

The Construction of Monetary Authority and Democracy: The Brazilian Experience in the Context of Global Economic Integration**First Report: From an Economics of Politics to the Politics of Monetary Policy, or: On hair-breadth escapes and strange accidents****A construção de autoridade monetária e democracia: A experiência brasileira no contexto da integração econômica em escala global****Primeiro Relatório: De uma Economia da Política para uma análise política da autoridade monetária**

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Resumo:

Este relatório apresenta os primeiros resultados semestrais de pesquisa junto a um grupo de cientistas políticos focando a política monetária (A construção de autoridade monetária e democracia: A experiência brasileira no contexto da integração econômica em escala global, FAPESP Processo no 2001/05568-8). Durante este primeiro semestre o trabalho de pesquisa consistiu em uma revisão geral da bibliografia sobre a política monetária e instituições na ciência política e na economia, como também a criação de novos bancos de dados sobre crédito, moeda, e instituições financeiras no Brasil de 1860 a 2002 e, finalmente, o desenvolvimento e aplicação de uma pesquisa de opinião à uma amostra de 75 Deputados Federais brasileiros.

PALAVRAS CHAVES: Política Monetária, Política-Econômica, Opinião de Elites**Abstract**

This report presents the first results of research conducted as member of a group of political scientists focusing on monetary policy and democracy in Brazil (A construção de autoridade monetária e democracia: A experiência brasileira no contexto da integração econômica em escala global, FAPESP Processo no 2001/05568-8). Progress during this first semester of a planned four-year collaborative project was made in terms of: Review of bibliography in political science and economics on institutions, monetary policy, and

central banking; review of secondary sources on monetary policy in Brazilian history; the organization of new data bases containing historical series of monetary measures from 1860 through 2002 and; the design and application of a new questionnaire to survey perceptions of monetary policy and politics among Brazilian Federal Deputies.

Keywords: Monetary Policy, Political Economy, Elite Belief Systems

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Overview of Research: The Construction of Monetary Authority and Democracy: The Brazilian Experience in the Context of Global Economic Integration.¹

The cumbersome title of this report paraphrases a landmark article by Giovanni Sartori entitled "From the Sociology of Politics to a Political Sociology." The central argument of his article was that sociologists tended to underestimate the autonomy of politics. Although the targets of Sartori's article – Parsonian sociology and Marxist reductionism – may no longer be practiced today, the core problem discussed by Sartori remains. Political phenomena remain fair prey for misguided explanations by scholars working in neighboring disciplines, especially those of sociology and economics. In this sense, the broader goal of this research is to demonstrate the errors and fallacies of reducing politics to either microeconomic explanations of rational choice or as some sort of sticky impediment to macroeconomic equilibria. The empirical focus of this research is the politics of money, credit, and monetary policy in Brazil. However, the broader theoretical goal is to counter the reduction of politics to either a source of macroeconomic irrationality or the foreseeable result of microeconomic rational choice.

The equally enigmatic subtitle of this report "On hair-breadth escapes and strange accidents" attempts to intimate our perspective on politics. This subtitle quotes Gladstone's evaluation of his government in a letter written to his wife in 1885:

... it has been a wild romance of politics with a continual succession of hair-breadth escapes and strange accidents pressing upon one another.²

Why quote Gladstone? Because we believe this passage illustrates central characteristic of politics such as reacting to circumstances, unexpected consequences and turns of events, and the reality of government policies as sequential, path dependent, and contextual reactions to a series of apparent accidents. Perhaps this sensation among policy makers is nothing but a residue of 19th century whirlwind diplomacy. Perhaps we remain unaware of the deeper structural determinants of politics and government. We think not. Instead, this quote from Gladstone describes fundamental characteristics of politics and government policy-making, ones that have been emphasized in the social sciences for some time. For example, Lindbloom's description of "the science of muddling through," along with a wide

¹ The author would like to thank the members of the FAPESP *unidade temática* for their generous comments and suggestions to initial versions of the ideas presented herein: Lourdes Sola, Maria Rita Loureiro Durand, Eduardo Kugelmas, Moises Marques, as well as colleagues in the Department of Legal and Social Sciences, EAESP-FGV.

² MAGNUS, Philip. *Gladstone: A Biography*. New York: EP Dutton, 1964, p. 325

variety of scholars in the liberal and pluralist tradition consistently describe these same attributes of democratic government and politics.³

Thus, while we share the concerns of economists about monetary policy – the development of markets for money and credit, and their impact on economic growth, inflation, employment, and other economic variables. However, as political scientists our primary concerns remain elsewhere. Our research focus is on the impact of monetary policy on politics and society in general and, more specifically, the relation between democracy and effective monetary policy.⁴ The former concern is defined, for the time being, in terms of the redistributive impact of monetary policy.⁵ The latter concern is less a search for some easy correlation, and more a reaction to recent debates about monetary policy that tend to focus on the necessity of central bank independence and correct monetary policy that implies the isolation of policy-makers from electoral cycles and other political or social pressures. To the extent that politics is considered at all, the relation between politics and monetary policy among economists is generally perverse: Politics tend to steer government credit and money policies off their correct course, fuel inflation, and exacerbate macroeconomic disequilibria.⁶

In this respect, understanding the role of politics in monetary policy will require a more careful reading of standard classics in monetary economics such as Friedman⁷ and Calvo.⁸ However, based on our initial reading and discussion, standard works on the

³ Lindblom, Charles E. “The Science of Muddling Through.” *Public Administration Review*. Vol. 19, no. 2, 1959 On the importance of muddling through in economic policy making, see: Mettenheim, Kurt von, and James Malloy, eds. *Deepening Democracy in Latin America*. Pittsburgh: University of Pittsburgh Press, 1998

⁴ For this political perspective on central banking and monetary policy, see: SOLA, Lourdes., et.al. *Banco Central: autoridade política e democratização – um equilíbrio delicado*. Rio de Janeiro: Editora FGV, 2002

⁵ For a recent example of political analysis focusing on the redistributive impact of monetary policy, see: OATLEY, Thomas, and Nabors, Robert. “Market Failure, Wealth Transfers, and the Basle Accord,” *International Organization*. Vol. 52, No.1, 1998, pp. 35-54

⁶ For a recent review on central banking, see: BLINDER, Alan S. *Central Banking in Theory and Practice*. Cambridge: MIT Press, 1998

⁷ For an overview of monetarism and economic policy in the US, see: BRIMMER, A. “The Political Economy of Money: Evolution and Impact of Monetarism in the Federal Reserve System.” *American Economic Review*., May 1972, pp. 344-352. Classics remain: CALVO, Guillermo A. *Money, Exchange Rates, and Output*. Cambridge: MIT Press, 1966 and BRUNNER, Karl and Allan H. Meltzer. *Money and the Economy*. Cambridge: Cambridge University Press, 1993

⁸ For example: FRIEDMAN, Milton & SCHATZ, Anna J. *Monetary Trends in the United States and the United Kingdom: Their Relation to Income, Prices, and Interest Rates, 1867-1975*. Chicago: University of Chicago, 1982 and ROGERS, Colin. *Money, interest, and capital: A study in the foundations of monetary theory*. Cambridge: Cambridge University Press, 1989

evolution of central banks by Goodhart,⁹ Woolley,¹⁰ the evolution of banking in Brasil,¹¹ and other historical analyses of banking, credit, and monetary policy appear to be better sources for developing research into the politics of monetary policy in Brazil. Why better? For two reasons. First, because unlike classic monetary economists, the latter scholars attempt to integrate formal concerns about politics and the distributional impact of financial crises into their analysis. Second, the latter analyses capture the interactions between politics and monetary policy better because of their historical perspective. Their larger time frame increases the number of observations about monetary phenomena, government policies, and politics.

Our focus on both the political determinants of monetary policy and the impact of monetary policies on politics and society also differs from both the tradition in political science of using economic theory (or analogies based thereon) to explain political outcomes,¹² as well as analyses of vicious cycles supposedly caused by political factors interfering with correct economic policy.¹³ To avoid confusion, it should also be noted that our focus also differs from past works that emphasize the role of political development and the modernization of society as necessary conditions for economic development.¹⁴ Instead, this research hopes to reveal the political factors behind both successes and failures of monetary policy, with special emphasis on their redistributive consequences for social classes and groups.

Our suspicion is that open-ended empirical analysis can better reveal the relation between monetary policy and politics in Brazil. This empirical turn may seem mundane

⁹ Goodhart, Charles. *The Evolution of Central Banks*. Cambridge: MIT Press, 1988 and GUTTMANN, Robert. *How Credit-Money Shapes the Economy: The United States in a Global System*. New York: M.E. Sharpe, 1994

¹⁰ WOOLLEY, John T. *Monetary Politics: The Federal Reserve and the Politics of Monetary Policy*. Cambridge: Cambridge University Press, 1984

¹¹ Despite their respective biases, both Lyra Filho and Falcão offer succinct descriptions of the impact of ideas from abroad on Brazilian monetary policy-makers during much of the 19th century. See: LYRA FILHO, João. *O Estado Monetário: Introdução à História das Caixas Econômicas Brasileiras* Rio de Janeiro: Irmãos Pongetti, 1948 and FALCÃO, Waldemar. *O Empirismo Monetário no Brasil*. Rio de Janeiro: Companhia Editoria Nacional, 1931

¹² A standard review remains: ALT, James. & CHRYSTAL, K. Alec. *Political Economics*. Berkeley: University of California Press, 1983

¹³ For examples of this approach, see: ALESINA, Alberto. "Macroeconomics and Politics." In FISCHER, Stanley, org. *NBER Macroeconomics Annual*. Chicago: University of Chicago Press, 1988 and DORNBUSCH, Rudiger. *The Macroeconomics of Populism in Latin America*. Chicago: University of Chicago Press, 1991

¹⁴ HOLT, Robert., & TURNER, John E. *The Political Bases of Economic Development: An Exploration in Comparative Political Analysis*. Princeton: D Van Nostrand, 1966

after the above theoretical pretensions, but empirical analysis is a more viable strategy for shifting away from economic explanations of politics in pursuit of a political analysis of monetary policy. Specifically, three different methods will be used to examine political institutions and monetary policy during the next three years: A historical overview of monetary policy and politics in Brazil since independence; three case studies of Brazilian federal government banks (Banco do Brasil, Caixa Econômica Federal, Banco Nacional de Desenvolvimento Econômico e Social), and; a survey of elite belief systems during the final year of the Cardoso presidency (2002) through the first two years of the PT-PL administration (2003, 2004).

This report communicates the first results of research along these lines, all within the context of this broader *unidade temática* that focuses on the question of the construction of monetary policy and democracy in Brazil. The central advances during this first semester of research have been:

- 1) the development, testing, and application of a questionnaire among a sample of federal legislators,
- 2) the development of historical and contemporary data bases on credit, money and banks in Brazil, review of primary and secondary sources on monetary history in Brazil for a historical review of Brazilian monetary policy,
- 3) the review of bibliography in political science and economics regarding monetary policy and related questions such as central bank independence, and
- 4) the development of the first of three case studies of Brazilian federal government banks, specifically, an analysis of the Caixa Econômica Federal and antecedent banks since 1860.

This report focuses on domestic Brazilian political institutions, given that other scholars in the *unidade temática* are responsible for analysis of the private sector, the politics of international finance, and links between fiscal policies and monetary authority.

The broader concerns of theory and method presented herein emerged from bi-weekly discussions among the senior researchers involved in the FAPESP *unidade temática* that focused on a variety of scholarly works and theoretical traditions relevant to the development of the proposed research. Specifically, discussions focused on elite studies and the design of questionnaires for elite surveys, as well as broader questions of democratic theory and comparative analysis of democratic institutions, monetary policy, central bank independence, and a variety of related themes related to this research. Given that past reports to the NPP have presented results on the presidency and the separation of powers in Brazil, as well as the Caixa Econômica Federal, only new material developed during the first year of collaboration with the other scholars of the *unidade temática* are presented.

Perhaps the central achievement during this first year of research was the development and application of a new, specially designed questionnaire to a sample of

Brazilian Federal Deputies during the second semester of 2002. The results of this survey will provide an important baseline for the analysis of continuity and change among Brazilian elite perceptions of monetary policy. Bi-weekly meetings with the other members of the *unidade temática* were essential for the writing and pre-testing of a questionnaire able to tap levels of information and the variety of perspectives among Brazilian legislators on central questions of monetary policy and democracy in Brazil.¹⁵ Given the successful application to a sufficient number of federal deputies during the last congressional session under the Cardoso administration, a sound empirical basis for comparison to subsequent congressional sessions in 2003 and 2004 is now possible. In other words, three years from now this research team will have the first survey of Brazilian elites focusing on questions of monetary policy crossing two different federal government administrations.

¹⁵ Reading of the following classics were used to develop the questionnaire. PUTNAM, Robert. *The Comparative Study of Political Elites*. Prentice Hall 1969, BOTTOMORE, Thomas. *Elites and Society*. London: L.A. Watts, 1964, LASWELL, Harold. Et.al. *The Comparative Study of Elites: An Introduction and Biography*. Stanford: Stanford University Press, 1952, and on Brazilian elites, MCDONOUGH, Peter. *Power and Ideology*. Princeton: Princeton University Press, 1979.

How Many New-Institutionalisms? Observations on Institutional Studies in Economics, Political Science, Political-Economy, and Sociology

Before focusing on specific debates about monetary policy and central banking, several general observations are in order about the study of institutions in the social sciences. These introductory observations are necessary to clarify precisely where we stand among the wide variety of neo- or new-institutionalisms in the sister disciplines of economics, sociology and political science. Our focus on political institutions, democracy, and monetary policy involves a fundamentally different research agenda than both equilibria models in economics and the largely organizational concerns in sociology. Before emphasizing our particular brand of institutionalism, readers may find helpful the following brief review of scholarship in new- or neo-institutionalism across the disciplines of political science, economics, and sociology.¹⁶

Unlike the new institutionalism in economics, that customarily dates to Douglas North's *Institutions, Institutional Change, and Economic Performance*, our research proposes to work within a fundamentally different new institutionalism in political science. This movement dates from March and Olsen's "New Institutionalism: Organizational Factors in Political Life,"¹⁷ an article that coincided with the debate about parliamentary and presidential government in post-transition contexts, and includes a variety of historical and institutional analyses across several traditional sub-fields of political science.¹⁸ Comparative politics has developed considerable understanding of the consequences of institutional design in post-transition contexts for governance, legitimacy, and democracy. But rather than bold causal claims about the virtues and vices of formal typologies of forms of government or other abstract institutional attributes, we have argued that comparative analysis of political institutions requires analysis of common problems across different regional and national contexts.¹⁹

¹⁶ For an overview of institutionalisms, see: HALL, Peter. And Rosemary Taylor. "Political Science and the Three New Institutionalisms." *Political Studies*. Vol. 44, 1996, pp. 936-57

¹⁷ MARCH, James & OLSEN, Johan. "New Institutionalism: Organizational Factors in Political Life." *American Political Science Review*. Vol. 78 pp.724-749, 1984 and MARCH, James. And Johan Olson. *Rediscovering Institutions: The Organizational Basis of Politics*. New York: Free Press, 1989. See also: ROCKMAN, Bert & WEAVER, Kent., eds. *Do Institutions Matter?* Washington, D.C.: Brookings Institution, 1993

¹⁸ For an overview, see: Steinmo, Sven., et.al., eds., *Structuring Politics: Historical Institutionalism in Comparative Analysis*. Cambridge: Cambridge, 1991

¹⁹ On the importance of regional and national contexts for the comparative analysis of political institutions, see: METTENHEIM, Kurt., Ed. *Presidential Institutions and Democratic Politics: Comparing Regional and National Contexts*. Baltimore: Johns Hopkins University Press, 1997 and ROCKMAN & Weaver, op. cit.

Perhaps the deepest difference between our point of departure for political analysis and new-institutionalism in economics is our disbelief that institutions, especially political institutions, reflect some point of formal equilibrium. Instead, we are interested in the specific context and path-dependent trajectory in the development of institutions responsible for monetary policy in Brazil. We are especially interested in understanding the construction of monetary policy since the 1988 constitution in Brazil and price stability after 1994.²⁰ This implies a genetic explanation for monetary policies that emphasizes their relations with a variety of economic, financial, and government reforms pursued by Brazilian governments since the 1988 constitution. This focus on the genesis and development of monetary policy in Brazil, in itself, implies a shift away from much of the recent analysis of institutions in economics that presupposes equilibria.

This is both a difference between disciplines and counsel for economists. As Kreps argues in a standard macroeconomics work: "Having a theory about how institutions arise and evolve could be more informative than theories of equilibrium within the context of a given set of institutions."²¹ Despite this limitation, economic theories that attempt to explain institutions as reflecting some point of equilibria have been widely adopted in political science.²² As Powell and DiMaggio argue: "most public choice theorists and economists who study institutions view them as provisional, temporary resting places on the way to an efficient equilibrium solution."²³ As Pierson argues, because of this core assumption of equilibria and interests, rational choice perspectives in politics tend to portray institutions largely as a consequence of selection by actors and subject to flux.²⁴

²⁰ On constructionism in political science, see: LEWIS, Jeffrey. "Institutional Environments and Everyday EU Decision-Making: Rationalist or Constructivist?." Paper presented to the 2002 Annual Meeting of the American Political Science Association, Boston, August/September, 2002 and BLATTER, Joachim. "Conceptions of Democracy, Economic Success and Social Justice in Discourses on Metropolitan Governance: The Social Constructivist Challenge to the Public Choice School." Paper prepared for delivery at the 2002 Annual Meeting of the American Political Science Association, Boston, August/September, 2002.

²¹ KREPS, David. *A Course in Microeconomic Theory*. New York: Harvester-Wheatsheaf, 1990, p. 530

²² This distinction between formal theories of equilibria (economics) and explanations of the origins and trajectories of institutions (politics) has been widely adopted by political scientists. See: BATES, Robert. Et.al. "The Politics of Interpretation: Rationality, Culture, and Transition." *Politics and Society*. Vol. 26, no. 4, 1998, WEINGAST, Barry. "Rational Choice Institutionalism" in KATZNELSON, Ira. Et.al. eds. *The State of the Discipline*. New York: W.W. Norton, 2002, and CAREY, John. "Parchment, Equilibria, and Institutions." *Comparative Political Studies*. Vol. 33, Nos. 6-7, 2000, pp. 735-61. For an overview, see: HALL, Peter. And Rosemary Taylor. "Political Science and the Three New Institutionalisms." *Political Studies*. Vol. 44, 1996, pp. 936-57

²³ POWELL, Walter and Paul DiMaggio, eds. *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press, 1991, p. 10

²⁴ PIERSON, Paul.& Shannon O. Trowbridge. "Asset Specificity and Institutional Development." Paper Presented to the Annual Meeting of the American Political Science Association, 2002 and PIERSON, Paul. *Politics in Time: History, Institutions, and Political Analysis*. Harvard University, unpublished manuscript, 2003

But the divide between political science and economics is deeper. Indeed, founding works in political science focus on the fundamental difference between institutions and markets precisely in these terms: Politics means disequilibria.²⁵ We agree with Pearson's argument that the most important conclusion in Riker's landmark article is that politics is fundamentally different, one may say worse, than economics:

... politics is *the* dismal science because we have learned from it that there a no fundamental equilibria to predict." Riker, 80, p. 443

If Riker's assertion that no fundamental equilibria exist in politics is correct (and we believe it is), then it follows that core assumptions of economic theory about individual preferences, collective action, firms and consumers, and other concepts that presuppose equilibria do not apply to central questions in political science, especially those concerned with the origin and development of institutions. This seems to be a fundamental difference between the disciplines of economics and political science.²⁶

Another group of political scientists have attempted to skirt this fundamental problem by creating theories about how actors use institutions to solve coordination problems. From this perspective, new institutional procedures and organization can be understood to the extent that actors converge on a set of institutions to solve coordination problems typical of collective action.²⁷ From this perspective, once established, institutions become autonomous or, as Carey argues: "institutional equilibria are sticky, even in the face of changes in the surrounding political environment."²⁸ Once again, theories and language from economics appears to interfere with what is more appropriately a question beyond equilibria. The origin and evolution of institutions and their relation with the surrounding political environment must be understood in terms of either sociological or political analysis and theory.

²⁵ Contrary to our position, rational choice perspectives have emphasized the **equilibria effects** of institutions, often citing Riker's argument that institutions tend to provide stability because they solve certain cycles endemic to collective choice processes. See: RIKER, William. "Implications from the Disequilibrium of Majority Rule for the Study of Institutions." *American Political Science Review* Vol. 74, 1980, pp. 432-46

²⁶ Recent work in this tradition continues to focus on politics as disequilibria. See: COLOMER, Josep. "Disquilibria Institutions and Pluralist Democracy." *Journal of Theoretical Politics*. Vol. 13, No. 3, 2001, pp. 235-47

²⁷ CAREY, op. cit. CALVERT, Randall L. "Rational Actors, Equilibrium, and Social Institutions." In KNIGHT, Jack & Itai Sened, eds. *Explaining Social Institutions*. Ann Arbor, MI: University of Michigan Press, 1995, pp. 57-93 and MILLER, Gary. "Rational Choice and Dysfunctional Institutions." *Governance*. Vol. 13, No. 4, 2000, pp. 535-47

²⁸ CAREY, John. Op. cit. p. 754

Yet another perspective has focused on institutions as veto points, describing the autonomy of institutions and their stickiness for equilibria among interests, actors designs, or demands arising from the political and social environment. But, as Pierson argues, this perspective on institutions as veto-points is designed to explain policy outcomes rather than institutional processes. Paradoxically, despite being intent on demonstrating equilibria, this line of research has produced a variety of studies of how institutions shape policy decisions independently from actor's interests and/or general equilibria.²⁹ An additional problem with the notion of veto points regarding politics and democracy is that institutions are portrayed in some sort of zero-sum game of minimal government. Contrary to the idea that institutions are largely veto points, we adopt a more positive description of competing interests and organizations that are part of an open, democratic process of government. Describing institutions as veto-points seems to hamstring politics to formal schemes imported, once again, from economics to political science.

