AVOIDING GOVERNORS

The Success of Bolsa Família*

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Abstract: The central hypothesis derived in this article is that the ability of Brazil's central government to bypass governors determined the success of delivering public goods federation-wide in the area of noncontributory social protection policy. The Workers' Party's (Partido dos Trabalhadores) first-term administration from 2003 to 2006 successfully reformed, expanded, and implemented four previously existing cash-transfer programs designed to alleviate poverty. The central administration's flagship program Bolsa Família was implemented in all of Brazil's municipalities, delivering benefits to more than 11 million households. A nonmajoritarian political system, the constitutional autonomy of municipalities, and the gradual hardening of post-1995 subnational budget constraints facilitated the ability of the central government to live up to the aspirations and expectations of the Brazilian public by combating hunger, poverty, and misery through this program. This article shows these institutional factors to have provided incentives for successful central-local collaboration in this social policy area.

INTRODUCTION

One must keep an equal distance from the two alternatives,
too much authority or too little is the end of freedom.

—*Hon. Pierre Elliot Trudeau,* Federalism, *1968*

The study of Latin American federalism is a rapidly growing area of research. Recent studies of federalism including the region have prioritized the ability of this governing system to provide institutional incentives to key stakeholders at various levels of government, its ability to structure unique electoral strategies, and its ability to determine both policy

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outcomes and government effectiveness (Abrucio 1998; Arretche 2000; Calvo and Medina 2001; Eaton 2004; Filippov, Ordeshook, and Shvetsova 2004; Gibson 2004; Mendoza, Rodríguez, and Ward 1999; Rodden 2006; Samuels 2003; Tommasi and Spiller 2007; Wibbels 2006). This important reemergence of federalism is juxtaposed against the zeitgeist of a decade of democratic experimentation in Latin America that led to government decentralization—the transfer of political power, fiscal resources, and policy responsibility to subnational levels of government.

In recent years, a plethora of comparative studies applying both instrumental and substantive perspectives have contributed to explaining the origins and consequences of decentralization in Latin America (e.g., Garman, Haggard, and Willis 1999; O'Neill 2005; Oxhorn, Tulchin, and Selee 2004; Rodríguez, Spink, Wilson, and Ward 2006; Montero and Samuels 2004; Souza 1997). Much of this literature has emerged out of a "growing disappointment with decentralization and federalism, especially among developing countries" (Rodden 2004, 481). It conceptualizes decentralization as a political process and thus evaluates it on the contingency of those processes that are determined by the relevant political and electoral incentives; an approach that began with Garman and colleagues' heavily cited 1999 article, "The Politics of Decentralization in Latin America." The new political-institutional or electoralist approach asserts that decentralization (or recentralization; Dickovick and Eaton 2004) is a product of political incentives at all levels and their resultant political relationships (Montero and Samuels 2004, 20).

Particular to the Brazilian case, a country renowned for having a highly fragmented and weak party system coupled with strong federalism (Mainwaring 1995; Mainwaring and Samuels 2004; Power 2000), is how this political system has attempted to overcome the well-established limits that federalism placed on it. As stated best by Samuels (2008a, 5): "Any evaluation of Brazilian democracy under Lula [da Silva, the current administration] must therefore not only focus on policies enacted and those that were left on the table and the stability of executive-legislative relations, but more importantly on the tension between government policies and performance and how well the administration measured up to the aspirations and hopes of the PT and its supporters." By focusing on a specific policy area that was important to the aspirations and hopes of the current federal administration and its supporters, poverty alleviation and social inclusion, my article accepts this challenge by generating a hypothesis as to how the tension between a specific government policy and its performance was overcome within Brazilian federalism to measure up to the aspirations of the incumbent federal administration and its supporters.

The central purpose of this article is to suggest that Bolsa Família, a widely distributed and applauded mass family stipend program, was

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successful because of its ability to avoid powerful state-based governors.[1] The unique characteristics of Brazil's most recent national constitution (1988), its nonmajoritarian political system, and the gradual but successful hardening of subnational budget constraints have provided incentives for central-local collaboration in specific social policy areas such as health, primary education, and social assistance. By looking solely at the area of noncontributory social protection policy, this article asserts that, through central-local collaboration, the federal government achieved its aspirations of meeting its explicitly stated target, to provide cash transfers to more than 11 million families in situations of social vulnerability federation-wide, in fewer than three years (2003–2006). Moreover, from the perspective of federal theory, the ability of a federal government to design, implement, and sustain a program of this magnitude provides credibility to a highly decentralized three-level federal structure. It shows that, at least in this social policy area, federalism did not hinder the achievement of this policy outcome.

BRAZIL

Following a transition to democracy that began, according to the dominant literature, in 1974, Brazil's political institutions have undergone several gradual transformations. Brazil today can be characterized as a strong federal system. On the basis of the work of Mainwaring and Samuels (2004, 88–90), strong federalism is defined as the resource base of states, the power of governors, the articulation of subnational interests within the Brazilian National Congress, and the distribution of government functions across three levels of government. The consensus around this characterization of Brazilian federalism has led to the establishment of the idea that governors have the power to constrain the federal center (see, e.g., Abrucio 1998; Samuels 2003). The articulation of subnational interests in Congress has dominated the literature by focusing on how Brazil's weak political institutions, primarily its inchoate party system, produce incentives for legislators to behave in a manner that weakens the capacity of the Congress.

This analytical focus has produced two predominant hypotheses about how Brazilian federalism functions: (1) the unstable democratic governance hypothesis and (2) the presidential-coalition thesis.[2] The former

1. Thanks to Roridan Pendio Duarte, economic advisor to the Ministry of Social Development (MDS), for supplying all the data and technical information used in this article for Bolsa Família.

2. This first hypothesis was primarily established by Ames (1995, 2001); Lamounier (1993); and Mainwaring (1991). The second hypothesis was established by Figueiredo and Limongi (1999). The term *presidencialismo de coalizão* was first developed by Abranches

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hypothesis emphasizes an excess of veto points; presidents with national majorities situated within the weak, fragmented Congress; legislative career making that prioritizes subnational interests; strong regional governments; and a multiparty system with open-list proportional representation that produces weak and undisciplined parties—all of which are factors that under this hypothesis leads to a lack of governability. The latter hypothesis suggests that Brazilian presidents form broad coalitions to govern and are able to pass legislation and avoid legislative deadlock because they can achieve the support of the parties belonging to their coalition using a multitude of other constitutional legislative powers, such as executive decree powers.

Despite the strong findings in the literature regarding Brazil's inherent institutional weaknesses during the past three central administrations (1995–2006), the federal government has produced examples of efficient and effective policy that are clearly identified in objective economic and social indicators.[3] According to Armijo, Faucher, and Dembrinska (2006, 764), "we have an anomaly of a 'feckless' (Mainwaring 1995) democracy with reasonably good policy performance." Moreover, it is important to highlight that the order of these priority policy reform areas under the past two presidents has been entirely in step to achieve the intended aspirations of each federal administration. The two administrations of President Fernando Henrique Cardoso, from 1995 to 2002, prioritized macroeconomic stability, hence alleviating economic problems, inflation and high prices, and job instability—all dimensions considered in Latin America to be among the most important perceived problems (Mainwaring, Scully, and Cullell 2007); however, rigid macroeconomic stabilization pushed Brazil into a period of critical uncertainty from external shocks that led to the currency's eventual devaluation in 1999 and a subsequent decrease in household per capita income (Fundacão Gétulio Vargas 2006). The subsequent national administration then followed from where Cardoso left off.

