal Union recognizes its action as supplementary, simply helping local services, not replacing part of their responsibilities, as elementary education costs three times more than the others. (...) This is a trend which was definitively sanctioned by the 1946 Constitution and the

A special concern of elementary education was also the line of the planning body of the Ministry of Education and Culture (MEC), the National Institute for Educational Studies (INEP), as long as it led the policy-making activity of the ministry. Social pressures over the accomplishment of the Constitution in relation to the general provision of elementary education led to the 1964 national school census⁴ and the creation of *Salário-Educação* (Section 5.2.1.1). Particularly, primary education was seen by the first general plan of the newly-arrived 1964 military government as deserving more straightforward financial support of the federal government than higher education did. The central planning body attempted to introduce fee charges in public federal university institutions (episode later related) and constantly opposed a fast expansion of enrolment in them (Section 3.3.1). A resolute option for primary education, particularly among the larger and poorer sections of the population, came back again as from the late seventies in the III National Education Plan (III PNE) when a key group of officials in the IPEA's National Centre of Human Resources (CNRH) affirmed their frustration with the way "the bourgeoisie and the elite had always appropriated state investments in education"⁵ and managed to have such convictions assumed by Minister Portella (1979-80) in III PNE which was carried on by Minister Ludwig (1981-82). There, higher education was not mentioned among the

complementary Law of Directives and Bases." (Prof. Anizio Teixeira, May, 1962). MEC/CFE, Plano Nacional de Educação, 1962, pp. 65, 70, 71.

4. This important survey dealt exclusively with children between 5 and 14 years of age. BRASIL/MEC-IBGE-INEP, Censo Escolar do Brasil, 1964, 1966.

5. Expression by Mr Divonzir Gusso, a senior member of CNRH's planning group, interview with the author.

priorities.⁶

The historically-rooted supremacy of higher education, however, has never been shaken. In its position as an essential social appanage of status in a pré-industrial society, which Brazil was until recently, higher education institutions were always under the special care of the state as suppliers of the country's ruling élite. After the 1889-1930 hiatus in the central government's hegemony, the well-represented interests of higher education and the weakening of states public finances converged on the major trend of the so-called "federalization" of higher education institutions. The underlying political reality was exposed by the events from the end of Vargas dictatorship to the early sixties: while LDB lagged for thirteen years in Congress owing to discussions and emotional discourses on the importance of a profound reform in the educational system to tackle the national problem of elementary education, several dozen higher education schools were put under federal control and maintenance ("federalization") by Congress itself and the system of 19 large federal universities was formed by the association of those schools. As described and emphasized

6. MEC/S6. III Plano Nacional de Educação Cultura e Desporto, 1980-1985, 2ed., 1982, pp.15-20 ("Concepção Fundamental" e "Linhas Prioritárias Nacionais"). Higher education is referred to in the section "Complementary Lines of Action". The policy is summarized in the III National Economic Development Plan 1980-85 (III PNE) in terms: "In the fields of education, culture and sports the following fundamental priorities as exposed: - education in rural areas (...); - education in urban outskirts (...); - cultural development (...); - participation-promoting planning (...); - improvement of the levy and distribution of funds (...). Without depriving other areas of education of their merits, priorities concentrate on basic education and cultural promotion." BRASIL/Presidência da República/SEPLAN, III Plano Nacional de Desenvolvimento Econômico 1980-85, 1981, pp.48-9.

in Chapter One (Section 1.5), this trend was crucial for the development of the policies on education funding as financial interest of universities encrusted on the federal bureaucracy of education, namely the MEC, whose qualified staff was directly supplied by them. Except for a few fleeting periods, "MEC's political agenda was always prompted by universities", in the words of an experienced government adviser.⁷

The fact was that, even in 1962, when the Federal Education Council (CFE) met to study the implementation of the legal provision about the partition of federal funds in equal shares among primary, secondary and higher education, the councillors found themselves in a difficult position: the government had already spent about 70% more money on its universities than the one-third legally established! Facing reality, CFE stood in the National Education Plan (PNE, 1962) for the legal provision as a target to be eventually reached by maintaining the expansion of the federal university system and the rationalization of existing expenditure. Now and then, CFE recalled the legal provision of charging annual fees from students who could afford it but this was not mentioned in the 1965 version of PNE.⁸ Definitely CFE abstained from uncompromising measures, including a sort of "de-federalization" of some higher education schools, thus acting in accordance with the constitutional principle of the subsidiary position of the federal government in the organization of the system.

Political movements by higher education students, particularly their demonstrations and riots, had always

7. Mr Divonzir Gusso, interview with the author.

8. MEC/CFE, Plano Nacional de Educação, 1962, pp.39,40. MEC/CFE, Plano Nacional de Educação (Revisão 1965), 1965, pp.15,16.

been an integral part of Brazilian political life in this century and the National Students Union (UNE), surviving several regimes and lasting longer than any political party in the country, has a considerable tradition of political struggles. Sections 3.1.1 to 3.2.2 described the events in the first part of the 1964 military regime in which student movements were decisive for the course of university reform and the way in which the expansion of higher education was developed, entailing profound administrative changes in the whole system and giving place to the strengthening of the staffing patrimonial trends in educational organizations, as will be studied later in this chapter.⁹ It was reported previously in Chapter Three how budgetary appropriations for primary education were diverted to supplement universities and that the implementation of the newly created Brazilian Literacy Movement (MOBRAL) was delayed from 1968 to 1971 because of the budgetary impact of the expansion of the higher education enrolments.

A typical point in which the power of higher education students to make themselves heard clearly appeared was the recurrent issue of annual fees in public federal universities and schools. In spite of a Constitutional and legal provision since 1946 (Art. 168, III, later repeated by Art. 38 of LDB, and again by Law 5537, of 21/11/68, Art.11) a restricted gratuity for secondary and higher education to those who demonstrated personal and family financial incapacity, no government has ever dared to regulate and enforce the imposition of fees. The simple announcement by unofficial sources that the application of

9. A circumstantial report of one of UNE's members on the organization's activities, particularly during the 1960's, in; Poerner, Artur J, O Poder Jovem, 2ed, Rio, Ed. Civilização Brasileira, 1978. See also; Gonçalves, T. and Romagnoli, L. H. A Volta da UNE, de Ibiúna a Salvador, São Paulo, Alfa-Ômega, 1979.

the law was intended, completely upset the life of universities, brought about large and noisy mobilization of students, raised related political interests and finally turned out to be a headache for the government. The issue became a "taboo" to which authorities feared to refer in order to avoid causing further political unrest in higher education schools, which was considered a "sensitive area".

Three times during the 1964 regime the imposition of annual fees in federal university schools came to be cogitated or planned. The first occurred in 1965 when IPEA's economists developed a project in which fees in each university would have to cover 30% of its total cost. Without the MEC's participation, the bill of the presidential decree was prepared and handed to Castello Branco, who had earlier approved the idea.¹⁰ In spite of having referred to it in his 1966 address to Congress, the President refrained from taking the subject any further and the studies have never come to public knowledge.¹¹

Three years later the notorious and controversial Commission headed by Gen. Meira Mattos (see sections 3.2.1 and 3.2.2) briefly suggested the measure in its final report (item 1.4.1) but the attached document with detail on the matter was never published or the suggestion

10. Information from the interview with Mr. Arlindo Corrêa, in charge of the project, who added: "They would have to agree, as a measure of force by the Revolution. The device would involve the universities' own interest; charges would be proportional to the rationalization of their administration."

11. "In higher education, the abolition of the indiscriminate gratuity in the federal system will make a supplementary action of the federal government in secondary education feasible." MEC/INEP, A Educação nas Mensagens Presidenciais, Período 1890-1986, vol.2, Brasília, 1987, p.385. Mr Arlindo Corrêa linked the President's decision to students riots occurring at the time.

implemented by the Minister of Education. In 1981, invoking reasons of social justice towards primary education and the total public resources available in the country, the Minister of Education, Gen. Ruben Ludwig publicly defended his personal conviction on charging students who could bear the costs of their higher education. He consulted CFE on the issue (Aviso nº 288, of 3/4/81). In July 1981, CFE's appraisal - whose report was made by Ms Esther Ferraz, later Minister of Education - found the policy fair, well-founded on the legal tradition, but not opportune for the reflexions of the country's economic crisis on students' families.¹² Facing a series of industrial actions by higher education teachers and having to leave the office some months later, Ludwig finally did not carry through his intention.

The conflict between the convictions of authorities on the priority which should be given to elementary education and the pressures from rooted positions of the public university system appeared once more during the privileged tenure of Minister Jarbas Passarinho (November 1969 to March 1974). Recalling his early moments as a minister who had to decide on the guidelines of his administration, he said:

"Then I found myself with the question: 'which area to give priority to?' We could not have secondary and higher education without good primary education. This was the point! Actually, we had to go first to eliminate illiteracy, and dry up the source of all subsequent problems."¹³

The minister's general strategy was the selection of a

12. The appraisal (*Paracer*) was not approved without some controversy, four long declarations of vote being issued separately (originals of these documents obtained by the author at CFE's Secretariat).

13. Interview with the author.

few "critical problems" which the earliest planning document of his administration clearly stated. The first of them was:

"At present, the greatest efforts are directed towards higher education which, however, only eleven primary education beginners out of one thousand manage to reach."¹⁴

Following the discourse and early approach of most previous governments, the MEC's plan raised bold targets to be achieved in primary education.

Soon, however, the time and energy of the dynamic minister and his general secretary were absorbed by higher education organizations, teachers and students who were always declaring themselves to be in crisis. Section 3.3.2 described the Minister's and his General Secretary's own testimonies and their efforts to cool down conflicts and meet claims from universities. To implement the university reform was a hard job; the Ministry had to reinforce its technical structure, and, in the words of an experienced MEC official,

"the complete hegemony of the Higher Education Department (DAU) in MEC's central administration, which stood out during the 1975-78 period leaving the General Secretariat (SG) in the wings, was actually formed during Passarinho's tenure."¹⁴

As for other MEC's administrations, dozens of chancellors and vice-chancellors were always moving around in the offices and corridors of the Ministry, pressing for special grants, budgetary supplements, advantages and exemptions from bureaucracy regulations. Indeed, what could be called a bureaucratic activism by university officials in MEC, canvassing for funds, is a good example of the way

14. MEC/SG, Planejamento Setorial, 1970, p.15.

15. Mr Cláudio Neiva, who held important positions in both DAU and SG for eleven years between 1972 and 1984. Interview with the author.

the allocation of resources was finally carried out, irrespective of the Ministry's general planning. A description of this administrative behaviour, in a paper by three Brazilian scholars who were close to events in MEC, is particularly adequate and deserving of quotation in full: 16

"Bureaucratic activism seems to be the key strategy for obtaining funds. It means being able to find out quickly about new projects, to identify leftover balances and to have an alert machinery to write competent proposals and meet deadlines. It also means finding out how much money is available in order to decide how hard to play the game. Some rectors aggressively tried to infiltrate the DAU (Higher Education Department, from 1979 Secretariat for Higher Education, SESU) bureaucracy and hired "representatives" in Brasília who would advise them on fund raising. Ability to spend fast and good bookkeeping are also essential because bureaucrats abhor poor accounting, incomplete projects and bookkeeping irregularities of all sorts. Efficient and thoughtful utilization of the resources does not seem to be important. The rationale behind bureaucratic activism is 'the more you try, the more you get'. Getting funds is a never-ending battle."

"The other - not mutually exclusive - strategy for getting funds is to convince decision-makers that one has a most pressing need. Rhetoric does not seem to lead very far. Instead, the number one strategy is the *fait accompli*: commit the money, run into deficits and let federal authorities worry about it. The more sophisticated versions of this strategy consist of making

16. Castro, C. M., Barros, H. and Amaral, T. C. "The Funding of Brazilian Universities: Formalism, Politics and Bureaucratic Activism". (Paper presented to the Twelfth World Congress of the International Political Science Association, Rio, Brazil, 9-14 August 1982, p.5. Incidentally, the publishing of this study raised bitter comments by some officials at MEC and universities at the time for the sharpness of its language.

deliberate mistakes in budgeting. For instance, underestimating the expenditure on politically sensitive rubrics and using the surplus to build, invest or do whatever could be postponed or foregone. The rule is: spend fast on priorities, on the superfluous or on the bad projects. The deficits can be areas of personnel or better still, of students' cafeteria or hospitals supplies. The threat of student riots or of deaths due to lack of medication are potent arguments for getting additional funds. Creative crisis management seems to be a reliable means of increasing university budgets."

From another point of view, the following sections in this chapter will expand on other practices by university authorities related to staffing and the payment of university personnel. Together with the above-mentioned strategy of the *fait accompli* and the deliberate misleading in the official budgeting, they complete a picture of clear contempt for administrative law and federal controls. If it is not the case to say that they place themselves above the law, it is certainly true that they do not feel beneath it. In the constant game of evading rules and controls, university teachers - universities were run by them - found the risk stimulating and glamorous. In other words, they feel themselves sufficiently powerful to face up to the structure of the state, based on the tradition of higher education institutions whose authorities had always invoked the principle of university autonomy and, for administrative reasons, had never been sued. On the other hand, most university communities did not identify with the government politically and so barely considered its priority policies.

As a result of all these factors which show the privileged position of federal universities in the allocation of funds irrespective of official priorities, the share of

higher education in MEC's budget has always been the biggest, often exceeding all the rest of federal programmes put together. In the period 1970-72, higher education received 49.1% of total MEC's resources.¹⁷ In 1980, this percentage was 51.9, and had been higher in some previous years.¹⁸ The 1984 budget, however, registered 57.8% for the Higher Education Programme!¹⁹ If the huge national programme for school meals which were supported by special, earmarked funds were not counted, the figure during the eighties would be about 75%.

Another overview of the results of the conflict between planning and political reality would be a comparison between targets of the various governmental plans for primary, secondary and higher education and statistics actually obtained at the time for which they were projected (Table 22, below). In the four national plans issued between 1965 and 1975 (the 1979 plan did not present numerical targets), targets for primary education (7 to 14 years) are generally missed; those for secondary education (15 to 18 years) are often missed; targets for higher education, however, are always exceeded, except for those of the 1975 plan which projected an unrealistic 70% increase of enrolments in six years.

17. MEC/CAI. Aspects de l'Organisation et du Fonctionnement de l'Éducation au Brésil. (Réport présenté à la XXXIV^{ème} Session de la Conférence Internationale d'Éducation, Bureaux International d'Éducation), UNESCO, 1973, p.25.

18. MEC/SG. Retrato Brasil. Educação, Cultura, Desporto, 1970-1990. 1975, p.556.

19. MEC/SG/SOF. Report 003L010D, of 27/2/84.

TABLE 22

BRAZIL: SOME TARGETS AND RESULTS OF FEDERAL GOVERNMENT'S PLANS FOR EDUCATION, 1965-80

	SCHOOLING		QUALIFICATION ¹	
	BASIC EDUCATION	HIGHER EDUCATION	OF	TEACHERS
			SOME*	FULL**

T A R G E T S

<u>To 1970</u>					
PNE, 1965	<u>100% SchR²</u>	<u>30% SchR</u>	1st E > 50% SEF ³	100%	60%
PED, 1968	<u>+18% E⁴</u>	<u>+45% E</u>	<u>44% E</u>	+29,360	+133,630
<u>To 1974</u>					
1 ^o PNE, 1971	<u>80% SchR</u>	<u>1,850,000</u>	580,000	100%	-
<u>To 1980</u>					
1 ^o PNE, 1971	<u>100% SchR</u>	-	1,000,000	100%	-
2 ^o PNE, 1975	<u>90% SchR</u>	<u>2,500,000</u>	1,700,000		

S T A T I S T I C S

<u>1970</u>	<u>68% SchR</u>	<u>8% SchR</u>	1st E = 62% SEF ³	80% ⁵	52% ⁵
	<u>+14% E</u>	<u>+45% E</u>	<u>+63% E</u>	+100% E	
<u>1974</u>	<u>78% SchR⁶</u>	<u>821,058</u>	937,593	86%	-
<u>1980</u>	<u>84% SchR</u>	<u>1,628,596</u>	1,377,286	83%	-

Notes

- 1) "Qualification of teachers": * Any school grade completed over primary education. ** The normal statutory course for teaching in primary schools (*normalista*).
- 2) "SchR": Schooling Rate.
- 3) "1st E > 50% SEF": first-grade enrolment in higher education to be at least 50% of secondary education finishers. Similarly, "1st E = 62% SEF" stands for: first-grade enrolment in higher education to equal 62% of secondary education finishers.
- 4) "E": Enrolments.
- 5) 1971 statistics. The National Strategic Plan (PNE, 1968) forecast the training of all the 29,360 existing teachers without completed primary education ("lay-teachers") and the normal statutory course to 133,630 more fully-qualified teachers. In 1971, the former were still 25,000;

there are no statistics available on the latter,

6) 1975 statistics.