Another important tradition of neo-institutionalism can be found in works of political-economy. Perhaps the most compelling treatment of institutions and market economies appears to be Hall and Soskice's recent work *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*³⁰ Future research will depend on reading and discussion of Hall's analysis with other members of the *unidade tematica*.

In another tradition of formal political economy, institutions and their dynamics have been described as a question of *asset specificity*. For example, Alt, Lake, and Joskow have used asset specificity to understanding a variety of particular equilibria.³¹ From this perspective, because assets are determined by factors that are *site specific* (value derives from location), *physically specific* (value derives from type of transaction), *human specific* (value derives from knowledge and/or trust), and *dedicated assets* (value derives from continuing exchange), markets fail to reflect consumer and firm optimal equilibria. The stickiness that institutions introduce into markets is explained by this variety of factors relating to the specific attributes of assets. We would argue that the third category asset specificity due to human factors opens a door that is poorly characterized by questions simply of knowledge or trust. Indeed, the immense variety of factors associated with human values begs the question of how markets are embedded in social, political, and cultural institutions.

Despite our misgivings about the excessively summary description of human asset specificity in this line of work, scholarship anchored in empirical and historical analysis has

²⁹ SCHARPF, Fritz. *Crisis and Choice in European Social Democracy*. Ithaca, NY: Cornell University Press, 1991 and TSIBELIS, George. "Veto Players and Institutional Analysis." *Governance*. Vol. 13, No. 4, pp. 441-74

³⁰ HALL, Peter. and David Soskice. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, 2001

³¹ ALT, James. Et al. "The Comparative Political Economy of International Trade: Enduring Puzzles and an Agenda for Inquiry." *Comparative Political Studies*. Vol. 29, No. 6, 1996, pp. 689-717

provided significant insights into the relations between politics and economics. For example, Gourvitch also describes politics in terms of asset specificit:

Political actors develop investments, specific assets, in a particular arrangement – relationships, expectations, privileges, knowledge of procedures, all tied to the institution at work... Investment of specific assets helps to explain institutional persistence. As actors in each society invest in a particular institutional arrangement, they have incentives to protect their investment by opposing change. Gourevitch, 2000, pp. 144-45 (cited in Pearson, 2002)

Gourvitch describes politics and the stickiness of institutions as arising from a path dependent progression of asset valuation that, once in place, tends to produce resistance and opposition to change. From our perspective, this seems a bit abstract in terms of generating explanations of patterns of continuity and change.

A great number of compelling political phenomena such as change of government seem to arise from more traditional patterns identified by Linz, involving problems of public and elite linkages to government and the organization of political regimes. That is to say that the patterns emphasized by sociologists and comparative historical analysis – periods of continuity interrupted by critical junctures of change – must be treated with some attention to the causal patterns typical of political structures and critical moments during these respective periods of continuity and change.³²

This tendency to explain policy outcomes and political matters according to the underlying configurations of assets has also been adopted by Boix in his explanation of regime forms. In an argument that reminds one of the social determinism of Montesquieu, Boix argues that particular asset endowments are related to forms of government or political regime. Specific assets and high income inequality are related to authoritarianism, while general and mobile assets tend to encourage democracy.³³

Another tradition in comparative political economy tends to focus on the patterns of continuity and change in domestic policy across time, emphasizing the tendency of policies to be grouped in packages that predominate, thereby forming “regimes”. A wide variety of domestic policy experiences have been examined from this perspective, with the emphasis on the domestic policy process and tensions from social and economic change. The accumulation of knowledge about how domestic policy packages relate to broader political and social coalitions has, so far, referred predominantly to the historical development and current political-economy of advanced industrial economies and long-established

³² For an overview of comparative historical analysis, see: MAHONEY, Robert and Dieter Reuschmeyer, eds. *Comparative Historical Analysis in the Social Sciences*. Cambridge: Cambridge University Press, 2003

³³ BOIX, Carles. *Democracy and Redistribution*. Cambridge: Cambridge University Press, 2003

democracies in Europe and North America.³⁴ We attempt to adopt this historical perspective on policy continuity and change in this research, focusing on the sequence of critical junctures and realignments in Brazilian history.³⁵

Unfortunately, this tendency to use the concept of regime to describe the stickiness of policy packages in advanced industrial economies may confuse readers accustomed to another more restricted use of political regime in terms of standard distinctions between forms of government such as authoritarianism and democracy. Indeed, a classic work in this tradition is Polanyi: who discusses the package of economic policies that defined the long 19th century, but who also reserves the question of domestic political institutions for more traditional concepts such as constitutional and representative government. In other words, the recent literature on the political economy of policy regimes overestimates the political grounding of policy packages in terms of traditional questions of political science such as legitimacy, public opinion and electoral behavior, political parties and party systems, and patterns of popular participation.

Polanyi's analysis of the development of central banking in European and North American history are surely relevant to current debates. Polanyi argued that the emergence of central bank independence during the emergence of market economies were part of a regulatory wave in Europe after 1870 that reflected the reaction of social and financial sectors against the classic doctrines of economic liberalism -- especially the belief of equilibria and self regulating markets. Given that unemployment, class conflict, exchange devaluation, imperialist rivalries, and protectionism predominated in Europe after the 1873 depression, the core assumptions of economic liberalism about the gold standard, domestic banking, and credit markets had to be revised. From this perspective, central banks and other monetary authorities were designed throughout Europe and North America to centralize and regulate exchange markets, provide clearer references for interest rates, avert the impact of recessions on firms, and reverse the persistent disinflation caused by a fixed exchange rate. *The Great Transformation* remains an obligatory reference both in general terms, as an exemplary narrative that links political and economic trends, as well as a specific source for causal analysis of the gold standard and its implications for domestic monetary policy in the central economies of the world system during the period of the Old Republic in Brazil (1889-1930).³⁶

³⁴ Hall & Soskice, op. cit., KITSCHHELT, Herbert. Et.al. orgs. *Continuity and Change in Contemporary Capitalism*. Cambridge: Cambridge University Press, 1999, ESPING-ANDERSON, Gosta. *Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press, 1990, HUBER, Evelyn & John Stevens. *Development and Crisis of the Welfare State*. Chicago: University of Chicago Press, 2001, and PIERSON, Paul. *The New Politics of the Welfare State*. Oxford: University of Oxford Press, 2001

³⁵ For an overview of Brazilian political history from this perspective, see Part II: METTENHEIM, Kurt von . *The Brazilian Voter*. Pittsburgh: University of Pittsburgh Press, 1995

³⁶ POLANYI, Karl. *The Great Transformation: The Political and Economic Origins of Our Time*. New York: Rinehart & Co. 1944

Kindleberger, Frieden, and others continue this tradition in the historical analysis of advanced economies, focusing on the social and economic bases of alternative monetary references and policies. The work of Frieden demonstrates that the dispute between gold and silver standards reflected not just economic policy options, but the reality of strong interests from regional electoral machines that are typical of presidential and federal institutions. Maxfield focuses attention on the domestic social construction of economic policy coalitions favoring central bank independence.³⁷ From this perspective, the key to understanding why central banks are granted greater independence in emerging markets is that a domestic bankers coalition provides a strong signal for foreign investment while restructuring bank and capital markets.

This tendency to focus on regional generalizations about the emergence and current role of central bankers also characterizes recent research into the political cleavages among advanced economies. Iverson and his collaborators have explored the relation between labor, business, and central banking during the recent experience of developing means to coordinate economic and social policies across Europe during monetary unification.³⁸ And while Grilli emphasizes the variety of institutional configurations of monetary policy across Europe,³⁹ Kitschelt and Sharpf focus on the political explanations for economic policies during the internationalization and liberalization of European economies.⁴⁰ Indeed, this research will require further consideration of the unification of Europe in a unified currency zone during 2002, certainly a dramatic experience and important comparative referent for this study of monetary policy and politics in Brazil. Members of the *unidade temática* plan to focus on how the coordination of monetary and fiscal policies occurred across the wide variety of domestic economic policy and political traditions that characterize Europe.⁴¹

Meanwhile, regional generalizations about Latin America often focus on vicious cycles of economic mismanagement rather than the development of monetary authority. For example, monetary policy is at the center of the vicious cycles of economic policy making in Latin America that, according to the Dornbusch, results in fiscal excesses being

³⁷ MAXFIELD, Sylvia. *Gatekeepers of Growth: The International Political Economy of Central Banking in Developing Countries*. Ithaca, NY: Cornell University Press, 1998

³⁸ IVERSON, Torben. Et.al. eds. *Unions, Employers, and Central Banks: Macroeconomic Coordination and Institutional Change in Social Market Economies*. Cambridge: Cambridge University Press, 2000

³⁹ GRILLI, Vittorio, et.al. "Political and Monetary Institutions and Public Financial Policies in the Industrial Countries." *Economic Policy* Vol. 13, October 1991, pp. 341-392

⁴⁰ KITSCHELT, Herbert. Et.al. orgs. *Continuity and Change in Contemporary Capitalism*. Cambridge: Cambridge University Press, 1999 and SCHARPF, Fritz. *Crisis and Choice in European Social Democracy*. Ithaca, NY: Cornell University Press, 1991

⁴¹ See: LINS, Maria. A. del Tedesco. Doctoral dissertation, PAE-EAESP, Fundação Getulio Vargas, 2002 and LOHMANN, Suzanne. "Federalism and Central Bank Independence." *World Politics*. Vol. 50, 1998, pp.

monetarized, thereby producing high levels of inflation and a variety of disequilibria typically associated with populist regimes in the region.⁴²

While not rejecting Dornbush's argument out of hand, we focus on the history and current development of monetary policy in Brazil precisely because of the greater challenges to government policy in emerging markets or, as we prefer, at the periphery of the world system. Instead of appealing to notions of moral hazard that lets international financial institutions and governments of the core economies off the causal hook, or constantly emphasizing the perverse monetary impact of fiscal excesses, the monetarization of public debt, persistent high inflation, rent seeking, and the erosion of real popular income, we focus on the Brazilian experience precisely because it is a critical case for monetary policy. Why a critical case? Because the sheer size of domestic and foreign shocks to the Brazilian economy has long made government decisions about economic policy more difficult and complex, with choosing from a variety of perverse outcomes and dismal economic and social indicators being the overwhelming reality.

This discussion of neo-institutionalism in the social sciences would be incomplete without at least brief reference to recent work in sociology. Indeed, central questions about politics appear in recent studies of institutions. For sociologists, neo-institutionalism tends to imply the analysis of particular institutions, often over time, with particular attention to their broader or macro- setting. In this regard, sociologists emphasize processes such as diffusion or isomorphism that emphasize the paradoxical outcome of different social institutions reflecting broad similarities and convergence.⁴³ This tradition in sociology has long been central for the analysis of politics and political sociology, for example in understanding the evolution of political party organizations. Thelen argues that two patterns emphasized in neo-institutionalist sociology -- the layering of overlapping institutions and the functional conversion of institutions -- are particularly useful for understanding the evolution of institutions in political life.⁴⁴ On a broader level of analysis, another group of institutionalist sociology focus on the broader macro-setting of institutions in the economy, society, and polity.⁴⁵

⁴² DORNBUSCH, Rudiger. *The Macroeconomics of Populism in Latin America*. Chicago: University of Chicago Press, 1991

⁴³ JEPPELSON, Ronald L. "The Development and Application of Sociological Institutionalism." RSC No. 1001/5 European Forum Series, European University Institute, 2001 and CLEMENS, Elizabeth. And James Cook. "Politics and Institutionalism: Explaining Durability and Change." *Annual Review of Sociology*. Vol. 25, 1999, pp. 441-66

⁴⁴ THELEN, Kathleen. "Historical Institutionalism and Comparative Politics." *Annual Review of Political Science*. Vol. 2, 1999, pp. 369-404

⁴⁵ POWELL, Walter and Paul DiMaggio, eds. *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press, 1991 and CLEMENS, op. cit.

Here, on the macro-social level, common concerns appear to be shared by neo-institutionalism in sociology and political science: Especially the common focus on political and social leadership, and related questions of social participation. As Pierson argues, neo-institutionalist sociology emphasizes matters long at the heart of political science: the role of political entrepreneurs or “skilled social actors” in triggering reforms as well as: “the contribution of previously marginalized actors in modifying institutional arrangements.”⁴⁶ In sum, recent scholarship in sociology focuses on general problems of change that have long been at the center of political sociology; understanding the variety of factors that impede or produce institutional change and, more importantly, the definition of change in terms of the inclusion and/or exclusion of broader social groups and classes. This attention to the social context of institutions, especially political institutions, has been central tradition to political science since the “political development” studies during the 1960s and 1970s.⁴⁷ Classic works that cross this terrain between sociology and political science include Barrington Moore's *Social Origins of Dictatorship and Democracy*,⁴⁸ Theda Skocpol's *States and Social Revolutions*,⁴⁹ Gregory Luebbert's *Liberalism, Fascism, or Social Democracy*,⁵⁰ and Ruth and David Collier's *Shaping the Political Arena*.⁵¹ Mahoney and Reuschemeyer, as well as Thelen provide recent reviews of research in this tradition of historical institutionalism.⁵²

In sum, this tradition of political sociology has long focused on the inclusion and/or exclusion of popular classes during economic development and social modernization. From this perspective, the central question about monetary policy in Brazilian history has to do with the redistributive impact of policies on social classes and groups. Who gained? Who lost? What was the distributive bias of monetary policies during the various periods of Brazilian history? Do specific correlations emerge between forms of government and redistributive policies? These questions shall organize the review of primary and secondary

⁴⁶ Pierson, 02, op. cit. p. 9

⁴⁷ By political development, I mean works from Almond & Powell through the political development series on Princeton University Press. The classic work remains HUNTINGTON, Samuel. *Political Order in Changing Societies*. New Haven: Yale University Press, 1968. For an overview see: PACKENHAM, Robert. *Liberal America and the Third World*. Princeton: Princeton University Press, 1973

⁴⁸ MOORE, Barrington. *The Social Origins of Dictatorship and Democracy*. Boston: Beacon Press, 1966

⁴⁹ SKOPOL, Theda. *States and Social Revolutions*. Cambridge: Cambridge University Press, 1978

⁵⁰ LUEBBERT, Gregory. *Liberalism, Fascism, or Social Democracy: Social Classes and the Political Origins of Regimes in Interwar Europe*. New York: Oxford University Press, 1991

⁵¹ COLLIER, Ruth B., & COLLIER, David. *Shaping the Political Arena*. Princeton: Princeton University Press, 1991

⁵² THELEN, Kathleen. Op. cit. and MAHONEY, Robert and Dieter Reuschemeyer, eds. *Comparative Historical Analysis in the Social Sciences*. Cambridge: Cambridge University Press, 2003

accounts of monetary policy during the standard periods of Brazilian political and economic history.

From General Theories to Problem-Oriented Social Science: The Question of Central Bank Independence

Since Alesina reported correlations between central bank independence, lower inflation, and higher levels of economic growth,⁵³ many economists and political scientists have argued that a strong causal relation exists.⁵⁴ Cukierman and others have reported further strong correlations between central bank independence and a variety of positive trends in economic indicators.⁵⁵ Economists and political scientists have emphasized the importance of central bank independence from party politics to lower inflation, arguing that perceptions of independent monetary policy reduce inflationary expectations and, consequently, wage demands by labor and other organized groups. Politics, from this perspective, threatens correct monetary policy due to either electoral cycles that fuel inflation or excessive government spending that slows economic growth. Furthermore, recent work in political science emphasizes the increasing importance of monetary policy, given the internationalization or globalization of economic activity that constrains domestic economic policy measures.⁵⁶ The internationalization of economies thereby increase the stakes for the adoption of correct monetary policies.

For economists, central banking implies the clear establishment of rules for monetary policy making and the delegation of monetary authority to sustain the confidence of markets.⁵⁷ From this perspective, central bank independence is interpreted as both emerging from and legitimizing a type of contract between governments that delegate monetary authority. Governments are induced to accept this delegation given the return of

⁵³ See fuller analysis in: ALESINA, Alberto, and Nouriel Roubini, with Gerald D. Cohen. *Political Cycles and the Macroeconomy*. Cambridge, MA: M.I.T., 1997

⁵⁴ CUKIERMAN, Alex. Et.al. *Measuring Central Bank Independence and its Effect on Policy Outcomes*. San Francisco, CA: ICS Press, 1994

⁵⁵ CUKIERMAN, Alex, and Francesco Lippi. "Central Bank Independence, Centralization of Wage Bargaining, Inflation, and Unemployment: Theory and Some Evidence." *European Economic Review*, Vol. 43, June 1999, pp. 1395-1434 and CUKIERMAN, Alex. *Central Bank Strategy, Credibility, and Independence*. Cambridge: MIT Press, 1992

⁵⁶ CLARK, William R. and Hallerberg, Mark. "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review*, Vol. 94., June 2000, pp. 323-346 and GARRETT, Geoffrey. *Partisan Politics in the Global Economy*. Cambridge: Cambridge University Press, 1998

⁵⁷ BARRO, Robert. *Determinants of Economic Growth: A Cross Country Comparison*. Cambridge: Cambridge University Press, 1977 and JENSEN, Henrik. "The Credibility of Optimal Monetary Delegation." *American Economic Review*. Vol. 87, 1997 pp.

favorable economic performance.⁵⁸ Recent emphasis on the importance of inflation targeting in economic policy has further increased the importance of central banking and monetary policy. Inflation targets focus the attention of investors, consumers, the government, and international finance on critical matters of monetary policy and central banking. The adoption of inflation targeting in Brazil since 1999 only increases the importance of this research into central banking, monetary policy, and the apparent emergence of a new consensus on economic policy making.

Theories about central bank independence among economists appear to present significant problems for the study of the recent Brazilian experience. Like previous debates about parliamentary or presidential government, or party and electoral systems, recent theories emphasizing the need to grant central bank independence appears to contain two terrible biases: Those of liberal reformism and excessive claims about the universality of economic laws. Theories that establish optimal equilibria between independent central banks and economic indicators such as lower inflation and higher growth presuppose the existence of markets and effective regulatory agencies of government. As Sola and collaborators have recently argues, the causal process in Brazil appears to be precisely the reverse: the importance of monetary policy and independence of central banking became relevant and possible only after the achievement of durable price stability in 1994. In broader terms, our criticism is that if one simply transplants central bank independence to emerging economies where parameters for monetary policy fluctuate much more dramatically, the causal effects expected by reformers will be short lived.

The question of central bank independence has also been studied in recent comparative analysis in both politics and economics. Recent research into advanced industrial economies suggests that explanation of monetary performance and central bank independence has to do with a variety of intervening variables that include the relation of labor and business organizations, and the partisan composition of governments.⁵⁹ Formal comparison of governments according to standard typologies such as minority/majority, multi-party/two-party, short-lived/longstanding suggest that none of these specific dichotomies or different forms of government provide significant explanation for the success or failure of monetary policy. Like past studies of political institutions, this lack of evidence linking different forms of government to monetary performance suggests that these causal relations are more complex, more context specific, and more path dependent than appear in formal comparative analysis across countries.

⁵⁸ WALSH, Carl. "Optimal Contracts for Central Bankers." *American Economic Review*. Vol. 85, 1995 and ROGOFF, Kenneth. "The Optimal Degree of Commitment to and Intermediate Monetary Target." *Quarterly Journal of Economics*. Vol. 100, November 1985, pp. 1169-1190

⁵⁹ HIBBS, Douglas. "Political Parties and Macroeconomic Policy." *American Political Science Review*. Vol. 71, December 1977, pp. 1467-1487 and WAY, Christopher. "Central Banks, Partisan Politics, and Macroeconomic Outcomes." *Comparative Political Studies*. Vol. 33, March 2000, pp. 196-224

Johnson explores why independent central banks emerged so quickly in the post-communist world, emphasizing the importance of a transnational epistemic community of central bankers that shared both a neoliberal ideology and sufficient material resources to guided institutional transformation.⁶⁰ For Johnson, this process built new domestic institutions, reduced policy autonomy, and transformed sovereignty throughout Eastern Europe. This emphasis on the role of epistemic communities provides a political focus on the construction of monetary authority, criticizing previous conceptions that see central bank independence as inevitable given globalization, or as imposed by international financial institutions such as the IMF or mechanisms of coercion led by the US.