From 2003 to 2006, the Lula administration prioritized expanding the purchasing power of Brazilians both through minimum wage increases and through targeted social policy (Hunter and Power 2007, 17). Similar to the previous administration, Lula's administration also addressed issues that mattered to its key supporters, which for the Partido dos Trabalhadores (PT) were poor and working-class Brazilians. According to a credible public opinion survey taken in 2002 (IBOPE 2002, 558), of the fifty-two

(1988). Many other distinguished authors have further developed and contributed to both dominant hypotheses.

3. The 2006 IDB Report "The Politics of Policies" ranked Brazil as high in its overall index of quality of public policies in Latin America (second only to Chile). For details, see the report's appendix (2006, 261).

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campaign promises Lula made prior to his election, the main three issue areas the public believed he could accomplish in the four years following his electoral victory were alleviating hunger, misery, and poverty (24 percent); creating jobs (17 percent); and raising the minimum salary (10 percent). In contrast, only 0 to 1 percent of the public believed that Lula could (or would) fulfill the remaining forty-nine campaign promises they recalled. These results show that, on the basis of the public expectations, the central government had a clear mandate to prioritize poverty alleviation. The federal government's flagship initiative was Bolsa Família, a highly visible and means-tested social program created to alleviate hunger, misery, and poverty in Brazil to successfully fulfill the public's expectation that Lula would alleviate poverty during his term.

This article focuses on the institutional factors that have facilitated Bolsa Família's successful performance. I begin by presenting the unique dilemma of Brazilian federalism as the main policy challenge to the delivery of public goods in Brazil. Next, I present the context and evolution of social protection policy and cash-transfer programs in Brazil. I will then describe the Bolsa Família program, explaining how Lula unified three existing programs from the previous opposition administration to successfully define a single social program. I then suggest three additional political-institutional factors that provided incentives for central-local collaboration, thereby permitting the successful implementation of the program at the municipal level. In the penultimate section, I present a macroempirical evaluation of the program's success in targeting—to demonstrate that the program's distribution was federation-wide and followed the explicit guidelines set forth. I also evaluate the quarterly distribution of the program through two elections (municipal 2004 and federal 2006) to show that the program has not been volatile and has been gradually increasing toward its original target, which has been sustained since it was achieved in August 2006. The article concludes that the practice of avoiding governors, facilitated Lula's ability to successfully fulfill his 2002 campaign promise. From a more theoretical perspective, the success of municipalization in this social policy area provides credibility to a three-level decentralized federal structure.

BRAZILIAN FEDERALISM AS RIKER'S GENERAL AND UNIQUE DILEMMA

Riker's (1964) work on federalism established the general theoretical dilemma of federalism: how to prevent the central government from overawing its subnational constituent units (27 states and 5,564 municipalities in Brazil) while also preventing these units from undermining the central government through free riding. Resolving this general dilemma in Brazil has been difficult during the recent democratic consolidation period because of the robustness of the federal order based at the state

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level (Abrucio 1998; Samuels 2008b; Mainwaring and Samuels 2004). According to Gibson (2004, 24), during this period "federalism empowered local actors to hinder the efficacy of democratically elected governments at the centre." Even before the process of democratization, it was well established that federalism in Brazil empowered local actors often at the expense of the center.

Historically, state governments and municipalities played a significant role in Brazilian federalism, which led to the creation of Brazil's unique federal dilemma. Strong federalism in Brazil allows powerful governors of the federation to continually compete with the central government for greater political and fiscal autonomy so they can successfully "constrain the policies of the national government" (Mainwaring and Samuels 2004, 88). The term *política dos governadores* was coined at the end of the nineteenth century to describe the way governors used their power to control the election of deputies to the Brazilian National Congress and could control the legislative agenda.[4]

This historical dominance of subnational interests in the Congress was further complicated by state-municipal relations that, when aggregated, became known as "localism." The debate regarding municipal autonomy began as early as the Constituent Assembly of 1890. Many members of this assembly believed that the principle of decentralization inherent to federalism should be extended to the municipalities (Leal 1949, 98). Opponents of this belief argued then, and later, that municipalities were fundamental to the power-generating ability of state-level power. According to Leal's accounts, state constitutions reduced the principle of municipal autonomy, and because of the imprecision in the national constitution on the matter, were practically free to regulate municipal autonomy as they wished. By taking state or municipal political power as the aggregate, localism has long been used as a variable to explain the strength of Brazil's unique system of federalism that constrains the center.

For the first time in Brazilian history, municipal autonomy was officially recognized by the Constituent Assembly of 1987–1988. The hypothesis of decentralization as democracy was used to explain the extent of power given to both the states and the municipalities within Brazil's most recently promulgated 1988 constitution. It is argued that the slow and gradual transition to democracy, which permitted in 1982 the direct election of legislators, governors, and mayors, enabled mayors and governors to dominate the Brazilian Constituent Assembly that wrote the new constitution over eighteen months (Souza 1997). Souza paid particular attention to the new fiscal allocations unaccompanied by policy responsibilities, and thus policy results (Souza 1997), that were given to both the states and

4. This term, which means "the politics of governors," was coined by President Campos Salles in 1900 (Fausto and Devoto 2004, 524).

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the municipalities. The 1988 constitution's notorious length and overlapping policy ambiguity had the consequence of strengthening the ability of subnational governments (now officially both municipalities and states) to undermine the central government through free riding.

Fernando Luiz Abrucio (1998) contends in *Os barões da federação* that one of the main consequences of the 1988 constitution was a return to the politics of governors. Rejecting the decentralization as democracy hypothesis, Abrucio and Samuels (2000, 46) assert that it was the failure of the military regime (1964–1985) to transform Brazil's elite organizational structure that allowed subnational elites to use their interests during the process of democratization (1985–1989) to dominate potential national interests. This portrayal has further contributed to an established consensus in the literature that post-1988 state governors reemerged as the prime brokers of legislative bargaining in Brazil (Ames 1995; Mainwaring and Liñán 1997).

The power of governors in Brazil is commonly attributed to Brazil's highly fragmented and weakly institutionalized party system, and to the articulation of subnational interests in Congress (Ames and Power forthcoming; Mainwaring and Samuels 2004). From the viewpoint of a political theory of federalism (Bednar, Eskridge, and Ferejohn, 2001), the fragmentation of party-based power at the national level makes it hard for a nonconsensual will to form at the central level and be used to overawe lower levels of government (i.e., be positive), as has been witnessed recently in the Russian Federation. It does, however, make it extremely difficult for a president to govern according to his or her preferences and the preferences of supporters when power at the intermediate level of the federation is as dominant as it is in Brazil. After 1988, the combined logic of a presidential-coalition model of government and the highly decentralized distribution of government functions across three levels of fragmented power, to the point that Brazil appeared ungovernable—which also indirectly questions the credibility of a highly decentralized federal structure of government.

According to this logic, the ability of the Brazilian central government to deliver publicly desired goods to its citizens is decreased through both fragmentation and decentralization, thus creating a significant policy challenge for national leaders. Beyond the weakness of executive-legislative relations, this challenge was equally caused by extensive fiscal decentralization to both states and, to a lesser extent, municipal governments, which created a situation of predatory federalism. Unclear policy responsibilities coupled with soft budget constraints allowed the twenty-seven states to shirk their responsibilities back onto the central government, with both levels of government overawing and burden shifting to municipalities.