Sources

BRASIL/MEC/CFE. Plano Nacional de Educação (Revisão 1965), 1965, pp.3, 4; BRASIL/MINIPLAN, Programa Estratégico de Desenvolvimento 1968-1970, Área Estratégica IX, Infraestrutura Social, Educação e Recursos Humanos, Rio, 1969, p.76; BRASIL/MINIPLAN-MEC, Plano Setorial de Educação e Cultura, 1971-74, 1972; BRASIL, II National Development Plan (English Ed.), 1975, p.101; MEC/S6, Retrato Brasil. Educação, Cultura, Desporto, 1970-1990, Brasília, 1985; BRASIL/MEC/SEEC, Estatísticas da Educação Nacional 1960-71, vol.I, Rio, 1971; BRASIL/MEC/S6, MEC Dados, 1981.

Throughout the last two decades, plans bowed to reality. The trend of "federalizing" higher education institutions stood in spite of not being in accordance with the constitutional principles concerned. This fact was, incredibly, overlooked as the basic factor driving most situations in which expenditure demand or *faits accomplis* left no room for alternative plans. One way or another, institutions, pressures and resources finally led to decisions favouring higher education, irrespective of its position in the plans.

Particular events of this trend will be investigated in the following sections 6.2 and 6.3, from different points of view.

6.2. EXPENDITURE ON PERSONNEL: RATIONALIZATION x PATRIMONIAL CONCEPTIONS OF THE STATE

No doubt, the most important item in education cost is personnel expenditure. It is also natural to see mounting expenditure on personnel in a ministry whose system of

schools expanded its enrolments as much as ten times in twenty years and still more than doubled it from 1970. Nevertheless, that expenditure tripled from 1970 in real terms, although salary levels of the majority of MEC-paid personnel (staff of *Autarquias* and central bodies) remained quite below the real value of the currency (see Section 5.4.1). Such a disproportionate increase of expenditure appears intriguing even if one takes into consideration that new, more staff-intensive courses were opened, and training programmes required extra, substitute teachers. Actually, personnel share in total MEC's expenditure nearly doubled between 1970 and 1983 in spite of massive capital expenditure in building university campuses. Table 23 introduces general figures and proportions about the subject.

TABLE 23
BRAZIL: MEC's EXPENDITURE ON PERSONNEL, 1970-84 ¹

	PERSONNEL EXPENDITURE			TOTAL MEC's	%
	Current	Constant ²		EXPENDITURE	
	Cr\$ Million	Cr\$ Million		Current	
				Cr\$ Million	
1970	473.5	473.5	100	1,293.2	36.6
1971	614.2	522.3	110	1,566.2	39.2
1972	731.6	520.7	110	1,811.4	40.4
1973	1,015.6	588.4	124	2,283.8	44.5
1974	1,397.9	604.6	128	2,901.3	48.3
1975	1,866.1	596.2	126	3,863.4	47.9
1976	3,397.6	744.4	157	6,493.0	52.3
1977	6,952.1	1,051.4	222	11,786.3	59.0
1978	10,214.4	1,071.2	226	16,737.5	60.4

(continues)

	PERSONNEL EXPENDITURE			TOTAL MEC's EXPENDITURE	
	Current Cr\$ Million	Constant ² Cr\$ Million		Current Cr\$ Million	%
1979	16,767.0	1,115.0	235	26,912.8	62.3
1980	28,013.6	957.3	202	46,619.3	60.1
1981	55,600.0	960.6	203	91,825.3	60.5
1982	130,273.1	1,146.0	242	212,912.5	61.2
1983	327,245.3	1,177.9	249	536,162.0	61.0
1984	669,335.0	1,505.4	318	1,257,141.0	53.2

Notes

1) Initial position in the annual Exchequer's Budgets (ordinary and dedicated resources).

2) GDP Deflator, 1970 = 1.00.

Sources

MEC/SG/SOF. "Diagnóstico da Situação Orçamentária do MEC, 1970-79". 1982, Tables 17 to 22; MEC/SG/SOF. Report 021LT85/25, of 15/3/83; MEC/SG/SOF. "Proposta Orçamentária 1984". 1983, Table XXXIV.

In 1970, MEC's expenditure on personnel was 10.4% of the total personnel expenditure of the Federal Union, including the Armed Forces; in 1980, it had jumped to 22.2%.²⁰

Statistics on the number of total MEC-paid staff are rare — a definite political will would have been necessary to obtain relevant information from the reluctant

20. Associação Brasileira de Orçamento Público (ABOP). Revista ABOP, n.20, 1984, p.75.

decentralized units - and not precise because, often, they did not report people who were actually paid but not regularly admitted at the time. It is possible, however, to have reasonably reliable information for four separate years. Increases are impressive:

1938	5,988
1960	23,481
1981	142,000
1985	166,325 ²¹

The following two sections (6.2.1 and 6.2.2) are not meant to give a thorough explanation of these numerical results but to describe some crucial reasons underlying the phenomenon to the extent that they contradict government rationalizing policies so strongly held during the same period.

6.2.1. Staffing law x procedures

6.2.1.1. The pattern

Chapter One (Section 1.2) has stressed the origins and some characteristics of the patrimonial concept of the state in the early formation of Brazilian public bureaucracy. Public positions in the civil service were conceived as a sort of share in the state. Still

21. Sources, 1938 and 1960; BRASIL/IBGE, Anuário Estatístico do Brasil, editions of 1938, p.812 and 1962, p.336 (information originally collected by DASP); 1981; special survey by MEC's Department of Personnel (MEC/DP), ordered by MEC's General Secretary, Col. Pasquali (information directly collected by the author at MEC/DP); 1985; MEC/SG/SOF, Report P02L104C, originated for the monthly reports on expenditure on personnel by all MEC's units.

reproducing the old pattern - when public positions were granted by the sovereign's representatives, or even bought or inherited by the élite as a patrimonial right - civil servants, particularly those in command positions, in some way felt themselves to be in possession of state patrimony or resources, disposing of its resources as a personal attribute (prebendalism). Through top bureaucrats, politicians, who had often appointed them, closely participated in the state's resources in order to exert their patronage and clientèle politics. Local leaders, often land owners and affluent businessmen, as supporters of politicians and bureaucrats, also had access to favours and sometimes public positions for some relative who did not follow the family business.

This basic pattern underwent a modification after the restless work of the Vargas-instituted Administrative Department of Civil Service (DASP), for the sake of modernization and democratization principles in staffing and paying the civil service (Section 1.4.2). With abundant regulations on access to the civil service, particularly the strict requirement of public competitive examinations, progression in a newly-structured professional career, training and detailed criteria for individual pay advantages, DASP introduced the idea of a civil service open to all but requiring serious commitment, quite different from the old sinecures, and giving legally protected rights including stability.

Soon, an initial amalgamation with the old patrimonial tradition appeared. A public position in the civil service was seen, above all, as a source of rights to enjoy rather than a job to perform. Objective, legal structures were to replace personal criteria and favours of patrons and the consequent dependency on these. The stance vis-à-vis the nature of public position, however,

stayed the same. Once having been submitted to entry procedures, the candidate took possession of the position and its advantages as a sort of citizenship right. He would never be dismissed or deprived of his pay. The most likely punishment for being negligent in his job would be a marginal place in the organization and no assignment of further work (!). As rights and corresponding duties multiplied in the extensive laws of 1936, 1939, 1948 and 1952, considerably more care was given to the implementation of the former. After 1946, public examinations were increasingly circumvented by decentralized authorities and admissions carried out in the traditional manner. In spite of its unique position in the federal bureaucracy between 1936 and 1960, DASP was always under pressure from the populist politics - even coming from the Presidents themselves. Particularly in times of election, appointments were difficult to prevent although they were made as "provisional" to avoid legal obstacles.

In its fight to introduce rationality to staffing and pay procedures, DASP stuck to its regulations, lost itself in details and individual cases of hundreds of public federal organizations, and was often forced by political pressure to compromise or deal with *faits accomplis*. A second amalgamation with the traditional, patrimonial trends occurred then. DASP accepted formalism, turned a blind eye to increasing real admissions under the guise of temporary employment (not officially belonging to public service) and found legal ways of "blanketing-in" previous irregular admissions. The procedure was justified as a condition intended to put an end to the abuse and to ensure correct procedure for the future. People who had been hired for civil works, "special projects" of expanding services, substitutions or provisional appointments "while a public examination was approved or vacancies provided" invariably stayed in the organization

after these situations had finished and, some time later, were "blanketed-in" by some authority or decree by the President. In the end, the first selection and appointment which had been made by patronage or clientéle practices prevailed.

The 1930-created Ministry of Education and Health (health affairs were separated in 1953) and its *autarquias*, particularly universities, fully adapted to the pattern. Until the mid-sixties and even later in many educational bodies, head-professors (*catedráticos*) in large, traditional colleges, dominated the appointment of new teachers to their subjects, accidentally accepting external political influence. In all other situations, however, particularly administrative and technical personnel admissions, the informal rule was that every boss staffed his body or section, at least in presenting his candidate to the authority above him. In a university, generally originated from the association of several pre-existing colleges, principals of these have never given up their traditional "rights" of staffing their schools. In the later decades, these practices receded a little under government pressure but remained alive and the more MEC increased its units, the more the trend became a nightmare for DASP representatives in central units of personnel administration. 22

22. Explaining these practices to the author, Mrs Luíza Pontual, a retired civil servant of the north-eastern Federal University of Pernambuco, who had been in charge of the implementation of DASP regulations in the university for many years, pointed the direct appointment of principals and head of most MEC's bodies by the President of the Republic, in the same way as carried out for their superiors, chancellors and ministers, as a cause feeding the trend. "We were appointed by the President the same as you", said principals to chancellors, in Mrs Pontual's words. In 1972, 622 people and soon about 400 more were included in official manning tables after being, in fact, admitted and worked in several colleges and bodies of the University of Pernambuco

An official description of the situation against which the government's major administrative reform was launched did not mince matters:

"The President of the Republic, (...) in considering that: (...) the administrative discontinuity, the job handout, the lack of regular staff selection and improvement and the repeated violations of the merit system resulted in increasing enormously the bureaucratic machinery and disorganizing manning tables, records and controls, making it difficult for the Administration even to know precisely the total number of civil servants, their exact remuneration, where are they working and what they do, (...) decrees: (...)." ²²

Meeting the purpose of this section, a vital aspect to look at is the real staffing procedures and the ensuing "blanketing-in" devices, revealing the definitive fact of the previous unlawful admission. ²⁴ In 1978 in the last stages of the more recent general re-organization of all federal civil servants, people who had been admitted through public competitive examinations, a constitutional requirement, did not amount to 15% in MEC! ²⁵ This

22. (cont.) between 1962 and 1970. Nevertheless, in that same university, 1,080 people were again in a similar situation ten years later, in 1982, (Figures from Mrs Wilma Motta, head of the university's Department of Personnel).

23. *Consideranda* of Decree 64335, of 9/4/69, which regulated the major provisions of Law-by-decree 200 on the personnel administrative reform.

24. An assertion by the former Secretary of Finance and Budget of the Secretariat of Planning of the Presidency of the Republic, Mr Frederico Bastos, on this matter is unambiguous: "The statement is true that there occurred engagements of new servants and teachers, or increases in salaries and other advantages in education organizations linked to MEC, without previous full authority by the President of the Republic, DASP or the ministers of state. However, this was not a peculiarity of MEC" (interview with the author).

25. Information from the Secretariat of Personnel of the Public Service Department (DASP).

impressive figure introduces a crucial point for the understanding of the true cultural tissue of the Brazilian federal bureaucracy. The following paragraphs put together the recurrent cycle: official reforms → forms of unlawful but real admission of personnel → remedial legal provisions to "blanket-in" these personnel, from 1960 to 1985.

6.2.1.2. The early events

After years of surveys and studies, DASP concluded a new plan of jobs, careers and remuneration (PCC) — the previous one dated from 1948 — which became Law 3780, of 12/7/1960, complemented by Law 3967 (1960). It was to be a great re-start for the DASP's early aims of a well-organized, efficient and rational civil service. As a re-start, all previous irregular admissions — chiefly the permanence of provisional appointees (*interinos*) in staff — were sanctioned, provided they fulfilled some minimum requirements, particularly a deadline related to the date of the law itself. CLT-hired personnel were organized in special manning tables, even without career perspective. The new PCC was enthusiastically implemented, but, as expected, some thousand people were not reached. They were not dismissed, however. They counted on the compassion of many colleagues now fully integrated in the civil service and made up a good political platform themselves for populist politicians. Under pressure, the austerity champion President Jânio Quadros sanctioned Law 4069 in 1961, and the majority of them had their situation regularized. The remaining few were supposed to be dismissed but were not. They waited patiently until they

were absorbed in regular manning tables in 1974...²⁶

The 1967 Administrative Reform determined to put an end to previous abusive procedures. In thirty long articles Law-by-decree 200 drew a general change introducing principles of rationality and modern administration. In particular, two aspects of the new regulations must be highlighted. First, manning tables were to be adapted to budget and limits for expenditure on personnel, not the opposite (DL 200, of 25/2/1967, Arts. 94, IX and 98). Second, the figure of the provisional appointment for public positions was definitely abolished as incompatible with the constitutional requirement of public competitive examinations (Art. 102). Instead, the reform instituted the hire of "specialists for research agencies and other specialized bodies" under the common labour law (Art. 96), but the use of the scheme on a temporary basis was reserved for ministers of state.²⁷ Extremely cautious

26. Information by Mrs Maria Helena Rodrigues, who was for a long time head of the Division of Job Evaluation (later Law and Planning) in MEC's Department of Personnel (interview with the author).

27. Explanatory Note. Brazilian law had three different legal labour systems. The common system which regulated labour relations in the private sector was structured under the Vargas dictatorship and continuously unfolded to meet new situations. It was called "Consolidation of labour law" (CLT) and employees under this system were named "*empregados*". Public federal civil service and states civil services had their own special system, the public service regime. Traditionally, public positions were exclusive to subjects in this regime. Occupants were called public servant in a proper sense. They had a statute (in the federal government for the period under study, Law 1711, of 28/10/52) and public administrative institutions normally deal with them, called *funcionários*. As far as the federal government is concerned, until 1975 this was the ordinary system, CLT being used for specific types of activities or situations but without a career progression. From that year onwards new staff were admitted under the public service regime only to typical careers such as police, diplomacy, court service and tax collection. The ordinary system for the federal government became CLT

about temporary labour, Article 111 said that casual services to federal administration were simply to be paid under receipt and this act would not generate labour links whatsoever and the expenditure would not be classified under the item "personnel". Law-by-decree 200 also defined a policy of hiring private firms for some services such as cleaning, buildings security and equipment maintenance which are not specific to public organizations.

Unfortunately, the provision in Article 111 on temporary employment turned out to be the major outlet for the "autonomous" staffing procedures for some years. Using their legal competence, decentralized bodies moved budgetary appropriations in the item "services by third parties" (reference code 3.1.3.0) to increase the sub-item "remuneration of casual services by individuals" (*Remuneração de Serviços Pessoais*, reference code 3.1.3.1) to enable a frequent use of casual services. The issue became precisely the indefinite permanence of the "collaborators" (as they were called) in the organization, confirming the Brazilian popular saying about the civil service: "The point is to get in; once in, never out". People in this situation multiplied by thousands in MEC (example quoted in footnote 21). They showed themselves zealous and solicitous in carrying out the initial and any other task they were assigned, often ready to compensate for some idle, old civil servants. Many became useful and, in some circumstances, indispensable to their bosses

26, (cont.) (Law 6185). The idea was to introduce a new behaviour and administrative culture to the public service. The opposite seems to have occurred, however, CLT *empregados* fully adopted the traditional pattern. Many legal advantages of the old public service regime have been applied to CLT hired personnel since then. The third system is the military one which has always been kept apart from others and had a different tradition.

who were the first to take up the cause of the regularization of their place in the staff. This cause was structural, not individual, so all "collaborators" ended up following the industrious ones. Privately hired solicitors and attorneys of universities and other bodies brought up the argument that the actual working conditions of these people and those of any common employee were identical and CLT should be applied in their case, the terms of Law-by-decree 200 not being a legal excuse to maintain a situation which fell under a higher-ranked law (CLT).

