Brazil

Self-rule

INSTITUTIONAL DEPTH AND POLICY SCOPE

Brazil has two intermediate subnational tiers, the *unidades federativas* or *estados* (federal units or states), and the metro regions, which do not exist across the entire territory but are comparable across *estados*. There are three types of regions: RIDE (*Regiões Integradas de Desenvolvimento*, Integrated Development Regions), *Algomeraçãoes Urbanas* (urban agglomerations), and *Regiãoes Metropolitanas* (Metropolitan Regions). RIDE span more than one state and are administrative regions, created by national law. They are not general purpose intermediate government. Metro regions and urban agglomerations are created by state law and some qualify as general purpose intermediate government.[1]

There are currently twenty-six *estados* as well as the *Distrito Federal* (Federal District) of Brasília, which has a special statute.[2] Brazil has 5570 *municipalidades* with an average population of 36,500.[3] At the taking of the 2010 census, Brazil's population was 190,732,694. Sixty four metro regions meet our population criterion and are coded from 1973-2018. *Terri- tórios federais* (federal territories), which we code as dependencies, were eliminated in 1987. The capital was moved from Rio de Janeiro to Brasília in 1960. Historically, Brazilian states have been powerful political entities that vied with the central government for control over resources and authority, though their power has weakened in the post-1950 period.

The 1946 constitution provided *estados* with broad policy responsibilities. They could pass "supplementary and complementary" legislation even in areas of central government responsibility (Art. 6). Education policy was a shared competence (Art. 170–1). Immigration and citizenship remained under national control (C 1946, Art. 137).

Estados had authority over all institutional–coercive policies except for local government. They had residual powers (C 1946, Art. 18). They could change their borders and combine or create new *estados* with the approval of their *assembléias legislativas* (legislative assemblies), a popular referendum in the affected jurisdictions, and the national congress (Art. 2). *Estados* had the authority to run state militias (Diaz-Cayeros 2006) and regained control over the military police with the passage of Decree Law 8660 in 1946. They could set up state courts within strict limits

[1] Metro regions have a large urban nucleus and are made up of municipalities in one urban expanse, whereas urban agglomerations are simply groups of municipalities that join to provide public services and manage resources (Lei 13019/2015).

[2] One state has been abolished, and six have been created since 1950. From 1960–75 Guanabara, composed of the former capital Rio de Janeiro, became the only single-municipality state; in 1975 it was merged with the state of Rio de Janeiro. Mato Grosso do Sul was created in 1979 and Tocantins in 1988. The *território* of Guaporé (renamed Rondônia in 1956) became a state in 1982. The *territórios* of Rio Branco (renamed Roraima) and Amapá became states in 1988. The *território* of Fernando de Noronha became part of Pernambuco in 1988.

[3] The *municipalidades* (municipalities) have equal constitutional standing alongside the state and federal government (C 1946, Art. 1).

established in the constitution (C 1946, Title II). *Estados* were prohibited from intervening in *municipalidades* except under particular conditions: governors could appoint the *prefeitos* (mayors) of the capital city, municipalities with strategic mineral or water resources (Art. 23), and those declared by the national congress to be of strategic military importance (Art. 28). To summarize, from 1950–63 *estados* enjoyed legal, institutional, and territorial autonomy, residual powers, control over police, and the authority to pass supplementary legislation across a broad range of policies. *Estados* score 3 on both institutional depth and policy scope.

The 1946 constitution ushered in multi-party, open, and competitive elec- tions, but with the electoral franchise limited to literates (Art. 132). In 1964 a bureaucratic authoritarian government came to power after a military coup. From 1964–69 a series of *atos institucionais e complementares* (institutional and complementary acts) were passed, which superseded the constitution and granted greater central control to the military.

In 1967, the congress controlled by the military leadership approved a new constitution that institutionalized these legal changes (Samuels and Mainwar- ing 2003: 93; Wilson et al. 2008: 72). *Ato Institucional 5* banned freedom of assembly (Dickovick 2004: 42). In 1969 the *Lei de Segurança Nacional* (National Security Law) further suppressed dissent and organized opposition to the regime (Decree 898). The *atos institucionais* allowed direct central intervention in *estados* and *municipalidades* and instituted indirect elections for governors and mayors in municipalities of large size or strategic importance for national security.