On the Importance of Context and Path Dependence: The Question of Central Bank Independence in Brazil

These broader arguments about central bank independence also must be qualified by consideration of the Brazilian experience. Political scientists have emphasized the unexpected trajectory of monetary policy in Brazil, through heterodox policies used to reduce high and persistent inflation being the critical juncture in terms of both government economic policies and the party-electoral realignment after transition from military rule. Sola and associates have demonstrated that this recent trajectory in Brazil reversed the causal relation emphasized in economic analyses that link central bank independence to lower levels of inflation and higher levels of growth. Contrary to these generalizations, the Brazilian experience suggests that monetary policies make sense only once a modicum of price stability is achieved. Furthermore, the dramatic distributive effects under the first three years of the real plan not only projected Fernando Henrique Cardoso from the finance ministry to the presidency, but it also cemented a coalition government with broad popularity among voters. Armijo has argued that this link between the end of losses to popular sectors due to the end of military rule and the transition to mass democracy.⁶¹

As mentioned above, this particular trajectory in Brazil suggests that Sola and collaborators are correct in emphasizing the counter-intuitive trajectory in Brazil, that is to say from price stability to financial reforms to the question of central bank independence. This alternative trajectory suggests that further research will be required to understand how the positive impact of the Real Plan and price stability generated new patterns of consensus and conflict about economic and monetary policy in Brazil, both among political elites and public opinion in general. While Armijo and Sola argue that price stability and Toucan government since 1994 have consolidated support for a new set of core economic policies, for this author we should await both further time and the empirical findings of our survey of Brazilian federal deputies before affirming the extent and depth of support for inflation targeting, financial reforms, and central bank independence in Brazil.

⁶⁰ JOHNSON, Juliet "Financial Globalization and National Sovereignty." Paper prepared for delivery at the 2002 Annual Meeting of the American Political Science Association, Boston, August 29-September 1, 2002.

⁶¹ ARMIJO, Leslie E. Ed. *Debating the Global Financial Architecture*. Albany, NY: SUNY Press, 2002

Indeed, this research is timely because the legislative agenda during 2003 has focused directly on the question of financial reforms through regulating the articles in amendment 192 of the 1988 constitution. In addition to provisions on the role of the Brazilian Central Bank, Article 192 also contains a variety of legislation that regulates money, credit, and finance such as a 12 percent cap on interest rates, regulation of foreign capital holdings in financial institutions, legal requirements for credit agencies, commercial banks and investment houses, deposit insurance on personal savings, and matters of bank supervision. The first critical vote for the government is to alter Article 192 to permit discussion of consensual reforms in separate pieces of ordinary legislation. Polemic questions such as formalizing central bank independence are currently aggregated by the Constitution in ways that block all financial reforms. Given the difficulty of obtaining 3/5 votes in both houses to change the 1988 Constitution, we expect consensus to emerge on less polemic questions of financial reform and bank supervision, while the formal concession of greater independence to the Brazilian Central Bank depends on reaching a new consensus on the advantages of operational independence.

In spite of opposition, the new government has signaled its intention to work in favor of an independent Brazilian Central Bank. The most difficult political challenge faced by the economic team resides in explaining to public opinion the difference between, on the one hand, proper attributions of central banking, those of outlining and implementing monetary policy and, on the other hand, the full repertory of economic policies under responsibility of the federal government. The major benefit in favor of central bank independence resides in disassociating monetary policy from political cycles. International evidence demonstrates that independent monetary authorities lower inflation and increase monetary stability. Another strong argument in favor of greater independence for the Brazilian Central Bank rests on increasing the separation of the fiscal budget from the monetary budget, a measure that would provide additional assurance of commitment to price stability. However, critics argue that separation of monetary policy from politics reduces executive authority and economic policy options, especially those designed to produce higher levels of economic growth. In any case, the declaration of intent by the Silva administration to work toward central bank independence is another strong signal to markets of the governments commitment to maintaining price stability.

What kind of central bank independence does current legislation seek? Two basic types of central banks can be found in the advanced economies: those with formal independence and those with operational independence. The formal independence of central banks in the US, European Union, Japan, and Switzerland implies that both the setting of monetary targets and the implementation of monetary policies to achieve targets are the prerogative of the central bank. In contrast, the Brazilian government has proposed granting operational independence to monetary authorities. This implies that government policy-makers define monetary targets, which the Brazilian Central Bank is then required to meet. The Bank of England, as well as central banks in other advanced and emerging economies function according to this principle of operational independence.

The Brazilian government has long practiced a more technical approach for determining monetary policy in the *Comitê de Política Monetária* (COPOM, Monetary Policy Committee). President Silva's respect for the independence of this policy-making institution is another indication of the continuity and prudence adopted by the new PT government. A strong consensus exists in the government that the stabilization of the real and lower levels of inflation are prior and necessary conditions for reducing interest rates. In sum, the Brazilian Central Bank has already developed a considerable degree of independence in terms of monetary policy, and the new government has demonstrated a commitment to maintain that independence, despite the absence of formal legal separation of the bank from presidential authority and electoral cycles.

Amidst current debate about central bank independence, it should be remembered that the recent history of price stability and monetary policy suggests that the causal relation may be somewhat different than strong claims about central bank independence on inflation and growth. Indeed, work by Sola and associates on Brazil suggests that the relation may be more path dependent, with price stability providing the necessary conditions for greater independence of monetary policy from other economic policies.⁶² This research continues this emphasis of path dependency in macro-political-economic analysis, focusing on the relation between politics and economics on a domestic level, applying notions of institutional change to a different level of analysis.

Research in Brazil has also focused on the vicious cycles of state government debt and fiscal crises during the period of political transition from military rule, especially the permissive monetary holes in the federal financial system such as the *Conta Movimento* in the Banco do Brasil. The decade of the 1980s, from this perspective, produced the bankruptcy and federalization of a variety of state banks and explains approximately 35 percent of government debt still in 2002.⁶³

Since price stability in 1994, the trajectory of financial reforms such as 1987 Decree 2321, the decision of the Conselho Monetário Nacional to set debt targets for state governments, the 1922 inquiry into banking practices, and Senate definition of fiscal and monetary authority in 1994 was followed by further significant refinancing of federal banks and increasing transparency in terms of monetary policy in the Brazilian Central Bank.

Another legacy of this period of transition to price stability was a period of severe adjustment and reorganization of state, as well as private, banks to the end of high inflation that offered large gains through arbitrage but difficulty in standard bank credit operations. Indeed, despite price stability since 1994, the number of Brazilians that have bank accounts is still below 40 percent of the total population. Price stability was fundamental to cement

⁶² SOLA, Lourdes., et.al. *Banco Central: autoridade política e democratização – um equilíbrio delicado*. Op. Cit.

⁶³ LOPREATO, Francisco L.C. *Crise de Financiamento dos Governos Estaduais (1980-1988)*. Doctoral Dissertation, UNICAMP, 1992

the popularity and party coalition of President Cardoso, but the large distributive action through policies designed to reduce inertial inflation

In a broader sense, economic policy since price stability in 1994 can be described as a shift away from the traditional Brazilian model of state-led development to a new regime that seeks to rely on market forces and government regulation. Legislation calling for new regulatory agencies was voted during 1995-1998, involving a variety of Constitutional Amendments with three-fifths in successive votes in both senate and federal assembly, as well as a series of majority votes on complementary legislation designed to complete the mandated privatizations and secure market competition thereafter. New federal agencies were created to regulate providers of electric energy (ANEEL) and telecommunications (ANATEL), while the National Petroleum Agency (ANP) replaced the monopoly of *Petrobras* through new mechanisms of concessions, privatizations, and joint ventures.

This particular sequence of liberalization, adjustment, and economic growth (despite crises and shocks) that occurred during the 1990s has altered the fundamental characteristics of the Brazilian economy. Broad initiatives of liberalization and privatization that began under President Collor in 1992 proceeded under President Cardoso despite a succession of international economic crises. With trade liberalization underway, the Real Plan (July 1994) reduced inflation and created a period of growth led by popular consumption due to the end of salary erosion under inflation. Then, after liberalization and a period of consumer-led growth, the Brazilian economy shifted during 1996-1997 to a new period in which capital investments led growth. The increased competition from imports, a boom of consumer spending among popular classes (brief as it may have been), and a subsequent period of capital investments appear to have significantly modernized Brazilian industry and commerce, while the volatility of the international economy raised the social costs of adjustment and periodically disrupted capital flows. These domestic trends occurred despite a series of currency crises abroad (Mexico in late 1994, Asia in 1997, Russia in 1998, Argentina in 2001) that shook the confidence of international investors in emerging economies generally.

This combination of a more open domestic economy and a more volatile international economy during the 1990s has both altered the basic structure of the Brazilian economy and the basic assumptions about economic policy in the country. But far from a simple incorporation of neo-liberal ideology, Toucan policies have been inspired by heterodox economic theories of inertial inflation and a domestic growth coalition. The ability to sustain the redistribution of wealth to popular sectors during the reduction of inflation and measures of economic liberalization from 1995 through 1997 differs significantly from the increasing poverty caused by neo-liberal economic policy, whether in advanced economies like England and the United States or neighbors such as Chile and Argentina.

This research project is privileged to accompany the change in government from Toucan alliance under President Cardoso to the center-left alliance under President Silva

and the PT. The questionnaire applied to 75 federal deputies focuses precisely on the perception of recent financial and monetary reforms among political elites, in the hope of providing empirical evidence about the Brazilian experience in the construction of both monetary authority and democratic government.

Monetary Policy and Politics in Brazilian History

This research took a stronger than anticipated historical turn given the rich secondary and primary sources available on monetary policy in Brazilian history. This section reports the initial results of bibliographic research and division of Brazilian history into periods of monetary policy and politics. The broader goal is to focus on critical junctures of monetary politics during Brazilian history since 1822 and evaluate the impact of monetary phenomena and government policy in terms of class inclusion and/or exclusion in Brazilian political institutions.

As noted, this analysis of politics and money in Brazil since 1822 adopts a different focus than standard works on U.S. monetary history that tend to focus on the interactions between economic variables, and leave distributional, political, and social questions aside.⁶⁴ Cagan's analysis of determinants and effects of changes in the stock of money from 1877 to 1960 mentions several times the gains and losses of particular social groups, but is still more concerned with inflation and growth levels than matters of income redistribution.⁶⁵ Histories of monetary policy seem conspicuous in their lack of interest in the social or political consequences of monetary phenomena.

An exception of particular interest is the work of Massimo Pivetti published in *An Essay on Money and Distribution*, both for its rich intellectual history of theories about money, credit, banking, and economic growth, as well as its conscious effort to develop methods and concepts able to track the distributional consequences of diverse monetary policies.⁶⁶ Pivetti's work provides a thematic and historical overview of the central theories and propositions in economic theory about monetary policy, as well a basic concern with the impact of monetary policies on the distribution of income across social classes and groups.

Historians assuredly would join economists at this point in rejecting these incursions from a sister discipline such as political science. At the least, historiography requires greater attention to primary sources. Nonetheless, this research plans to work within a

⁶⁴ FRIEDMAN, Milton & SCHWARTZ, Anna Jacobson. *A Monetary History of the United States: 1867-1960*. Princeton: Princeton University Press, 1963

⁶⁵ CAGAN, Phillip. *Determinants and Effects of Changes in the Stock of Money, 1875-1960*. New York: Columbia University Press, 1965 and BRUNNER, Karl and Allan H. Meltzer. *Money and the Economy*. Cambridge: Cambridge University Press, 1993

⁶⁶ PIVETTI, Massimo. *An Essay on Money and Distribution*. London: Macmillan, 1991

tradition of comparative historical analysis that attempts to use secondary accounts to focus on the validity of broader theories about politics. And what more political than monetary policy? In sum, this analysis of monetary policy in Brazilian history adopts the method of comparative historical analysis, a method marked by use secondary sources for their empirical and analytic content, but nonetheless careful to avert the biases generally present in these sources.

Recent examples of economic history that inform this research into the politics of monetary policy in Brazil is the collection of texts by Abreu⁶⁷ and more established lines of inquiry into the history of banking, money, and credit during development such as the monetary histories produced by Cameron and associates.⁶⁸ This research also focuses on works of monetary and macroeconomic history as sources for primary and secondary information on the relation between politics and monetary policy in Brazilian history. Classic authors about monetary theory and practice in Brazil such as Eugênio Gudín, Calogeras, Cavalcanti, Lyra Filho, Falcão, Carreira, Haddad, Goldschmitt, and others.⁶⁹ Fortunately, several scholarly manuscripts on monetary history and a long series of policy debates about monetary policy in Brazil provide solid empirical evidence and considered reflections about the national context of monetary policy and its divergence from national and regional experiences with price stability. In this sense, the wide variety and high quality of scholarship on Brazilian financial history facilitates the development of the comparative historical analysis proposed herein.

During the next year of research, the following manuscripts will be used to organize empirical and conceptual analysis of politics and monetary policy in Brazilian history. On the general history of Brazilian monetary and a systematic documentation of government banks, Lyra Filho's *O Estado Monetário* provides an excellent source for a periodization of monetary policy and politics since 1822.⁷⁰ Joaquim Falcão's *O Empirismo Monetário no Brasil* also provides close narratives about financial crises and monetary policy in the context of general economic policy regime of a variety of historical periods in Brazilian history from 1822-1960. The first academic manuscript on monetary policy and politics is Viera's *Evolução do Sistema Monetário Brasileiro*, a work that facilitates this comparative historical analysis by integrating a periodization of economic policies, political regimes,

⁶⁷ ABREU, Marcelo de Paiva., org. *Ordem do Progresso: Cem Anos de Política Econômica Republicana, 1889-1989*. Rio de Janeiro: Campus, 1990

⁶⁸ CAMERON, Rondo. *Banking and Economics: Some Lessons of History*. New York: Oxford University Press, 1972 and CAMERON, Rondo. *Banking in the Early Stages of Industrialization*. New York: Oxford University Press, 1967

⁶⁹ BORGES, Maria A. *Eugênio Gudín: Capitalismo e Neoliberalismo*. São Paulo, Educ, 1996 and CAVALCANTI, Amaro. *O Meio Circulante Nacional* 1910

⁷⁰ LYRA-FILHO, J. *O Estado Monetário*. Rio de Janeiro: Irmãos Pivetti, 1948

and a series of causal analyses about the relation between politics and monetary policy during these periods.⁷¹ Excellent secondary analyses of monetary policy in Brazilian history are also available from classic biographies of economic policy ministers and recent republication of financial elites.⁷² Classic overviews of Brazilian politics also contain discussions of monetary policy that will be used as control over other secondary accounts.⁷³

Finally, several classics on monetary history in Brazil serve as sources for historical data and conceptual focus on questions of crisis, monetary reform, price and production levels that, as a whole characterize this research project. The historical data organized in the Appendix were gathered from Pelaez & Suzigan's *Historia Monetária do Brasil* and Goldschmitt's *Brasil 1850-1984 Desenvolvimento Financeiro sob um Século de Inflação*, with corrections and checks based on Haddad's *Crescimento do Produto Real no Brasil* and primary references.⁷⁴ Further review of central works in monetary economics and monetary history in Brazil will also be required. The collection of essays by Langoni, et.al. entitled *The Quest for Monetary Stability* provides an overview of perspectives on monetary policy in economics.⁷⁵ Nathaniel Leff's work *Subdesenvolvimento e Desenvolvimento no Brasil: Estrutura e Mudança Econômica, 1822-1984* will also be used to organize the historical review of monetary policy and politics proposed herein.⁷⁶

The following table introduces the periodization and categorization that will guide further research into political institutions and monetary policy in Brazilian history.

Table 1) Overview of Politics and Monetary Policy in Brazilian History

Political	Monetary	Redistributive	Critical Juncture
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⁷¹ VIERA, Dorival T. *Evolução do Sistema Monetário Brasileiro*. São Paulo: Instituto de Pesquisas Econômicas, 1981 (1st edition 1962)

⁷² NABUCO, Joaquim. *Um Estadista do Imperio, Nabuco de Araujo*. São Paulo: Editora Nacional, 1936 (2vols.), MANGABEIRA, João. *Rui O Estadista da República* Rio de Janeiro: José Olympio, 1943, and AGUIAR, Pinto de. *Rui e a Economia Brasileira*. Rio de Janeiro: Fundação Casa de Rui Barbosa, 1973

⁷³ SANTOS, José Maria. *A Política Geral do Brasil*. São Paulo: J. Magalhães, 1930 and PELAEZ, Carlos M. & Suzigan, Wilson. *História Monetária do Brasil: Análise da Política, Comportamento e Instituições Monetárias*. Rio de Janeiro: IPEA/INPES, 1976, and LUZ, Nícia Villela. "Joaquim Murinho e o Darwinismo Econômico" Introduction to: *Idéias Econômicas de Joaquim Murinho*. Brasília: Senado Federal, 1980

⁷⁴ HADDAD, Claudio L.S. *Crescimento do Produto Real no Brasil, 1900-1947*. Rio de Janeiro, FGV, 1978 and HADDAD, Claudio L.S. *As Operações com Títulos Públicos Federais e a Execução da Política Monetária*. São Paulo: Adeval, 1982

⁷⁵ LANGONI, Carlos G. et.al. eds. *The Quest for Monetary Stability*. Washington, D.C.: DA Publishing (FGV), 1996

⁷⁶ LEFF, Nathaniel H. *Subdesenvolvimento e Desenvolvimento no Brasil: Estrutura e Mudança Econômica, 1822-1994*. Rio de Janeiro: Expressão e Cultura, 1991

Decade	Regime	Regime	Bias	or Reform
1990s	Democracy	“Toucan”	->97 C/D	Real Plan
1980s	Transition	Inflation/Debt	A/B org's	1985 Transition
1970s	Military	“Miracle”	A/B	AI5
1960s	Military	Adjust/Reform	A	1965 Reform
1950s	Democracy	Developmentalism	A/B	Inflation
1940s	Nat-Populism	State Banks	A/B/C	
1930s	Revolution			
1920s	Old Republic	Liberal		Redesconto
1910s	Old Republic	Liberal		Gold Standard
1900s	Old Republic	Liberal		Inflation
1890s	Olig. Dem	Liberal		Inflation
1880s	Monarchy			
1870s	Monarchy			
1860s	Monarchy			Entraves Law
1850s	Monarchy			1857 Crisis
1840s	Regency			1846 Reform
1830s	Monarchy			1831 Revolution
1820s	Monarchy			BB Collapse
1810s	Colony	Metalisms		BB Founding

Because the four columns in Table 1 are the primary categories used to organize research in to politics and monetary policy in Brazilian history, brief comments about these

concepts are in order. First, by political regime we mean the primary organizing principle and form of government that predominated during the decade in question. The evolution of Brazilian politics is described according to the standard concepts from political historians, spanning colony, monarchy, regency, oligarchic federalism, *Estado Novo*, post-World War II democracy, military government, and post-transition democracy. These concepts are standard among Brazilian political scientists and historians.

The column describing the monetary regime attempts to describe the core principles of policies in place during the period in question. Review of secondary analyses of each period of Brazilian politics since independence has identified the monetary regime for several historical periods, but further research of secondary accounts of Brazilian economic and financial history will be required to describe the monetary regimes from 1820 through the 1880s.

The column describing redistributive bias emphasizes who won, who lost, and how monetary policies during the period in question affected the wealth of social groups and classes. For recent periods (since 1930), standard IBGE categories of ABCD(E) are used to describe the consequences of monetary policy for social classes in Brazil. Again, further research will be required to estimate the social impact of monetary policies in the preceding periods of Brazilian history.

The last column describing critical juncture or reform attempts to focus on the particular event or piece of monetary policy legislation that defined the subsequent period of continuity. Financial or monetary crises involving the substitution of currency or the implementation of financial and or bank reforms are thereby brought to primary causal status and will be emphasized in the historical analysis.

Political Institutions and Monetary Policy: The Importance of Brazilian Federal Government Banks

Another dimension of the politics of monetary policy in Brazil has to do with federal government banks. Although many regard the 1990s as a period of neo-liberalism in Brazil and abroad, the reality in 2002 is that the three largest banks in Brazil remain federal government institutions. After a decade of foreign investment and financial reforms designed to bring Brazilian banks within Basle II accord, the Brazilian presidency retains considerable financial and policy initiative in the Brazilian federal government banks. The Banco do Brasil (BB) acts as the primary agent of agricultural credit and development, while also focusing on international commerce and export programs. The Banco Nacional de Desenvolvimento Econômico e Social (BNDES) provides long term credit to economic sectors seen as critical by the federal government for economic and social development. The BNDES also co-ordinates the federal government program of privatization and provides export financing. The Banco do Nordeste (BNB) and Banco da Amazonia (Basa) focus on regional development. Finally, the Caixa Econômica Federal (CAIXA) has traditionally focused on urban development, especially sanitation and housing, and the

transfer of government benefits such as pensions, public savings programs, and unemployment funds.

On June 22, 2001 Finance Minister Malan announced a broad refinancing scheme for Brazilian federal banks. The refinancing injected R\$12.5 billion into Brazilian federal banks to meet Basel Accord capital requirements as well as Brazilian Central Bank resolution 2.682/99 that set additional guidelines for provisions against credit risk. Guidelines set by Minister Malan attempt to guarantee the continuity of the bank as agent for the implementation of federal government policies while ensuring against the recurrence of large liabilities. In comparative perspective, federal government banks provide an exceptional resource for the implementation of policies by presidents and suggest that Toucan reforms are far from a type of neo-liberal reduction of the state. For example, total investments by the BNDES increased four-fold during the Cardoso administration reaching an estimated 38 billion in 2001, far greater than investments by international financial institutions such as the World Bank or International Monetary Fund.