Predatory federalism hinders performance-based governance because it impedes the kind of intergovernmental coordination required for a

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decentralized federal structure to deliver broad collective goods in the name of general public interest. The problem of producing coordinated intergovernmental action goes beyond the dichotomy of decentralization and recentralization (Abrucio 2005, 42). Particularly in the area of social protection policy, fragmented and uncoordinated policy initiatives cannot tackle a problem such as social exclusion and its federation-wide magnitude in Brazil.

There exists a policy-based consensus that the administration of social programs in the area of noncontributory social protection policy has greatly improved during the past ten years by moving toward a broad, universally distributed rights-based framework (Castro 2005; Draibe 2004). The key question, however, is how these new programs emerged and overcame Brazil's unique challenge, given that the 1988 constitution had enacted a system of federalism plagued by opportunism among three competing levels of government in the absence of a regulating and/or nationalized majority party.

In the highly decentralized federal structure of government in which 27 states have veto power and 5,564 municipalities have policy opt-out privileges, the success of redistribution schemes in Brazil have historically been limited by "state-based power brokers [who] demand costly side-payments to facilitate even the slightest policy change" (Rodden and Arretche 2004, 3). Moreover, because Brazil's open-list electoral rules strengthen federalism by motivating politicians to favor local and regional demands, state-based federal deputies and governors have survived politically by being able to claim credit for successful policy outcomes (Ames 2001). It is in this way that Brazil's unique federal dilemma becomes a policy challenge.

THE EVOLUTION OF SOCIAL PROTECTION POLICY AND CASH-TRANSFER PROGRAMS IN BRAZIL

Several cash-transfer programs designed to alleviate poverty previously existed with varying rates of success. The 1980s in Brazil were broadly marked by both a gradual process of democratization and rampant macroeconomic instability that resulted in high inflation. The decade-long fiscal crisis began to be resolved between 1993 and 1994, following the implementation of a highly successful stabilization packages known as the "Real Plan." Consequently, more conservative fiscal reforms would begin to emerge under the Brazilian Social Democrat Party (PSDB, Partido da Social Democracia Brasileira) and were negotiated predominantly by its leader Fernando Henrique Cardoso in his second presidential term (1998–2002). These two parallel economic and political processes were important for social protection policy because they provided for roughly six years of locally based experimentation (1995–2001).

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Beginning with the 1988 National Constitution of Brazil (Title VIII, Art. 203–204) and the creation of the National Secretary of Social Assistance (SNAS, Secretaria da Assistência Social) in 1995, there were significant changes in the conceptualization of and experimentation with social protection policy. Both the constitution and the SNAS embraced social inclusion as a social right, which conceptualized social security and social assistance as a means to an end, not as an end in itself. Embraced as a right, the regulation, production, and operation of social protection policies were to be framed as public responsibilities (Castro 2005, 5). The transition of social assistance from a private framework (private philanthropy and the church) to a public conception enabled a universal expansion of benefits that would not rely on an individual's monetary contribution. The provision of social rights in Brazil post-1988 was thus attached to the status of citizenship because the universal right to monetary assistance was no longer proportionate to the market.[5]

From an organizational perspective, policy advances in the area of social protection post-1988 consolidated the municipalization of social assistance and the participation of the population in the formation and implementation of policies (Castro 2005, 7). The original advances made by the 1988 constitution were gradually consolidated in the Organic Law of Social Assistance (LOAS, *lei organica da assistência social;* Lei No. 8.742, December 7, 1993). Of particular importance was article 15, which attributed the execution of all programs confronting poverty to the municipal level. In addition, article 1 of LOAS (1993) stated that social assistance and public transfers must guarantee self-realization to citizens. The intended political effect of this conceptualization of social protection was to generate a direct relationship between the federation and citizens in situations of social vulnerability with as little intermediation as possible. The conceptual policy advances opened up a decade of social protection policy experimentation that had roots in three particular Brazilian cities.

The original ideas of noncontributory cash-transfer programs in Brazil began in Brasília (the federal district of Brazil) by the future politician Cristovam Buarque. In a highly influential paper in 1987, Buarque conceived of a social program that would provide scholarships to keep the poorest children in school through government guarantees of a minimum income to poor families as an incentive to provide education to their children. However, Buarque adamantly opposed the idea of the government providing a basic income to the poor without conditions linked to additional social policy goals. His viewpoints would surface later in

5. This is T. H. Marshall's 1949 definition of when social rights become attached to the status of citizenship.

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his criticisms of the PT designed social programs (*Veja* 2006). In 1991, the São Paulo Senator Eduardo Suplicy (PT-SP) launched the idea of a basic guaranteed income project that was also based on achieving minimum social rights for all Brazilians. His project, unlike Buarque's, was not conditional. His law was passed by the National Senate as Law Project 80 but has yet to be fully implemented. In 1993, the economist José Márcio Camargo suggested altering Suplicy's project so that it would increase a family's income but depend on school attendance, as Buarque had suggested earlier in Brasília (Suplicy 2002, 135). In 1995, the first two experimental noncontributory cash-transfer programs became operational in the federal capital of Brasília and in the municipality of Campinas, in the state of São Paulo.

Each of these local programs experimented with the dominant policy ideas that had been circulating in Brazil. They were also the product of subnational experimentation, which was permitted because of increases in revenue transfers to both the states and the municipalities following fiscal decentralization. The program in the city of Campinas was based on the rights-based principle of basic income; that in Brasília was based on school attendance. The program in Campinas, Renda Minima, had no conditions and provided R$35 to each eligible household per month. It was implemented by Mayor José Magalhães Teixeira (PSDB). The second program implemented in 1995 by Buarque (PT), who was the elected governor of Brasília at the time, was based on his 1987 school stipend program. Buarque's program depended on school attendance and guaranteed R$100 to each family resident in the capital with children younger than the age of fourteen and who earned 50 percent of the minimum wage. Following the success of these programs, similar social programs began to emerge in many other municipalities and states, such as Ribeirão Prêto, Belém, Belo Horizonte, Caixas do Sul, Goiânia, Rio Grande do Sul, Mato Grosso, and Acre, among others (Suplicy 2002). Although Brazil is a uniform federation in which all 27 states and 5,564 municipalities have the same constitutional authority, policy authority, and fiscal autonomy (as well as electoral rules), subnational noncontributory social protection policies were not experimented with or implemented throughout the entire federation.

In 1999, the central government was forced to devalue the currency and end the Real Plan, which had been a key factor to its governing efficacy. In an effort to address the short-term negative effects of the sudden currency devaluation on the poorer segments of the Brazilian population, the central government launched the first national noncontributory cash-transfer program in Brazil. The program maintained the same name as the original city program in Brasília—Bolsa Escola. Based on conditionality, the federal Bolsa Escola program was considered worldwide to be an example of

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good social programming. It provided R$15 to each child attending school up to a maximum of R$45 per family (three children). Program payments peaked at 5,106,509 families in December 2002 (MDS). It has since been discontinued and voluntarily replaced with Bolsa Família.[6]

Ironically, the eventual extinction of many localized cash-transfer programs was related to the same economic reforms that motivated their nationalization. The unavailability of fiscal resources to finance subnational initiatives and the magnitude of subnational debt caused by the drastic reduction in inflation post-1995 had severe effects on the administrative ability of the federation's subunits. The opportunity to autofinance local programs became constrained. According to Patrus Ananias (2006), the ex-mayor of Belo Horizonte and now Lula's minister of social development in the federal government (PT), any mayor or governor may continue to remain outside of the federal cash-transfer program and develop localized social programs, "as long as they can pay for it."