The combination of military government, the regular use of decree powers by the central government, and direct central intervention represented a significant loss of autonomy for the *estados*. *Estados* did, however, retain some capacity for policy implementation (Wilson et al. 2008: 147). We reflect this by reducing the scores for *estados* to 2 on institutional depth and 1 on policy scope. [β]

Between October 1978 and January 1979 the *atos* were overturned under President Geisel (Amendment 11, Art. 3; Codato 2005). In 1982 direct subnational elections for governors were held in an atmosphere of increasing political openness (*abertura*). With the return of direct elections in 1982, policy scope gradually increased. Direct popular legitimacy provided governors with leverage to demand control over revenues and policy (Montero 2001: 59; Samuels and Mainwaring 2004: 97). *Estados* therefore score 2 on policy scope from 1982–87.

The 1988 constitution reaffirmed equal juridical status for the three terri- torial levels of government. All subnational legislative and executive offices were directly elected for the first time, including the offices in the *Distrito Federal*. As in the 1946 constitution, the federal government retained the right to intervene in case of foreign invasion, guarantee constitutional rights, and organize the finances of the union (C 1988, Arts. 34 and 84), a form of ordinary *ex post* control within federal systems.

The 1988 constitution also created new opportunities for subnational gov- ernments to extend their policy reach. States, municipalities, and the federal government have concurrent competences in social policy. Notably, health care and education have become more decentralized, though subnational initiatives must still follow national guidelines (Arretche 2003; Wilson et al. 2008:

163). During the 1990s, states and municipalities acquired the property and personnel of the old contribution-based health system (*Instituto Nacional de Assistência Médica da Previdência Social*, INAMPS) (Almeida 2007). Control of the military police also returned to the *estados* (C 1988, Art. 144). Subnational units do not have competences in immigration and citizenship (C 1988, Art. 22).

Since 1988, over fifty amendments to the constitution have produced a moderate shift back toward centralization (Souza 2004; also Montero 2001; Serra and Afonso 2007). The federal government has taken the lead in legislat- ing major social policies like health and education, determining spending levels for subnational units, and setting the broad parameters of these policies, even if it has allowed substantial innovation and administrative decision making at subnational levels (Chapman Osterkatz 2013; Niedzwiecki 2014*a*). At the same time, *estados* have gained authority and oversight responsibilities over competences and resources allocated to *municipalidades* (Magdaleno 2005: 126). *Estado* competences remain broad from 1988.

Special regions do not have the same constitutional autonomy as the *estados*. According to the 1946 constitution, the administrative and judicial organ- ization of the *Distrito Federal* and *territórios* fell under the exclusive competence of the central government (C 1946, Art. 25).

The 1946 constitution provided the *Distrito Federal* with significant institu- tional autonomy, but the governor was appointed rather than elected. The *Distrito Federal* lost institutional autonomy under military rule, and, unlike *estados,* did not regain its autonomy until 1988. The 1988 constitution has aligned the juridical status of the *Distrito Federal* with that of the states and introduced direct elections of governors and *deputados* (deputies). However, while *estados* have their own constitutions, the *Distrito Federal* is regulated by a national organic law,[4] which is reflected in a score of 2 on institutional depth for the *Distrito Federal* before 1962 and after 1988.

The 1946 constitution assigned to the *Distrito Federal* competences similar to those of the states in certain policy areas, but imposed stricter central constraints, which produces a lower score on policy scope.Æ Military rule centralized discretion in most policies until the introduction of the 1988 constitution. Under the new constitution, the *Distrito Federal*'s policy compe- tences have become more similar to those of *estados.* Hence policy scope is the same as for *estados* starting in 1988.

The *territórios* were deconcentrated units governed by the center (C 1946, Art. 170–1) and changes to their territorial structure required a national law (C 1946, Art. 3). The last remaining territory became a state under the 1988 constitution.

Only the federal government could create metro regions under the 1967 constitution. Since the 1988 constitution, this became a competence of the states (Art. 25.3), enabling metro regions that group municipalities for the purpose of tackling shared challenges. These are highly institutionalized, general-purpose governments. In terms of regional authority, there are three general categories of metro regions: those created in 1973 and 1974 before the democratic transition, those (few) with a bare minimum of institutional depth because, while they exist in law,

[4] Amaral, Luiz Octavio de O. 2001. "Brasília, Distrito Federal, Capital Federal." <http://www.advogado.adv.br/artigos/2001/luizamaral/conceitos.htm#_ftn1>.

their functioning is left to the discretion of the state executive branch, and those with more robust foundations in *estado* law, with a broad array of policy areas included in their sphere of action, an assembly, and an executive.