Even in 1969 some universities set on course a formal consultation to government juridical bodies in Brasília on the matter. It came to the General Consultancy of the Republic (CGR) which issued its appraisal, forthwith approved by the President (*Parecer* CGR nº I-149/1969). As a consequence, the Minister of Education later issued an act ordaining the regularization of the situation of all "collaborators" who were to be formally hired and set in CLT-regulated manning tables (*Portaria* nº 609/1971). Other ministries did the same. A MEC's first-ranked body (the Secretariat of Administrative Support) controlled and approved each manning table, publishing lists of names and salaries in the official newspaper (*Diário Oficial da União*). DASP did not take part in this process but was alerted by it at the first moves and Decree 66715, of 15/6/70, was issued regulating Article 111 of Law-by-decree 200. The device came to concern extraordinary and emergency situations only, such as serious accidents and public calamities. This "outlet" (the misuse of Article 111) was supposed to have been closed...

Since public competitive examinations were generally seen as a complicated, unsuitable procedure, another handy "solution" for the staffing problem was worked out in

MEC's central bodies, at the same time. A private firm which had been set up in Brasília (Auditoria e Planejamento Ltd, AUDIPLAN) by a former civil servant miscopied the commercial model of leasing. AUDIPLAN was at the disposal of MEC's bodies to indicate candidates for any sort of job. Training was up to MEC which transferred to AUDIPLAN the payroll value plus a percentage commission at the end of each month. A few years later the device was denounced and all personnel were formally absorbed by MEC in a CLT-regulated manning table under the aegis of *Portaria* nº 609/1971. The leasing idea, however, had been suggested by Law-by-decree 200 itself for some areas, and private specialized firms were largely used under agreement in these areas. In fact, beside guards and cleaning workers, some clerks and assistants for other services were always used by universities and MEC's decentralized units under the same agreement. 28

The practice diminished after an enquiry requested by MEC's General Inspectorate of Finances (IGF), Circular Letter IGF nº 06/1973, from chancellors and principals on the nature of the personnel paid through the budgetary appropriations for "Services by Third Party - Firms" (reference code 3.1.3.2), in 1973.

The staffing "triangular solution" (in MEC's informal jargon) had variations as from the mid-seventies. Instead of deals with firms, "technical cooperation agreements" (commonly called "*convênios*") took place with other public bodies which provided personnel according to the MEC's needs and had regular corresponding financial support from

28. Information in this and the following paragraphs are from talks of the author with MEC civil servants, including Mrs Maria Helena Rodrigues, head of a Division of MEC's Department of Personnel, who put the events and relevant legal acts in a proper order.

the ministry or its units. State, municipal and even federal public foundations were preferred for "*convênios*" because of their administrative independence from most government controlling agencies. Total flexibility in admission procedures and pay conditions were assured. The more MEC's own foundations (particularly universities) expanded in the late seventies the more they were elected for "*convênios*". All became easier and safer then, as heads of these institutions were appointed by MEC, depended on it for almost all its current resources and there was no need for specific money transfers to pay personnel which had been put at MEC's disposal: the ordinary transfers to the foundation's budget were generously increased and, finally, everybody was pleased with the operation, including the employees themselves, since foundations usually had higher salaries than the common civil service. From 1974 to 1982 MEC held a notorious *convênio* with the University of Brasília through which a hundred people were hired and supplied to MEC's central bodies, often under nominal indication by these.

The "triangular solution" involving foundations turned out to be independently used by MEC's departments and secretariats through direct arrangements, involving third-rank budgetary bodies. MEC's General Secretariat between 1981 and 1984 struggled to finish with the practice as it completely disorganized the ministry's personnel administration, introduced salary inequities, eased expenditure restrictions and unbalanced the internal position of bodies, making the co-ordination difficult. ²⁹

As from the late sixties, most university *autarquias* came out with a more general and bold solution to by-pass

29. Talks of the author with Col. Pasquali, MEC's General Secretary at the time.

allegedly abusive restrictions and controls of government bureaucracy: they created private "scientific societies" (most of them foundations) or supported the independent creation of them by teachers. Actually composed by the university teachers themselves, these commonly called "adjunct foundations" (*fundações paralelas*) used university premises and all their facilities. In spite of being "phantom-institutions", they were quite active in channelling grants and service proceeds to teachers' salary supplement. They were also used to provide administrative personnel and supplement salaries of any servant directly or indirectly involved in special research and new programmes. Brazilian scholars usually believe that research and post-graduate programmes would not have expanded as they did in the last two decades without devices such as this.

Other procedures of staffing or, more frequently, supplementing salaries had formal approval from authorities – but not legal support – on the grounds of special, temporary activities. In 1970 the Minister of Education issued an act (*Portaria nº 190*) authorizing high-ranking bodies in Brasília to supplement their staff and remuneration, considering that the newly-passed Law 5645 would still take some time to provide for that. Task-forces ("*grupos-tarefa*") with shorter or longer duration became a useful device for identical purposes to carry out priority programmes. At the end of them, however, another "solution" had to be arranged for the situations created.³⁰ Special approval was obtained several times

30. Although not identical to the situation of task-forces, a curious case was that of a temporary programme with MEC's participation at this time, the Intensive Programme of Man-Power Training (PIPMO). Referring to the programme's temporary condition, the instituting decree (D. 75081, of 12/12/75) in its Article 12 provided that, at the end of the programme, its personnel would not be dismissed but distributed among the staff

from the President by MEC, outside the entire system, to set up particular manning tables with higher salaries for some activities such as computer processing data, campuses and instalations planning, on the grounds of the real job market conditions.

6.2.1.3. The later events

The widespread use of all these devices encouraged the government to implement a basic provision of Law-by-decree 200 (Art. 94): a new plan of job, careers and remuneration (PCC). Law 5645, of 10/12/1970, thereby, re-kindled hopes of many good-will civil servants and authorities who were worried about the administration-by-exception trend. The new PCC, however, was not simply a change in the denomination of positions or general salary increase. For each civil servant the move from the old to the new plan was to take place by a selective (not competitive) process, involving specific training and examinations. Merit was essential. Priority was given to public civil servants (*funcionários públicos*), called "first clientèle", then came CLT employees ("second clientèle") and, at last, "other situations" were vaguely mentioned. Better remuneration and progression in the career structure were offered but full-time work (instead of the existing 4 to 6 hours a day) was also required for most groups. An irrevocable choice had to be made by all those in permanent tables, to enable the definition on the number of vacancies available for the next clientèle. Those who would opt for staying in the old regime would

30, (cont.) of the involved ministries. PIPMO had been created as temporary in MEC in 1963 (D, 53324), managed to survive government changes and was reformulated by Minister Passarinho in 1972 (D, 70882), before its third temporary renewal.

constitute separate manning tables, to be eliminated as their occupants retired or died. Centres of training and recruitment by public competitive examinations were to be set up. For some reason, the existing situation seemed more convenient for prevailing forces in the bureaucracy and only in 1974, with a new government, the implementation of PCC moved off (Law-by-decree 1341, of 1/11/1974).

First and second clientele entered the new PCC and pressures increased for the regularization of innumerable people in other situations. DASP decided the best thing would be to have all of them under the same system and finish the irregularities at once. The correctness of the process, however, imposed one condition: only those admitted up to the date of the issue of the new PCC's implementation rules (1/11/1974) would be eligible.

Acts were issued in 1977 (*Instruções Normativas* 38, item 23, and 67). All sorts of people presented themselves for the process: those who had joined MEC's bodies through the "triangular" schemes (the majority), task-groups, "Portaria nº 190/1970" and many others, including people paid in the form of Article 111 of Law-by-decree 200... What should be done, however, with those admitted from 1/11/1970? In 1978, a movement led by the Head of the MEC's Department of Personnel, Mr Eraldo Tinôco (later elected deputy), obtained the President's approval for the institution of a special manning table to be eliminated as their occupants retired or died.

Other event also demonstrated the "flexibility" in the implementation of the new job plan. As some colleges joined university foundations, the prospects of much better salaries appeared for some of their civil servants who had opted for staying in the old PCC. In 1980, Law 6781 waived the breach of their previous "irrevocable

option" and they were able to be included in the new PCC, and even overtaking the ordinary civil servants by receiving a remuneration complement to equal that of other foundation employees.

Nevertheless, the saga of informal staffing procedures had not finished. The problem of the full regularization of the remaining "situations" and even the control of its expansion was still on the agenda. Mr Tinoco's special manning table did not reach most of MEC's decentralized bodies and other ministries. The fact was that, among people who remained outside the new PCC, some did it on purpose for they already earned above PCC's levels (they did not want to have part of their salary "frozen") and others had recently been admitted through the same procedures. With the participation of SEPLAN, Law-by-decree 1874, of 9/7/81, instituted special manning tables compulsorily to protect people in all remaining situations, provided salaries remained unchanged in the move and the subjects were already being paid by budgetary appropriations classified as "personnel" (reference code 3.1.1.1) at the time, a provision intended to avoid some extra 18% expenditure on social security (not due in "third-party services", the case for the existing situations). This restriction would significantly curtail the effects of the "blanketing-in". However, in an untimely, short-cut move, four days before the issue of the law-by-decree, DASP obtained special authority from the President to implement the tables without any restriction (*Exposição de Motivos* nº 145, of 5/7/81), and this position prevailed over the subsequent law-by-decree... As *convênios* and all sort of third-party agreements resulting in staff provision had to be denounced, 1,006 people in MEC's central bodies alone were included in this last "special" table.

Meanwhile, from late 1979 the government declared itself in a state of emergency due to a sharp financial crisis (Section 4.1). Decree 84817, of 18/6/1980 sternly forbade any kind of new admission, whatever the process was, as well as any increase in the expenditure on third-party services. Only the replacement of retired, dismissed or deceased civil servants was allowed. The management of the "special" tables, however, proved to be an ineffective means of control for these government purposes. At least in MEC, the rule of keeping them under gradual elimination, was not observed. Substitutions were made, the new admissions (without public examinations) often involving higher jobs and positioning the candidate straight at the top of the progression scale. In other words, MEC administration enjoyed a completely "flexible use" of 1006 positions, whereas the general law and restrictions were in force for the majority, regular manning tables.

After the end of the military period, the new government still had to issue Law-by-decree 2280, of 16/12/85, aiming to put under control some resisting situations and unify all special tables, including some old tables which had been set up in the early seventies by special Presidential authority (computer technicians, etc.) and which had survived all later legal changes.

6.2.2. Controls x practices in personnel expenditure

Figures on high personnel expenditure and recurrent procedures to circumvent legal regulations on staffing (previous section) give rise to a question: "How was the money obtained against government policies?" Policies are implemented and upheld by means of controls which concern

rational techniques. In large organizations or in the relationship between central and decentralized agencies there is always a certain "game of tag" involving those controlling and those controlled but also disclosing the real underlying issue: the narrow political limits of technical administrative matters. This is the focus of the present section which analyses the practices of MEC's units in relation to personnel expenditure and with a view to obtaining further desired funds from financial authorities of the federal government.

Until the sixties, payment of personnel in federal organizations was carried out directly by a Delegacy of the National Treasury in each state. As the number of decentralized units increased, that function became the responsibility of each unit. Cash was transferred in correspondence to each main budgetary item, separately, and so accounted after payments (in the case of personnel, the so called "allotment 1", "*verba 1*"). Law 4320, of 20/3/1964, completely modified federal financial procedures but most of its modernizing effects were implemented together with other improvements by the Law-by-decree 200, of 25/2/1967. Since then, all controls of expenditure became budget-related procedures, payments being made in a scheme of "single cashier" (*caixa único*): cash transfers were fractions of the total budget to supply any type of expenditure, indiscriminately. The main preventive procedure against a premature depletion of a budgetary appropriation was the formal commitment of an eventual, individual expenditure, the *empenho*. The decision on spending and responsibility for payment was expressed by the *empenho*. A budget balance was its initial position less the *empenhos'* values, whether the payment had already been made or not. "Single cashier" and *empenho*, among others, were undoubtedly steps forward.

As far as the budgetary appropriations for personnel were concerned, Law-by-decree 200 had changed the previous scheme in which they met approved manning tables, including supposedly necessary vacancies, after each unit had declared its staff needs and discussed them with DASP for approval. According to the reform, budget limits following economic plans were to come first, fulfilment of vacancies depending on them. In its turn, the budget was based on the existing expenditure, as reported by budgetary units. At the heart of the expenditure control system, a crucial point remained: central bodies relied on the original information by decentralized units to control them. Such data could be manipulated or expenditure boldly made, and the rest would be invalidated. It was not long before MEC's decentralized units, chiefly the universities, discovered this as a weakness of their controllers.

Actually, before the reform of Law-by-decree 200 it was already a common practice among universities to fight for large manning tables and to keep an outstanding surplus balance at the end of the year in their internal funds, of which they had full independence to dispose.³¹

After its implementation in the new model, the *Empenho* became a double-edged tool. To their own budgetary aims, universities (soon followed by other less audacious units) issued estimate-based *empenhos*, making up premature low

31. Information by Mrs Luíza Pontual, who controlled personnel expenditure in the Federal University of Pernambuco from its federalization (1946) until 1972. Commenting on this matter Mr Arlindo Corrêa, head of the sector dealing with education planning in MINIPLAN during the sixties, said: "Of course universities obtained far more funds than they actually needed in order to reinforce their own funds" (interview with the author).

balances during the year as the basic information in order to get supplements or influence the definitions for the following year. Of course, the procedure generated demands on MEC, often political conflicts. An inspection into the details of each *empenho* - a model carefully established by Law-by-decree 200 to prevent abuses - of dozens of claiming organizations, would mean unending arguments between accountants and teachers, and probably would not last longer than the political pressures of chancellors on MEC's authorities. Meanwhile, real payments according to unit's own schedules using the single-cashier scheme went ahead and, if the MEC's authorities resisted the budget expansion as desired, the result would be the delay of other really essential payments to the following year as *faits-accomplis*.³²

Taking these matters up to a conclusion in an administrative inquiry and formally raising suspicion against university probity, proved to be a time-consuming, unpleasant task for the top MEC authorities, busy with substantial matters of education policy. Despite all the resources of a good accountancy system to identify abuses, soon the issue passed to its real field: the complex relationship of power and interests among authorities in the bureaucracy. The full activation of technical control resources turned out to be useful for extraneous political decisions rather than for their own rational aims.

When, in 1972, budgetary authorities were convinced that

32. Mrs Odete Lapa, a senior civil servant, in charge of MEC's budget for many years, quoted an example: "University *Autaquias* purposely failed to pay the monthly contributions to the National Welfare over their payrolls to be able to increase these, as both types of expenditure ran on the same budgetary item. That is why MINIPLAN, eventually created different items for these expenditures." (interview with the author).

the *empenho* and the single-cashier scheme, good procedures in themselves, were abused in relation to personnel expenditure (the main budgetary item, particularly in MEC) a new scheme was added for all federal government-maintained organizations. A financial report to monitor personnel expenditure (ADP) had to be issued quarterly by each budgetary unit to the ministry's General Secretariat, the body legally in charge for these matters. Increases of expenditure from the previous report were to be explained in each ADP. Summaries of ADP's were to go to the Ministry of Planning (MINIPLAN later SEPLAN) to be used in their estimates of next budgetary limits and to compose a series with which future information was to be found compatible. In 1976 reports were requested monthly and ADP became ADMP, the responsibility of authorities for the trustworthiness of information being reinforced. The situation did change not in the least. "Inflating" ADMP became such a common practice among sectors dealing with budget in universities that officials of the MEC's Higher Education Department (DAU) came to suggest the practice, themselves. 33

During the seventies, ADMP inflations were decisive for the accumulation of surplus balances from federal transfers to personnel expenditure, which, according to existing law, were considered as revenues belonging to the unit for the following year. Thanks to them, some

33. Mrs Odete Lapa, interview with the author. She referred explicitly to the head of the DAU's Budget Co-ordination. The SEPLAN's Secretary of Budget and Finances (SOF), Mr Frederico Bastos, the highest authority in the system also recognized the practice, although making a reservation about other criteria used by SOF/SEPLAN in its budgetary definitions (interview with the author). Explanations by units about significant differences in the information provided in previous ADP (ADMP) were easy to find and tiring to check on the spot: late payments, previously omitted payments for reasons of process, extra-time payments in academic seasons, or simply "mistakes".

universities kept reasonable levels of current expenditure for ordinary maintenance, in spite of the gradual reduction in this kind of appropriation (see Table 14). Some even implemented independent campus developments.³⁴

Again perceiving the abuse of its instrument of planning and control, SOF/SEPLAN dealt a decisive blow to the practice, at least in relation to surplus-making. Decree 84817, of 18/6/80, and Law-by-decree 1815, of 9/12/80, completely eliminated any use of surplus balances from Exchequer funds. Thereafter they would have to be accounted as part of the following appropriations.