Minister Ananias has clearly laid out how a hardening of subnational budget constraints, beginning post-1995 and culminating with the Fiscal Responsibility Law in 2000, slowly provided new fiscal incentives for municipalities to collaborate with the federal government. Increasingly earmarked federal grants financed by federal revenue became necessary to finance the provision of subnational social services (Rezende 2007). Local autonomy to formulate social protection policy was thus compromised by an external restriction related to new fiscal rules, but it should be recognized for having provided fruitful state and municipal policy experimentation. Although this idea would no longer be uniquely local, the central government had been given an opportunity to learn about how cash-transfer programs could work in practice and, if nationalized, perhaps have a necessary equalizing effect on a highly unequal and territorially heterogeneous federation.[7]

THE COMPARTMENTALIZED PHASE OF CASH-TRANSFER PROGRAMS (2001–2003)

The first national cash-transfer program, Bolsa Escola, was superior to the subnational programs that had existed for two principal reasons. First, Bolsa Escola was accessible to all citizens throughout the nation, which made it universal. Second, it was associated with and supported by another nationwide policy area—education. Bolsa Escola's effects on

6. Recipients of Bolsa Escola voluntarily opted to transfer to the new program, which had an inherent incentive given that it no longer depended on school-age children. In August 2006, there remained only 123,088 families that received payments from Bolsa Escola (Ministério do Desenvolvimento Social e Combate à Fome 2006).

7. It is important to note within the historical evolution of such programs that the foundations of Bolsa Escola were neither Cardoso's nor those of his party, the PSDB (see also Gilberto Dimenstein 2006).

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alleviating poverty, however, were narrowed because it targeted only families with school-age dependents. Because of this insight, two other noncontributory cash-transfer programs were created during the Cardoso administration to alleviate poverty, targeting additional families in conjunction with different social policies. The first program was Bolsa Alimentação, which was created in 2001 and administered by the Ministry of Health. Using an electronic card, this cash-transfer program provided between R$15 and R$45 per month to families at risk to assist them in covering their basic food needs. The second program was Auxilio Gás, created in 2002 and administered by the National Secretary of Social Assistance; it provided a monthly stipend of R$7.50 to low-income families to assist them in purchasing cooking gas.

Although internationally applauded, these social programs faced many internal organizational challenges. The stipulation of municipal execution of social assistance programs created obstacles for administrative cost sharing and program monitoring, given that there are more than 5,500 municipalities of varying sizes and institutional capacities, compounded by the fact that, at the time, no unified federal database existed. Most important, the PSDB's three programs were not easily institutionalized because of the organizational challenges of integrating three ministries controlled by various interparty cabinet factions, as is customary in Brazil, across multiple levels of government. This ministerial characteristic emanating from Brazilian presidential-coalition governance made compartmentalized social programs vulnerable to both vertical and horizontal intrabureaucratic conflict. The coexistence of three cash-transfer programs targeted at the same citizens created cross-sector conflict, which public administrators from various intergovernmental implementing agencies reported as "chaotic" (Pochmann 2005; Sposati 2005). It has been suggested in various interviews with senior policy experts that the causes of weak coordination during this period, which initially extended into the new PT administration, were policy oriented and driven by intrabureaucratic conflict rather than by ideology.

Although poverty rates dropped only 2.1 percentage points during Cardoso's eight years in office from the original decrease achieved (figure 1), Cardoso left the federal government stronger than it had been when he took office. The report "O Segundo Real" suggests that the major gain in social welfare under Cardoso resulted not from social policy but from the stabilization of individual incomes (Fundacão Gétulio Vargas 2006, 11). Macroeconomic stability, however, had created a new opportunity for executive policy authority because of the centralized regulation of decentralized spending. This eliminated much of the vice observed in earlier municipal and state behavior post-1988 that had undermined federal government performance. Most important, the macroeconomic stability Cardoso achieved during his two administrations (1995–2002) had reduced

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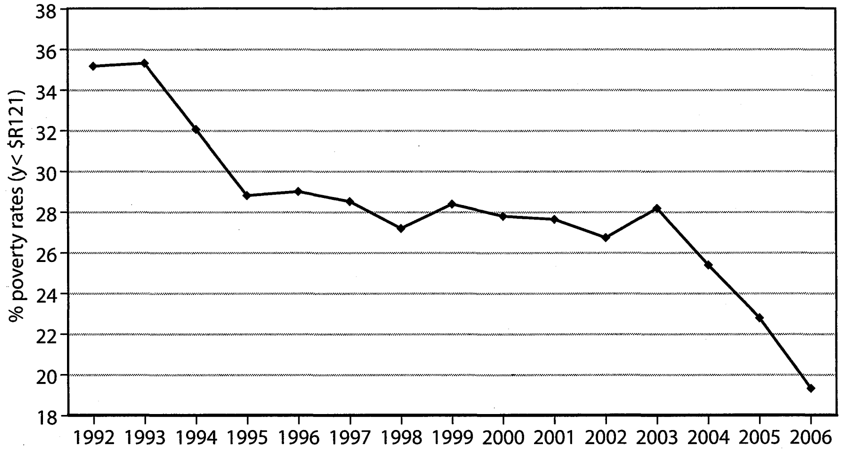

Figure 1 Poverty Rates, Brazil, 1992–2006.
Source: FGV/CPS 2006 based on PNAD/IBGE microdata.

the uncertainty factor that previously made national social policy planning and its implementation so difficult (Fundacão Gétulio Vargas 2006).

SOCIAL PROTECTION POLICY AND EXPANSION UNDER LULA, 2003–2006

The goal of Lula's first administration (2003–2006) was to create a new flagship social program to replace the three previously existing programs of Cardoso's government—Bolsa Escola, Bolsa Alimentação, Auxilio Gás—and a fourth program that Lula had launched early in 2003, Cartão Alimentação. The PT would unify all four programs to launch a new one and would expand poverty-alleviation efforts by providing a monetary amount per month that allowed millions of households in Brazil to rise above the poverty line. In 2006, the average benefit provided per family was R$61 per month. As a result, a collaborative study has shown that poverty rates have dropped (Fundacão Gétulio Vargas 2006), which also means that the program has real causal effects.

Beyond discussing the empirical effects of reducing poverty, the central hypothesis of this article is that the success of this cash-transfer program was its ability to avoid powerful state-based governors. As a redistributive social program that depends on central-local collaboration, Bolsa Família avoids the kind of negotiation between the executive and legislative branches that has come to epitomize Brazilian federal politics. State-based power brokers are not able to claim credit for targeted expenditures because these resources do not go through them. Social programming that cuts out the intermediaries reduces the ability of state brokers to use these specific funds to generate patronage.