The metro regions created in 1973/1974 by federal law evolved from deconcentrated to decentralized governments. These are Belo Horizonte, Porto Alegre, Recife, Salvador, Curitiba, Belém, and Fortaleza. São Paulo and Rio de Janeiro metro regions formed in 1974. A *Conselho Deliberativo* (deliberative council) acted as its executive. It was chaired by the centrally appointed state governor, and consisted of five technical appointees, one of whom could be the (centrally appointed) mayor of the capital city or someone nominated by the other municipal members (Lei Federal 014, Art. 2.1). The *Conselho Consultivo* (Consultative Council), composed of the municipal mayors, and chaired by the governor, was only advisory (Art. 2.2). States were fiscally responsible for the needs of the two bodies (Art. 2.3). The strong role of central authoritarianism is reflected in a score of 1 on institutional depth from their inception to 1988. After 1989 they all score 2 on institutional depth and 1 on policy scope.

A few metro regions have minimum scores on institutional depth because they are heavily controlled by the *estado* executive. Some of these have an assembly, and hence score 1 on depth and 1 on assembly. Those with minimally defined institutions and total executive dominance score 1 on depth and zero on all other dimensions.

The third category, which represents the majority of metro regions, have a robust status in *estado* law. These metro regions generally have competences in territorial, cultural, social, environmental, economic, and institutional planning (both broad and sectoral), execution of projects, maintenance and provision of public services, and the supervision, oversight, and control of public activity in the metropolitan area. They may operate in a broad range of areas classified as common interest, including: transport, economic development, planning, infrastructure including telecommunications, railroads, roads, and utilities, sanitation, public health, water management, nutrition, social services, social housing, public safety, and human resource development. Metro regions score 2 on depth, and 1 on scope (to account for the fact that their policy authority is mostly devolved from local and state governments),

FISCAL AUTONOMY

The core of Brazil's contemporary tax system was established in the 1920s and 1930s. The two most important taxes, apart from social security contributions, are income tax, created in 1924 and controlled by the federal government, and sales tax/value added tax, created in 1934 and controlled by the states. During the first half of the twentieth century, tariffs and export taxes were also important for both levels of government, but their significance has declined sharply. Through their control over the sales tax, Brazilian *estados* have had extensive fiscal autonomy (Diaz-Cayeros 2006: 210; Rodden 2006; Samuels
and Abrucio 2000).

The 1946 constitution enshrined *estado* rights to set the base and rate of property taxes outside metropolitan areas, inheritance tax, and export tax— up to 5 percent—on goods produced in the

state (Art. 19), as well as on any newly created tax. The 1946 constitution also laid the foundation of an intergovernmental revenue sharing system between *estados* and the federal government, on the one hand, and the *municipalidades*, on the other. Each higher level transferred a percentage of its major tax—sales tax and income tax, respectively—to the municipalities. Exclusive control over the rate and the base of the sales tax justifies a score of 4 for the *estados* from 1950–63.

The military regime that came to power in 1964 immediately sought to centralize subnational tax bases (Samuels and Abrucio 2000: 49), which they were able to implement under the 1967 constitution (Lopreato 2000: 5; Mora and Varsano 2001). *Estados* lost control over the base of the sales tax, which was replaced by a federal value added tax of which the base and rate were set by the senate (Rodden 2006: 192; Diaz-Cayeros 2006: 220). *Estados* also lost their residual power to create taxes (C 1967, Art. 20).

To offset the loss in state revenue, the constitution expanded the intergovern- mental revenue sharing system to include the *estados*. The national government transferred revenues collected from personal income and industrial production taxes to states and municipalities through two newly created *fondos de participa- ção* (participation funds). The flipside of the reform was tighter central control on spending: the military regime earmarked a share of these transfers for particular expenditures. The 1967 constitution was in effect throughout the *abertura* period, though in 1979 the regime eliminated the requirements that states spend only in certain areas (Samuels and Abrucio 2000: 57). Since *estados* lost control over their major tax, fiscal autonomy declines to 2 from 1964–87.