Regarding the particular context of Brazilian finance and banking, this research will also require better description and analysis of trends since price stability in 1994. Indeed, it appears that the privatizations and acquisitions of Brazilian banks by large international banks during the 1990s also set a fundamentally different context for the relation between politics and monetary policy in contemporary Brazil. Although further analysis of trends during the period of study will be required, the position of major banks in 2001 suggests that the dramatic internationalization of Brazilian banking has not occurred. This trend is important because it belies notions that financial globalization is the primary causal force for transforming monetary policy and the increasing independence of central banking. If little internationalization of Brazilian banking occurred during the 1990s, then it appears difficult to sustain stronger causal claims about the impact of financial globalization in the Brazilian case. Instead, this research focuses on the particular domestic processes that have shaped the context for financial and monetary reforms in Brazil during the 1990s.

Table 2) 2001 Brazilian Bank Ratings

Bank	Assets	Profits	Credit	Deposits	Employees	Agencies	Basle Index	Reserves
BB	165120	777	42499	73435	90002	3069	12,67	30,72
BNDES	114693	583	33875	8841	1471	1	21,85	65,8
CEF	101330	-293	19660	69257	98971	2013	13,56	63,81
Bradesco	93195	1130	37977	41290	63401	2617	15,22	51,11
Itaú	78637	1510	24307	28451	50355	2028	18,27	69,59
Santander-								
Banespa	57436	859	11788	15840	20509	1001	14,66	37,77
Unibanco	51753	551881	20657	19402	25570	914	13,72	69
ABN Amro	32121	129872	12081	9469	25050	819	16,75	46,85
Safra	30355	232	7390	6607	3917	77	12,91	26,12
HSBC	25630	145	6420	9241	21346	996	12,88	63,43
BankBoston	25766	327	8735	1650	3933	57	11,39	22,71
Citibank	22243	211	8020	1211	2174	52	12,73	6,01
Nossa Caixa	22167	176	2945	15862	13627	498	22,37	22,34
Sudameris	18932	138	6078	4959	6502	296	15,34	27,47
BBA-								
Creditanstalt	15819	117	5681	3754	574	5	12,2	28,85
Votorantim	11765	106	1337	4704	255	3	12,27	1,7
Bilbao Vizcaya	12573	8	4260	5635	6260	443	13,12	59,21
BNB	9116	11	6320	809	6474	175	12,16	14,47
Banrisul	8964	56	3310	5498	8040	354	14,79	25,95
Lloyds	8774	36	2818	254	328	12	13,33	9,73
Mercantil de SP	8240	-15	3138	4105	4827	221	12,59	69,1
Deutsche	6839	32	1136	1058	313	4	15,96	11,16
JP Morgan Chase	6823	-52	79	1454	473	6	15,82	9,14
Credit Suisse FB	7403	53	430	844	19	2	22,35	9
Bank of America	6865	48	120	463	127	3	21,79	7,55
Total	1063980	7760	315065	369627	498313	17180		

Source: Brazilian Central Bank

Research Plan

Given that this is the first semester report of a planned four-year research project in collaboration with colleagues in a FAPESP *unidade temática*, several comments about how the findings reported herein relate to future work are in order.⁷⁷ Plans for the completion of the historical analysis of monetary policy in Brazil include work with economic historians and scholars specialized in monetary policy in Brazil to sharpen the criteria used to select critical junctures, to improve the capacity of identifying the redistributive bias of monetary policy and financial developments in the diverse periods of Brazilian history, and the further reading of secondary and primary sources indicated below. This comparative-historical analysis will also focus on the major trends among primary monetary and financial indicators specially prepared for this research project and presented in the Appendixes.

The research and analysis involved in the case studies of federal government banks also is in an initial phase, with one of a planned three case studies largely complete. Given the ability to plot deposits, credit, and administrative costs for Brazilian government savings banks from 1934 to 1972 through organization of secondary accounts, further empirical analysis of losses and gains to depositors can now be conducted. Research will then turn to the case studies of the BNDES and Banco do Brasil.

Given that this fourth part of the *unidade temática* focuses on political institutions and the construction of monetary authority in Brazil, this research adopts two additional methods of inquiry. First, the elite survey will provide a sufficient sample to study patterns of conflict and consensus among Brazilian legislators during a period of governmental transition from the Toucan reform coalition led by President Cardoso from 1995-2001 to the PT-PL (and apparent PMDB) coalition led by President-Elect Silva. This change of government is an exceptional opportunity in terms of understanding monetary policy and politics in Brazil. Indeed, we expect the inversion of opposition and government during the elite surveys to be applied in 2003 and 2004 will provide important academic information on consensus and conflict over monetary policy in Brazil.

To address broader questions of monetary policy, democracy, and political institutions in Brazil, chapter two of this report presents a general review of scholarship on Brazilian political institutions since the 1988 Constitution that emphasizes the separation of powers. This is a central theme in political theory and contemporary debates about political institutions that will be emphasized in this research on monetary policy. That is to say that the empirical analysis of democracy and democratic governance focuses on the separation and diffusion of power as essential for efficient and effective policy. In terms of monetary policy, the often criticized centralization of monetary authority is relevant to the perspective developed here, that debate, contestation, and congressional supervision of

⁷⁷ “A construção de autoridade monetária e democracia: A experiência brasileira no contexto da integração econômica em escala global,” FAPESP Processo no 2001/05568-8

Brazilian Central Bank policy, to the extent that these phenomena have occurred, are important phenomena for understanding the character of Brazilian democratic government.

Considerable progress has been made on the organization of secondary and primary sources, the development of data bases, and the first of three planned case studies of federal government banks. Primary and secondary sources on monetary policy have been collected, and new data bases especially designed for this research project. This report presents the evolution of basic economic and monetary indicators in Brazil from 1860-1972, as well as data on the evolution of government savings banks and trends in private and public bank credit since price stability in 1994. These are three original data bases: One historical, one on Brazilian government savings banks, and another on trends in public and private bank credit from 1994-2001 provide new empirical evidence for the analysis of the impact of politics and political institutions on monetary policy in Brazil.

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APPENDIXES**Appendix 1) Monetary Indicators, Empire, 1860-1889**

Graph 1) Paper Money under Empire, 1860-1889

Graph 2) Monetary Measure M2 under Empire, 1860-1889

Graph 3) Monetary Measure M1 under Empire, 1860-1889

Graph 4) Mid-Term Deposits with the *Banco do Brasil* under Empire, 1860-1889

Graph 5) Mid-Term Deposits with Other Banks under Empire, 1860-1889

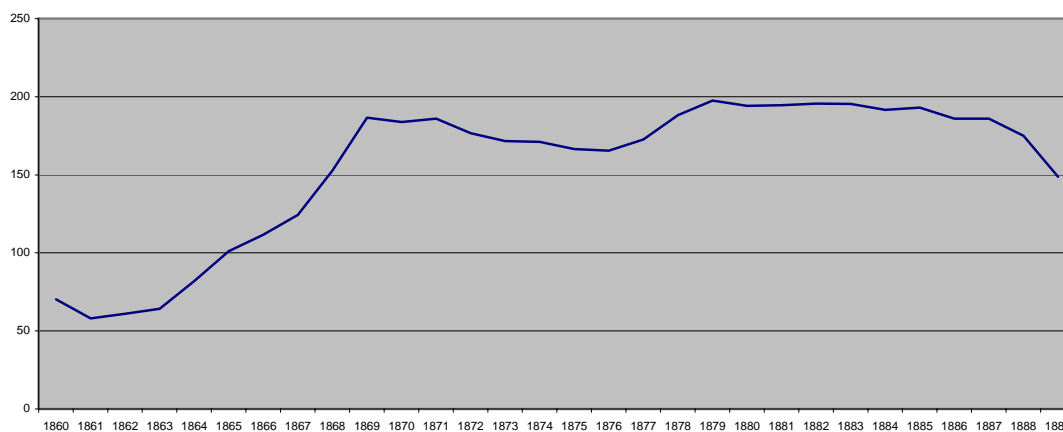
Graph 6) Mid-Term Deposits in All Banks under Empire, 1860-1889

Graph 7) Short-Term Deposits with the *Banco do Brasil* under Empire, 1860-1889

Graph 8) Short-Term Deposits with Other Banks under Empire, 1860-1889

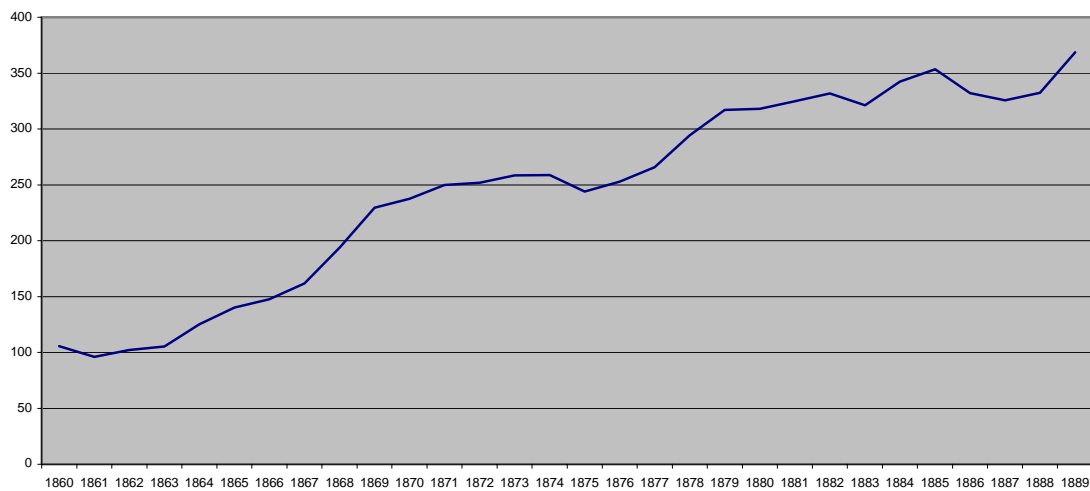
Graph 9) Short-Term Deposits with All Banks under Empire, 1860-1889

Graph 1) Paper Money under Empire, 1860-1889



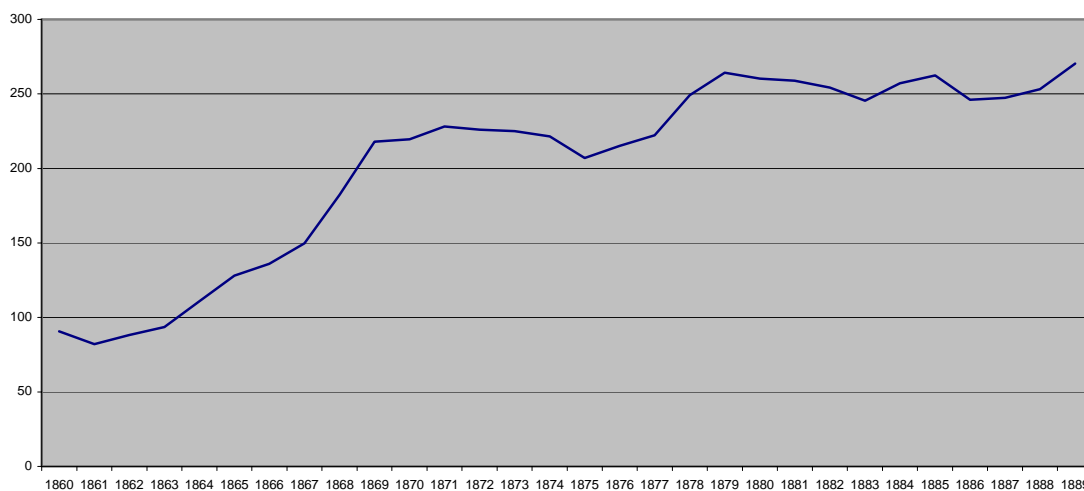
Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Graph 2) Monetary Measure M2 under Empire, 1860-1889



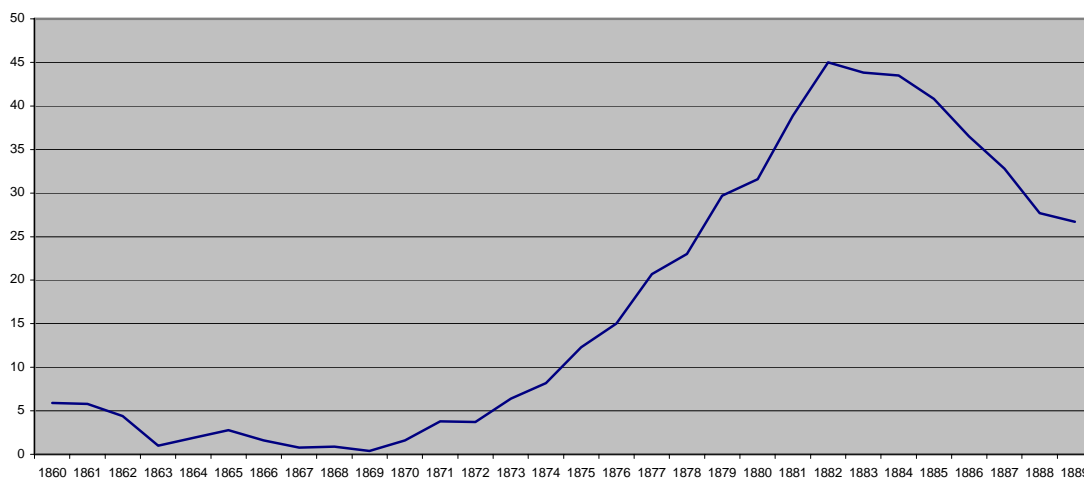
Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Graph 3) Monetary Measure M1 under Empire, 1860-1889



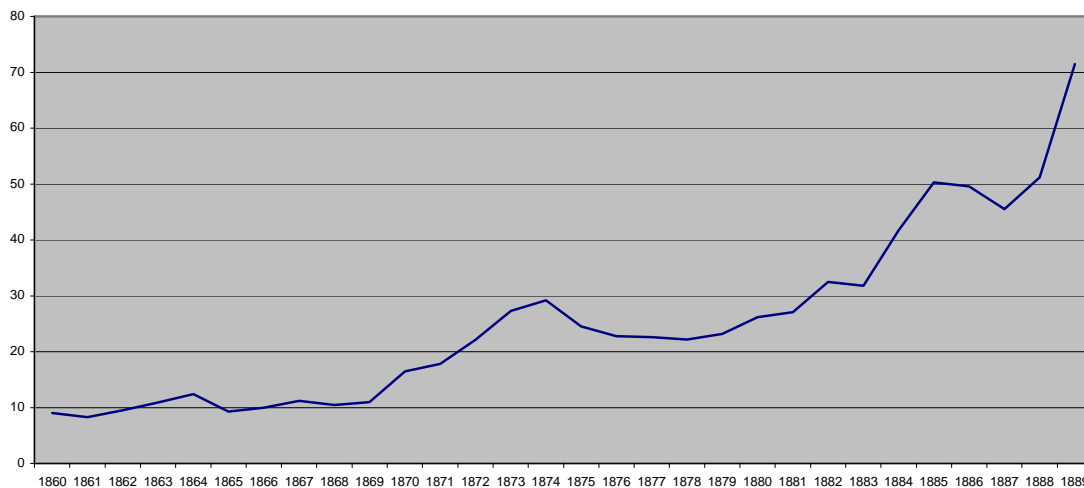
Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Graph 4) Mid-Term Deposits with the *Banco do Brasil* under Empire, 1860-1889



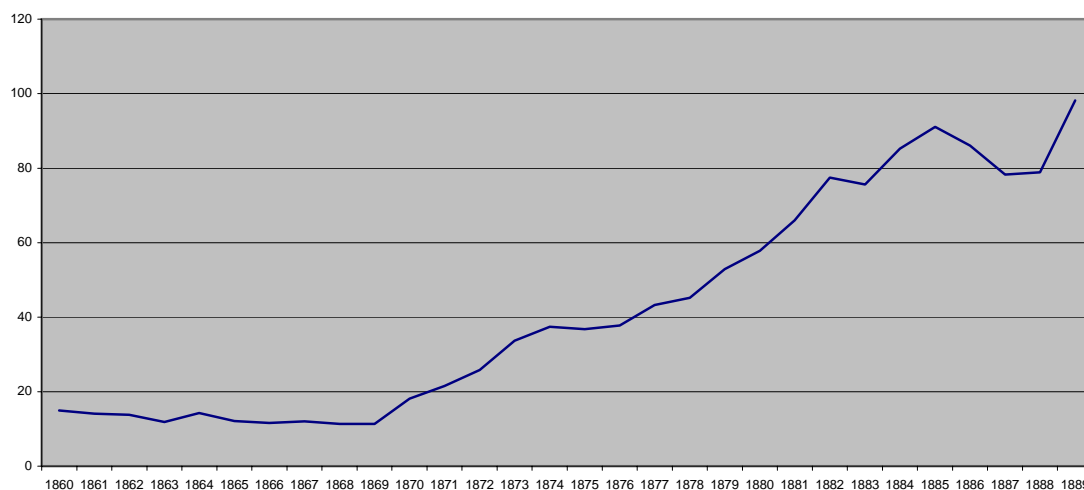
Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Graph 5) Mid-Term Deposits with Other Banks under Empire, 1860-1889



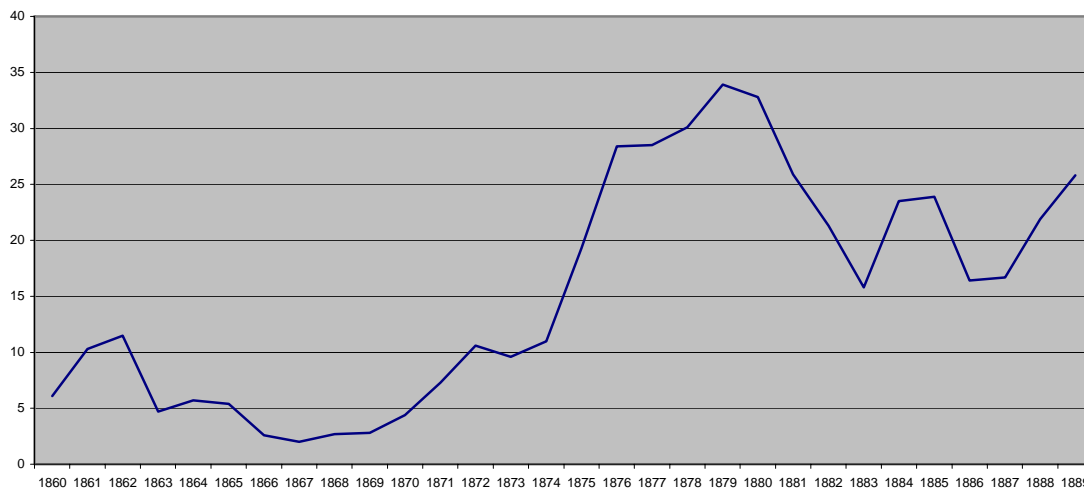
Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Graph 6) Mid-Term Deposits in All Banks under Empire, 1860-1889



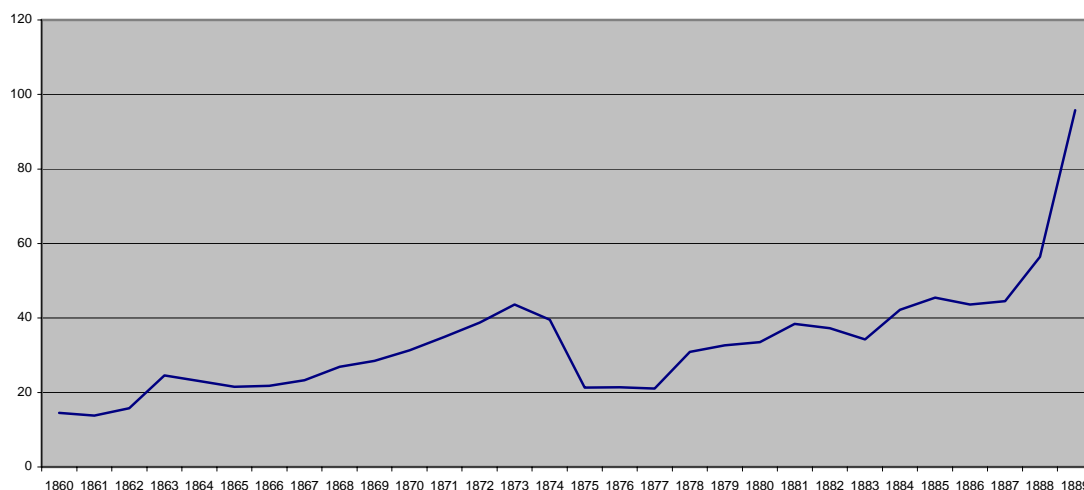
Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Graph 7) Short-Term Deposits with the *Banco do Brazil* under Empire, 1860-1889