In terms of its success, by 2006, all municipalities in Brazil had voluntarily adhered to the program, allowing the central government to reach its 2003 intended target of 11.1 million socially vulnerable families (MDS 2006). With an average family size of four in Brazil, approximately 44 million citizens are at present affected by this program.[8] The importance that the central government places on the program is revealed in the resources allocated to it. The central government's annual budget for cash-transfer programs nearly doubled from R$3.36 billion in 2004 to R$6.39 billion in 2006. As a means-tested targeted social program, Bolsa Família provides immediate available resources to 99.9 percent of the households in the nation with monthly per capita income of less than R$120 per month. The expansion of direct cash transfers to the poor under this social program initiated by the Lula administration has positively addressed a problem that citizens from across diverse parties expected him to accomplish in 2002 (IBOPE 2002).[9]

THE INTEGRATED PHASE OF CASH-TRANSFER PROGRAMS (2003–2007)

The design and structure of Lula's Bolsa Família program improved on three weak factors from the programs that composed the initial compartmentalized phase of cash-transfer programs at the national level (2001–2003). First, Lula's Bolsa Família program resolved intrabureaucratic chaos by integrating the program into one responsible new federal ministry (MDS) controlled by the national executive. Second, it reduced administrative costs to the government and facilitated user access to available goods at the local level through a single, municipal-level registry for eligible households and delivered through a single electronic bankcard. Third, the program used a straightforward design of a single mass integrated social assistance program in Brazil adapted to local circumstances. The program is designed for one family, one application, one responsible local office, one payment, and one federal registry. Existing as a single and easy-to-implement program, Bolsa Família appeals to municipal-level authorities who have varying levels of institutional capabilities; municipal heterogeneity is not recognized in symmetrical Brazilian federalism. Administrative changes facilitated the ability of municipal governments to register, monitor, and successfully promote the program to eligible households in their territories. That mayors had to negotiate with only

8. Based on IBGE (2000) data on the number of people living in permanent houses per the number of permanent households in Brazil. See Instituto Brasileiro de Geografia e Estatística, at http://www.ibge.gov.br/home/estatistica/populacao/censo2000/tabelabrasil131.shtm.

9. These percentages are extremely high when compared to other campaign promises. See Opinião Pública Survey 2002, No. 558, at http://www.ibope.com.br.

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one central government ministry liberated them from having to negotiate with interparty cabinet ministers, who are often controlled by powerful state-based brokers (Amorim Neto 2007, 61).

In 2004, Lula created the Ministry of Social Development to organize, administer, and execute national programs for social development and social assistance. The unified federal administration housed in one ministry facilitated the ability of the central government to initiate and achieve the broad reforms of the previous programs. According to the technical coordinator of Bolsa Família (who also worked on Bolsa Escola), "Previously it was the same families who would be eligible for the four redistributive programs but they would have to go through four separate bureaucratic processes in order to register and present themselves to four separate local offices in order to meet the required conditionality" (Fonseca 2007). Now operating as a single program, Bolsa Família could efficiently use the centralized federal registry Cadastro Único to store all of the information about lower-income families in Brazil.[10] Monthly payments are given to families conditionally subject to the requirements stipulated by the single responsible federal ministry. The reported administrative cost to deliver one benefit is estimated at 6 percent of its total value—R$3.66 per household, per month (Fonseca 2007). The efficient administration of eligible families is fundamental to the program's public reputation.

The widespread success of this federal program promoted a fortified relationship between citizens and the federal government, mediated through municipalities. The design and implementation of Bolsa Família cut out the participation of the core federal subunits (*estados*) and focused on the program's implementation at the municipal level. Although mayors in Brazil were previously entirely beholden to governors (Ames 1995; Samuels 2003), more recently, conflicts between municipal and state governments over finances have become common. Post-1988, state legislators remained in control of dividing the proceeds of the state-based value-added tax to municipalities. Post-1995, however, the hardening of budget constraints and increasingly centralized control over subnational expenditures liberated large and medium-sized municipalities from excessive fiscal dependence on the states. According to Rezende (2007, 81), "local governments have more autonomy than do the states in so far as the former are entitled to regulate the use of municipal land and the provision of urban services, impose user charges, and define norms for collecting taxes." Rezende further argues that, in general (2007, 81), "local governments also have a reasonable degree of autonomy over their budget given 40 percent comes from general-purpose grants." A significant remaining

10. Families registered in the database are selected automatically for eligibility. To meet the 2006 target of 11.1 million families, the MDS was inputting up to one hundred thousand families a day.

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part of municipal revenues comes from federal earmarked grants allocated on the basis of their participation in centrally designed and financed social programs such as Bolsa Família.

The hardening of budget constraints put in place under the previous central administration to stabilize macroeconomic performance gave municipalities a new incentive to collaborate with the central government. Such collaboration would increase their share of the central government's earmarked grants. The freedom of state governors to allocate budgetary resources was curtailed by hardening budget constraints, more so than in municipalities (Rezende 2007). Moreover, the pool of federal resources removed from state revenues during the 1990s was later used to finance extended social rights primarily executed through the central government's local-level earmarked grants. Even though state representatives continue to have a significant amount of power to influence legislative decisions in Congress, they "do not always act in accordance with the wishes of state governors" (Rezende 2007, 81). This is also because their electoral futures are mainly determined in large and medium-sized municipalities (Samuels 2003). The state-municipal relationship is usually presented in the reverse, given the assumption that federal state-based power brokers provide pork to municipal governments, "yet no scholar has demonstrated that legislative party leaders actually *control* access to patronage" (Samuels 2008b, 15; original emphasis).

The biggest losers in Bolsa Família were the twenty-seven states that the federal government cut out by building and expanding on federal poverty-alleviation initiatives without their involvement. Thus, the states could not claim credit for the initiatives, which matters greatly in a political system in which individualism and personalism are important parts of subnational election campaigns. Within Bolsa Família's organization, municipal governments act as the primary agents of the federal government. Their collaboration with the federal government also enables them to meet the required 1 percent that they are legally required to spend on social assistance, which works as a further fiscal incentive for them to collaborate with the central government. As one municipal-level technical adviser in a large city claimed, "Bolsa Família allows us to work our fiscal accounts—although the money does not go through them, the total amount transferred into our territory is included on our balance sheets."[11] Municipalities had little to lose by participating and supporting this federal program, given that their main responsibility post-1988 is to be the federation's primary social services providers and that, post-2000, this responsibility was legally enforceable through imposed fiscal regulation imposed by the federal government (see table 1).

11. Interview with senior technical assistant (name withheld), Municipal Secretary of Social Assistance and Social Development, São Paolo (February 10, 2006).

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Table 1 Social Expenditure across Levels of Government, 2004

Sector of Social Policy	Federal spending (%)	State-level spending (%)	Municipal spending (%)	Total
Pension + labor	85.0	11.6	3.4	100
All other social spending (e.g., social assistance, education, health)	20.6	**39.1**	**40.2**	100
Total social expenditure	54.4	24.7	20.8	
Social assistance (includes poverty policies)	**71.8**	9.3	**18.9**	100

Source: Afonso (2006).