It is improbable that all these practices to increase personnel budget would have survived for two decades if they had not been able to count on some leniency by MEC's or even MINIPLAN's (SEPLAN) officials. The more power on budgetary matters concentrated in the central planning agency, the more easy-going the approach of some MEC's authorities was towards universities' "creative means to defend themselves".³⁵ This is true at least in relation to higher education central bodies. If any compromise

34. Information by a Vice-Chancellor of the Federal University of Rio Grande do Sul, mentioning his own university among others. The proportion of personnel expenditure in the total transfers from the Exchequer to universities was so high (see Table 3 - INT) that a 5% surplus on it would mean a 30% increase in other current expenditure, an strong argument for organizations in permanent crisis of resources for this kind of expenditure.

35. Expression sometimes used with humour by an authority at SESU/MEC, 1981-83. Asked by the author why central controlling bodies did not use the payroll accountancy records themselves (reliable documents) to base ADMP upon, Mrs Lapa explained that accountancy services in many MEC's units were generally late, and SEPLAN needed timely information. Besides, the checking between ADMP and balances at the end of the year, appeared to be useless because at that time, budgetary supplements had already been granted and the following budget had already been approved by Congress.

cannot be supposed from most budget controllers in central bodies, it is possible that, for political reasons, top level authorities had turned a blind eye at the appropriate moment. 36

6.2.3. Misguided effects of the administrative reform

The 1967 administrative reform aimed at the simplification of bureaucratic procedures, the deflation of the federal machinery and consequently gains in terms of cost-efficiency. Law-by-decree 200 gave emphasis to personnel administration as mentioned in section 6.2.1.2 but this proved not to be the main feature of the reform during the implementation.

An important reason for this could be seen in the fact that, as a part of the whole strategy, DASP was deprived of its previous function involving all administrative means and had it restricted to personnel administration. The Ministry of Planning (MINIPLAN) took command of the reform, setting up a special agency for it, the Administrative Reform Office (ERA), and priority was given to financial and management matters, the traditional and thorny area of DASP's jurisdiction being left to the responsibility of this body. This explanation for the poor results of the reform in personnel administration does not seem, however, to touch the problem deeply.

36. Interviewed by the author on the matter, Dr João Paulo Velloso, former MINIPLAN's General Secretary (1964-69) and Minister of Planning (1970-78), said: "Yes, we knew about some tricky jokes by universities... The fact is that, in the end they always had some extra money during the year." Referring to some particular concessions by the minister of planning to universities claims, Mr Arlindo Corrêa (IPEA/MINIPLAN) was outright: "Velloso feared to displease the universities" (interview with the author).

Indeed, these results were not very different when DASP had full command of the previous reforms. Moreover, from 1975 its position was restored. 37

As a matter of fact, the government's policies and good will towards reforms entwined themselves round the long-rooted administrative culture of the state and converged on re-structuring organizations, not exactly on the behavior of staff. In this particular point MINIPLAN/ERA and DASP were found together as much before as after 1975 (MINIPLAN had to approve new statutes and DASP to create or alter the ensuing positions in the body's chain of command, defining relevant remunerations.

Analysing statutory competences and services, eliminating superfluous bodies and changing others, altering lines of command and functional relationship in the organization, for the sake of rationalization and effectiveness: these became the favourite dish of the reform activities. After all, they appeared quite "technical", a task for expert administration advisers and so prestigious (administration as a regular higher education course and profession was still recent in Brazil). Besides, they were easily compatible with the existing structure of personnel in

37. Based on his personal relationship with President Geisel, DASP's new Director-General, Col. Darcy Siqueira, his old friend and collaborator in Petrobrás, became one of the more powerful figures in the government. DASP was reformed (Law 6228, of 15/7/75 and Decree 76276, of 15/12/75) and renamed Administrative Department of the Public Service (not only "of the Civil Service") expanding its area to the so-called "general services" (installations administration and maintenance) and the delicate area of government-provided accommodation to officials of all level in Brasília. Unprecedentedly, Col. Siqueira was given the status of minister of state, and the 1970 plan of careers and payment of the civil service which was paralyzed for four years was implemented with an iron fist.

command positions, so they did not bring trouble to the status quo in the organization; it would not be difficult for the head of the body to move previous bosses around under new denominations. Most organizations always had something to offer to the expanding course of development policies and some new positions, therefore, was the most likely balance of the re-structuring programme. Further, in many cases changes in the organization chart came to match the real profile of the informal activities and positions.

Indeed, there is no fixed organizational model or structure. It has to be finally implemented in the socio-cultural context which dominates bureaucracies. Somehow, the organizational structure of Brazilian public service and the educational institutions, in particular, had to be a reflexion of the same patrimonialist trend which had inspired the expansion of staffs, out of central regulations and controls, as Section 6.2.1 above has described. A comparative study on MEC's organizational structures after the 1967 reform (actually implemented from 1970) and its position eight and fifteen years later, as shown in Table 24, seems to support this stance and lead to further conclusions.

TABLE 24
 BRAZIL: UPPER UNITS OF MEC's ORGANIZATIONAL STRUCTURE ' 1
 AND PER CENT CHANGES IN THE PERIOD 1970-84

1970	1978	1978/70	1984	1984/78	1984/70
n.	n.	%	n.	%	%

(continues)

	1970	1978	1978/70	1984	1984/78	1984/70
	n.	n.	%	n.	%	%
1. Central Bodies						
1.1. First-Rank Units	17	21	+24	16	-24	-6
1.2. Second-Rank Units	34	35	+3	52	+49	+53
1.3. Third-Rank Units	3	11	+270	74	+573	+2,367
2. Decentralized Units						
2.1. <i>Autarquias</i>	54	54	0	52	-4	-4
2.2. Foundations ²	18	22	+22	26	+18	+44
2.3. Other Units	8	14	+75	5	-180	-38
Totals						
Simple Total	134	157	+17	225	+43	+68
Weightened Total ³	494	640	+30	757	+18	+53

Notes

1) Only commissioned positions were considered, limiting the counting to the three upper ranks of the structure. However, only one unit was counted for each decentralized unit, irrespective of the complexity of its internal composition. The region representations of MEC were counted together as a single unit.

2) Includes two public companies.

3) Weights. First-rank central bodies: 1; second-rank: 2; third-rank: 3; decentralized units: 5.

Souces

BRASIL. Decrees 66296, of 3/3/70 and 66967, of 27/7/70; BRASIL/SEPLAN/SEMOR. Cadastro da Administração Federal. Ministry of Education and Culture, (file cards issued on 10/7/79) p.1-12; MEC. Regimentos e Estatutos. 1984; MEC/SG/SEMOR. "Codificação da Estrutura Funcional". Junho, 1985.

Although referring only to the upper units of MEC's structure, the figures clearly show the uncontrollable expansion of the bureaucracy, making it difficult to deny the failure of the reform's rationalizing intentions. This corresponds to the perception of MEC's common civil servants or that of some of those who struggled for the implementation of the policies. 38

6.3. THE CASE OF THE UNIVERSITY FOUNDATIONS

A typical example reuniting the two areas of conflict previously analysed in this chapter, higher education (6.1) and personnel expenditure (6.2), was the 1968-85 experience of federal university foundations. Again in this case a disappointing fate of governmental policy gives way to reflection on the meaning and limits of the rational approach to the issue of education funding. Although the policy of instituting foundations had not been exclusive to higher education, in such a context the political attitudes of the subjects soon brought into light a striking conflict in which a modernizing administrative institution such as foundation was completely distorted in an audacious series of moves by the universities. The autonomous use of public patrimony was the prevailing trend.

38. Mrs Odete Lapa expressed her disillusion on the matter: "Everybody knows that no administrative reform was made to reduce expenditure; all ended up by increasing it, or they are not implemented" (interview with the author). Col. Pamplona, MEC's General Secretary (1971-73) in decisive moments of the implementation of the reform, wondered how, from 1974 to 1981, when he visited the General Secretariat again, the body had increased so much: "We occupied 2/3 of a floor, about 120 people, and they do not fit in fewer than 3 floors with 300 people!" (interview with the author).

In the last three decades, Brazilian federal bureaucracy has, incredibly, tolerated a conflicting situation in several other areas of the government, namely the existence of a dual system of institutions, equally supported by the government to perform non-economic services, differing among themselves to the point that one of them, the foundations, supposedly justified by the value of modernity, has been uniquely used to circumvent the rules of staff payment which were made by the government itself for the other, older institution, the civil service with its *autarquias*, which several political regimes were found unable to reform and retrieve from a rooted, undesirable administrative culture.

Besides illustrating this issue, the following paragraphs may lead to a better comprehension of the events described in Section 5.4.2 related to salary struggles of university teachers which were triggered by a pay disparity between *autarquias* and foundations.

Law-by-decree 200, of 25/2/67, the major administrative reform of the 1964 regime, gave a full-rights place to the institute of foundation (Art. 4, §2) in the federal decentralized administration system, although it already existed in a few special cases. According to Brazilian law, a foundation is a patrimony, formally constituted by public or private will to support a specific, non-commercial purpose.³⁹ What matters from a political point of view, however, is the administrative use of the institute. It came as a modern, new organizational solution for a new idea in the government's non-economic activity which would be damned from birth if the worn-out

39. On the historical and juridical aspects of the two institutes (*autarquia* and foundation) in Brazil, see: Senna, H. and Zorbalan, C. Fundações no Direito e na Administração. Rio, FGV, 1970.

autarquia model were to be used. In the reformers' minds "foundation" would mean the possibility of a re-start with modern, flexible administrative techniques, free from a century-old culture and procedures of a heavy bureaucracy, closed in on itself. Instead, community participation would be a natural element in the policy-making of a foundation. Foundations would allow flexibility in job policy, which meant higher, differentiated salaries.

The government was aware of the risks of this last characteristic. Two years later, recognizing tendencies in the matter, Law-by-decree 900, of 29/9/69, made foundations an exceptional device: they were no longer listed among the normal institutions of the federal decentralized administration (Art.3), although, when existing, they were to be under ministerial supervision like any decentralized unit. Besides, one-third of private participation in the patrimony and current expenditure of any new foundation was required (Art.2, b). Foundations, however, found favour with government expanding bureaucracy. In 1982, there were 42 foundations, most of them created from 1970, half in the Ministry of Education and Culture (MEC), without complying with the one-third requirement of private participation.⁴⁰

"Originally, university foundations were an experiment. The policy was to test a new, flexible administrative mechanism (...) Their paternity was of MEC's."⁴¹

This assesment by a senior government official, contains crucial elements, essential in understanding the rise of

40. SEPLAN/SEST. Relatório Anual SEST, 1992, 1983; SEPLAN/SEMOR. Cadastro da Administração Federal, 1980.

41. Mr Edson Machado, who was a member of IPEA's (MINIPLAN) policy-making group on education from 1968, and later implemented the policy of university foundations as Head of Higher Education Department (1974-78), interview with the author.

university foundations, not only by the simple mention of "flexibility", the same alleged reason for the adoption of foundations in general by the government.

As a matter of fact, from 1966 no more university *autarquias* were created and most of the higher education expansion in the federal government in the last two decades was made by foundations, fifteen by 1984.⁴² It is curious that such an important institutional fact had not been formally expressed in any of the major acts of the university reforms during the period. On the contrary, the Task-Group for the University Reform (Decree 62937, of 2/7/68) concluded that there were no ponderable reasons for all universities to be foundations; *autarquias*, foundations, and even other institutional forms could be made eligible by the universities themselves, the important thing in this choice being to secure flexibility and freedom from bureaucratic stumblings (the Task-Group itself suggested a special institutional status of "educational *autarquias*").⁴³

42. Of important note is that the University of Brasília (UnB) had been entirely set up from its beginning (1959-62) as a foundation. Its case, however is unique. As for the city of Brasília itself, everything had to start from scratch, without the weight of previous existing elements. The lure of innovation attracted pioneers to the scene and gave them a privileged position in the decisions. UnB enjoyed the benefits of a generous distribution of lands by the government to the first institutions coming to the recently organized Federal District. So UnB could actually form a patrimony, according to its juridical foundational nature. As the city of Brasília expanded and became the major political, administrative and diplomatic centre in the country, the sale of some of its urban properties by the university actually gave it a patrimonial position completely different from other university foundations, although not the financial independence from the federal Exchequer.

43. BRASIL/MEC. Relatório Geral do Grupo de Trabalho para a Reforma Universitária. Agosto, 1968, p.8.

A question has also to be asked on how fifteen foundations could have appeared in the same model without a formal policy having been defined, specially when, during the 1966-72 period in which almost all were created, MEC's administration changed three times and, between 1966 and 1970 federal policy on education was mostly defined in the Ministry of Planning's EPEA (IPEA), not in MEC (Section 2.2.2).

A more attentive look at the events shows that in most cases, "creation" meant absorption of previously existing state colleges, federal *autarquias* and even private schools associated in a single organization, the university. The case therefore was that of a federalization - as many others in the past - and the existence was supposed of small bureaucracies somehow already under MEC's influence.

These reasons suggest that "flexibility" rather than "foundation" was the real motive for the decisions and that traditional trends in public administration could have led to the phenomenon approximately as they have done for the *autarquias* in the previous three decades, this time under the modernizing pattern of the regime's administrative reforms.

Except for UnB (1962), most university foundations took their organization from previous existing colleges between 1966 and 1970, some a little later, and this happened in a climate of innovation and administrative freedom, supposedly conditions for the rise of new, flexible and efficient organizations. Nevertheless, their position under ministerial supervision and their dependency on federal funds would naturally bring them to MEC's authorities to discuss their internal policies for the

approval of the annual budget and other specially funded programmes.

When the implementation of the new job plan (Law 5645, of 1970) came about in 1974-75 for the university *autarquias*, a rule on the matter appeared necessary to the government in relation to university foundations. Although the uniformity of a career structure and payment plan among foundations had been ruled out and their "flexibility" in paying their staff preserved, there always remained another side of the matter which was the equity towards *autarquias*'s staff. Bearing this in mind MEC's planners introduced some few basic rules in Law 6182, of 11/12/1974, Article 19:

a) salary values and other financial advantages should be submitted to the minister of education's authority;

b) any differences in these salaries and advantages in excess of those of the *autarquias* was to be met by funds originated from sources of the foundation itself.

The law conceded a one-year moratorium for the second of these provisions to come into effect.

What actually happened until 1984 was officially declared in a letter from the Minister of Education, Mrs Esther Ferraz to the President of the Republic:

"Although initially following the same basic conceptions of the federal job, career and retribution plan (PCC) which was adopted by the *autarquias*, the majority foundations, since 1977, made significant changes in the structure of teachers career, in the forms of promotion and also in the tables of salary levels of both teachers and administrative personnel, all by invoking their peculiarities and necessary flexibility." (...) "The adoption of this practice, together with the criteria of semi-annual readjustment (to meet the devaluation of the currency) by these organizations, brought about considerable salary gaps among the university

foundations themselves and, chiefly, between them and the university *autarquias*."⁴⁴

The crucial point of these events is implied in the Minister's words when she put the foundations as the subject of the disturbing "practice" and referred to their invocation of peculiarities and flexibility. But the technical report on which the Minister's letter is based is clear:

"From 1976, the majority university foundations made particular and disorderly changes and readjustments in the salary structure, besides the ordinary salary readjustments for the federal civil service, without ministerial approval, as required by Article 19 of Law 6182/74, and without defraying them with their own resources."⁴⁵

This contemptuous breach of the law, nevertheless, would not have been possible without some compliance by MEC, from which the money came anyway. In 1977, for some foundations, and in 1978 for all, an event was the turning point of what would soon become the "foundations affair". Third-rank bodies in MEC increased the personnel budget of foundations which claimed to have insufficient money from their own sources to face the payment of excess differences which had started the year before, including the reajustment on these differences due to the inflation (then round 40% a year). After having decided to assume the full burden of personnel expenditure for some university foundations, the second-rank budgetary body in MEC's General Secretariat (CODEOR/SG) could not refuse the claims by all others for similar benefit...⁴⁶

44. *Exposição de Motivos* nº 80, of 28/6/84, pp. 2 and 4.