The 1988 constitution revived and expanded the fiscal competences of the *estados* in several ways. First, it empowered them to increase the rates (but not change the base) on personal and corporate income tax (up to 5 percent of the total income tax paid to the center), as well as the rate and the base of inheritance and vehicle tax (Arts. 155–177; Rodden 2006: 192). Second, *esta- dos* regained control over the rate of the *Imposto sobre Circulação de Mercadorias e Serviços* (ICMS, the state value added tax), which replaced sales tax (Serra and Afonso 2007: 33) and has remained the most important state tax (Magdaleno 2005: 127; Rodden 2006; Souza 2004). The base is set by the senate (Diaz- Cayeros 2006: 228). Initially, the senate allowed individual states considerable leeway in defining their tax bases (Shah 1991: 13–14) but the principle of central determination of the base was reaffirmed by the 1996 *Lei Kandir* (Kandir Law, *Lei Complementar* 87; Arretche 2007: 52). Third, authority over tax incentives became a subnational competence (Magdaleno 2005: 127). Fourth, automatic transfers from the center were included in the constitution with few strings attached (Dickovick 2004: 70). Fifth, the 1988 constitution gives residual tax authority to the *estados* (Diaz-Cayeros 2006: 228). Because *estados* have regained some control over the rate of the value added tax and the authority to increase the rates on income tax, they score 3 for 1988–2018. The *Distrito Federal* was subject to the same rules as the states until the military coup. Thereafter, the national congress took full control of the budget and the tax system (C 1967, Art. 17).[Æ] Under the 1988 constitution, the central government has lost the power to legislate on the *Distrito*'s fiscal affairs (C 1988, Art. 32). Hence, we assign the *Distrito* the same score as the *estados* from 1988. Finally, the *territórios* were under full central control. Metro regions receive

funding from state and local authorities, and do not have fiscal autonomy.

BORROWING AUTONOMY

Under the 1946 constitution, borrowing by *estados* (and *municipalidades*) in principle required prior approval by the senate (Art. 62), though such provision remained dead letter. *Estados* had multiple venues to borrow extensively on domestic and foreign markets, including contractual borrowing from private foreign or domestic banks (especially banks owned by the subnational govern- ments), issuance of domestic or foreign bonds, and the running up of arrears to suppliers and personnel (Dillinger and Webb 1999*a*; Rodden 2006: 196–7). Hence, borrowing autonomy was extensive and centrally imposed restrictions were absent. States score 3 on borrowing autonomy between 1950 and 1963.

In the first decade of military rule, the *junta* cracked down on subnational borrowing by enforcing administrative guidelines, which required prior senatorial approval (Samuels and Abrucio 2000: 49).[5] Increased central control warrants a shift to 1 in the score for 1964–73.

After 1974, state governors obtained authority to access credit markets in exchange for support of the military regime (Diaz-Cayeros 2006: 222; Rodden 2006; Samuels and Abrucio 2000). Since central control over borrowing was again made inoperative (Dillinger 1998), borrowing autonomy increases to 3 from 1974.

By the mid-1980s, several states had accumulated extensive debts, mostly domestic, which threatened to undermine national fiscal solvency. Through- out the 1980s and 1990s, the federal government honored state obligations to their creditors. This led to federal bailouts in 1989, 1993, and 1997, in which the federal government effectively federalized the debt in return for tighten- ing restrictions on subnational borrowing through a series of bilateral and multilateral deals (Dillinger 1998; Rodden 2006).

The 2000 *Lei de Responsabilidade Fiscal* (Law of Fiscal Responsibility, *Lei Complementar* 101) implemented *ex ante* central approval by effectively enforcing three long-standing mechanisms: the role of the senate, which has the authority to regulate state borrowing and, at least since 1975, capped total debt service and new borrowing; the authority of the central bank, which supervises borrowing from domestic banks; and a series of regulations that constrain state borrowing from federal institutions (Dillinger 1998). In add- ition, the Law laid down strict conditions on *estado* borrowing. It requires the president to set yearly debt limits and states that violation of these limits can lead to a prohibition on borrowing. *Estados* are required to submit multi-year plans on the use of resources. A golden rule provision stipulates that credit operations may not exceed capital expenditures. Furthermore, the federal government can withhold constitutional transfers to states failing to repay debts. Finally, finance ministers must impose hard constraints on borrowing (Rodden 2006: 247). As a result, government borrowing at any level requires approval in the relevant legislature, authorization from the central bank, and approval by the national senate (Souza 2004: 5).