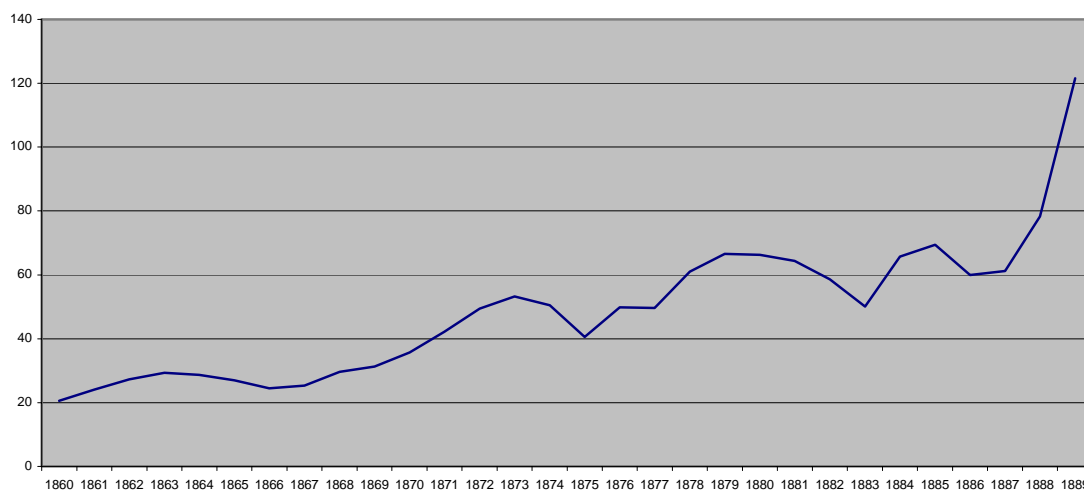
Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Graph 8) Short-Term Deposits with Other Banks under Empire, 1860-1889



Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Graph 9) Short-Term Deposits with All Banks under Empire, 1860-1889



Source: Goldsmith 1969, p. 22 and Suzigan & Peláez, 1976 pp. 396-413

Appendix 2) Monetary Indicators, Old Republic

Graph 10) Paper Money in the Old Republic, 1889-1930

Graph 11) Monetary Measure M2 in the Old Republic, 1889-1930

Graph 12) Monetary Measure M1 in the Old Republic, 1889-1930

Graph 13) Mid-Term Deposits with the *Banco do Brasil* in the Old Republic, 1889-1930

Graph 14) Mid-Term Deposits with Other Banks in the Old Republic, 1889-1930

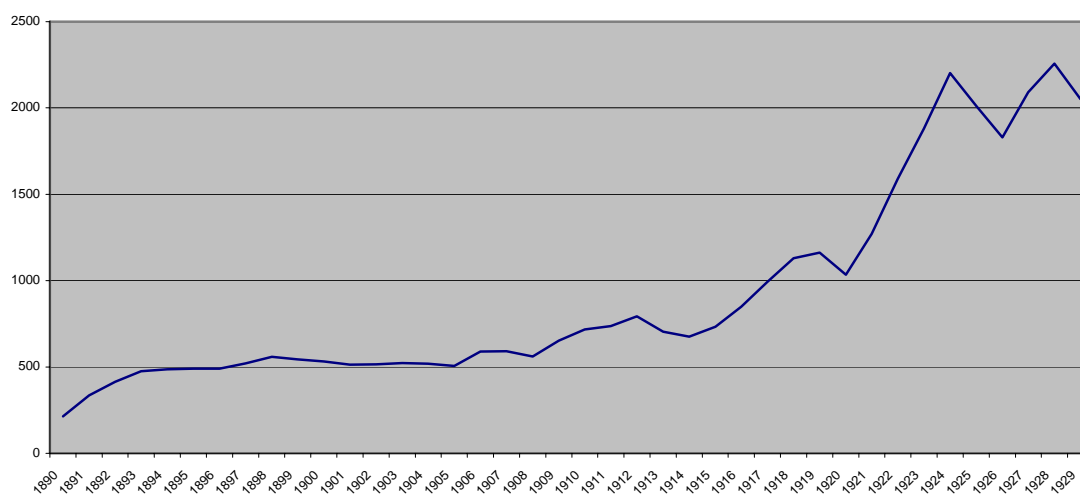
Graph 15) Mid-Term Deposits in All Banks in the Old Republic, 1889-1930

Graph 16) Short-Term Deposits with the *Banco do Brasil* in the Old Republic, 1889-1930

Graph 17) Short-Term Deposits with Other Banks in the Old Republic, 1889-1930

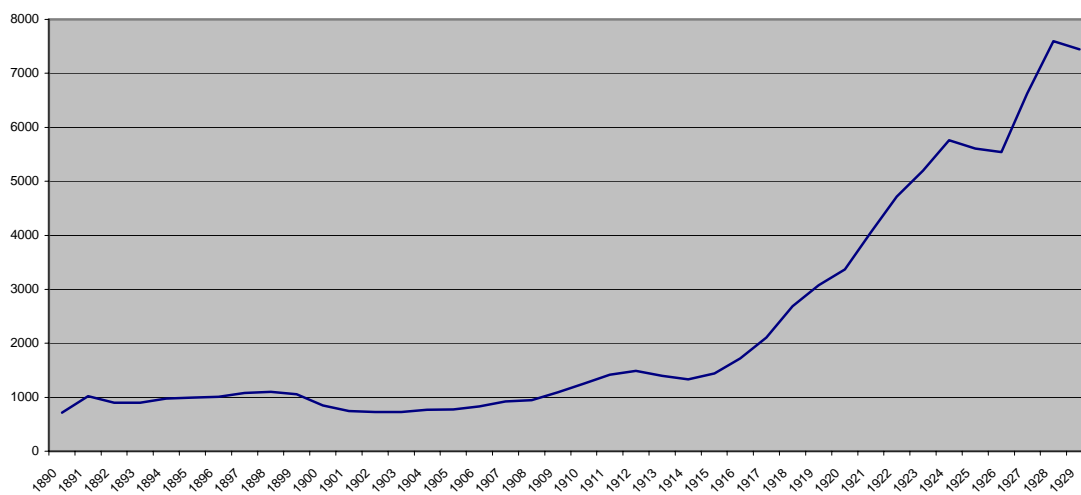
Graph 18) Short-Term Deposits with All Banks in the Old Republic, 1889-1930

Graph 10) Paper Money in the Old Republic 1890-1929



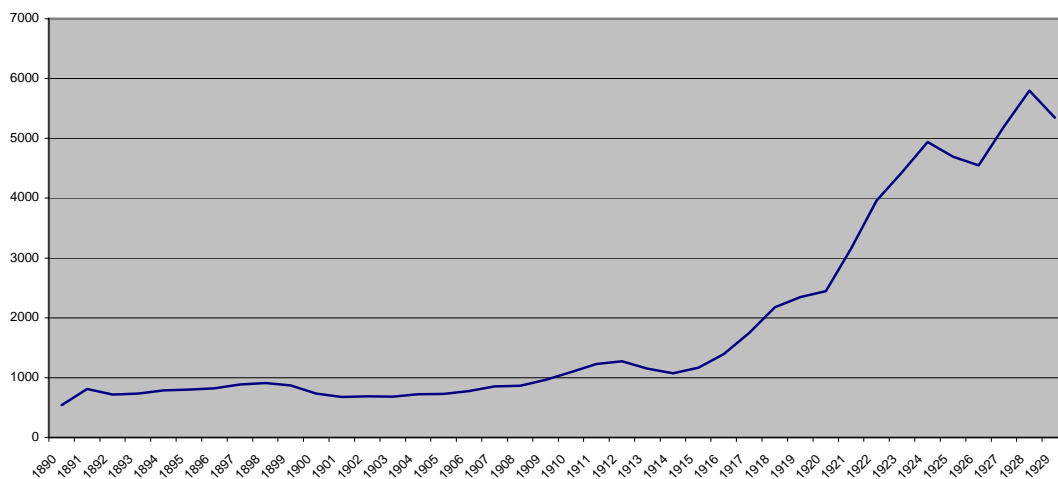
Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 11) Monetary Measure M2 in the Old Republic, 1890-1929



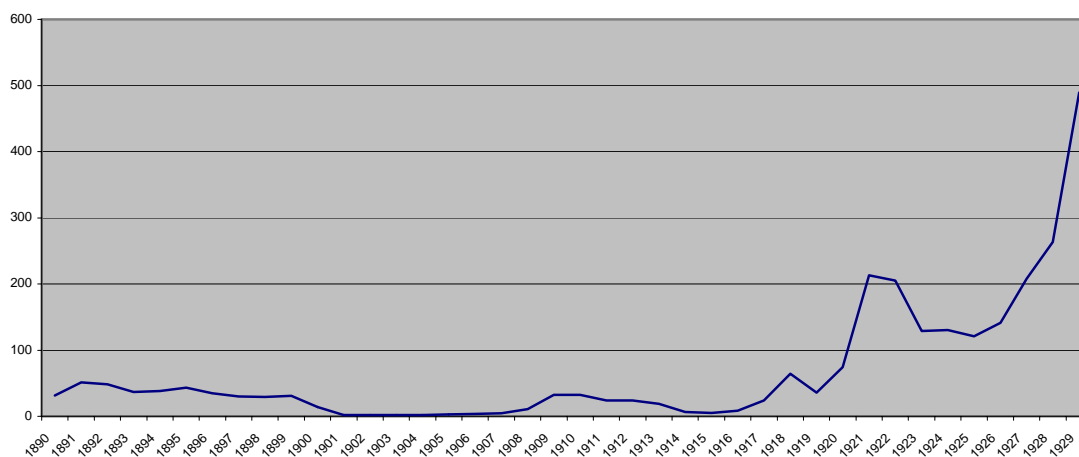
Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 12) Monetary Measure M1 in the Old Republic, 1890-1929



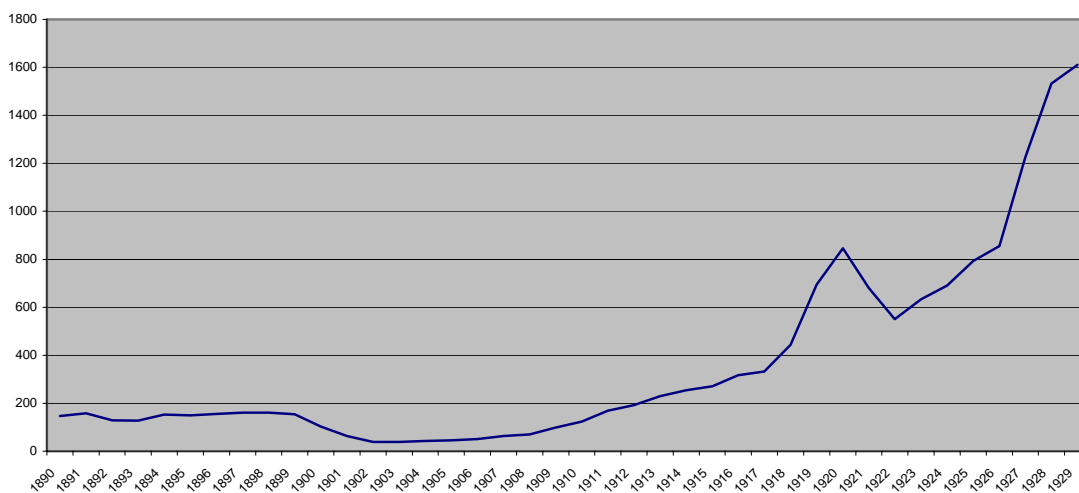
Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 13) Mid-Term Deposits with the Banco do Brasil in the Old Republic, 1890-1929



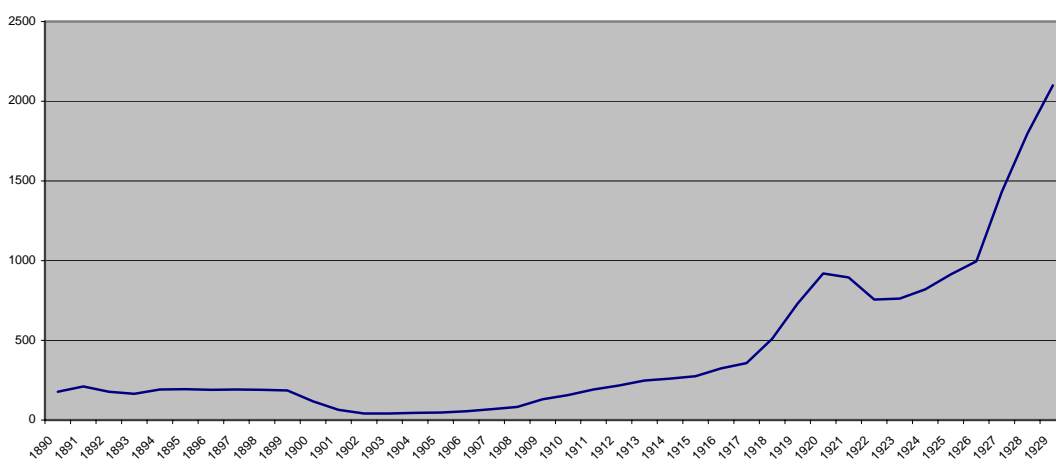
Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 14) Mid-Term Deposits with Other Banks in the Old Republic 1890-1929



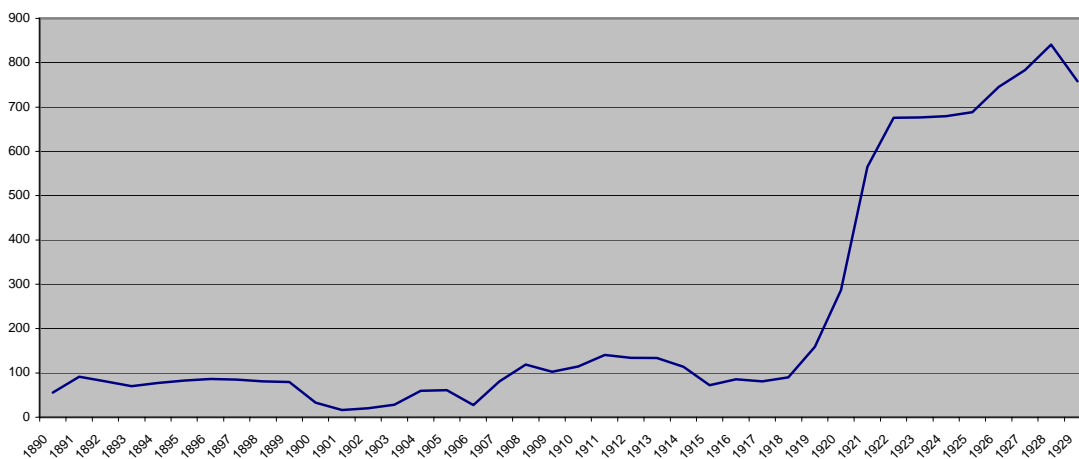
Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 15) Mid-Term Deposits in All Banks in the Old Republic, 1890-1929



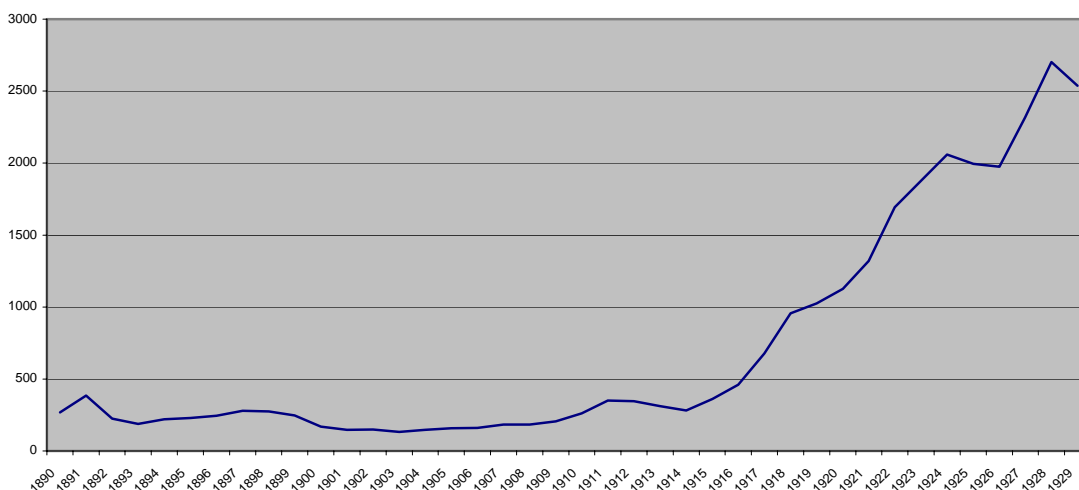
Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 16) Short-Term Deposits with the *Banco do Brasil* in the Old Republic, 1890-1929



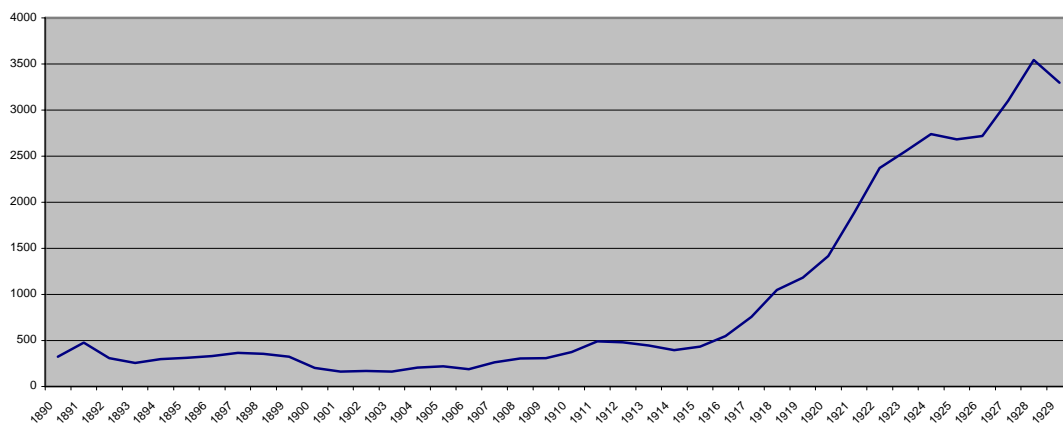
Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 17) Short-Term Deposits with Other Banks in the Old Republic, 1890-1929

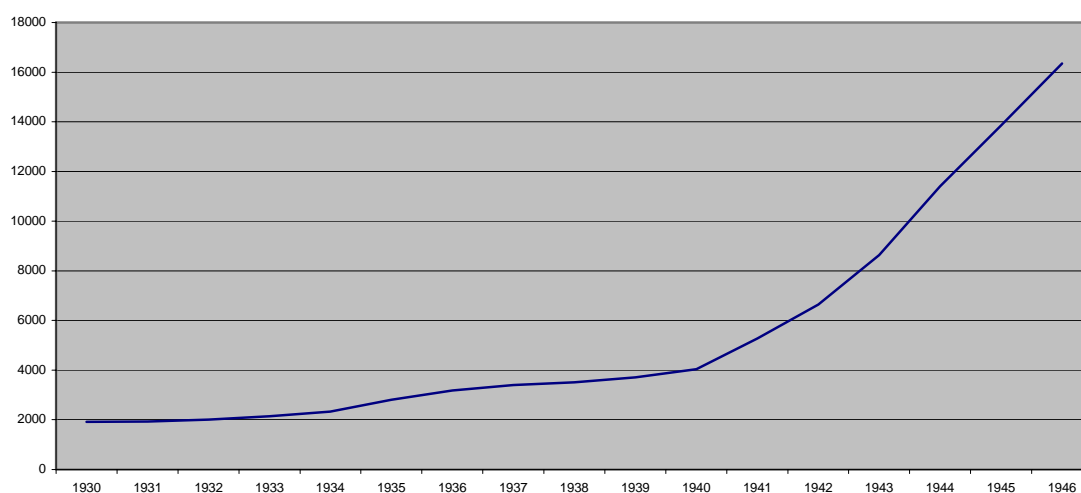


Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 18) Short-Term Deposits with All Banks in the Old Republic, 1890-1929

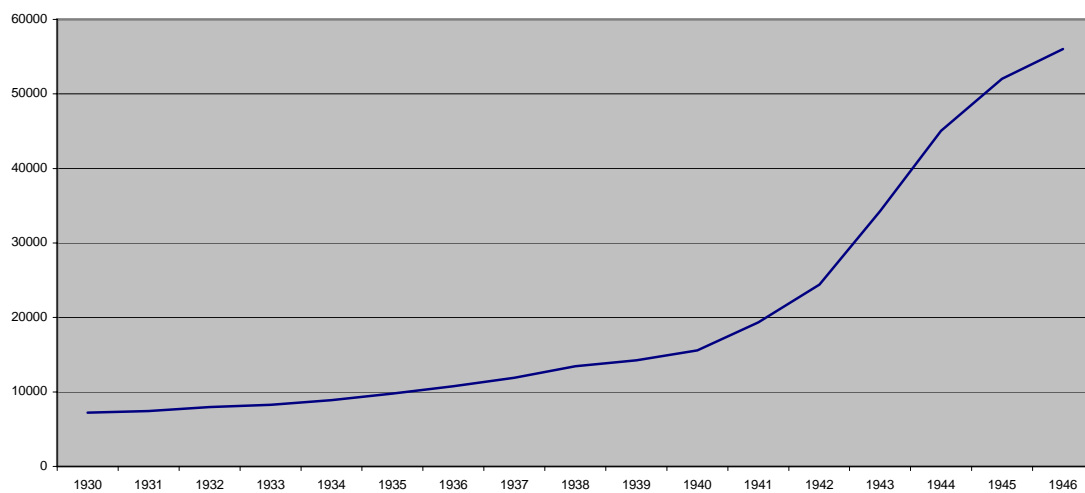


Fonte: Goldsmith 1969, pp. 82, 83 e 158 and Suzigan & Peláez, 1976 pp. 396-413

Appendix 3) Monetary Indicators, *Estado Novo*Graph 19) Paper Money in the *Estado Novo*, 1930-1945Graph 20) Monetary Measure M2 in the *Estado Novo*, 1930-1945Graph 21) Monetary Measure M1 in the *Estado Novo*, 1930-1945Graph 22) Mid-Term Deposits with the *Banco do Brasil* in the *Estado Novo*, 1930-1945Graph 23) Mid-Term Deposits with Other Banks in the *Estado Novo*, 1889-1930Graph 24) Mid-Term Deposits with All Banks in the *Estado Novo*, 1930-1945Graph 25) Short-Term Deposits with the *Banco do Brasil* in the *Estado Novo*, 1930-1945Graph 26) Short-Term Deposits with Other Banks in the *Estado Novo*, 1930-1945Graph 27) Short-Term Deposits with All Banks in the *Estado Novo*, 1930-1945Graph 19) Paper Money in the *Estado Novo*, 1930-1946