45. MEC/SG/Assessoria, "Estudo: A Situação Salarial das Fundações Universitárias". (Internal Report), Junho, 1984, p.15;

46. Information by Mrs Odete Lapa, Head of the Co-ordination of Budget and (cont.)

Four years passed without denunciation of these events, money flowing easily to meet foundations' alleged needs and the matter being worked out in direct contacts between each foundation's representative and a handful of officials in DAU (later SESU) and SG, without the consent of the proper authorities.⁴⁷

In 1979, following the explosion of the country's economic

46. (cont.) Finance (CODEOR/SG, later Secretariat of Budget and Finance, SOF/SG) of MEC's General Secretariat. The manoeuvre which was concluded in SOF/SG began in the corresponding body of the Higher Education Department (CODEOR/DAU) headed by Mr Gerson Floriz, a former collaborator of Mrs Lapa. Asked by the author about the justification of the fact at the time, she said that the situation was already a *fait accompli*, as the whole salary of involved people should not be impaired. After the first cases, it became unavoidable to extend the state for all.

47. It is difficult to realize how this could have occurred without other reinforcing reasons of motivations. Section 6.2.2 mentioned the practice in some MEC's bodies of hiring new staff through MEC's own foundations (supposedly more free of constraints of controls), the "triangular solution". A considerable part of the staff of DAU and CODEOR/SG, often well qualified people, had their salaries fully paid or complemented by university foundations. Some highly positioned officials in DAU (SESU) had the rental of comfortable houses for their use on the shore of Brasília's lake, a privileged residential estate, defrayed by foundations. (Information from top authorities of the MEC's General Secretariat). On the other hand, it was common knowledge in DAU (SESU) and in units involved with finances in the General Secretariat that the officials of the specific section of SEPLAN's Secretariat of Budget and Finance (SOF/SEPLAN) dealing with MEC's budget had frequent visits from chancellors of university foundations in times of important budgetary decisions, which was not possible for ordinary MEC's units. The facility of employing people and leaving them working to another public body as intra-governmental cooperation was the major weapon of foundations. The wife of the head of this section in SOF/SEPLAN (1979-82) was employed by the University Foundation of Ouro Preto (in State of Minas Gerais) with a good salary but worked in the administrative secretariat of the Federal Education Council in Brasília (information given the author by the Chancellor of the university, Prof. Maurício Lanski).

crisis and after hard negotiations with Congress, the government managed to pass a bill on a severe job policy in order to alleviate the firms, reduce redundancies and avoid an inflationary spiral, allegedly caused by integral recovery of inflation-depleted salaries (Law 6708, of 30/10/79). Higher salaries were to be readjusted every six months by scaled-down percentages of the official price index, so that lower salaries could have the full monetary correction. All salaries directly paid by the Exchequer's budget were to follow a different rule, with annual readjustments in special percentages which were intended to balance that budget and rapidly reduce the public deficit. The general policy of salary readjustments every six months was to be applied to state-owned companies which had their own revenues, but their job plans, including non-salary advantages, were to be individually revised and approved by a National Council of Salary Policy, CNPS, (Art. 12).

The policy of the Secretariat of Planning (SEPLAN) was to include foundations in the second type of salary readjustment, because their personnel was fully paid by the Treasury, but at the last minute the text was changed in the Presidency of the Republic and the foundations were exempted, falling within the general rules and treated as state-owned companies: a hard blow to the policy of reducing the public deficit.⁴⁸

48. Mr Frederico Bastos, Secretary of Budget and Finance of SEPLAN (talks with the author at the time). Mr Bastos described his surprise in these terms: "When I saw the text finally approved I rushed to the office of the Minister (Mr Delfim Netto), 'Have you seen, boss, what they did?', I said showing him the text, 'This was not what we wanted. These people are mad'." The last-minute revision of the text had been made in the Presidency's Staff Office (Casa Civil) and the crucial change was attributed to a suggestion to Minister Golbery do Couto e Silva by Dr Inocência Mártires Coelho, a teacher in Law at the foundation University of Brasília, who used to be in charge

Several university foundations refused to apply the scaling-down percentages of Law 6708/1979 for the readjustment of their salaries, alleging that this would overturn levels in the teachers' career structure. Others compensated for the reduction of gaps between levels with special salary increases for the levels affected. Even after specific instructions by MEC's General Secretariat, four of them still resisted.⁴⁹ Most university foundations ignored or constantly delayed the submission of their job plans to CNPS's approval.⁵⁰

The overall result of years of autonomous salary increases was devastating for the position of authorities in the complex MEC's personnel management (about 140,000 people in the early eighties, in several different legal situations) in times of strict federal policies of public expenditure reduction. The main consequence, however, with sharp political repercussions, was the huge salary gap between foundations and *autarquias'* staff, which originated a long period of crises and industrial actions in MEC, as studied in Section 5.4.⁵¹

48. (cont.) of last legal revision of bills before they went for signing by the President (Mrs Núbia Macêdo, a senior civil servant at the MEC's Secretariat of Higher Education, SESU, interview with the author).

49. MEC/S6/Assessoria, "Estudo: A Situação Salarial das Fundações Universitárias". (Internal Report), June, 1984, p.16.

50. Mrs Núbia Macêdo, who was a member of the technical group in charge of the coordination of this work in MEC.

51. Some aspects of this issue were politically inflammable as in the example by Minister E. Ferraz in her above-quoted *Exposição de Motivos* nº 28, p.5: "As an example of this unacceptable discrepancy, one could mention the situation of the *Auxiliar de Ensino* (a category of university teacher at the bottom of the career) in full time and exclusive work who, in a large number of university foundations earns a salary higher than that of a *Professor Titular* (the top of the career) in the same work conditions in university *autarquias*."

In 1982, after the crises of the first university paralyzations, MEC's General Secretariat faced the problem resolutely and reckoned that controlling foundations under specific rules would be easier than the immediate full recomposition of *autarquias*'s salaries. A ministerial regulation (*Portaria* nº 241, of 29/6/82) ordered each university foundation to organize its own plan of jobs, careers and remuneration for the ministerial approval according to article 19 of Law 6182/1974. Foundations, however, felt themselves comfortable in their situation and resisted creating what would result in controls over themselves, the reaction being the same as that towards CNPS.⁵²

As time passed, the situation was increasingly embarrassing to MEC, which monthly transferred money for irregular payments. A drastic attitude, making immediate compliance with the law a condition for the transfers, was politically impossible, as the situation would not have been consolidated over years without the complicity or even active participation of some of MEC's own bodies.

Following a formal recommendation by the General Consultancy of the Republic (CGR) which was approved by the President (*Parecer* nº P-027/CGR, of 2/3/83), MEC began studies for a bill to re-instate in new bases the two legal provisions involved in the matter: a new parameter for salaries (substituting article 19 of Law 6182/1974) to be established by the Minister of Education as a limit for financial transfers to foundations, and salary

52. Until 1984 only six university foundations had complied with these obligations. Of particular note is that the lead in this uncomfortable problem was entirely of the General Secretariat, SESU, whose Head (1982-84), Dr Gladstone Chaves de Melo, was a former chancellor of the University of Uberlândia Foundation, appeared reluctant to clear obstacles and press universities.

readjustments for foundations coinciding with those for *autarquias*, the exceptive device inserted in Law 6708/1979 being abolished.⁵³ The parameter would be the salary table of the University of Brasília, which was approximately the average of foundations and had been the only one to have ministerial approval to introduce it in 1976. Salary differences in excess of this parameter at the time would be "frozen" and absorbed by stages in future readjustments of the parameter.

The project of the bill was not handed to the President before June 1984 (*Exposição de Motivos* nº 80, of 28/6/84), and such was the reaction by the university foundations – including a general strike – that the sticking point of the bill, the salary differences to be "frozen", was changed before the issue of the law in the last days of the government: all salaries of university foundations were equalized to the highest of them!

Making a balance of what he called "the experiment of university foundations", Mr Edson Machado stated:

"They soon copied the model of *autarquias* in their academic and administrative structure, except for the salaries, and finally were reduced to any other public body. As an experiment, it was unsuccessful, yes."⁵⁴

Table 25 draws a comparison between university *autarquias*

53. Actually, that was a skilful manoeuvre by Col. Pasqually, MEC's General Secretary, who asked for the co-operation of General Consueller, his friend, and sent two officials of his personal confidence to suggest and discuss those and other provisions at CGR. Coming from CGR, the basic contents of the bill would leave MEC in a better position to present and promote the corrections. Information from Col. Pasquali.

54. Interview with the author. The same position is shared by Mrs NÚbia Macêdo, who emphasized the fact that high salary levels were not followed or justified by an increase in academic production (interview with the author).

and foundations and highlighted some facts. As younger institutions, foundations had fewer MSc and PhD teachers than *autarquias* but managed to position them in the two upper levels of the career in relatively higher proportion than the *autarquias* did. In spite of having the minor share in total educational burden and a less qualified staff, foundations were granted 50% more funds for these activities than *autarquias* and had their personnel 52% better paid, in relative terms.

TABLE 25

BRAZIL: SHARES OF UNIVERSITY *AUTARQUIAS* AND FOUNDATIONS IN THE TOTAL FEDERAL UNIVERSITY SYSTEM,
1981/84 ¹

UNITS	McS & PhD % in Staff	Professors & Sen. Lecturers % in Staff	Educational Output (EO) ² %	Hired Hours (HH) %	Total Budget / EO (Cr\$)	Personnel Budget / HH (Cr\$)
31 <i>AUTARQUIAS</i>	44,0	39,3	76,1	74,8	69,628	324,979
17 FOUNDATIONS	34,0	36,6	23,9	25,2	104,182	495,430

Notes

- 1) Information in the first three columns on the left are for 1984, others for 1981.
- 2) Total teaching hours.

Sources

MEC/SESU, Tendências das IES na década de 80, Brasília, 1985, pp.48, 49, 60; MEC/SESU, "Um Mecanismo de Acompanhamento do Desempenho Acadêmico das IES", (Internal appraisal report) 1983, Tables 1 and 4; MEC/SESU, "Execução Orçamentária das Universidades", (Internal report) 1983,

6. 4. THE FATE OF THE ANNUAL PROGRAMME-BUDGET

At the end of Section 2.4, the role of a modern instrument of rationalization and effectiveness of expenditure, the programme-budget for the administrative strategy of the government, was stressed. Expressing the operational structure of an activity, its executors, stages and integral parts, all connected by purposes and targets, the technique was the reassuring link between planning and implementation, a crucial point for the credibility of policies. The programme-budget was given a privileged position in the bureaucracy: special status, trained staff, detailed regulations and a schedule of activities which virtually mobilized the whole ministry, during the annual season of the budget preparation, between May and July.

This section analyses the inner side of the events in the Ministry of Education and Culture (MEC) which explain how, 15 years after being instituted, the programme-budget turned into a perfunctory routine, while the interests of budgetary units concentrated on accidental opportunities of additional funds. Besides, the centralization of most finance-related decisions in the Ministry of Planning, MINIPLAN (later raised to Secretariat of Planning of the Presidency of the Republic, SEPLAN, in 1975), as an exigency of the concept of rational planning, ended up in distorting this activity when the organizational structure was predominantly used for a single-minded control of expenditure.

6. 4. 1. The preparation of the annual budget

The technique of programme-budget implied an initial evaluation of the results of the programmes in the previous period, the (re)formulation of policies, priorities and targets, and then the allocation of all forecast funds among the executors of the main sections of programmes in amounts which corresponded to priorities and targets.

In MEC, the traditional practice was to ask each budgetary unit for estimates of their "needs", in the main items of expenditure - personnel, material, services by third parties, capital expenditure (permanent material, equipment, developments), transfers to other executors and other minor items. The MEC's budgetary bodies adjusted each unit's requests which were not found reasonable, following the so called "budget incremental principle" (each budget is basically defined by the addition of some percentage onto that of a previous period) and treated separately new or special programmes. Main adjustments to the real limits of estimated revenues were carried out by the government's central planning body. For MEC, the budget's preparation worked on a routine-like basis, notwithstanding its high political interest.⁵⁵

As from the 1967 administrative reform, actually implemented in the early seventies, the budget was to become the programme-budget and start from total limits of federal revenues which were defined according to the central economic policy. Meanwhile, the budgetary units received the first instructions to start the budgetary process in March or early April (evaluations, definition

55. Information in this paragraph by Mrs Odete Lapa, head of MEC's budget co-ordinating body for more than twenty years. Many of the following paragraphs are also due to talks with her and officials dealing with budgetary matters in MEC's General Secretariat.

of priorities and other preliminary stages). During May, the allocation of defined revenue to ministries was made, the ensuing individual totals being called "ceilings". When this move occurred, surrounded by great expectation and political interest - newspapers opened space for the event - the federal budgetary process was triggered and began a sort of count-down period towards the constitutional deadline for its sending to Congress by the end of August. In not more than two weeks, MEC's central bodies, supposedly under the General Secretariat's co-ordination - usually assisted by the budget co-ordination body (CODEOR, later SOF) - had to repeat the move at MEC's level and carry out the division of the Ministry's "ceiling" among its hundred budgetary units which were then allocated their individual "ceilings".

This number of units has always been crucial in MEC's budget activities (some units were still broken up into several sub-units). Some weeks previously, each unit had been given a set of large, complex budgetary forms in which programmes and their sub-divisions (three levels) had to be detailed in targets and relevant elements of expenditure and properly justified. Thereby, according to a tight schedule, representatives of all units attended individual meetings with its supervisory secretariats (Secretariat for Higher Education, SESU, Secretariat for Primary and Secondary Education, SEPS, etc.,) and then with the General Secretariat, which supervised all and was responsible for the consolidation, completion and balance of the whole MEC's budget. Every unit was supposed to discuss its budget proposals, and to have its budgetary forms checked, amended and completed. Of course, supervisory bodies kept some "unallocated" reserves, which has been put aside, in order to give them flexibility to better support meritorious units or programmes.

This "budgetary pilgrimage to Brasília" - units coming from everywhere in the country - crowded the corridors and rooms of MEC's central building, extending the work of a reinforced staff over evenings, fully mobilizing MEC's support services and causing stress to the decision-making authorities. Political pressure for extra funds was enormous and each unit struggled using its own weapons, particularly "allies" of all levels in MEC's bureaucracy itself. With a view to the huge consolidation work, meetings had to finish two weeks before MEC's deadline to deliver its final budget proposal to the government's central budgetary body, SOF/SEPLAN, usually the end of July.

The process became even more pressing when a sort of "extra ceiling" was more frequently admitted by SOF/SEPLAN after the delivery of the budget, enlarging its estimates of revenues or using "reserves" put aside at the moment of the first "ceiling" allocation. With this prospect, discussions and competition were turned to this "extra-ceiling" which, as a simple expectation, had quite elastic limits. On the other hand, SOF/SEPLAN, under greater pressure, had also to turn its attention to the "extra ceiling" requests.⁵⁶

Such was the two-month rush of the budget preparation in MEC, the Ministry with the larger number of budgetary units. As the years passed, the process was increasingly taken up by the handling of forms and a superficial dispute over larger budgetary shares. The experience showed that each meeting with decision-making authorities

56. In an interview with the author, Mrs Lapa emphasized that "in SEPLAN, the appraisal of the budgetary proposal was not turned to the normal programmes included in the "ceiling" but to those in the "extra ceiling".

could not last longer than some minutes and substantial information and discussions became rare. During the seventies and early eighties several attempts were made to alleviate the process and make room for discussions on its intended essence which was the improvement of policies and achievement of educational targets. They proved ephemeral, and even the use of computers throughout the process did not change its essence further.

Two facts definitely killed all efforts to give the annual budgetary process its real meaning. First, the exclusion of the biggest item of expenditure, the personnel expenditure, and some others, from all discussions on programmes. Second, the reduced proportion of the annual budget in the total amount of funds which, at the end of the year, had been granted to units as supplements from the Exchequer itself and from other sources, mainly as a means to compensate for the effects of inflation. The last paragraphs of this section deal with these two aspects.