THREE ADDITIONAL ENABLING POLITICAL-INSTITUTIONAL FACTORS TO CENTRAL-LOCAL COLLABORATION

Because Bolsa Família bypasses state-level involvement, credit is given almost entirely to the central government. What is the incentive for municipalities to collaborate in the program's implementation when they appear to have little to gain? Why would the central government not try to capture the support of state-level power brokers and implement the program through them? As already discussed, the hardening of budget constraints and the increasingly centralized regulation of subnational budgets provided an initial political incentive for municipalities to collaborate directly with the central government. Beyond fiscal federalism, I suggest that there are three additional political-institutional factors that enabled central-local collaboration in the implementation and success of Bolsa Família. The first institutional factor, a nonmajoritarian political system, is normally negatively attributed to the performance of Brazilian federal democracy (Lamounier 1993; Mainwaring 1995). The second factor, effective leadership and macroeconomic stability, acknowledges from an alternative rational perspective that the government's success was achieved post-macroeconomic stability by a leader with broad-based popular support. The third factor, the constitutional autonomy of municipalities, is theoretically the most significant. Municipalities matter in Brazilian federalism for more than substantive reasons (e.g., inclusion, representation, preference formation): they can be instrumental for the implementation and success of the federal center's governing strategies (Dickovick 2006).

A Nonmajoritarian Political System

The federal government's ability to govern in Brazil depends on its ability to forge broad governing coalitions both within the national legislature and across levels of executive government. A presidential-coalition model such as this one is noted for its lack of a majoritarian imperative

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(Cheibub and Limongi 2002). This model of governance, including its high levels of interparty fragmentation, is recognized as lowering the importance of partisan identity in forming voter preferences because of the large number of parties represented. For example, in 2006, the effective number of parties represented in the lower house of the national legislature was measured at 9.3 (Laakso and Taagepera 1979), with up to 10 or more parties in that governing coalition. The coexistence of such a high number of veto players (effective number of parties > 5) lowers the likelihood of the use of partisanship to obtain particular goods because of so many involved actors (Tsebelis 1995).

According to Strom (1990), this kind of governing logic elite comprises political actors who are not as concerned with seeking office as with pursuing policy. The loosely maintained coalition logic of governance means that the ideological or party-based ownership of policy ideas is less significant than in other countries with highly institutionalized and disciplined party systems with high party identification. This dominant governing logic decreases the incentives of locally based actors not to cooperate and to give up desired local benefits out of fear of party-based punishment from above. In the Brazilian political institutional context, mayors have an incentive to support a nationally driven social program such as Bolsa Família. They participated in implementing it regardless of their partisan affinity to the federal center and potentially claimed some credit for themselves while also stimulating their local economy with small cash inflows.[12] Municipal leaders can claim some sort of private benefit from participation in the program's success. In what is emerging as a policy-driven regime, a mass poverty-alleviation program such as Bolsa Família is a win-win situation for key actors at both the central and the local level and provides numerous new government access points to local actors who previously remained outside of the dominant federal game between the central government and the state-based power brokers.

According to Ames (1995), the rules of the Brazilian nonmajoritarian political system provide incentives to build coalitions not through ideological programs and the provision of national public goods but through providing pork. Moreover, it is known that state-based power brokers make it difficult for the president to claim credit for targeted expenditures that go through the states (Rodden and Arretche 2004). Therefore, the dominant political system provides a political incentive for the central government to bypass intermediate levels of government and deliver broad national goods, such as Bolsa Família, for which it can claim credit. This is particularly true in Brazil, where a nonmajoritarian political system ensures that

12. There is evidence that Bolsa Família has an economic effect on very small and poor municipalities through its small cash inflow that stimulates local microeconomies (the work of Rosa Marques, quoted in Afonso 2006, 24)

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"all votes matter in all territories for the President's success" (Rodden and Arretche 2004, 11). Central-local collaboration in delivering broad social goods is also facilitated by the fact that state-based power brokers in Brazil have few partisan incentives to facilitate the delivery of public goods federation-wide in the name of common interest. In federal systems such as Mexico and Argentina, where majority-based parties such as the Partido Revolucionario Institucional and the Partido Justicialista, respectively, still dominate the subnational level, it is not in the interest of the central government to bypass bureaucratic implementing agencies at the state level.

Leadership and Macroeconomic Stability

Lula won the second round of the 2002 general elections with 61.3 percent of valid votes. His electoral strength provided him with a clear mandate to improve on government performance by reforming social policy and addressing pressing public issues. According to IBOPE, 10 percent of Brazilians in 2002 considered the improvement of social conditions a priority. In peripheral municipalities, public opinion on the issue increased to 15 percent (IPOBE 2002, 570). Paramount to the success of the incumbent central administration was the ability to deliver on much-needed social policy reforms promised to the electorate during the presidential campaign. It must be highlighted that it was not only PT supporters who had this expectation.[13] Lula strategically guaranteed the continuance of Cardoso's macroeconomic policies with the Carta ao Povo Brasileiro (a letter to the people of Brazil), which secured his electoral victory in 2002. The decision to continue tight monetary policy unquestionably contributed to unprecedented macroeconomic stability in Lula's first term (Hunter and Power 2007, 15). The centralization of previously decentralized spending and the hard budget constraints at the subnational level emanating from the previous administration's Fiscal Responsibility Law (2000) remained the same between the PSDB and the PT administrations. The continuity of macroeconomic policies from the opposition's previous administration demonstrated the gradual emergence of Brazil as a policy regime. What mattered to the PT's success was continuing what worked in Brazil and improving on policy areas in which the instability of executive-legislative relations had weakened centralized policy control.

Although it can be asserted that Bolsa Família contributed to the "comparative popularity and greater regional advance of Lula and his government," a postelectorate public opinion survey from 2006 does not provide conclusive evidence that this targeted social policy is the "unfolding of the

13. Of Brazilians, 24 percent expected Lula's administration to fulfill this promise even when identified with diverse parties: 22 percent, Partido Frente Liberal (PFL); 21 percent, PSDB; 22 percent, PMDB; and 32 percent, PT (IBOPE 2002, 558).

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Table 2 Distribution of Declared Vote in Second Round, 2006 (%)

Family income	Lula (%)	Alckmin (%)
Until R$ 350 >1 min. salary	**55.6**	18.5
R$ 350–700: 1–2 min. salaries	63.2	11.4
R$ 700–950: 2–3 min salaries	**71.3**	16
3–5 min. salaries	47.4	30.9
5–10 min. salaries	62.2	26.7
10–20 min. salaries	18.8	62.5
20–30 min. salaries	0	66.7
Region		
Northeast	69.3	11.9
North/Center-West	**70.4**	16
Southeast	51.7	26.7
South	34.4	36.4

Source: Meneguello (2007)/CESOP Dec.02489/ESEB 2006.

old story of using the government to build clientelistic support" (Hunter and Power 2007, 9). In a preelection Datafolha survey, based on family income, of Lula supporters' intention to vote, Hunter and Power (2007, 49) suggested that Bolsa Família's penetration remained the superior explanation of increased voter turnout in the poorer northeastern states. Although this may or may not imply that the success of Bolsa Família in this region explains the success of Lula's 2006 electoral victory, the finding is reasonably weakened by data from a 2006 postelection Centro de Estudios de Opinão Publica (CESOP) survey.[14]

According to the CESOP findings, the largest segment of the sample that declared to have voted for Lula in the second round of the 2006 election was not those families eligible and benefiting from Bolsa Família. In contrast to the Datafolha survey of voter intentions, this alternative survey implies that the growth in Lula's comparative popularity from 2002 came more from increased minimum-wage policies than from poverty-alleviation efforts. While the Lula voter earning less than two minimum salaries (which includes recipients of Bolsa Família) grew from 33.7 percent in 2002 to 37.7 percent in 2006, the Lula voter earning between two and five minimum salaries (not benefiting from targeted social policy) grew from 35.4 percent in 2002 to 48.5 percent in 2006 (Meneguello 2006). These data alternatively show that the increases in minimum wage under Lula best explain his 2006 electoral popularity.