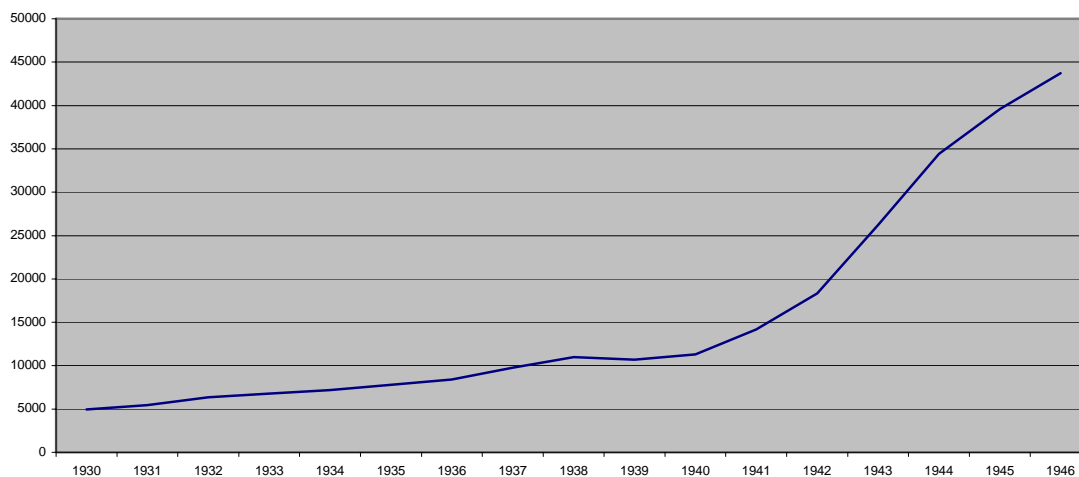
Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 20) Monetary Measure M2 in the Estado Novo, 1930-1946



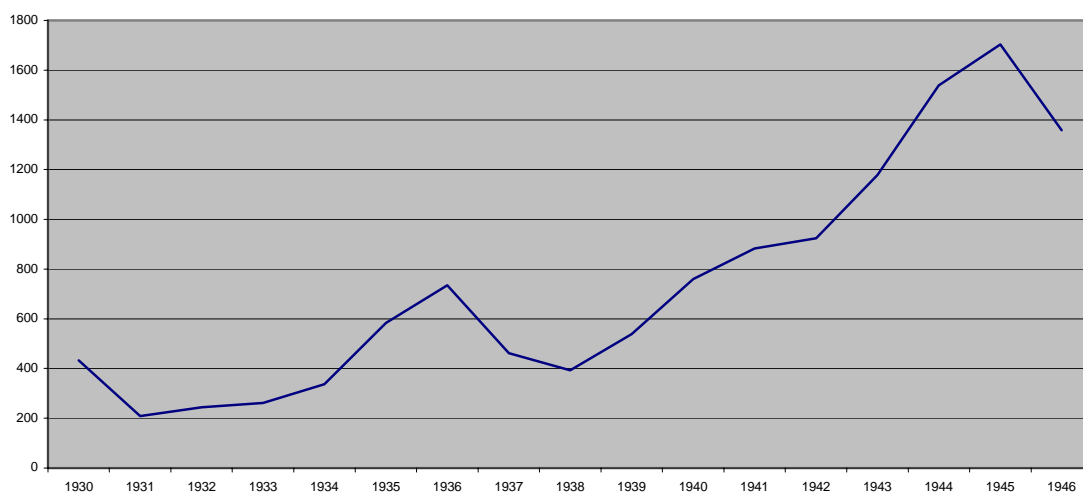
Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 21) Monetary Measure M1 in the Estado Novo, 1930-1946



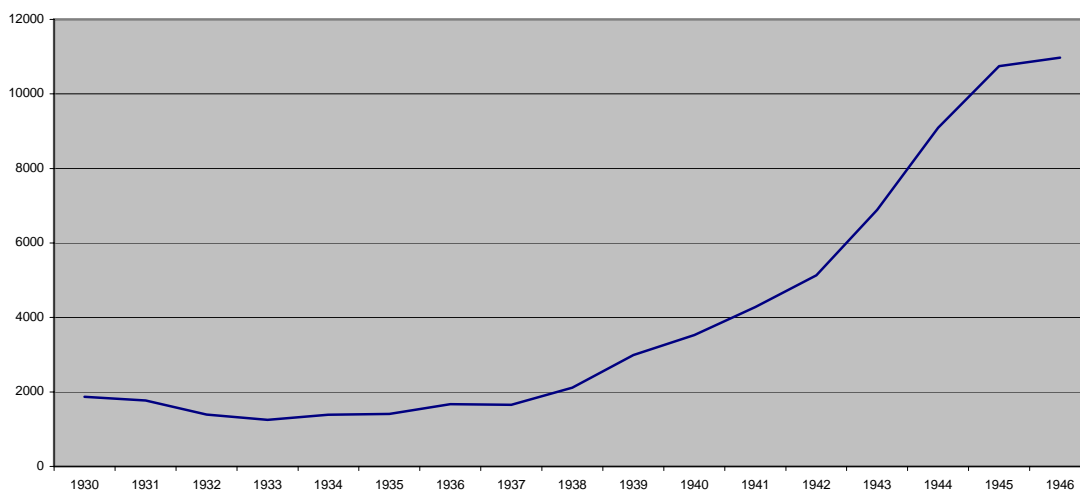
Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 22) Mid-Term Deposits with the Banco do Brasil in the Estado Novo, 1930-1946



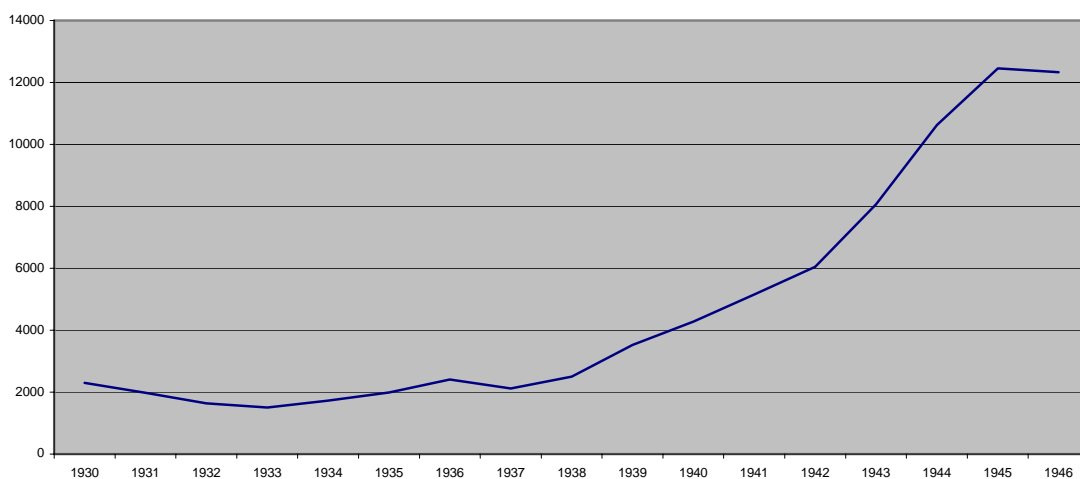
Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 23) Mid-Term Deposits with Other Banks in the Estado Novo 1930-1946



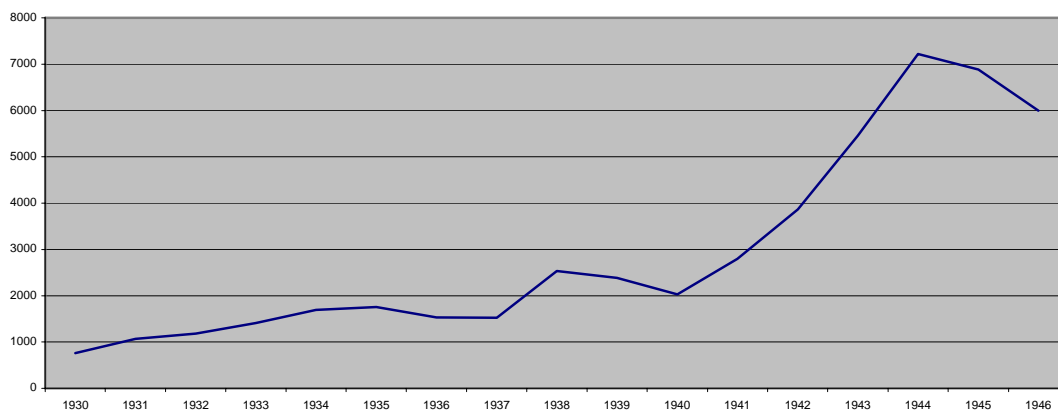
Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 24) Mid-Term Deposits with All Banks in the Estado Novo, 1930-1946



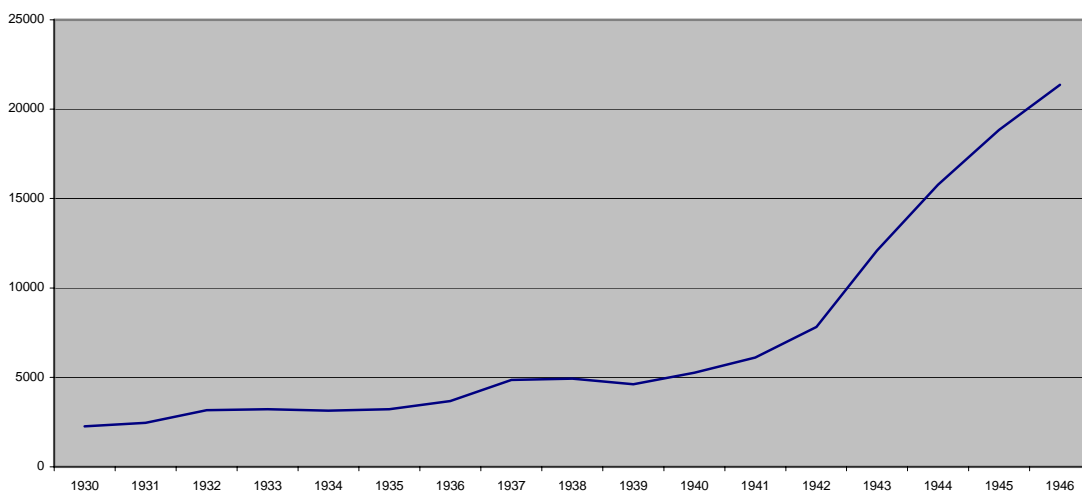
Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 25) Short-Term Deposits with the Banco do Brazil in the Estado Novo, 1930-1946



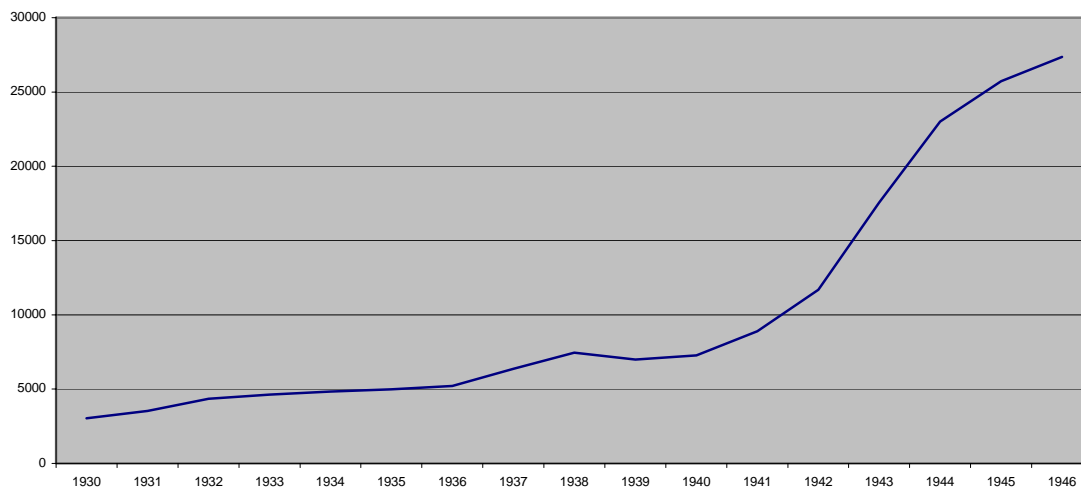
Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 26) Short-Term Deposits with Other Banks in the Estado Novo 1930-1946



Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Graph 27) Short-Term Deposits with All Banks in the Estado Novo, 1930-1946



Fonte: Goldsmith 1969, p. 158 and Suzigan & Peláez, 1976 pp. 396-413

Appendix 4) Monetary Indicators, Post-War Democracy

Graph 28) Paper Money in Post-War Democracy, 1946-1964

Graph 29) Monetary Measure M2 in Post-War Democracy, 1946-1964

Graph 30) Monetary Measure M1 in Post-War Democracy, 1946-1964

Graph 31) Mid-Term Deposits with the *Banco do Brasil* in Post-War Democracy, 1945-1964

Graph 32) Mid-Term Deposits with Other Banks in Post-War Democracy, 1945-1964

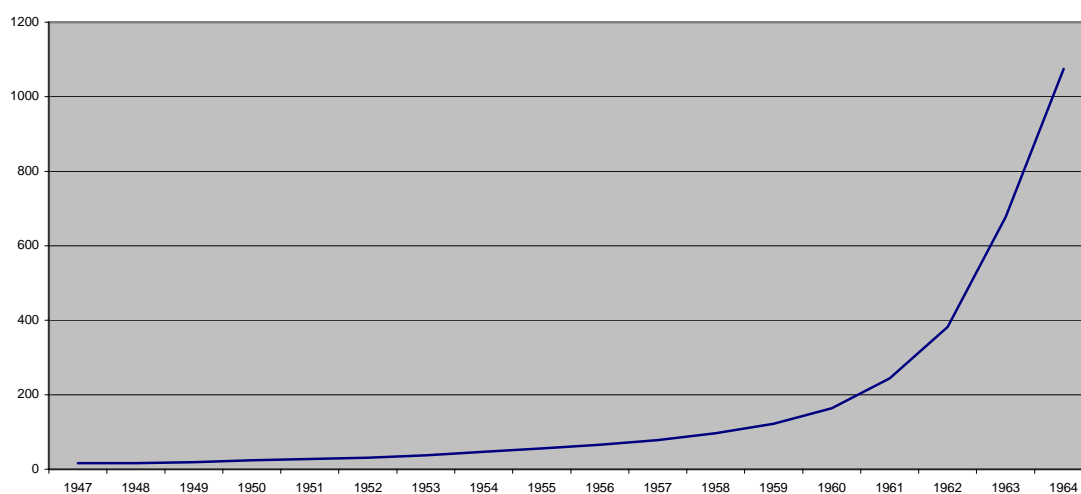
Graph 33) Mid-Term Deposits with Other Banks in Post-War Democracy, 1945-1964

Graph 25) Short-Term Deposits with the *Banco do Brasil* in Post-War Democracy, 1945-1964

Graph 26) Short-Term Deposits with Other Banks in Post-War Democracy, 1930-1945

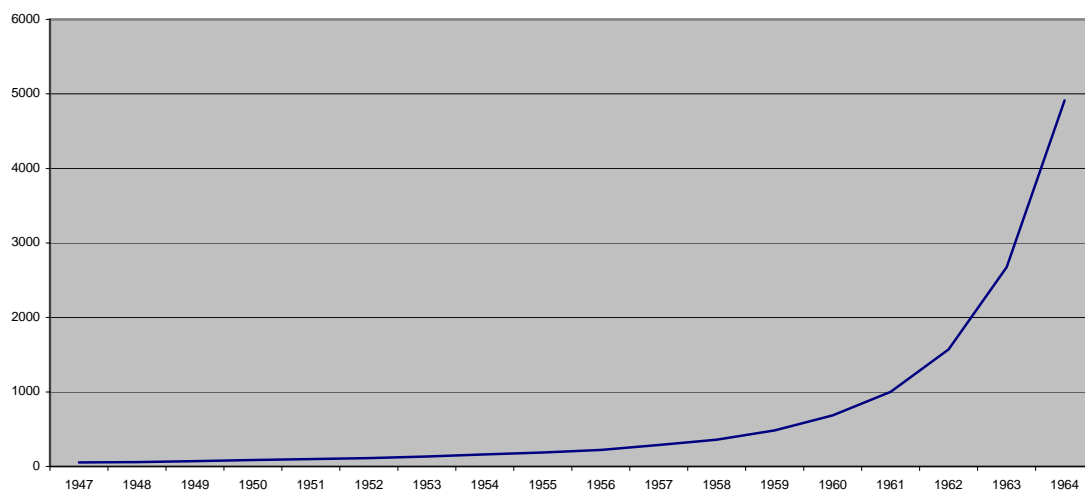
Graph 27) Short-Term Deposits with All Banks in Post-War Democracy, 1930-1945

Graph 28) Paper Money in Post-War Democracy, 1947-1964



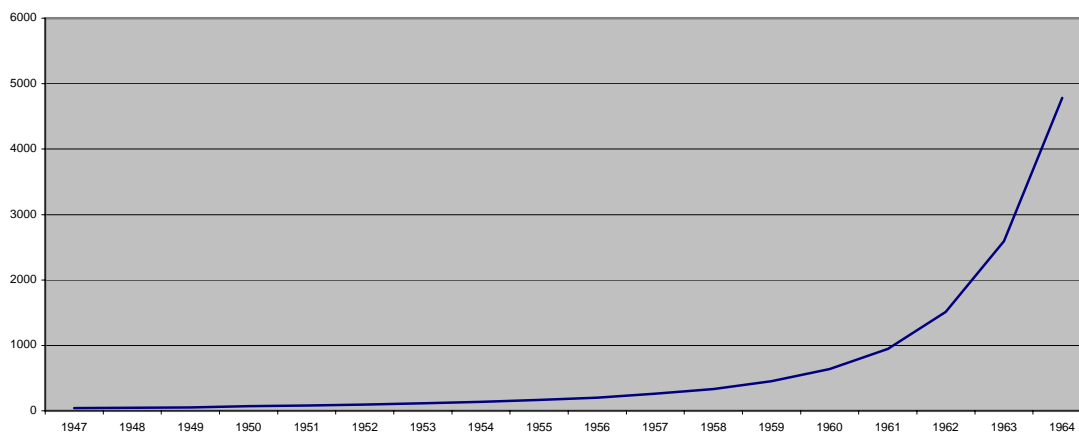
Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Graph 29) Monetary Measure M2 in Post-War Democracy, 1946-1964



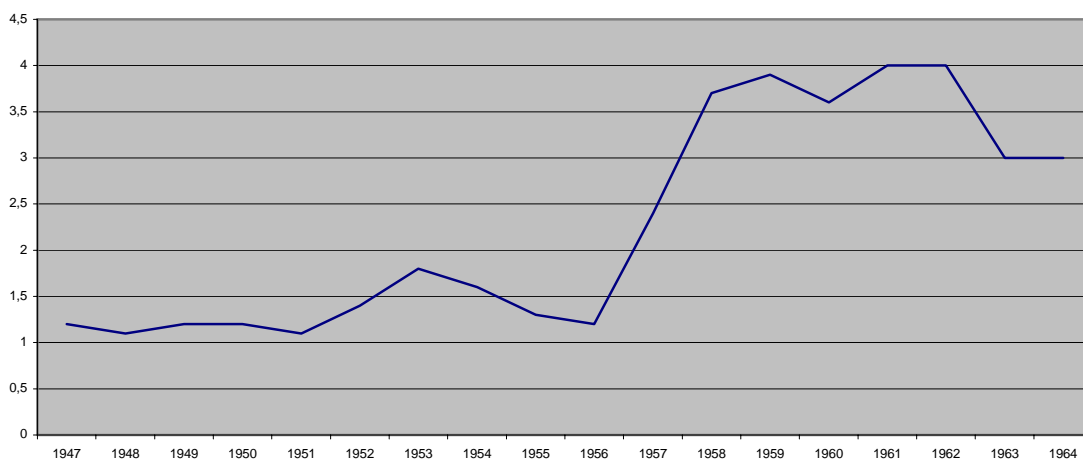
Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Graph 30) Monetary Measure M1 in Post-War Democracy, 1946-1964