[5] At the same time, the center facilitated the creation and proliferation of subnational enterprises (Eaton 2006).

The *Lei de Responsabilidade Fiscal* also compels subnational executives to present their accounts to tribunals. If the accounts are rejected, subnational executives face fines and leaders are held criminally responsible for violations (Dickovick 2004: 73). Historically, this law was rigorously applied, but some of the fiscal authority shifted horizontally rather than vertically because all three levels of government played an oversight role. Borrowing decreases from 3 to 1 as of 2000.

The requirements of the LRF have proved insufficient to control subnational debt in response to the Great Recession and since 2014 many subnational governments in Brazil have struggled at the brink of fiscal crisis. However, because the renegotiations, indexing, changes in reporting criteria, and other stop-gap measures that have been used to manage the requirements of the LRF have required the participation and acquiescence of the central government, borrowing autonomy remains formally constrained for subnational governments.

The *Distrito Federal* falls under *estado* rules, with the exception of the authoritarian period, when fiscal matters, including borrowing, were brought under central control.[Æ] Therefore, Brasília scores 0 instead of 1 during this period. The *territórios and* Metro regions do not have borrowing autonomy.

REPRESENTATION

The *assembléias legislativas* are the unicameral legislative bodies of the *estados*. The 1946 constitution established direct election of legislative assemblies and of governors and vice-governors, and defined the number of *deputados* (deputies) (Art. 11 Transitory Dispositions).

The military regime interfered in the selection of legislative and executive representation. In 1964, the governors of Amazonas, Goiás, Pará, Pernambuco Rio de Janeiro, and Sergipe were removed by the new military regime. Direct elections were held in eleven *estados* in 1965, but the victory of opposition candidates in four states prompted the suppression of political parties under *Ato Institucional 2* and the introduction of indirect gubernatorial elections under *Ato Institucional 3*. Under the indirect system, legislative assemblies chose governors from a set of candidates presented by the central government (Samuels and Abrucio 2000: 48). We conceive this as a form of dual executive. Unlike the bureaucratic authoritarian regimes in Chile and Argentina, elec- tions were not canceled. Legislative assemblies continued to be directly elected (C 1967, Art. 16), but severe restrictions on political parties and civil liberties applied (Samuels and Abrucio 2000: 49). We account for this by reducing the score for assembly from 2 to 1.

In 1982 the direct election of governors resumed, albeit under the legal framework of the 1967 military constitution. Because the *atos institucionais* were repealed in 1979 and the ban on political parties lifted (Law 6767), representation is given the maximum score (=4) starting from 1982.[β] The 1988 constitution regularized this system.

Under the 1946 constitution, the *Distrito Federal* had fifty elected *vereadores* (city council members) and a presidentially appointed *prefeito* (Art. 87 and Art. 11 Transitory Dispositions). The 1967 constitution changed the name of the office to governor. In 1991, the governor was directly elected for the first time. The representatives of the assembly (*deputados distritais*) are directly elected. In the *territórios*, the president appointed the governors and there were no

assemblies.

The metro region councils are generally made up of the mayors of all the member municipalities and a set of *estado* appointees—often ministers responsible for the areas included in competences of the metro region. The positions are unpaid and are considered part of the service of the positions already held. The *estado* governments have different levels of control over how the metro regions operate, and these are reflected in individual scoring. The law usually gives the council the right to approve the Development Plan for the metro region, to define its activities, to create technical committees, and to determine its own internal structure.

Nearly all have an assembly, which attains a score of 1 as long as there is at least a parity of municipal representation. Scores for executive representation are mostly 0 because usually the estado executive holds or appoints the Presidency, but there are a number of exceptions where municipalities hold a firm majority in the assembly and control the executive.

The metro regions created in 1973/1974 also score 1 on assembly and 0 on executive. They all had the same initial double structure of a *Conselho Deliberativo* (deliberative council), which acts as the executive, and a *Conselho Consultivo* (consultative council), which acts as the assembly. The Deliberative Council is chaired by the governor, with five technical appointees, one of whom could be the mayor of the capital city or someone nominated by the other municipalities (Lei Federal 014, Art. 2.1). The Consultative Council was composed of all municipal mayors and presided by the governor (Art. 2.2).