Before delivering "ceilings", SOF/SEPLAN requested an estimate of the expenditure on personnel for the current year from all ministries and took it into its calculations to define other positions for the following budget. New requests for staff, changes in the careers or other increments were strictly forbidden in the estimate originating from units. The "ceiling" for personnel expenditure was the first delivered, usually simply repeating the initial estimate for the current year. Profiting from its exclusive constitutional competence to initiate bills involving public expenditure (Art.65), the government left out all possible general salary increments in the future budget to be decided after the approval of the budget by Congress, by the end of November, in order to condition this important decision to a more recent position about

the course of federal revenues and evaluation of the economic policy. As a consequence, limits of personnel expenditure were just communicated (back) to units, without surprises or further decisions, simply to be included in budgetary forms - as if this expenditure had nothing to do with the nature and targets of the programmes - in order to compose totals. The "ceiling" for the rest of the items of expenditure - generally called "other current and capital expenditure, OCC" - formed the really expected figure. Only this amount was actually planned, allocated and discussed.

The idea that "personnel" was not affected by planning, or at least belonged to another order of decisions, was fatal for the programme-budget. It was, however the common feeling.⁵⁷

Besides the preliminary exclusion of all personnel expenditure from the intentional allocation for the programme-budget, other items of some central bodies, particularly the General Secretariat, were deduced from the "ceiling" (actually the "OCC ceiling"). Mrs Odete Lapa, who personally prepared the distribution of the "ceiling" during most of the long period she headed the central budget-related section of the ministry (1958-1982), explains:

"When the 'ceiling' arrived, we had already worked out our fixed expenditures on the repayment of internal and external debts, contributions to international organizations, scholarships,

57. "Why include personnel expenditure in the 'ceiling', asked a civil servant at MEC's General Secretariat, since it cannot be changed in the partition of money by MEC or increased at the request of individual units? 'Personnel' is 'personnel' and that is all." Asked by the author about this separate treatment of personnel expenditure, Mr Frederico Bastos, Head of SOF/SEPLAN, in a brief answer, summarized the consensus: "The amount of other expenditure may vary and even be reduced. 'Personnel' is sacred."

expenditure on the administration of the central building, etc. We separated the money for this expenditure and then worked out how much the 'net ceiling' was in relation to the existing positions of the budget. The resulting percentage was the general increment to be added to the units' existing budgets, their peculiarities also being considered. Shares could always be altered by the reserve we kept with us."⁵⁸

The important thing to conclude from this naïve method is the implied criterion: fixed and easily defined expenditure came first and was not subject to the general increment percentage which finally restrained all substantial activities of education and culture in their expansion or recovery of inflation effects.

Section 4.2.2 emphasized the tremendous impact of inflation on MEC's budget in terms of the lost real value of funds and the strategic use of inflation effects by the government to reduce the public deficit. From the point of view of planning and its major instrument, the programme-budget, the problem consists of the real value of the budget in preparation, given the course of prices, and the multiple concessions of budget supplements during the year. Supplements became feasible because the tax levy, directly affected by mounting prices, frequently exceeded the cautious budgetary limits which had been fixed in the previous year. Supplements related to more specific, critical items of expenditure, such as those of ordinary maintenance (material and services) which monthly suffered the variation of prices, and, under renewed pressure, particular projects which had failed to be introduced into the annual budget the year before. Unlike the annual programme-budget with its "ceilings", supplements, though smaller, had no pre-defined limits,

58. Interview with the author.

formalities or deadlines. Dealing with the possibility of activities being cancelled for lack of money, they gave way to powerful arguments. For all these reasons, supplements gave rise to more demand, competition, and political moves. As in an interesting game, the chances of gaining or losing became higher.

The more supplements became frequent and significant in relation to the supplemented budgetary appropriations, the more the lack of interest in the programme-budget by the heads of MEC's units increased; the more the "ceilings", from 1980, were severely lowered by policies of public deficit cutting, the more this deviation of interest occurred. Thereby, many university chancellors or vice-chancellors sent lower-rank representatives to annual budget discussions and saved themselves for the hard political struggle for supplements which usually took place between September and November, sometimes earlier. In their turn, MEC's high officials, involved in the same situations as their clients from the units and facing the displacement of the demand, increasingly left the programme-budget to its fate.⁵⁹

The increasing proportion of supplements on programme-budgets can be seen from the gaps between initial and final positions of the budgets, as Table 26 shows. The trend increased steadily, and from 1981 supplements almost equal the programme-budget.

59. Explaining the move to the author, Prof. Herbert Calhau, who was responsible for the allocation of funds among universities (1979-82), spoke of "Budget 1" (the annual programme-budget) and "Budget 2" (the end-of-year supplements) and said that the inflation cycle had damned the General Secretariat's efforts to improve the methodology of the programme-budget to failure.

TABLE 26

BRAZIL: GAPS BETWEEN THE INITIAL AND FINAL POSITION OF
MEC's ANNUAL BUDGETS, 1970-84

	INITIAL Cr\$ Million	FINAL Cr\$ Million	GAP ¹ %
1970	1,293	1,224	-5
1971	1,566	1,394	-11
1972	1,811	2,075	15
1973	2,284	2,288	0
1974	2,901	3,205	10
1975	3,893	5,194	33
1976	6,493	10,135	56
1977	11,786	15,300	30
1978	16,737	23,238	39
1979	26,913	37,375	39
1980	46,619	73,242	57
1981	91,825	174,768	90
1982	212,912	397,053	86
1983	536,162	773,662	44
1984	1,257,141	2,396,807	91

Notes

* "MEC" stands for the Ministry of Education and Culture.

1) A negative gap in the early years was due to overestimates of some earmarked sources such as loans which actually were not realized during the year. The ordinary resources of the Exchequer have never been overestimated.

Sources

MEC/SG/SOF. "Diagnóstico da Situação Oçamentária do MEC, 1970-79". Tables 17 to 22; MEC/SG. Retrato Brasil: Educação, Cultura, Desporto, 1970-1990. Brasília, 1985, p. 559; MEC/SG/SOF. Report T08L003T, of 8/10/86.

Section 5.1 studied the rise and evolution of some special financial sources for education which were developed outside the main flow of funds, those from the Treasury. Some of them, such as internal and external loans and the transfers from the Fund for Support of Social Development (FAS) had a decision-making cycle completely different from the instances and times of the annual programme-budget. Others were reserved for certain purposes by law and sometimes entirely delivered to one institution only (in MEC's budget) which is the case of *Salário-Educação*, contributions to the Brazilian Literacy Movement (MOBRAL) and proceeds from lotteries (for some years). A third group participated in the characteristic of the two others and there were some very important sources of funds for education whose allocation was decided outside MEC, namely, the sections concerning education in programmes by other Ministries and the percentage portions set aside to education in the States Participation Fund (FPE) and the Municípios Participation Fund (FPM). Having as a whole a large share in total federal funds for education (Table 15), all these sources had, however, one point in common: they did not fit the methodology of the programme-budget in MEC, at least to the extent that it required a comprehensive allocation of funds from all sources according to overall planning and priorities.

This issue meets the last point about the position of personnel expenditure vis-à-vis the programme-budget and completes a picture of the real part of federal resources which were actually subject to an overall planning. Given

in Table 27, this picture is undoubtedly gloomy about the fate of the 1964-74 policies which expected to find in planning the key-element for the rationality and success of federal investments in education. When the policies of the administrative reform put forward, from 1970, the implementation of the programme-budget, it seemed unacceptable that only 40% of all funds of MEC (the body legally instituted and supposedly able to carry out investments in education) were fully planned. Fifteen years later the situation had gone from bad to worse: even considering as "fully planned" the slice of funds of the "OCC ceiling" which was allocated in a rushed and increasingly formalistic process, such a slice did not reach 8% of total funds!

TABLE 27

BRAZIL: THE DROP IN MEC'S PLANNING ACTIVITY ON FEDERAL FINANCE FOR EDUCATION,
1970-84
(Percentages)

	FULLY PLANNED in MEC ¹	INDEPENDENTLY PLANNED in MEC ²	NOT PLANNED in MEC ³	INDEPENDENTLY PLANNED OUTSIDE MEC	TOTAL
1970	39,0	10,6	26,4	24,0	100,0
1971	31,6	12,1	28,3	28,0	100,0
...
1978	8,9	14,3	36,6	40,2	100,0
1978	10,8	14,7	35,3	39,2	100,0
...
1983	7,9	18,6	43,2	30,3	100,0
1984	7,2	13,1	42,7	37,0	100,0

Notes

* "MEC" stands for the Ministry of Education and Culture.

- 1) Ordinary Resources from the Exchequer for capital and current expenditure, personnel and repay of debts excepted.
- 2) Federal share of *Salário-Educação*, lotteries proceeds (until 1979), internal and foreign loans, contributions to the Brazilian Literacy Movement (MOBRAL) and the Social Investment Fund (FINSOCIAL), and the repay of debts.
- 3) Expenditure on Personnel.
- 4) State share of *Salário-Educação*, shares of the State and *Municípios*' Participation Fund (FPE/FPM) dedicated to education, and the education programmes of ministries other than MEC.

Sources

MEC/FNDE, Financial reports of the Department of Planning of the National Fund for the Development of Education (FNDE), 1981; MEC/SG/SOF, Reports 021LT85/25, of 15/3/85 and T08L003T, of 8/10/86; MEC/SG, Retrato Brasil. Educação, Cultura, Desporto, 1970-1990, Brasília, 1985, pp.550, 572, 579; Associação Brasileira de Orçamento Público (ABOP), Revista ABOP, n.20, 1984, pp.61-63; BRASIL/IBGE, Anuário Estatístico do Brasil (AEB), 1983; BRASIL/IBGE, AEB, 1985; BRASIL/Caixa Econômica Federal (CEF), Relatório Anual EAS, 1985, 1986.

6.4.2. The discussions on the programme-budget at SEPLAN

The preparation of MEC's programme-budget and the decisions related to some details of the allocation of funds among educational programmes and organizations always had an external pole of reference in the bureaucracy: the central body in the federal government for this area. The programme-budget had to be discussed with officials at this body - initially DASP then MINIPLAN (SEPLAN) for most of the period under study - and the proposals defended before the final (usually only formal)

decision at the level of the ministers and the President of the Republic. The specific technical approach of these officials towards the budget, however, was not always the same, and some understanding of the nature of the tendencies is essential for a true comprehension of the whole process.

1967 could be considered a landmark in a period when budget was a typical area of accountancy professionals (*contadores ou técnicos de contabilidade pública*). These professionals had built up a tradition of work since the thirties. All major laws on these activities originated from them, often acting in a cooperative way in nationwide conferences, gathering professionals from the Federal Union, the states and *minicípios*, often preceded by local meetings.⁶⁰

The newly-created Ministry of Planning (MINIPLAN) in 1964 began gathering new professionals and developing a new approach to the budget, relating it to macro-economic policies and medium- and long-term planning. These policies, particularly those related to economic development, from the second government of the regime, appeared in the centre of the political strategy (Section 2.1.2). The administrative reform of Law-by-decree 200/1967 moved legal competences on financial statistics, official advice to states and *municípios* in public finances and the updating of the appendices of Law

60. The "First Conference of Technicians in Accountancy and Public Finances" generated Decree 1804, of 24/11/39; Law-by-decree 2416, of 17/7/40 came from the second of these conferences, and the third one, which was called on by a body of the Ministry of the Treasury which was a sort of official link between these professional meeting and the federal government, the "Technical Council of Economics and Finances", after a long and hard work produced the draft of Law 4320, of 17/3/64, still in force.

4320/1964, from the Ministry of the Treasury to MINIPLAN, which also replaced DASP for the preparation of the budget itself. Budget, then re-defined as programme-budget, became an instrument of planning rather than of control and accountancy. These last two functions were left to a special system, the inspectorates of finance (IGF's) in the ministries and corresponding sections of accountancy in all subordinated units, while formulation or evaluation of policies and budgeting were up to planning and general co-ordination bodies (the general secretariats, in the ministries).

In the next two governments no nationwide conferences of accountants or accountancy technicians were held to subsidize federal regulations. Instead, new planning bodies were promoted or encouraged close to heads of governmental bodies of all levels. Although economists prevail in planning bodies, they were not exclusive, other professionals composing staffs in specific areas on planning.

A feature which could be seen as a major cause of the vicissitudes and failures of the planning system was then formed, namely the duality of organizational lines. Accountants and planners have never reconciled themselves. It was easy to perceive in the structure of any large body the sections controlled by each of these groups. Although in some cases one of them prevailed, co-ordination was rare. In spite of mentioned changes at the top federal level, in most cases technicians in public accountancy remained in effective control of the budget.

As from the reforms (1967), MEC's budget and other demands for funds, including loan programmes, had a decisive appraisal from a section of MINIPLAN which dealt with governmental plans on education, before receiving routine treatment in budget-processing bodies. Technicians in

this sector (soon transformed into the National Centre of Human Resources, CNRH, of the Institute for Economic Applied Planning, IPEA) were firstly interested in educational policies and targets, and therefore, discussing the budget with them led to questions on the merit of the programmes themselves.⁶¹

Although this function by CNRH had never ceased entirely, it was increasingly deprived of its importance for the decision-making process from 1974. Since this year, with a new government, an ascension of the Secretariat of Budget and Finance (SOF/SEPLAN) came to attract most stages of the budgetary process in MINIPLAN. Especially from 1979 onwards, officials with a professional accountancy background predominated the staff at SOF. The head of SOF and holders of important positions had been collaborators of the new minister, Mr Delfim Netto, at the time of his previous seven-years tenure as Minister of the Treasury. It was openly commented on in governmental circles in Brasília that Mr Delfim Netto had virtually ostracised SEPLAN's specialized bodies in the Institute of Planning (IPLAN), which included CNRH. Yet in 1974, the nationwide conferences, including federal, states and *municípios*' accountants and technicians of accountancy were reinstated with the full support of SOF/SEPLAN, although their scope was restricted to budgetary matters.⁶²

61. Information by Mr Divonzir Gusso, who joined CNRH/IPEA in the early seventies.

62. These conferences were called "National Seminars on Public Budget" (SENOP's) and promoted by the National Public Budget Association (ABOP) whose chairman, Mr Antônio de O. Amado, was SOF/SEPLAN's head and from 1979 remained one of its directors. They discussed and approved important changes, some absorbed in federal regulations. I SENOP was held in 1974, II and III SENOP in the following years. In 1977 the organization promoted the International Seminar on Public Budget, in Brasília, and in 1978 the IV SENOP. V SENOP happened in 1981 and budgetary restrictions prevented the

This "return of accountants", peaking in 1979-84, coincided with the government's concern about mounting public expenditure. Controlling aims prevailed over planning. The section in SOF/SEPLAN which dealt with MEC's budget was the better staffed. The more expenditure on personnel increased outside of the federal regulations the more the position of SOF/SEPLAN was reinforced. From the late fifties it became the dominant pole of the discussions and decisions on budgetary matters on education. SOF/SEPLAN's staff with its accountancy-related background was not prepared to approach demands and appraise programmes from the educational point of view. Educational problems, policies and innovations simply failed to be discussed at the vital opportunity of finance-related decisions!

The dominant approach of the control in budget discussions produced the noxious pattern of tense relationships between controller and controlled. A university teacher who acted for some years (1979-82) as an official at SESU in charge of budgetary negotiations involving universities, analyses those relationships:

"There was an assumption of dishonesty by the Treasury-representative body towards the 'internal client', making negotiations quite disagreeable. Negotiations tended not to be rational, I mean, built on policies, facts and reasons. At the least, each side believed that the reasons, the rationality, which were presented by the other part were there only to disguise some irrational reason. Besides, some cliché-roles interfered: he who claims is the 'hero', facing somebody stronger and fighting for his rights; he who administers public money is the 'villain' of the story."⁶²

62. (cont.) event in the following three years, similar, regional meetings taking place during the period.

63. Professor Herbert Calhau, interview with the author.

Meanwhile, the level of budgetary negotiations, without the balancing factor of educational policy itself, increasingly slid into the common bargains of the budgetary process in large bureaucracies. A MEC's senior civil servant, in charge of the budget procedures for many years and frequently heading negotiations with SOF/SEPLAN described them:

"The centralization in SEPLAN became so high that the ministries spent the year 'passing the hat' and each ministry provided for its 'lobby' in the government (influential people) or in its own structure, what was better. MEC have always had its 'loud-speakers': the chancellors, the students, the school meals and specific programmes affecting the political sensibility of powerful people such as university hospitals, scholarships and university restaurants. (...) Sometimes the grant of funds did not happen for the sake of education but because somebody of our units was prestigious to SEPLAN. For example, Minister Delfim Netto always supplied the *Escola Paulista de Medicina*, for personal reasons. Funds were allocated to our budget specifically to meet the needs of symphony orchestras as a permanent way to fund a certain orchestra under the protection of Prof. Bulhões (Castello Branco's Minister of the Treasury). We tried to take advantage of cases such as this. 'If we are going to serve the Professor, I said, why not do the same to this and that institution also in the queue?' and so we got one more small piece... If they complained, I said: 'Let's swop tokens. It is better than to owe each other favours'."⁶⁴

And she concluded: "In that game nobody was without interests!"