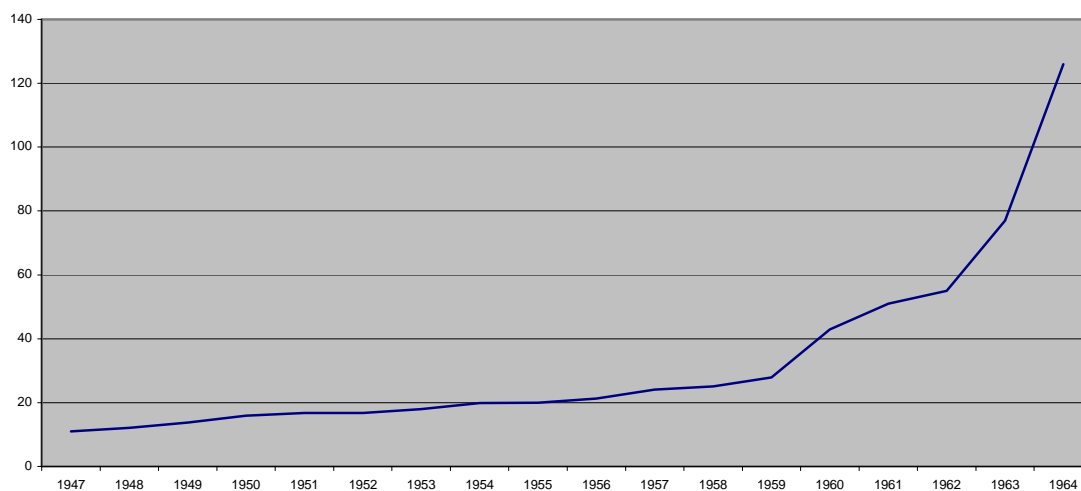
Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Graph 31) Mid-Term Deposits with de Banco do Brasil in Post-War Democracy, 1947-1964



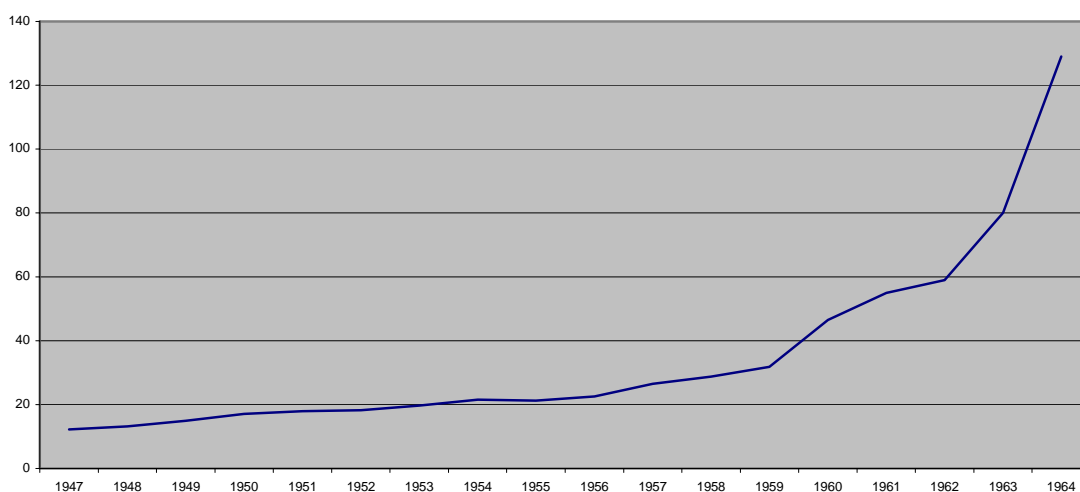
Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Graph 32) Mid-Term Deposits with Other Banks in Post-War, 1947-1964



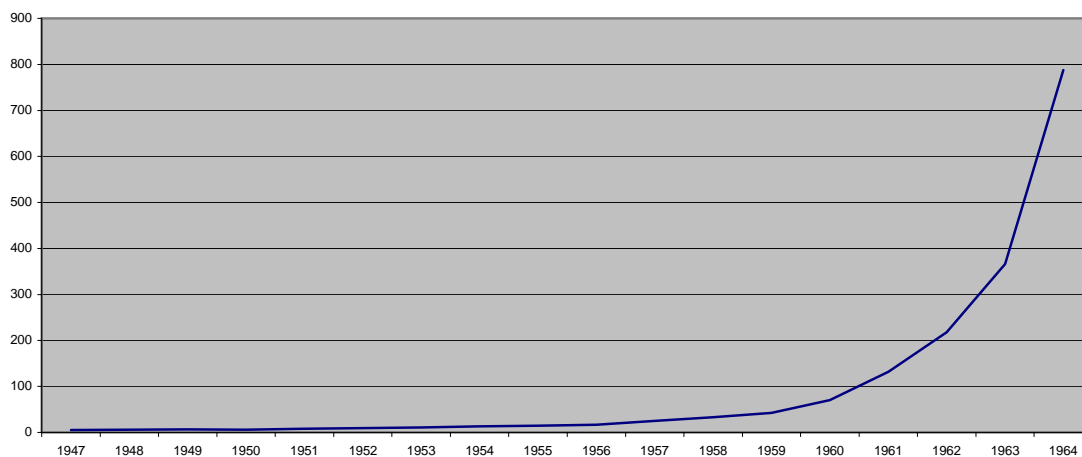
Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Graph 33) Mid-Term Deposits with All Banks in Post-War Democracy, 1947-1964



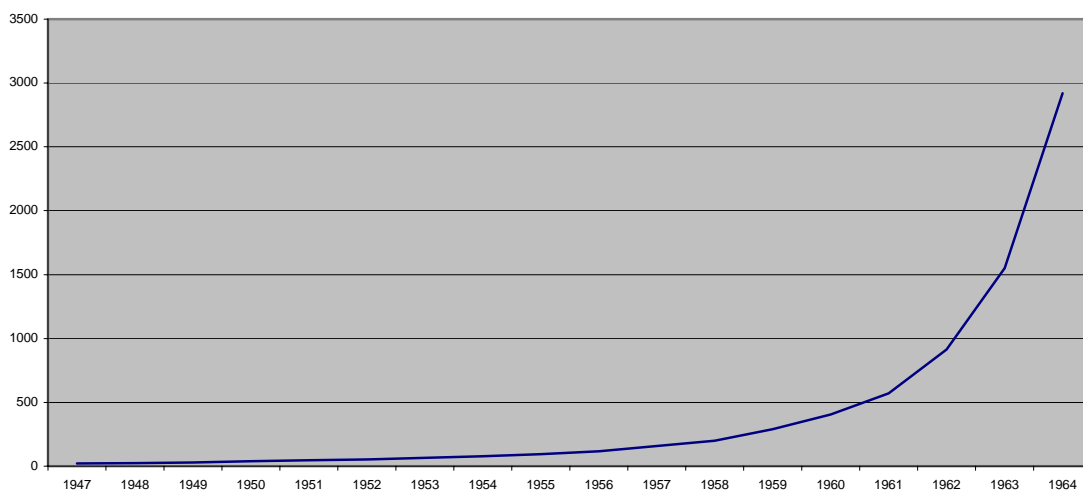
Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Graph 34) Short-Term Deposits with the Banco do Brazil in the Post-War Democracy
1947-1964



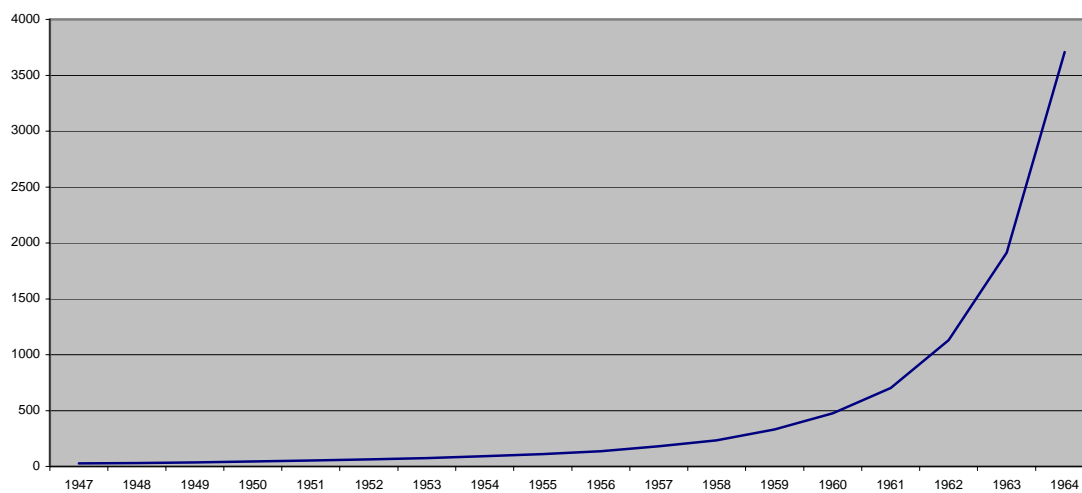
Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Graph 35) Short-Term Deposits with Other Banks in Post-War Democracy, 1947-64



Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Graph 36) Short-Term Deposits with All Banks in Post-War Democracy, 1947-1964



Fonte: Goldsmith 1969 p. 239 e 240 and Suzigan & Peláez, 1976 pp. 396-413

Appendix 5) Monetary Indicators, Military Government

Graph 28) Paper Money under Military Government, 1964-1972

Graph 29) Monetary Measure M2 under Military Government, 1964-1972

Graph 30) Monetary Measure M1 under Military Government, 1964-1972

Graph 31) Mid-Term Deposits with the *Banco do Brasil* under Military Government, 1964-1972

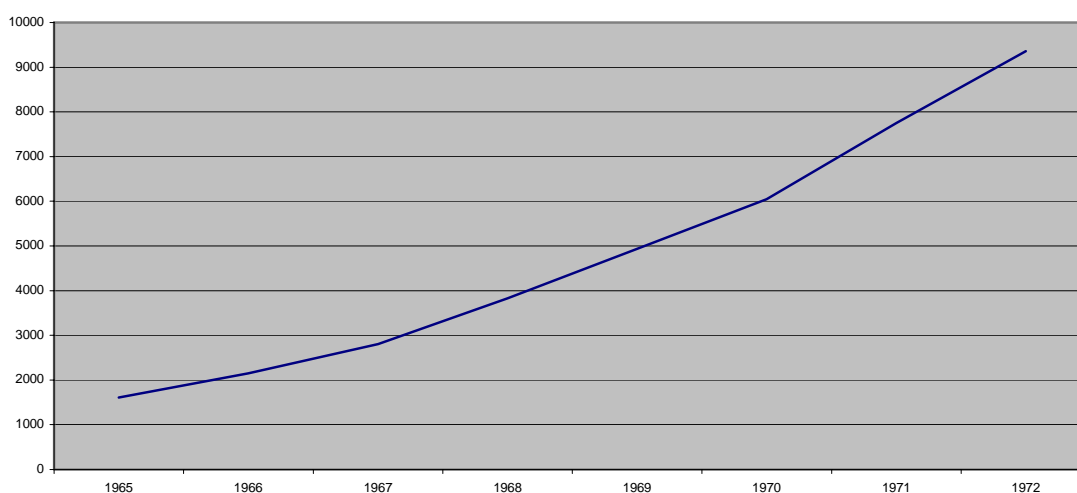
Graph 32) Mid-Term Deposits with Other Banks under Military Government, 1964-1972

Graph 33) Short-Term Deposits with the *Banco do Brasil* under Military Government, 1964-1972

Graph 34) Short-Term Deposits with Other Banks under Military Government, 1964-1972

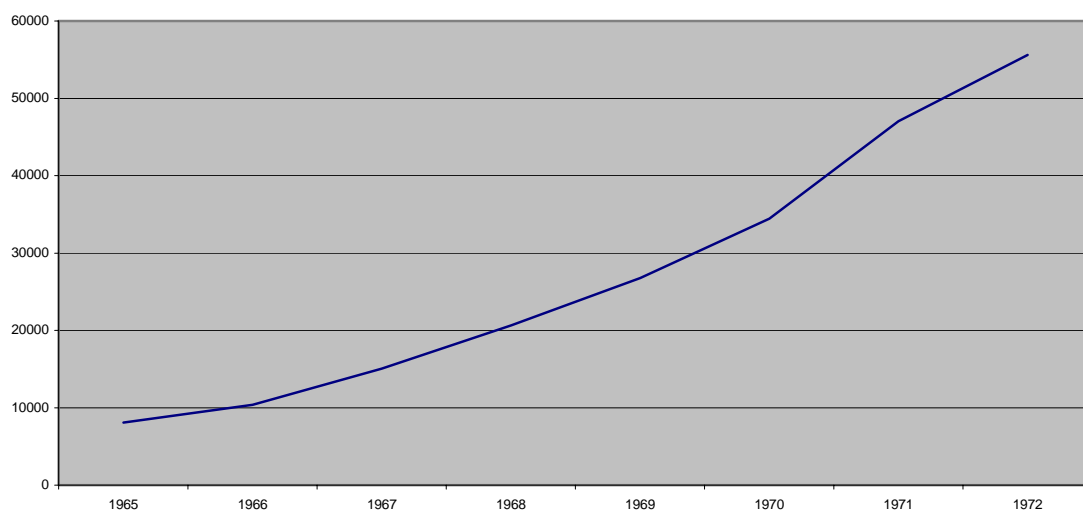
Graph 35) Short-Term Deposits with All Banks under Military Government, 1964-1972

Graph 37) Paper Money under Military Government, 1965-1972



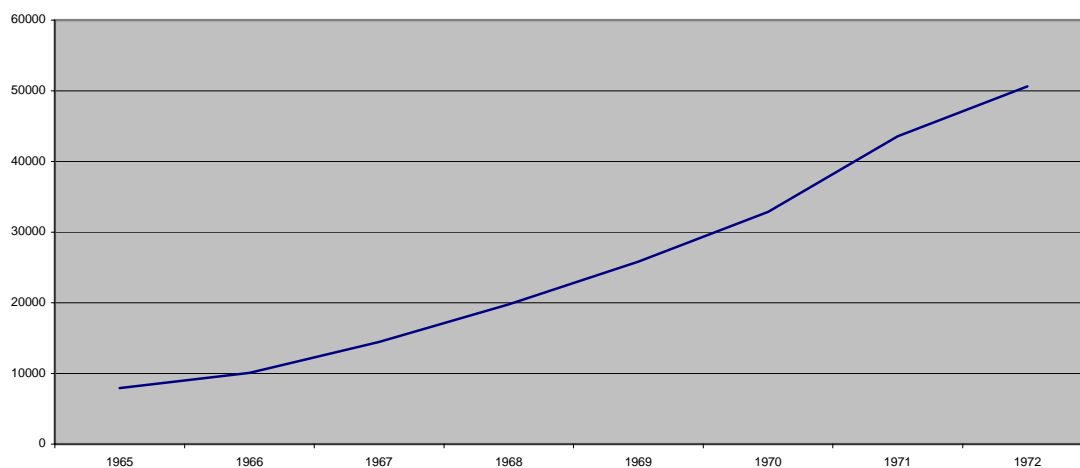
Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Graph 38) Monetary Measure M2 under Military Government, 1965-1972



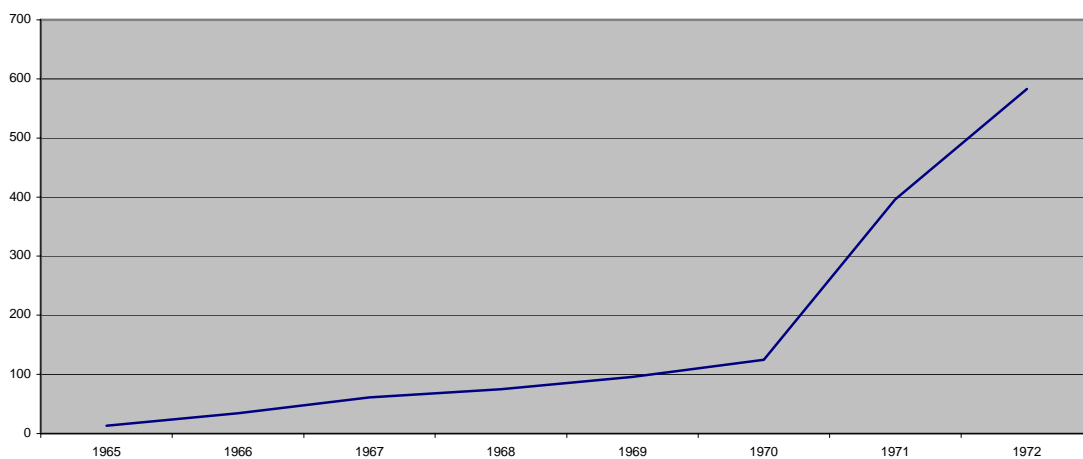
Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Graph 39) Monetary Measure M1 under Military Government, 1965-1972



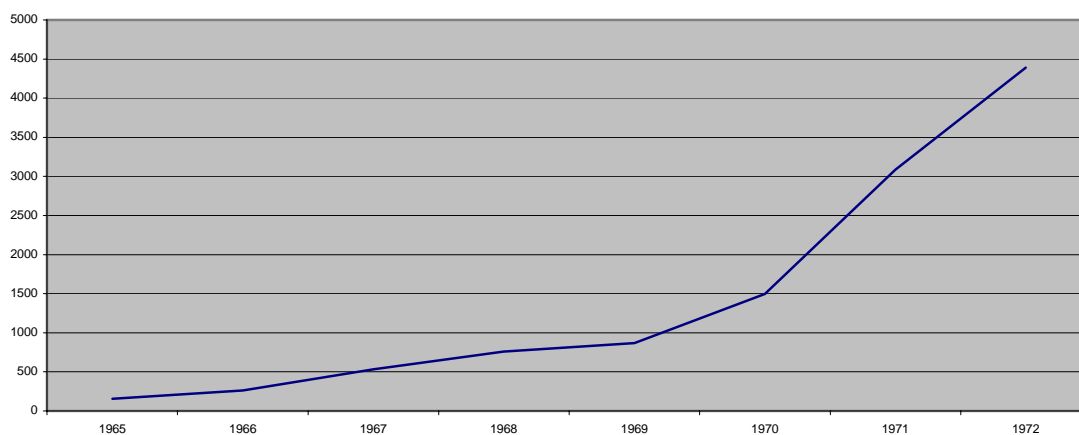
Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Graph 40) Mid-Term Deposits with the Banco do Brasil under Military Government, 1965-1972



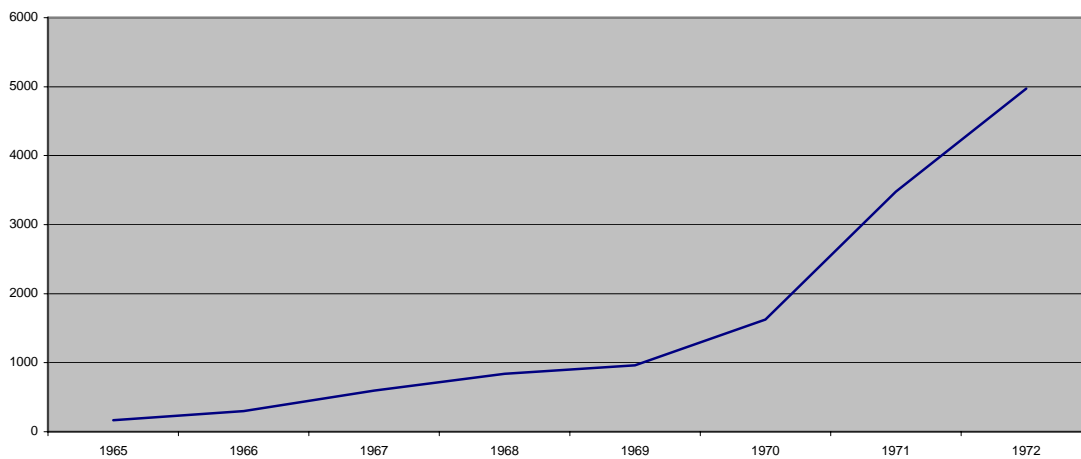
Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Graph 41) Mid-Term Deposits with Other Banks under Military Government, 1965-1972



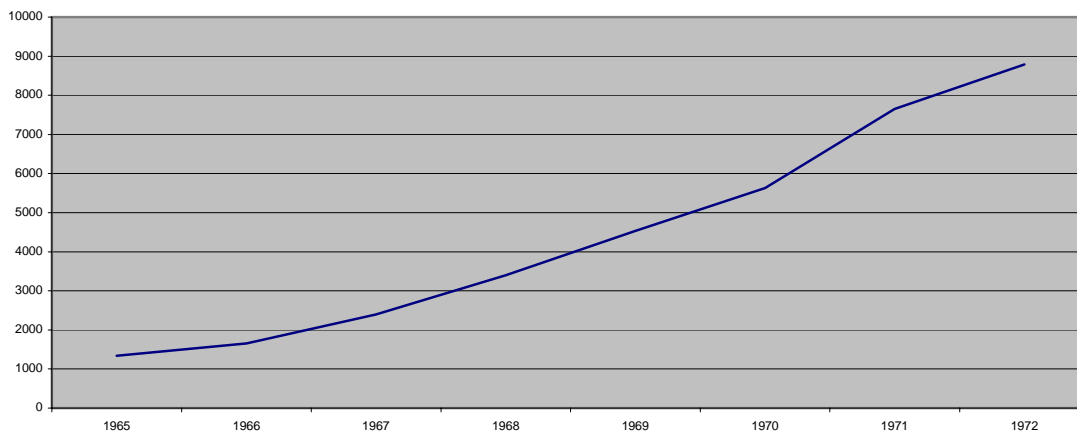
Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Graph 42) Mid-Term Deposits with All Banks under Military Government, 1965-1972