Some metro regions lack representative institutions and score zero.

Shared rule

LAW MAKING

Multilateral shared rule in law making is strong. Brazil has a bicameral legislature composed of the senate and chamber of deputies. Under the 1946 constitution, each *estado* and the *Distrito Federal* directly elected three senators to serve eight-year terms (*L1, L3, L4*); *territórios* did not elect senators (Art. 60). The principle of *estado* representation also applied to the lower chamber, where the *estados*, the *Distrito Federal*, and the *territórios* served as districts (Art. 56; C 1946, Art. 58).

The national congress had broad legislative authority (C 1946, Art. 5) (*L4*). Legislation had to be approved by a majority in both houses, with a majority of their members present (Art. 42). In joint session the houses could overrule a presidential veto with a two-thirds majority of those present (Arts. 68–70). Members of either chamber, as well as the executive, could initiate legislation (Art. 67). In addition to having the right to legislate in most matters (C 1946, Art. 65), the legislature had exclusive competences in a number of important areas including approving federal interventions; a final decision on proposals from state legislative assemblies regarding the territorial reorganization of *estados*; judging the accounts of the executive branch; and approving international treaties (C 1946, Art. 66). The senate also approved the appointment of the members to the *Supremo Tribunal Federal* (the highest federal court), which adjudicated conflicts between the center and the *estados*, as well as between *estados* (Art. 99).

After the 1964 military coup, the legislature remained operative except for brief closures of the congress in 1966, 1968, and 1977 (Falleti 2011; Fleischer 2010). Under the *atos institucionais* and the 1967 military constitution, the president acquired broader executive powers which allowed him to legislate in some areas without the national congress (Art. 8 and Section V). The lawmaking score for estados therefore drops on *L4* in 1964.The *atos institucionais* were lifted in 1979. In 1978, a change in the electoral rules introduced the indirect election of one-third of the senate by the estados. In 1980 the structure of the congress outlined by the 1946 constitution was restored (Falleti 2010) and we restore the L4 score for the estados in 1980.

The constitution also eliminated the representation of the *Distrito Federal* in both chambers (Arts. 41 and 43) and granted the senate exclusive competences over the administrative organization and fiscal matters of the capital (Arts. 17.1 and 45). The new rules came into effect for the 1970 election (C 1967, Art. 175).

Under the 1988 constitution, the *Distrito Federal* regained representation in both chambers (Arts. 45–46). Currently, the senate comprises eighty-one seats. Three senators from each of the twenty-six *estados* and the *Distrito Federal* serve eight-year terms. Elections are staggered: two-thirds of the upper house is elected at one time and the remaining third four years later. The senate gained control over international financial operations and borrowing (Art. 52).

EXECUTIVE CONTROL

Multilateral intergovernmental bargaining between central ministries and sub- national *secretariados* (secretariats) has been common throughout the history of Brazil, but a routinized system of executive coordination is of recent vintage.

Routinized bargaining in *conselhos* (councils) took place from the early twentieth century in health and education, but the main actors were non- governmental professional groups. After democratization in the late 1980s, the greater emphasis on community participation revived these institutions, and the councils became venues for intergovernmental policy development and negotiation.

From 1990, the legislation creating the *Sistema Único de Saúde* (Unified Health System) institutionalized health conferences and councils at the three levels of government. These councils are dominated by government representatives, though they usually also include policy makers, citizens or service users, non- governmental organizations, and the private sector. Policy recommendations generally percolate up: local councils vote on recommendations to be sent with representatives to the *estado* councils, which then vote on and take these recommendations to the federal level (Pogrebinschi and Santos 2009). At each subnational level the councils can veto actions by the corresponding subna- tional health secretariats (Coelho 2006: 660), though the national health min- istry can veto council decisions. In health care, the councils meet regularly and, together with the ministries of health, produce recommendations that are translated into health pacts. Since 2011, health pacts are legally binding (Decree 7508). The *conselho* system exists in many other spheres including education, transportation, and justice, and allows for both vertical and horizontal coord- ination. The *estados* and *Distrito Federal* score 1 from 1990.