It is possible to use more recent postelection surveys to question whether the Datafolha results from voters intending to vote for Lula in 2006 em-

14. These data are from Meneguello (2006). Thanks to Rachel Meneguello for access and permission to cite this data.

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pirically establish that Bolsa Família explains the comparative popularity of Lula and his regional advances from 2002 to 2006 over his other policies. A more sophisticated quantitative analysis, such as the model that Rodden and Arretche (2004) use, would be required to assert that a strategic presidential calculus beyond the program's explicit targeting criteria determined its distribution.

Constitutionally Autonomous Municipalities

The success of making Bolsa Família operational depended on the constitutional federal structure. Given the known predominance of governors' power and their ability to constrain the center, this article forwards the hypothesis that the success of federal programs in Brazil depend on the ability of the federal center to legally bypass the involvement of its twenty-seven state governors and promote central-local collaboration. At the outset of any national social program, each constitutionally autonomous municipality that wants to adhere signs a covenant directly with the federal government. This guarantees the program's promotion and the availability of public services it requires. The provision of basic health services and primary education in Brazil falls primarily under the jurisdiction of municipalities. In the Bolsa Família program, municipalities are also responsible for providing and coordinating the required public services already under their jurisdiction, for registering the targeted low-income families in their territory, and for establishing agreements between nongovernmental organizations and various local bodies to provide social control for the program.

Although Lula had the electoral support of the national majority, his party's representation at the state and municipal executive level was low. For example, in 2002, only 13.4 percent of states had a PT governor. In the 2004 municipal elections, only 7.9 percent of municipalities had a PT mayor (Nicolau 2006). Yet by 2006, all 5,564 municipalities adhered (100 percent) to this federal program and facilitated the central government's ability to deliver benefits to its target of roughly 11 million families (or 44 million citizens). Beyond the de jure ability of the central government to bypass state involvement in certain areas of social policy, this article presents additional enabling factors, such as the interaction of a nonmajoritarian system of governance and fiscal incentives with the constitutional status of municipalities to provide incentives for central-local collaboration.

THE PROGRAM'S TERRITORIAL DISTRIBUTION

Bolsa Família is a policy of subsidization. Although leaders cannot be sure what the territorially based political effects of transfers will be under

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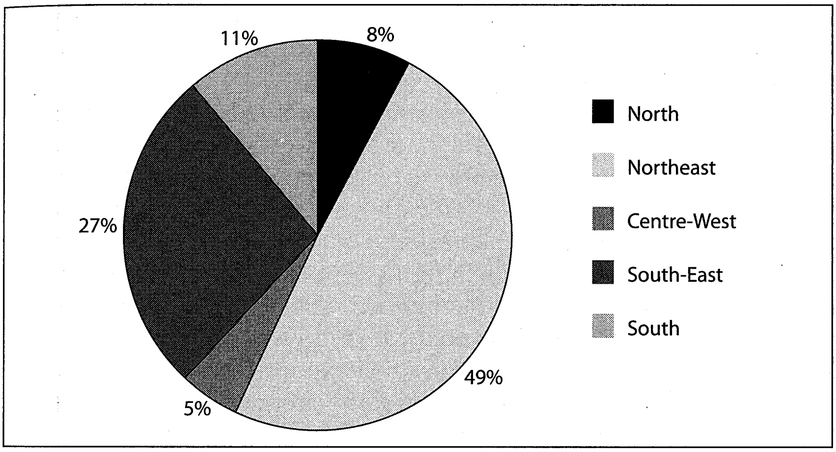

Figure 2 Who Received Bolsa Família in 2005 on the Basis of Territory?

Source: Author's own aggregations using per-state, per-month distributions. Data supplied by Ministerio do Desenvolvimento Social e Combate a Fome.

such policies, in Brazil, where a majority party is absent, the president would appear to prefer broad national goods over geographically targeted goods because all territorial votes are equally valuable (Rodden and Arretche 2004, 11). Moreover, according to Lijphart (2008), the existence of executive power sharing that takes the form of grand coalitions means that presidentialism following this logic is not necessarily a winner-take-all game. The existence of a power-sharing logic in Brazil enabled a widespread means-tested social program to be successful federation-wide. The existence of these same political-institutional factors also decreases the motives of the central government to use this program to incorporate certain territories according to majority-party logic.

The territorial distribution of Bolsa Família was not feckless—perhaps because of a default Brazilian virtue that in presidential elections all votes are of equal value. If we analyze the regional distribution of Bolsa Família in 2005 (figure 2) prior to the executive elections in 2006, it comes as no surprise that many observers had raised questions about the effects of the program in the Northeast—a region of nine very poor states that have long been dominated by conservative politicians and political bosses (Ames 1995). In 2002, seven of the nine northeastern governors were opposition members, one was a swing party member (PMDB-Pernambuco), and only one was a loyal member (PT-Piauí). Following the general elections of 2006, five of the nine governors were PT and coalition members, with two remaining in opposition (PSDB-Alagoas and PSDB-Paraiba) and one swing party member (PMDB-Rio Grande do Norte). It is also empirically true that 49 percent of the beneficiaries of Bolsa Família live in these

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same states, but that is because this region "still shows classic signs of underdevelopment: low per capita income, poor sanitary conditions, and widespread poverty" (Rezende 2007, 76).

Figure 2 demonstrates that the Northeast benefited heavily from Bolsa Família. To determine whether the poorer and opposition-based Northeast received more allocation than was predetermined de jure by the program's rules for eligibility ($Y < \$R120$, where $Y =$ household per-capita income), I plotted the optimal distribution of Bolsa Família regionally (based on the program's criteria) in figure 3, to compare it with the actual regional distribution I calculated in figure 2. The underlying problem of a partisan-based hypothesis (rich versus poor or electoral manipulation) is that Bolsa Família was connected to explicit equity goals.[15] To analyze the program's distribution, the equity goals of the program must be separated from the program's actual patterns of distribution.[16]

By applying the methodology for measuring poverty used by Instituto Brasileiro de Geografia e Estatística (IBGE), the Instituto de Pesquisa Econômica Aplicada (IPEA), and Comisión Económica para América Latina (CEPAL) and the data they produce annually, the optimal distribution given the program's explicit targeting should equate to all families in all regions that are classified as falling below the poverty line (household income per capita of R$120). If we compare the previous figure with the optimal distribution of Bolsa Família for the same year (2005; see figure 3), the program overtargets the Northeast beyond the predetermined goals by only 1 percentage point.