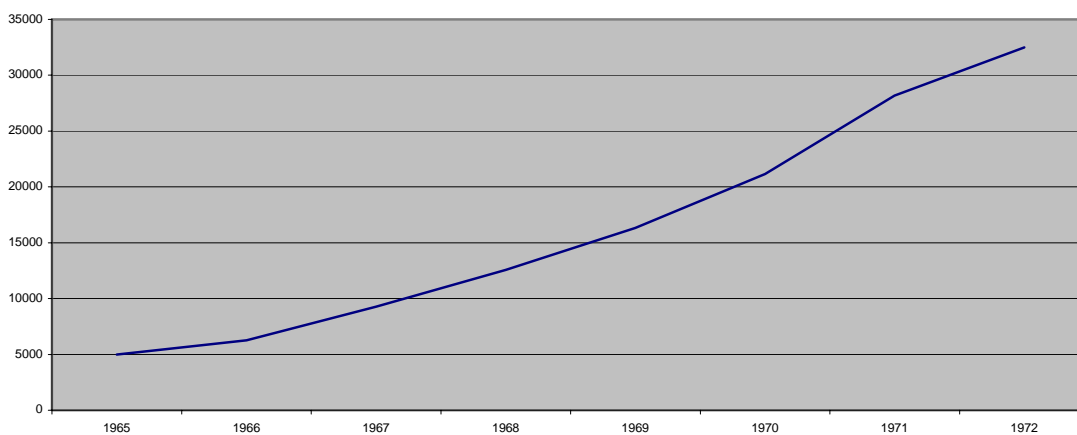
Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Graph 43) Short-Term Deposits with the Banco do Brazil under Military Government, 1965-1972



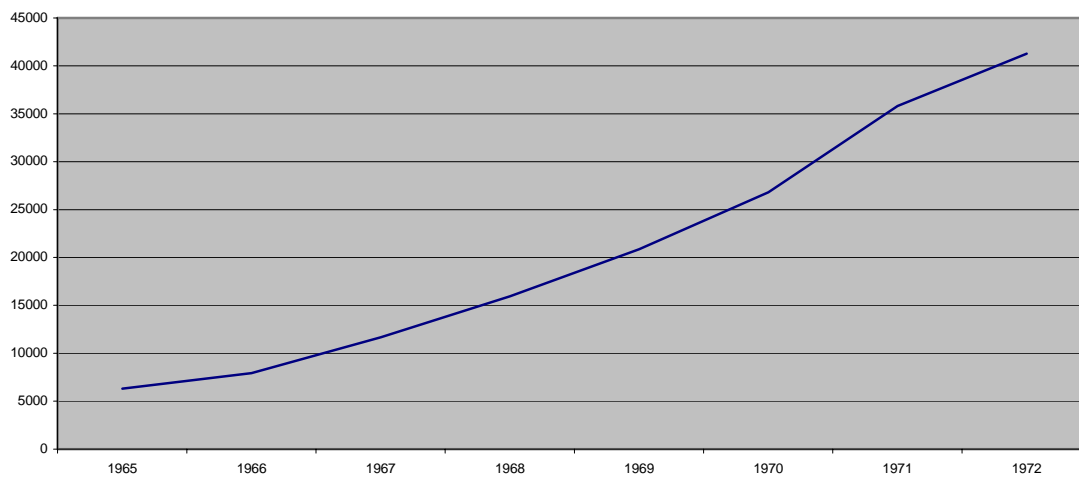
Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Graph 44) Short-Term Deposits with Other Banks under Military Government, 1965-1972



Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Graph 45) Short-Term Deposits with All Banks under Military Government, 1965-1972



Fonte: Goldsmith 1969 p. 347 and Suzigan & Peláez, 1976 pp. 396-413

Appendix 6) Public and Private Bank Lending 1995-2001

- Graph 36) Public and Private Lending to Federal Government, 1995-2001
Graph 37) Public and Private Lending to State and Municipal Governments, 1995-2001
Graph 38) Public and Private Lending to Government, Total, 1995-2001
Graph 39) Public and Private Lending to Industry, 1995-2001
Graph 40) Public and Private Lending for Housing, 1995-2001
Graph 41) Public and Private Lending to Rural Areas, 1995-2001
Graph 42) Public and Private Lending to Commerce, 1995-2001
Graph 43) Public and Private Lending to Consumers, 1995-2001
Graph 44) Public and Private Lending to Other Services, 1995-2001
Graph 45) Public and Private Lending to Private Sector, Total, 1995-2001

SURVEY SOBRE BANCO CENTRAL E GOVERNABILIDADE DEMOCRÁTICA

PÚBLICO ALVO: CLASSE POLÍTICA (LEGISLATIVO)

1 - Dados Pessoais do Entrevistado:

DP1. Síntese da identificação pessoal:

Nome:

Empresa/Autarquia/Instituição:

Profissão:

Nacionalidade: _____ Local de Nascimento:

DP2. Faixa de Idade Atual:

- (1) 18 a 25 anos
(2) 26 a 35 anos
(3) 36 a 45 anos
(4) 46 a 55 anos
(5) 56 a 65 anos
(6) Acima de 65 anos

DP3. Sexo () (1) Masculino (2) Feminino

DP4. Qual a sua escolaridade? (Considere o maior nível alcançado)

- (1) Nenhum (5) Ensino Médio/Técnico Completo

- | | |
|---------------------------------------|---------------------------|
| (2) 1º Grau Incompleto | (6) Superior Incompleto |
| (3) 1º Grau Completo | (7) Superior Completo |
| (4) Ensino Médio/Técnico Incompleto | (8) Pós-Graduação |

DP5. Informações sobre a atuação no setor pesquisado:

Atividade: Membro da Classe Política. Em qual das instâncias abaixo, atualmente?

- (1) Câmara Federal
 (2) Senado Federal
 (3) Assembléia Legislativa
 (4) Outros _____

Tempo na Carreira Política (considerando todos os mandatos que já exerceu):

 Atividade Principal exercida que não a Carreira Política:

 Tempo de Exercício dessa Atividade:

2 - Sistema Geral de Valores/Crenças (*Elite Belief System*)

SV1. Iremos, a seguir, alinhar algumas considerações sobre o papel do Estado, da Democracia e do Sistema Internacional e gostaríamos de ter a sua opinião sobre cada uma delas:

	Discordo totalmente	Discordo em parte	Não Conc. Nem Disc.	Conc. em parte	Concordo totalmente
SV1.1. Os acordos dos países "emergentes" com o FMI são imprescindíveis para o ajustamento e crescimento e a globalização é um fato inevitável, ao qual devemos nos ajustar	(1)	(2)	(3)	(4)	(5)
SV1.2. Comparado a outros países emergentes, o Brasil vem conseguindo recentemente se ajustar mais rapidamente às	(1)	(2)	(3)	(4)	(5)

mudanças no cenário econômico-financeiro internacional

SV1.3. O mercado tende a alocar melhor (1) (2) (3) (4) (5)
os recursos que o Estado, quando não se trata de serviços básicos

SV1.4. Um pouco mais de inflação é sempre (1) (2) (3) (4) (5)
preferível a um pouco mais de desemprego

SV1.5. Algumas decisões de política econô- (1) (2) (3) (4) (5)
mica devem ser exclusivamente técnicas, sem intervenção do sistema político-partidário

SV1.6. Os organismos financeiros internacio- (1) (2) (3) (4) (5)
nais possuem excessiva influência sobre as decisões do Banco Central do Brasil

SV1.7. Em termos gerais o Brasil tem um pro- (1) (2) (3) (4)
(5)
cesso de liberalização comercial insuficiente e deve ser aprofundado, priorizando as negociações em torno da ALCA, por exemplo

SV1.8 O governo brasileiro nos fóruns inter- (1) (2) (3) (4)
(5)
nacionais tem defendido corretamente os interesses nacionais

SV1.9. Deve-se permitir que exista algum (1) (2) (3) (4)
(5)
controle por parte do governo do que pode sair num jornal ou televisão, como cenas de violência e sexo, por exemplo

SV1.10. Às vezes, os mecanismos da demo- (1) (2) (3) (4)
(5)
cracia postergam a tomada de decisões, agindo de forma ineficaz

SV1.11. As greves são formas de protesto legítimas da classe trabalhadora e não deveriam ser reprimidas, desde que pacíficas (1) (2) (3) (4) (5)

SV1.12. Os movimentos de oposição são prejudiciais à governabilidade do país (1) (2) (3) (4) (5)

SV2. Na escala abaixo de posicionamento político, como o Sr (a.) se enquadraria?

- | | |
|-----------------------|----------------------|
| (1) esquerda | (4) centro-direita |
| (2) centro-esquerda | (5) direita |
| (3) centro | (9) NS/NR |

SV3. Numa escala de 1 a 10, sendo 1 oposição total e 10 concordância total com a situação atual, como o Sr. (a) posicionar-se-ia em relação ao atual Governo Federal?

Oposição!_1_!!_2_!!_3_!!_4_!!_5_!!_6_!!_7_!!_8_!!_9_!!_10_!Situação

SV4. Na sua opinião, quais são as prioridades em termos de Políticas Públicas num futuro próximo. Estabelece notas de 1 a 5 para cada um dos itens, sendo 1 para muito baixa prioridade; 2 para baixa prioridade; 3 para média prioridade; 4 para alta prioridade e 5 para muito alta prioridade.

- | | |
|----------------------------|------------------------------------|
| () Saúde | () Segurança |
| () Emprego | () Educação |
| () Habitação | () Política Industrial |
| () Estabilidade Econômica | () Programas para Redução da Fome |
| () Combate à Corrupção | () Proteção Ambiental |

SV5. Avalie a capacidade dos partidos abaixo e seus respectivos candidatos para a gestão da economia brasileira. Estabeleça notas de 1 a 5, sendo 1- não capacitado; 2 - pouco capacitado; 3 - razoavelmente capacitado; 4 - capacitado e 5 - muito capacitado.

- | | |
|----------|----------|
| () PSB | () PT |
| () PFL | () PPS |
| () PSDB | () PMDB |

SV6. Avalie os itens abaixo, no que tange às capacidades que considera vitais para a equipe de governo (federal) que assumirá, a partir de 2.003. Utilize um sistema de notas de 1 a 5, sendo 1 - desimportante; 2 - pouco importante; 3 - razoavelmente importante; 4 - importante e 5 - muito importante.

- () Capacidade de fixar uma boa imagem internacional

- Adesão a uma linha partidária e programática (fidelidade ideológica)
- Moralidade e caráter pessoal
- Capacidade de negociação e conciliação
- Capacidade intelectual
- Experiência administrativa
- Coesão em torno da estabilidade econômica
- Profundo conhecimento das questões fundamentais do país

SV7. No caso do Brasil, que constantemente vem recorrendo aos organismos multilaterais (FMI, Banco Mundial, BIS, etc.), qual você acha que poderia ser a contribuição destes em relação ao desempenho do país?

- (1) não contribuem para o desempenho do país
- (2) contribuem para o ajustamento econômico
- (3) contribuem para a manutenção das metas de inflação
- (4) contribuem para a regulação do sistema bancário
- (5) a contribuição se dá, da mesma forma, no âmbito dos itens 2, 3 e 4

3 - Posicionamento frente à Autoridade Monetária

AM1. Em sua opinião, qual o grau de autonomia decisória que deveria ser concedido ao BACEN, através da regulamentação do Artigo 192 da Constituição (Regulamentação do Sistema Financeiro Nacional)?

- (1) Nenhuma Autonomia
- (2) Autonomia Operacional (Implementação de Metas estabelecidas pelo Executivo e/ou Legislativo)
- (3) Autonomia apenas para Supervisão Bancária
- (4) Autonomia Plena (Definição e Implementação das metas de Política Monetária, além de nenhuma restrição para a supervisão bancária)
- (9) NS/NR

AM2. Existem propostas no âmbito federal de tentar regulamentar o artigo 192 da Constituição por partes, de forma a facilitar o processo de aprovação/implementação. Mesmo que isso venha em detrimento da autonomia do Banco Central, sua posição em relação à proposta é:

- (1) Favorável
- (2) Desfavorável
- (9) NS/NR

AM3. Em relação à quarentena dos Diretores Executivos do BACEN (período em que não poderiam exercer função remunerada no mercado), qual a sua opinião?

- (1) não deve haver quarentena
- (2) deve haver quarentena anterior
- (3) deve haver quarentena posterior
- (4) devem haver quarentenas anter. e posterior
- (9) NS/NR

AM4. Na sua opinião, as decisões do Banco Central, quanto à política monetária, deveriam:

- (1) ser ratificadas pela Presidência da República
- (2) ser tomadas somente pelo CMN e BACEN
- (4) ser ratificadas pelo Legislativo
- (_____ 5 _____) outra solução
- Qual? _____
- (9) NS/NR

AM5. Qual o grau de conhecimento que o Sr. (a) julga possuir sobre as questões de política monetária?

- (1) nenhum conhecimento (2) conhecimento insuficiente
(3) conhecimento razoável (4) conhecimento satisfatório
(5) pleno conhecimento (9) NS/NR

AM6. Qual a sua avaliação da atuação do Banco Central do Brasil, após o Plano Real (pensar em termos de transparência/controle, previsibilidade e relacionamento com o mercado financeiro)?

- (4) piorou (1) manteve-se como antes
 (2) melhorou um pouco (3) melhorou muito
(9) NS/NR

AM7. Qual a sua avaliação da atuação do Banco Central do Brasil, após a desvalorização cambial, de janeiro/1999 (pensar em termos de transparência/controle, previsibilidade e relacionamento com o mercado financeiro)?

- (1) manteve-se como antes (2) melhorou um pouco
(3) melhorou muito (4) piorou
(9) NS/NR

AM8. Qual a sua opinião sobre a divulgação da ata das reuniões do COPOM, relativas à definição da taxa de juros básica da economia?

- (1) não é reveladora (2) é transparente
(3) poderia agregar outros elementos (4) desconheço as atas
(9) NS/NR

AM9. Qual a sua opinião sobre a atual política da taxa básica de juros pelo BACEN?

- (1) é necessária, não há outra saída agora
(2) é completamente nefasta, deveria ser reduzida, imediatamente
(3) poderia ser reduzida, em curto espaço de tempo
(9) NS/NR

AM10. O partido ao qual o Sr. (a) pertence tem alguma diretriz estabelecida com relação à questão da autonomia do BACEN?

- (1) Sim, é favorável (2) Sim, é desfavorável
(3) Não (4) Desconheço
(9) NS/NR (não simpatizo com nenhum partido)

AM11. Na sua opinião, qual a avaliação do resultado da CPI dos Bancos?

- (1) Não deveria ter sido feita (2) Fugiu ao foco inicial
(3) Não levou a resultado objetivo (4) Aumentou a transparência do BC
(9) NS/NR

AM12. Na sua opinião, qual a avaliação do resultado da CPI dos Títulos Precatórios?

- (1) Não deveria ter sido feita (2) Fugiu ao foco inicial
(3) Não levou a resultado objetivo (4) Aumentou a transparência do
Governo
(5) Politizou demais a questão e levou a maiores restrições ao endividamento
público
(6) NS/NR

AM13. Estamos em ano eleitoral, no qual, normalmente, no passado, os Bancos Públicos eram utilizados para financiamento de campanhas. Na sua opinião tal fenômeno:

- (1) Tende a se repetir (2) Tem alguma chance de se repetir
(3) Não tem chance de se repetir (9) NS/NR

AM14. Se você tivesse de atribuir uma nota, de 1 a 5, sendo 1 a nota mais baixa e 5 a mais alta, para a administração de Armínio Fraga, qual seria?

- (1) Muito Ruim (2) Ruim (3) Razoável (4) Boa (5) Muito Boa

AM15. Na sua opinião, como deveriam ser nomeados os Diretores Executivos do BACEN?

- (1) por indicação política
(2) por capacitação técnica
(3) por indicação política e capacitação técnica
(4) por possuir experiência no setor privado
(5) por pertencer à carreira burocrática
(9) NS/NR

AM16 - Dentre as seguintes instituições financeiras públicas, avalie: (1) deve ser privatizada e (2) não deve ser privatizada

- () Banco do Brasil
() Bancos Estaduais fora do processo atual de privatização (BNC, Banrisul, Banpará, Banestes, BRB)
() Caixa Econômica Federal
() BNDES
() Demais Bancos Federais/Regionais

AM17 - A criação de um Banco Central autônomo na perseguição de metas estabelecidas por outras instituições do Governo Federal, beneficiaria mais qual desses atores?

- (1) Executivo
- (2) Legislativo
- (3) Setor Financeiro Privado
- (4) A sociedade como um todo
- (9) NS/NR

AM18 - O Banco Central, tanto na gestão atual quanto no passado, tende a servir os interesses de quem?

- (1) Os interesses político-partidários do Executivo
- (2) Os interesses políticos do Legislativo
- (3) Os interesses do setor financeiro privado
- (4) Os interesses do setor financeiro público
- (5) Somente serve aos interesses de uma economia bem administrada
- (9) NS/NR

AM19 - Como o Sr. (a) avaliaria o grau de interesse do Legislativo em exercer maior controle sobre as atividades do BACEN?

- (1) Interesse fortíssimo
- (2) Interesse razoável
- (3) Interesse tanto a favor quanto contra
- (4) Pouco interesse
- (5) Nenhum interesse
- (9) NS/NR

AM20 - O artigo 192 da Constituição, que trata do sistema financeiro, nunca foi regulamentado, apesar de várias propostas do Legislativo nesse sentido. Na sua avaliação, por que isso não aconteceu?

- (1) Não existia interesse por parte do Executivo
- (2) Não existia interesse por parte do Legislativo
- (3) Não existia interesse por parte do setor financeiro privado
- (4) Algumas condições econômicas não permitiram esse tipo de reforma
- (5) NS/NR

AM21. Iremos, a seguir, alinhar algumas considerações sobre o Banco Central do Brasil e gostaríamos da sua posição a respeito.

	Discordo totalmente	Discordo em parte	Não Nem	Conc. Disc.	Concordo em parte
Concordo totalmente					
AM21.1. A sabatina dos Diretores do BC, no Senado, é adequada	(1)	(2)	(3)	(4)	(5)
AM21.2. A autonomia de um Banco Central pode contrariar princípios democráticos	(1)	(2)	(3)	(4)	(5)
AM21.3. O PROER foi bem desenvolvido e estancou parte do problema do risco sistêmi- co no Brasil	(1)	(2)	(3)	(4)	(5)
AM21.4. O PROES foi bem desenvolvido e estancou parte do problema do risco sistêmi- co no Brasil	(1)	(2)	(3)	(4)	(5)
AM21.5. O saneamento dos bancos públicos federais reduziu as suas ameaças à estabilidade monetária	(1)	(2)	(3)	(4)	(5)
AM21.6. A atual condução da política mo- netária, no Brasil, é acertada	(1)	(2)	(3)	(4)	(5)
AM21.7. O Governo Federal errou em abrir o mercado financeiro para o capital estrangeiro	(1)	(2)	(3)	(4)	(5)
AM21.8. A supervisão bancária deveria sair do BACEN e passar para uma Agência Regu- ladora	(1)	(2)	(3)	(4)	(5)
AM21.9. O BACEN atualmente padece de hiperativismo, sendo que existem funções que se sobrepõem a outros organismos como	(1)	(2)	(3)	(4)	(5)

CVM, SUSEP, SPC, etc.

AM21.10. Devido ao fato de que o Banco (1) (2) (3) (4) (5)

Central é atualmente controlado pelo Executivo, ele nunca pode contrariar os interesses do Legislativo. Caso contrário, essa conduta poderia levar a um desgaste político para o Executivo no Congresso

4 - Outras Faces da Questão

OF1. Iremos, a seguir, alinhar algumas considerações sobre temas correlatos e gostaríamos da sua posição a respeito.

Concordo	Discordo	Discordo	Não Conc.	Concordo
totalmente	totalmente	em parte	Nem Disc.	em parte

OF1.1. A Lei de Responsabilidade Fiscal (LRF) tem sido eficaz para impedir gastos excessivos dos governos	(1)	(2)	(3)	(4)	(5)
OF1.2. A LRF tende a aumentar a transparência das contas públicas	(1)	(2)	(3)	(4)	(5)
OF1.3. A LRF tende a melhorar o sistema de controle sobre os governos	(1)	(2)	(3)	(4)	(5)
OF1.4. É totalmente correta a decisão de proibir, até 2010, a emissão de títulos públicos por parte dos governos que refinanciaram suas dívidas com a União	(1)	(2)	(3)	(4)	(5)
OF1.5. A proibição de socorro entre governos, imposta pela LRF, será plenamente cumprida	(1)	(2)	(3)	(4)	(5)
OF1.6. A União terá condições de resistir às pressões oriundas de governadores politicamente mais fortes	(1)	(2)	(3)	(4)	(5)

Questões Abertas:

1 - Que mudanças deveriam ser efetuadas na LRF, em sua opinião?

2 - O Sr. (a) concorda com as regras atuais, que restringem muito o endividamento dos governos, no país?

3 - É viável a ativação do mercado de títulos públicos para financiar os governos subnacionais, no Brasil?

4 - O Sr. (a) considera que as mudanças na área fiscal, no Brasil, estão consolidadas? Se sua resposta for não, favor justificar.