67. Mrs Odete Lapa, interview with the author.

6.5. THE CASE OF THE NATIONAL FUND FOR THE DEVELOPMENT OF EDUCATION (FNDE)

The constitution of the National Fund for the Development of Education (FNDE) in 1968, according to a model of institutional planning for investments, and its eventual use, increasingly far from that model, is a typical example of the real position of rationalizing policies vis-à-vis the organizational and political trends.

As a basic instrument of rationalization of the government's expenditure on education which was expected from the implementation of the National Strategic Plan 1968-70, the Ministry of Planning (MINIPLAN) conceived a new institutional model. The idea was to concentrate in a large fund all governmental expenditure in the whole area of education which in some way could be classified as "investment". The model was actually the National Bank for Economic Development (BNDE) created in the mid-fifties to support new economic investment projects and which had proved to be a success. As its prototype in the economic area, FNDE would operate on a basis of projects, as an independent agency, legally able to appropriate funds from several sources, to decide on the approval of projects, to make agreements with any public or private organization and to monitor the implementation of the projects. FNDE would be a sort of "national education bank", and the idea raised lots of hope, including that the heavy and slow-moving bureaucracy of the Ministry of Education and Culture would not be a serious obstacle to the desired take-off of a new era for education in the country any more. ⁶⁵

65. Information in this paragraph is from Mr Arlindo Corrêa (IPEA/MINIPLAN), who attributed the idea of FNDE to the Minister of Planning himself, Dr João Paulo Velloso.

FNDE was created by Law 5537, of 21/11/68, and had its institution completed by Law-by-decree 872, of 15/9/69. It was set up as an *autarquia*, thus an independent body (although under ministerial supervision), consisting of a Decision-making Board and an Executive Secretariat. Through the composition of its Board, FNDE would be a high-ranking body in the Ministry, open to other sectors outside MEC and even the government. The Board was headed by the Minister and nine other members appointed by him: four from MEC, including the General Inspector of Finances, a representative of MINIPLAN (SEPLAN) and another of the Ministry of the Treasury; a businessman, a teacher and a student gave the necessary communitarian dimension to investments in education. Budgetary proposals of all federal universities and secondary technical schools had firstly to be appraised by FNDE who also had to be informed about direct expenditure on education by the states and *municípios* as a previous condition to federal transfers to them.

Besides budgetary appropriations from the Treasury, the agency was legally provided with specific financial sources, such as the shares of the outcome of federal lotteries reserved to education and the PETROBRÁS Fund, the federal share of the *Salário-Educação*, returns of loans (a rare situation), interest from bank deposits and other patrimonial proceeds. In a few words FNDE was the image of a modern and rational institutional instrument, suitable to implement the 1966-73 policies of education as real investment for the development (Section 2.2.2).

Born to be new and independent but living under MEC's large shadow, FNDE was fated to be absorbed by it. The following paragraphs describe how the prevailing political and administrative situations in federal bureaucracy acted

in this trend. 66

The first "cultural transplant" from MEC to FNDE occurred when the first basic staff of the agency was constituted by civil servants, most from the former National Department of Education which was shut down by the 1967 administrative reform to give way to the General Secretariat. This group remained virtually intact in the key-positions of FNDE's Executive Secretariat until 1985. Notwithstanding the personal dedication of this team to the organization and full identification with its aims, the crucial question for FNDE, after the first years of hard work to structure the services, turned out to be "what MEC expected from it".

Ministers had themselves represented at FNDE's Board by their General Secretaries. A much greater commitment from the top ministerial authorities would have been needed to enforce two basic legal provisions: the submission of university budgets to FNDE and the information control of the states and *municipios*' real expenditures on education as a condition of federal transfers to them. Soon this proved unrealistic: they had enough political conditions to ignore or resist the accomplishment of the procedures. As far as the universities were concerned, only campus development programmes which were supported by loans had their cash flow regularly running through FNDE. The decisions about the programmes themselves and the allocation of funds to universities, however, were prepared by a special body created for this (CEPES, later PREMESU and, from 1982, CEDATE).

66. Information was basically collected from talks with officials at MEC and FNDE whose Board the author belonged to between 1981 and 1983.

Sections 5.1.3 and 5.1.4 studied the reduction of some of the special dedicated sources which reinforced FNDE's budget. Ordinary appropriations from the Treasury were allocated to the budgets of the schools and universities themselves or their supervisor secretariats at MEC. The agency was also affected by the almost entire elimination of funds from this source to primary education which remained supplied only by *Salário Educação*. FNDE's complaints about the shrinking of its budget did not stop the trend which Table 28 expresses.

TABLE 28
BRAZIL: TOTAL REVENUE OF THE NATIONAL FUND FOR THE
DEVELOPMENT OF EDUCATION (FNDE) COMPARED WITH MEC's
TOTAL BUDGET, 1969-84
(Percentages)

YEAR	%	YEAR	%	YEAR	%
1969	13.2	...	...	1979	30.5
1970	12.9	...	...	1980	29.0
1971	41.8	...	...	1981	18.9
1972	40.8	1977	41.0	1982	22.6 (15.5) ¹
1973	60.9	1978	35.5	1983	35.5 (25.7)
				1984	19.5 ²

Notes

* "MEC" stands for the Ministry of Education and Culture.

1) The number between brackets excludes the revenues of the scholarships granted by firms to pupils as an alternative fulfilment of the constitutional obligation of providing employees and their families with primary education. These funds are

registered and controlled by FNDE's Accountancy but not decided upon by the agency. Such controls began in 1982.

2) Initial position of the budgets.

What ministers and other top MEC's authorities actually expected from FNDE was a role of opportune provider of extra money for specific, critical situations in which relatively small sums could be timely transferred to universities, states, *municípios* and even private educational organizations to solve or alleviate pressing political situations, without having to refer to MINIPLAN (SEPLAN) or even bother the President by asking for some extra money.⁶⁷

Naturally FNDE adapted to this expectation from superiors about its contribution. Its structure, however, was not able to generate new funds on a large scale. Its income was threefold: first, yields from some shares of two state-owned companies (PETROBRÁS and Vale do Rio Doce) and public securities (ORTN's) which were automatically re-invested; second, leftover balances of federal transfers, which, until 1981, *autarquias* were allowed to appropriate as their own funds for the following year; third, cancellations and restitutions of part of grants not transferred or used for some reason. These were called "own funds" of FNDE's. In relation to other resources, the large majority, FNDE was a mere cashier, decisions on allocation being made by other MEC's bodies. This picture

67. The memories of Senator and former Minister of Education, Jarbas Passarinho, about FNDE in the early seventies, when its budget peaked, were related to these alleviating tasks. "FNDE was of a great help to us. Often during my visits to universities in crisis because of some temporary lack of money in the university hospital or something like that, I phoned the General Secretary in Brasília and in 24 hours the money was there." (Senator Passarinho, interview with the author).

was completely defined from the early eighties.⁶⁸

Furthermore, the generation of fresh money for ministerial urgent needs had a perverse effect on the speed-up of the programmes supplied by FNDE's transfers. What happened was that, continually pressed to make more of its "own funds" available, FNDE entered the amount for the required expenditure in the budget and formally met it with corresponding revenue from existing yields. These, however, were not actually withdrawn from the Central Bank, where they were deposited and automatically re-invested. The cash could be provided by money of any nature in FNDE's bank account, thanks to the scheme of "common cashier" (*caixa-único*) introduced by the 1967 administrative reform.⁶⁹ As a consequence, delays in the implementation of FNDE's programmes coincided with the interest of the agency because less pressure would be exerted on its cashier (enabling it to bear the onus of the device) and the leftover balances and cancellations were more likely to happen.

As time passed, FNDE, which had been conceived as an independent agency, increasingly became an integral part of MEC's central bodies. The Director-General of FNDE's Executive Secretariat participated in most internal meetings of these bodies, in spite of legally being a

68. Yields from shares and public securities were 7,0% of FNDE's total revenues in 1981; leftover balances, 5,7% and cancellations and restitutions 0,8% (information from FNDE's Planning Division). In fact, this proportion of yields was artificially elevated, since shares and public securities were monetarily updated against inflation (95% in this year) and the rest of the revenues were not. Only in 1983 did FNDE begin a modest programme of loans to educational and cultural organizations, using "own funds", so that a return fund could be generated, but it was very small since the loans were subsidized.

69. "We would not hurt the goose that laid the golden eggs", joked a FNDE's official.

decentralized unit. This legal condition, however, was pleasantly offered to MEC to enable the ministry to circumvent some budgetary restrictions to which central bodies, the so called "direct administration", were subject.⁷⁰ In the light of this assimilation to any of these bodies, it appeared normal that, from the 1970's, all members of FNDE's Board were MEC's officials in high positions, no matter that they were formally appointed as representatives of businessmen, teachers and students.

7.6. CONCLUSIONS

The content of this chapter leads to some conclusions.

1) Social and cultural trends, not rationally defined policies, can explain the profile of the finance allocation in the Ministry of Education which was shown in Table 3 - INT, in the Introduction: the massive percentage of the expenditure on personnel and the prevalence of higher education on the major, stable source of funds (taxes), squeezing other programmes towards special complementary funds.

2) Particularly, the privileged position of higher education in Brazilian society overwhelmed both the policies (or convictions) on whom the state first should care for and the law about public expenditure. The

70. For example, all surplus balances of central bodies had to return to the Treasury at the end of the year. Before this happened, MEC transferred those surplus balances to FNDE as a "contribution to programmes of development of education by FNDE" and then informally indicated to the agency which cases were to be supported with the money in the following year, which did not formally break the law.

"federalization" of colleges and universities was the main institutional device by which these elite adhered to the strongest level of the state's political organization, the Federal Union, on whom they finally imposed their interests.

3) The patrimonialist conception of the state or the prebendalist use of state resources by the bureaucracy is the deepest trend influencing the real course of events related to expenditure. One after the other, rationalizing purposes of the 1967 administrative reform in MEC dropped, particularly in relation to staffing and organizational structures.

4) Political centralization which was used as the natural means for the effectiveness of planning had perverse effects. First when it sheltered historical characteristics of bureaucracy; second, when the activity of planning bodies shifted from formulation of policies to control of expenditure.

5) The failure of the programme-budget was a major blow to rational processes of public investment. It is a good example of the above-mentioned tendencies completely undermining the modern, institutional instruments of planning. The same could be said about the case of foundations and FNDE.

6) Finally, the events analysed in this chapter highlight the political significance of cultural and social factors. Recurrent failure of government's rationalizing policies could not be attributed to a technical mistake in strategy. These factors frequently deal out the cards of the political game and constitute the basic elements of the choices and preferences of the political actors or their referential public.

GENERAL CONCLUSIONS

This thesis has analysed the historical formation and further developments of what I have designated an **economic approach** to the funding of education. The main features of that approach are: justifying education (and therefore its funding) in terms of its contribution to economic development, particularly the formation of human resources; treating the expenditure on education as investment; and rationalizing it, especially through the use of technical instruments of planning. It did prevail during the decisive years of consolidation of the recent military regime in Brazil. Such an approach not only met a suitable, glamorous idea to compose its discourse, namely that of the investment in human resources for economic development and originated policies on special financial sources for education, but extended further and dominated the whole decision-making process.

The economic approach to the education funding in Brazil appears to be typical of bureaucracies; the decision-making process on the matter was basically conducted under a bureaucratic stance. The bureaucracy usually assumes that convincing technical considerations are the core of the decision on spending, the "political factor" being a sort of external, unforeseen factor. Moreover, when the bureaucracy is sheltered by authoritarian rule — such as in the Brazilian case — political moves in the decision are even assumed as an interfering accident.

There is no place in the logic of the average bureaucrat for the political dimension, the issue of the "power seeking". It is as if the technical issue — the "how to deal effectively with the complexity" in order to achieve

targets - were the sole one; however variable and difficult it may be to achieve the control of the environment, the use of technical means is the best way to succeed. Bureaucrats never manage to explain properly the role of the political will in the decision-making process and carry on with a conflicting relationship between technical and political elements of that process, accepting the reality of political decisions as the paradoxical prevalence of the irrational over the rational.

The events analysed in this thesis have stressed that the real nature of the decision-making process in the allocation of public funds is political; that he who argues is worthier than the argument itself. The real definition of priorities is first and foremost dictated - or at least limited - by the relative positions of those participating in power, their institutional, ideological, economic and even personal interests. These lead the technical definition of priorities in plans or override them. The chances of success of the education-development argument in the competition for finance for education equalled the "political weight" of its promoters or sympathisers in the federal bureaucracy and people who effectively interfered in the political process at the time, mainly the military.

The economic rationality in spending on education has a purely instrumental role, be it in reasons for, or in the way of, spending. This seemingly obvious position should be taken to its full extent and applied to the situations of the rationality-inspired basic reforms by the government between 1967 and 1972, particularly in the administration of education organizations. Planning and rationalization of the expenditure do not affect the motives and intentions of spenders. Since administration

and programmes did not produce the expected results, the government's bureaucratic reasoning firstly attributed the failure to lack of either planning or modern techniques of administration. At best, a long-term problem of consciousness or unadapted mentalities was regretted. Thus, procedures, organizational structures and programmes were directly changed by relevant reforms. Bureaucratic analysis did not reach the determinant factor, the political conditions of the events, whether prevailing in the past or in the present; previous practices could have been even possibly allowed to remain in a gradual process of improvement.

The grim results of the 1966-72 planning and rationalizing reforms (Chapter Six) not only prove that fact by pointing to the disturbing effects of social and cultural trends, such as the position of higher education institutions in society, the patrimonial conceptions of the state, particularly in staffing and budgeting in the civil service, but also unveil a sensitive shortcoming of the bureaucracy; it administers rationality but is unable to control itself.

During the period studied, the military regime endowed the sectors of the bureaucracy in control of the technical instruments of economic planning, the "technobureaucracy", with the almost exclusive control on the decisions related to education planning and funding. This is a crucial point. The military are culturally inclined to accept technobureaucratic position under the value of respect for division of competencies. This is so because the military are a bureaucracy themselves. If this is borne in mind, it is easier to understand the special conditions under which the economic approach to education and ensuing policies were introduced and maintained.

In the simple military reasoning, there were only three basic areas of decision in the government, although they overlapped in their order of precedence: the security, which directly concerned them; that of politico-institutional changes which they conducted with the direct advice and co-operation of reliable civilian politicians who also secured the government's position in Congress; and the "technical area", which was entrusted to technicians, chiefly involving the administration of the economy and the general governmental functions. This third area was increasingly centralized within the planning body, a trend which stems from the fifties. In spite of accepting and stating the competence of educators in typical educational matters, the military re-affirmed that the relations of education with the government's general targets and the issue of resources was a matter for MINIPLAN/SEPLAN. The events related in Chapter Two show that the authoritarian attribution of that competence to the economy planning body preceded by several years the thorough acceptance of the economic approach in the Ministry of Education and throughout the educational system. From the economic side of educational programmes, including its financing, a whole meaning and justification for education itself was developed. The military position was, therefore, decisive not so much for the prevailing acceptance of this concept of education but for the appointment of those who were to run it.