The fact that most of the poor in Brazil live in the Northeast does not provide sufficient evidence of strategic territorial incorporation. The Southeast, Lula's traditional electoral strongholds pre-2006, should have received 27 percent of the program given the region's household poverty rates, and it did receive 27 percent of the program in 2005. The Northeast should have received 48 percent and instead received 49 percent. The most feasible explanation of the changing electoral patterns observed in the Northeast in the 2006 general elections is provided by Ames (2001), who contends that large portions of the Northeast that generally support Brazil's political right survive on federal transfers that are funneled to local governments through state governors. This is why ruling conservative northeastern elites have traditionally benefited from the malapportionment that overrepresents their interests in the national legislature. Bolsa Família did benefit northeastern municipalities where poverty rates were high. These federal funds, however, were not funneled

15. This hypothesis was prevalent in Brazilian media circles prior to the 2006 presidential elections (see *Veja* 2006).

16. Thanks to Rebecca Weitz-Shapiro for private discussions on this point.

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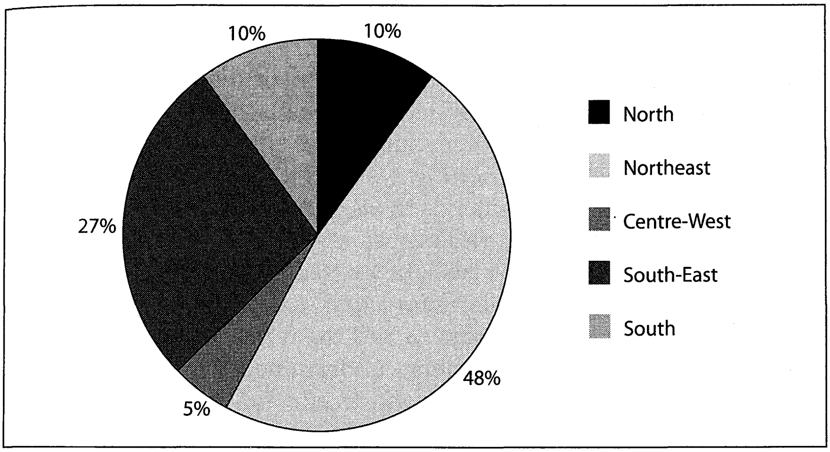

Figure 3 Who Should Receive Bolsa Família on the Basis of the Program's Explicit Criteria?

Source: Author's own aggregations using IPEA 2005 household poverty rates.

through state-based power nor could state powers claim credit for the distribution of the funds. They also could not use their overrepresentation in the national legislature to obtain more benefits or determine their distribution.

DOES AVOIDING GOVERNORS PRODUCE A CREDIBLE DECENTRALIZED FEDERAL STRUCTURE?

This article has suggested that the federal administration's ability to measure up to the aspirations and hopes of cross-party supporters was determined by the unique qualities of Brazilian federalism that facilitated this important program's bypassing of twenty-seven powerful governors. Moreover, this policy's success provides evidence that Brazilian federalism is a "three-level game" (Dickovick 2004, 1). Bednar, Eskridge, and Ferejohn (2001, 224) state that, "decentralization, if it is to work, must be credible." They continue by explaining that the division of authority among levels of government can be viewed as a way to stabilize, or make credible, decentralized governmental structures (224). The abstract hypothesis derived from this case-based study is that municipalities in Brazil have increased the credibility of a decentralized government structure. At least in social policy, there is evidence in education policy, as developed by *Fundo de Manutenção* e Desenvolvimento do Ensino Fundamental (FUNDCEF), health-care policy, under Serviço Único de Saúde (SUS), and the emerging social assistance program, Social e Sistema Único de Assistência (SUAS),

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that municipalities can contribute to making policy decentralization in Brazil work.[17]

The decentralizing tendencies of the 1988 constitution toward municipalities are gradually being consolidated in Brazil. Initially, the resultant local policy innovations (including some of the poverty-alleviation programs mentioned herein) did not always lead to positive policy results (Souza 1997). Abrucio (1998) contends in *Os barões da federação* that a main consequence of the 1988 constitution was a return to governor politics, because no institutional counterweight existed to their power. Following the new constitution, excessive municipal spending forced mayors to turn to fiscally powerful governors to bail them out. In the early 1990s, both state and municipal governments undermined the central government through free riding. Over the past decade, however, the nature of this game has slowly evolved in key areas of social policy facilitated by high municipal autonomy, stable political order, and successful hardening of subnational budget constraints. It has left a stronger federal center that is able to use municipalities as a counterweight to the institutional power of governors.

CONCLUSIONS

The purpose of this article has been to move beyond the concept of government decentralization and show how federalism in Brazil post-1988 led to a resurgence of local politics that generated social protection policy experimentation attached to the social rights of citizenship. Post-1995, the ability to continue producing local policy innovations was reduced because of external fiscal constraints. These same constraints motivated the central government to use noncontributory social protection policy to confront poverty in Brazil. A dynamic relationship between the federal center and municipalities has evolved since democratization that cannot be shown using a dichotomous framework of centralization and decentralization. In the policy area of social protection, the flexibility offered by Brazil's gradualist, muddling-through logic of federalism has enabled the ability of the local to affect the national. The federal center's ability to collaborate directly with local federal units has facilitated its ability to build effective welfare policies for the poor.

The success of Bolsa Família has contributed to reducing hunger, misery, and poverty in Brazil. Bolsa Família's success has reduced the proportion of Brazilians who live below the poverty line by 19.31 percent (Fundacão Gétulio Vargas 2006). In addition, a new rights-based approach to social protection has fortified a direct relationship between citizens and the government. The ability of this program to deliver benefits to more

17. For an excellent analysis of reforms in these areas, see Draibe (2004).

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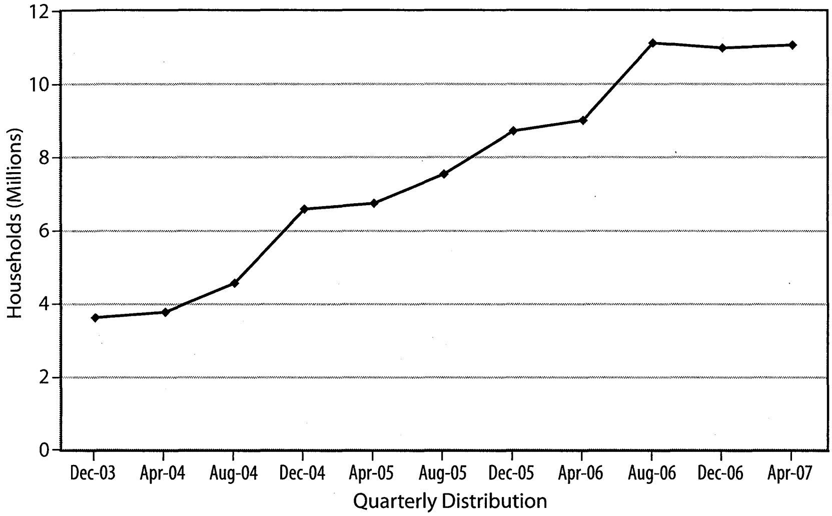

Figure 4 The Distribution of BF from December 2003–April 2007.
Source: MDS.

than 11 million families in all municipalities and sustain this policy delivery through two elections (municipal in 2004, and federal, state, and legislative in 2006) without demonstrating volatility (figure 4) shows evidence of policy stability. The target distribution reached in August 2006 of 11 million families has thus far been sustained following the October 2006 presidential elections. Clearly, this is a moving target and only time will tell how Bolsa Família performs in the future.

Finally, the study of federal cash-transfer programs for the poor provides some useful insights into how Brazilian federalism has recently evolved, why it is different, and what accounts for successful policy outcomes in this social policy area. This analysis offers some preliminary evidence that, within poverty alleviation efforts, municipalities were able to positively affect the ability of the federal center to produce an important policy outcome. By looking at the role of municipalities in achieving the success of Bolsa Família, this article calls for a look beyond decentralization to separate the subnational level into two distinct categories: state and municipal. Given the political-institutional design of Brazilian federalism, its states can constrain the center while its numerous municipalities simultaneously enhance it.

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