FISCAL CONTROL

Regional governments in Brazil do not have regular access to intergovernmental bargaining on national fiscal policy. No collective standing institution for regional executives exists. Instead, it is common for *estados* to enter bilateral, generally informal, negotiations with the central government for one-off increases in transfers in a particular policy area or for a particular project.

Specific rules about the distribution of taxes are written into the constitution, and an amendment process is required to modify these rules, which falls under constitutional reform.

BORROWING CONTROL

Before the late 1990s, federal and *estado* governments addressed debt crises in ad hoc fashion through a series of bilateral and multilateral deals.

In 1997 and 1998, following the passage of Law 9496, the federal government negotiated agreements with the *estados* to reschedule *estado* debt pro- vided they undertook fiscal reforms and fulfilled fiscal goals. These agreements established a comprehensive list of fiscal targets, including debt-to-revenue ratio, which were then codified in the *Lei de Responsabilidade Fiscal* in 2000. Hence there was a substantial one-time subnational input, but no routinized bargaining or monitoring emerged. The new system imposed national stand- ards and control on national and subnational debt.

Subnational interests—but not governments—may influence decision making through the senate. Indeed, the *Lei de Responsabilidade Fiscal* mandates that the senate set targets for subnational government debt and fiscal balances (Liu and Webb 2011). All borrowing requires prior approval by the national senate (Souza 2004).

CONSTITUTIONAL REFORM

Under the 1946 constitution, reforms could be initiated by the chamber, the senate, or a majority of the state *assembléias legislativas* (Art. 217). The reform required an absolute majority in the two federal houses in two consecutive meetings, or a two-thirds majority in each. In 1964, the *atos institucionais* superseded the constitution, and these could only be modified by the military leadership.

The 1988 constitution restored the right of reform initiative by the *assembléias legislativas*, the senate, or the house (Art. 60). A reform must be approved by three-fifths of each federal house, which gives the senate a veto.

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Self-rule in Brazil

		Institutional depth	Policy scope	Fiscal autonomy	Borrowing autonomy	Representation		Self-rule
						Assembly	Executive	
Estados	1950–1963	3	3	4	3	2	2	**17**
	1964–1973	2	1	2	1	1	1	**8**
	1974–1981	2	1	2	3	1	1	**10**
	1982–1987	2	2	2	3	2	2	**13**
	1988–1999	3	3	3	3	2	2	**16**
	2000–2018	3	3	3	1	2	2	**14**
Distrito	1950–1963	2	2	4	3	2	0	**13**
Federal	1964–1981	1	1	0	0	1	0	**3**
	1982–1987	1	1	0	0	2	0	**4**
	1988–1990	2	3	3	3	2	0	**13**
	1991–1999	2	3	3	3	2	2	**15**
	2000–2018	2	3	3	1	2	2	**13**
Territórios	1950–1987	1	0	0	0	0	0	**1**

Shared rule in Brazil

		Law making						Executive control		Fiscal control		Borrowing control		Constitutional reform		Shared rule
		L1	L2	L3	L4	L5	L6	M	B	M	B	M	B	M	B	
Estados	1950–1963	0.5	0	0.5	0.5	0	0	0	0	0	0	0	0	3	0	**4.5**
	1964–1979	1	0.5	0	0.5	0	0	0	0	0	0	0	0	0	0	**1**
	1980–1987	0.5	0	0.5	0.5	0	0	0	0	0	0	0	0	0	0	**1.5**
	1988–1989	0.5	0	0.5	0.5	0	0	0	0	0	0	0	0	3	0	**4.5**
	1990–2018	0.5	0	0.5	0.5	0	0	1	0	0	0	0	0	3	0	**5.5**
Distrito	1950–1963	0.5	0	0.5	0.5	0	0	0	0	0	0	0	0	3	0	**4.5**
Federal	1964–1969	0.5	0	0.5	0	0	0	0	0	0	0	0	0	0	0	**1**
	1970–1987	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
	1988–1989	0.5	0	0.5	0.5	0	0	0	0	0	0	0	0	3	0	**4.5**
	1990–2018	0.5	0	0.5	0.5	0	0	1	0	0	0	0	0	3	0	**5.5**
Territórios	1950–1987	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**

National legislature has: L1=regional representation; L2=regional government representation; L3=majority regional representation; L4=extensive authority; L5=bilateral regional consultation; L6=veto for individual region. Total for shared rule is either multilateral (M) or bilateral (B).