From this point on, the whole cycle of the financing of education from 1964 to 1984 meets its coherence. Although absorbed to a large extent by the pressure for expansion and reforms of higher education, suitable room in the 1967-72 governmental plans and new financial sources were provided for education by the economists in the Ministry of Planning (MINIPLAN, later SEPLAN), following the current nationalist ideals. Under their leadership,

education had good prospects and the situation even improved when the "implementation body", the Ministry of Education and Culture (MEC) was given a character among the best in the military, Minister Jarbas Passarinho (1970-73). Before those plans could mature, however, the momentum was lost with a change in the core of the regime and in the international economic situation. The government stood for the policies of rapid development whose links with education were still reaffirmed in the 1974 plan (1975-79). The emphasis was moved, however, from general education to science and technology (including post-graduation), in the wake of a bold plan for building up the country's economic infrastructure. This move was balanced in the government's political strategy by a nod towards "the social area" with the creation of the Social Development Fund (FAS), a policy from which MEC came out as a loser. The more the boom of the economy passed the more earmarked sources were restrained and attached portions of the budget fiercely fought over in order to obtain the best use of the resources in the economy. From the mid-seventies onwards, funds for education declined invariably. As from 1979, when the financial crisis became unavoidable, all that the central planning body expected from the "spending sectors" was that they join the crusade to cut down on the public deficit to allow for keeping some basic economic investment from the previous government running outside the Treasury Budget, whose savings had to be obtained at any price. No point was considered worthwhile in defending a privileged position for education on grounds of its previously claimed condition of (long-term) investment in the economy.

Of course, at the top, the technobureaucracy knew perfectly its role in the system and had a clear idea of the real priorities in relation to some large governmental

investment or subsidized programmes, timely advocated by both the military and the leading sectors in the economy. In order to take up or to keep financial and administrative resources in their hands, economy ministers and top officials used, instead, the "technical argument": "no planning is possible without the full control of resources; earmarked sources and similar devices bring sclerosis to budget; we cannot go further on with such a deficit; we must balance the budget, and the cuts are general and unavoidable, some sacrifice being required from everyone". In their typical, rational approach, the average bureaucracy and the military are responsive to the "technical argument" and, since the political approach in economic matters is not usually theirs, such argument was frequently seen as a reasonable justification to resist a privileged budgetary treatment for education. This misleading effect of the "technical argument" had a vital role to secure and reinforce the position of the top technobureaucracy and their strategic interests when conflicts occurred over finance for education.

The real nature of the decision-making process in the allocation of public funds and the events of the 1964-84 cycle of moves in the education funding lead to further conclusions in relation to the effects of the official policy.

Justifying education in terms of economic development actually meant setting a disadvantageous scene of contention for education, since choices and positions relate to a sole, quantitative value, not to a scale of values. The economic aggregative measurements of relations between education and national income are too loose in their estimates to be collated with established macroeconomic analyses; too weak to secure higher levels on the scale of the generation of wealth; too idealistic

to convince top government officials. This is what the facts suggest. In the good times of new plans in the late sixties and in the time of the "miracle" in the early seventies, reforms were launched with the purpose of adjusting both educational programmes affecting pupils over twelve years of age and specific higher education courses to the requirements of the job market; its implementation strove for most of the seventies; but the efforts for the accomplishment of the citizens' constitutional right to full primary education - the education level with highest rates of return in the studies of the "economists of education" - did not find enough support to go on as long, and agonized during the seventies. In the bad times of the crisis no room could be found for either kind of programme. Education rather lost than was promoted by its assumed links to economic development; this association actually resulted in a subsidiary and submissive role. This is so that the final political fact remained the attribution of the full control of the government finance to those who co-ordinated general economic interests.

One must go further, however, into the limitations of the education-investment discourse, *vis-à-vis* its chances of succeeding in the political reality of the contention for finance. It would be difficult for education to reach the level of interest of some strong contenders. Which are, indeed, the real interest of the so-called productive sectors of the economy - the private and state entrepreneurs - in the outcomes of education? They deal with limited organizational units and projects and are interested in their profitability at these limits. They are directly interested in specific, short-term educational results. Training is their major category, not general and elementary education. They often carry out the former by themselves and assume that the latter is

a basic service to be provided by the government as so many others in society. The appeal of "education for economic development" may sound metaphoric to sectors lobbying the bureaucracy for state investments, a situation more often than not prevailing under regimes where democratic participation maintains a low profile.

This fundamental distinction between education and training, so far as critical decision-making implications are involved, is not sufficiently considered in the discourse on education-development and the studies on which this is based. Training is specific and utilitarian. Education is general and involves many more purposes, frequently related to culture, individual development and social behaviour. Moreover, when it comes to education, arguments on rates of return stop well short of a rigorous cost-benefit analysis (the entrepreneurs' microeconomic approach) and rely on multi-caused phenomena, particularly changes in individual income. They inevitably stumble on the question: "How to measure education in terms of tangible and long-term results?" Economist-minded metonymies to overcome the difficulty, such as those used in "shadow-prices" are not convincing, except as instruments to carry on with theoretical studies. On the other hand, similar questions block the way of a strictly economic reasoning on rationalization of educational costs: "What is exactly waste (or the best use) of resources in education?" The nature of the educational activity poses a definitive limit on any economic or utilitarian approach.

Two facts in previous paragraphs must be emphasized: the comparatively brief 1967-73 period during which the education-development concept positively influenced the funding of education and the disadvantageous position among typically economic programmes which was left to

education by this concept. They show the fragility of the economic approach to education insofar as the decision-making process of allocation of public finance is concerned. The policy was successfully introduced only due to the exceptional political conditions of the late seventies, particularly the nationalist ideals for the future of the nation. So feeble was this justification for spending especially on education in the day-by-day struggle for finance that it is reasonable to raise the hypothesis - the thesis does not come to present relevant facts - of a strategic substitution of other reasons upon which to base demands. Easier political control of demands could also result from the conceptual unification of governmental responsibilities.

In societies where social demands are immediate and basic conditions of living overdue, the decision on policies and their implementation are usually related to short or medium-term interests. Now, if the lessons from the case of Brazil are accepted on the fragility of the economic approach to justify education in the competition for funds and rationalize their use, one more question is raised: why should this approach suit developing countries, as it has been frequently emphasized by international advice, since the early sixties? Does this stance suppose the existence of authoritarian regimes to impose this long-term policy on the decision-making process of allocation of public finance, as it happened in Brazil for a few years?

As long as these reasons and the conclusions of this thesis are consistent, a different approach to justify and rationalize the education funding should be sought. Education is a cultural service, above all. It fulfils an important role in the political development of a nation and positive but imprecise effects in the economy,

particularly in the job market. Since the nature of the decision-making process in the allocation of public finance is political, political means and strategy should be thought of firstly. Its centre of gravity should be displaced from the bureaucracy to the sectors of society which are themselves directly interested in educational services. One must conclude, however, that the financing of education will not have better luck or increase at a faster pace than the nation's cultural and social values will allow.

SOURCES

Although the structure and line of development of the thesis directly stem from its purpose, the choice of events, relevant details and linkages are mainly due to the author's experience of them, either as a chancellor's assistant in the management of personnel and budget matters (Federal University of Pernambuco, 1968-77) or as a Deputy General Secretary of the Ministry of Education and Culture (1981-84) in budgetary and financial matters. Information in the text, however, very seldom comes exclusively from this experience.

The two main sources are an extensive documentary research and a series of interviews of people, specially involved in decisions on planning and financing of education in the federal government. Documentary sources comprise administrative acts (laws, regulations and official letters of federal authorities), financial reports by the relevant bodies of the central government, especially those issued with details for administrative use, and general conventional sources. Interviews (approximately fifty hours, the greatest part recorded) were carried out between September and November 1986, in Brazil. Other special talks with some of the interviewees and even other people at the time of events are sometimes quoted. The sources are seldom identified only by their position (not names), a restriction by them which the author had to abide by.

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PART 1. Publications by Government Bodies and Official Documents, Reports and Other Government Unpublished Documents

NOTES

1. Official documents have their titles preceded by the word "BRASIL"; their place of issue, whether published or not, is the capital of the Republic. Only published documents are underlined.

2. All legal texts which are somehow referred to throughout the thesis (constitutional articles, laws, laws-by-decree and decrees) have one of the three first documents below (marked with an asterisk *) as their source, when the reference is not part of another quoted source.

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List of Interviewees

(Positions as at the date of the interview)

Antônio Albuquerque S. Filho (Mr). Former Secretary of Education of the State of Ceará. Former Secretary of Primary and Secondary Education at the Ministry of Education (MEC).

Date: 3/11/86, 14:00h

Antônio de O. Amado (Mr). President of the Brazilian Budget Association (ABOP). Secretary of Programme-Budget at the Secretariat of Planning of the Presidency of the Republic (SEPLAN) .

Date: 23/10/86, 15:00

Arlindo Lopes Correa (Mr). Former Head of the Sector of Human Resources and Manpower (later National Centre of Human Resources, CNRH) of the Ministry of Planning (MINIPLAN, later SEPLAN) and member of the subcommission for the preparation and implementation of the national development plans (education sections) between 1966 and 1970. Former Chairman of the Brazilian Literacy Movement (MOBRAL).

Date: 16/10/86, 15:00h

Armando Mendes (Prof.). Former General Secretary of MEC. Member of the Federal Education Council (CFE) and Head of its Commission of Planning.

Date: 23/10/86, 15:00h

Carlos de Meira Mattos (Gen.). Former member of the permanent teaching staff of *Escola Superior de Guerra* (ESG). Former President of the Special Commission for student problems (Decree n.62024, of 29/12/67).

Date: 10/11/86, 14:30h

Cláudio C. Neiva (Mr.). Minister's Assistant in MEC. Former Head of Co-ordination at MEC's Department (later Secretariat) of Higher Education (DAU). Former Secretary of Planning at MEC's General Secretariat.

Date: 26/9/86, 17:00h

Confúcio Pamplona (Col.). Former General Secretary of MEC.

Date: 15/10/86, 9:00h

Divonzir A. Gusso (Mr.). Head of Co-ordination at CNRH/SEPLAN

Dates: 30/9/86, 16:30h; 2/10/86, 20:00h.

Ecilda R. de Sousa (Mrs.). Superintendent at the National Research Council (CNPq). Former Director of the National Fund for the Development of Education (FNDE), 1966-1985.

Dates: 8/10/86, 9:00h; 20/10/86, 9:00h; 27/10/86, 9:00h

Edson Machado (Mr). General Director of the Co-ordination of the Higher Education Staff Training (CAPES). Former Director of CNRH/SEPLAN. MEC's former Secretary for Higher Education of MEC. Former Secretary of Education of the State of Sta. Catarina.

Dates: 30/9/86, 9:30h; 13/10/86, 10:00h

Frederico Augusto Bastos (Mr). Member of the Account Court of the Federal District. Former Secretary of Budget and Finance at SEPLAN.

Date: 3/10/86, 15:00h

Gerusa Mendonça Gomes (Mrs). Superintendent of Planning of Joaquim Nabuco Foundation. Former Director of Planning at the Secretariat of Education of the State of Pernambuco.

Date: 7/11/86, 18:00h

Gil Macieira (Mr). Former Chief of the Department of the Fund for Social Development (DIRFAS) of the Federal Savings Bank (CEF). Former Chairman of CEF.

Date: 15/10/86, 15:00h

Golbery do Couto e Silva (Gen.). Former Head of the National Information Service (SNI). Former Minister of the Staff (Casa Civil) at the Presidency of the Republic.

Date: 25/9/86, 15:30

Herbet G. Calhau (Prof.). Assistant and former Subsecretary at the MEC's Secretariat of Higher Education (SESU).

Date: 9/10/86, 15:00h

Jarbas G. Passarinho (Sen.). Senator. Former Minister of Education and Culture (Nov./1969-Mar./1974).

Date: 17/9/86, 17:00h

João Baptista de A. Lengruher (Mr). Director of Budget at the SEPLAN's Secretariat for Budget and Finance (SOF).

Date: 20/10/86, 15:00h

João Bina Machado (Gen). Former Principal of the School of Command and Staff of Brazilian Army (ECEME). Former Principal of ESG.

Date: 10/11/86, 17:00h

João Paulo dos Reis Veloso (Dr). Former Superintendent of the SEPLAN's Institute of Planning (IPLAN). Former Minister of Planning (Nov./1969-Mar.1978).

Date: 17/10/86, 12:00

José Carlos Alves dos Santos (Mr). Secretary of the Budget Commission of the Senate.

Date: 10/10/86, 10:45h

Maria Helena Rodrigues (Mrs). Head of the Department of Personnel of the Ministry of Culture. Former Chief of the Division of Job Planning of the MEC's Department of Personnel.

Date: 23/10/86, 10:30h

Mauro Costa Rodrigues (Col.). Former General Secretary of MEC. Former Secretary of Education at the State of Rio Grande do Sul.

Date: 7/10/86, 20:00h

Núbia Macêdo (Mrs). Head of Co-ordination at SESU.

Date: 9/10/86, 17:00h

Odete C. Lapa (Mrs). Secretary of Budget of the Ministry of Culture. Former Secretary of Budget at the MEC's General Secretariat.

Date: 9/10/86, 20:30h

Paulo da Silveira Rosas (Prof.). Scholar at the Federal University of Pernambuco. Member of the Directory of the National Association of Higher Education Teachers (ANDES).

Date: 6/11/86, 9:00h

Paulo Sotero (PhD). Senior Official at IPLAN/SEPLAN and formerly at the Secretariat for Articulation with the States and the Municipalities (SAREM) of SEPLAN.

Date: 31/10/86, 9:30h.

Pedro Demo (DPhil). General Director of the MEC's National Institute for Educational Research (INEP). Former Deputy General Secretary of MEC.

Date: 29/9/86, 17:00h

Rômulo Galvão (Dep.). Former Chairman of the Commission of Education and Culture of the House of the Deputies of the Congress.

Date: 26/9/86, 12:00h

Ruben C. Ludwig (Gen.). Former Minister of Education and Culture (Nov./1980-Aug./1982). Former Minister of the Military Affairs of the Presidency of the Republic.

Date: 26/9/86, 9:00h

Sérgio Mário Pasquali (Col.). Former Adviser of the President of the Republic. Former General Secretary of MEC.

Date: 26/10/86, 17:00h

Simon Schwartzman (Dr.). Scholar at the University Institute of Rio the Janeiro (IUPERJ).

Date: 16/10/86, 8:30h

Tarcísio G. Dela Senta (Dr.). Former Director at the National Research Council (CNPq). Former Secretary of Higher Education (SESU/MEC).

Date: 3/10/86, 9:00h

E R R A T A

At page 29, where one reads:

TABLE 1: BRAZIL; SUPPLY OF EDUCATION PER LEVEL OF SCHOOL, 1985

.....
 Source. MEC/SG, Retrato Brasil. Educação, Cultura, Desporto, 1970-1990, Brasília, 1985, pp.122, 153, 265, 357.

One must read:

TABLE 1, BRAZIL; SUPPLY OF EDUCATION PER LEVEL OF SCHOOL, 1986

	TOTAL		PERCENTAGES OF TOTAL ENROLMENT			
	ENROLMENT (1,000)	Total	PUBLIC SCHOOLS			PRIVATE SCHOOLS
			Federal	State	Municipal	
PRE-SCHOOLS	2,907,3	74,0	(5,0)	(28,0)	(41,0)	26,0
PRIMARY SCHOOLS	25,607,9	87,9	(0,5)	(57,2)	(30,2)	12,1
SECONDARY SCHOOLS	3,142,6	66,0	(3,0)	(59,0)	(4,0)	34,0
UNIVERSITIES	1,418,2	40,7	(23,0)	(10,8)	(6,9)	59,3
TOTAL	33,076,0	82,6	(2,0)	(52,9)	(27,7)	17,4

 Source. MEC/SG/SEINF/Serviço de Estatística da Educação e Cultura, (Information directly collected).

At page 37 (TABLE 3), where one reads:

YEAR / PERIOD	CURRENT Cr\$ Million	CONSTANT 1970/73 Cr\$ Million	CHANGE IN PERIOD %
1964	13	1.122	
.....			
1984	56.109	6.590	
<i>Figueiredo's Government</i>			2.3

One must read:

YEAR / PERIOD	CURRENT Cr\$ Million	CONSTANT 1970/73 Cr\$ Million	CHANGE IN PERIOD %
1964	162	1.122	
1966	559	1.620	
<i>C. Branco's Government</i>			22.0
1967	570	1.180	
1968	830	1.267	
1969	1.150	1.389	
<i>C. e Silva's Government</i>			-3.3
1970	1.385	1.415	
1971	1.758	1.863	
1972	2.612	2.596	
1973	3.165	3.076	
<i>Médici's Government</i>			22.8

1974	4.305	3.215
1975	6.420	3.541
1976	11.242	4.253
1977	22.133	5.779
1978	35.089	6.353

Geisel's Government

16.2

1979	56.109	6.442
1980	87.781	5.179
1981	243.146	7.252
1982	529.856	8.047
1983	1.050.685	6.529
1984	3.265.394	6.590

Figueiredo's Government

2.3