

# Coalition Government Budget Policy and Coordination

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(Figueiredo, Argelina Cheibub, and Fernando Limongi. 2008. *Política orçamentária no presidencialismo de coalizão*. Rio de Janeiro: Editora FGV)

Coalition presidentialism has revealed itself to be one of the most instigating ways of forming a government. Its recurrence has introduced new challenges in the study of relations between the Executive and Legislative branches, gradually displacing the *focus* to the decision-making process and the micro-institutions that regulate it. This analytical trend has given rise to a considerable number of studies on the dynamics of the aforesaid relations, which have gradually provided readers with a more thorough picture of the political and institutional bases for this type of government.

The contributions found in the book *Política orçamentária no presidencialismo de coalizão* should be regarded as being part of this context. In its Introduction, the authors reiterate the continuity between this work and their previous study: *Executivo e Legislativo na nova ordem constitucional*. However, far from being a mere update, they warn readers about what is going to surprise them up to the end of the book: a structured and detailed analysis of the mechanisms based on which coalition presidentialism actually takes shape as government practice.

To this end, the book focuses on the budget policy decision-making cycle, which stretches from budget formulation to execution. The analysis of this policy is justified by more than its relevance. In fact, this issue has become a privileged object of various analyses that show that the distribution of budget resources is what “cements” relations between Executive and Legislative.

Differently from this perspective, the objective of this book reaches beyond this. The analysis of the budget process is part of a broader analytic framework about the micro-institutional mechanisms that pave the way to cooperation between the branches in Brazil, in the form of coalition government. Without disregarding the distributive component, the authors' approach seeks to position it before the multidimensional character of Executive-Legislative relations.

This study focuses on the budget policy cycle, including the entire decision-making chain, stretching from budget approval to execution. Proceedings to pass budget bills (*projetos de lei orçamentária* (PLOs)) and the implementation of the resulting legislation (Annual Budget Law) in the 1996-2001 period constitute the empirical basis for testing hypotheses about the interconnectedness of Executive and Legislative in the lawmaking process.

A thorough analysis of the parliamentary phase of the budget process provides readers with a fundamental interpretive key to understand the dynamics within coalition presidentialism in Brazil: the formation of a governmental agenda which rests on the complementarity of allocation priorities of the Executive and the Legislative. This process implies coordinating the actions of coalition members both in the legislative arena and in the exercise of executive functions when they take up government office. Therefore, it is not the case of merely the Executive's agenda supported by the parties, but an agenda based on bargaining, so as to reach mutual accommodations regarding the interests of both Executive and Legislative. The budget process is decisive for such an accommodation, for it directly consolidates the conversion of substantial preferences, in terms of public policies, in convergent allocation priorities. The empirical analysis of preferences regarding the distribution of public funds shows in great detail how public spending choices are restricted due to the insufficient resources available to be discretionarily allocated by either Executive or Legislative.

The authors deal with these restrictions not just to characterize the strategic context of budgetary decision-making. With a broader view, their analysis situates at this point the driver of endogenous processes reconfiguring the budget process' institutional sphere. By means of thorough documental research, this study clearly shows that the alteration of internal rules has changed the ways in which the Legislative participates in the budget process. The rationalization of the PLO process through the creation and gradual strengthening of collegiate decision-making bodies is regarded as a significant alteration of the role played by the Legislative when programming public spending. The control of the budget policy by the Executive and macroeconomic restrictions are regarded as causes that led legislators to prioritize certain strategic decision areas, such as the revision of budget resources allocated by the Executive and adjustments in the allocation of public funds.

Such dynamics are institutionally anchored in the centralization of decision-making mechanisms, similar to the ones seen in other parliamentary collegiate bodies. This

organizational alignment of budget decision-making bodies reasserts the Legislative's institutional dynamics. Such dynamics tend to delegate decision-making to institutional and party leaders so as to solve the Legislative's coordination problems *vis-à-vis* the agenda power of the Executive. Regarding the budget, the operational capacity of the government coalition to accommodate complementary agendas into a coordinated government action program requires the mitigation of horizontal conflicts among coalition members. Hence, the budget process dynamics are inserted in a broader process that shapes the governmental agenda in the legislative arena.

It is worth highlighting the connection between the changes that allowed for a more decisive action of the Legislative in the budget process on the one hand, and its growingly strengthened strategic position to coordinate the coalition, on the other. The roles played by institutional players (*rapporteurs*, committees and regional and state caucuses) are seen as the cornerstone of this process. Thus, the influence of the aforesaid players has been increasingly strengthened through the implementation of internal rules regulating budget proceedings, allowing for the prevalence of collective and institutional proposals rather than individual ones. This analysis reveals the importance of the debate on the nature of legislative bargaining over the budget, as well as its strategic role regarding the coalition's governance. Far from being a "bargaining chip" in the negotiation of individual legislative support, the budget decision-making process to some extent allows coalition parties to mould the conditions of their participation in government.

The authors argue that the dynamics of a government coalition in Brazil are not restricted to managing conflicts deriving from a dual agenda. On the contrary, focusing on budget policy they show that the legislative arena plays a central role in the making of a majority agenda. Within this sphere, party bargaining over their participation in government is updated, revised and aligned into a multi-party government coalition agenda. Anticipating party reactions and how these are going to be absorbed along the decision-making process is crucial for the coalition's governance. In this regard, this study contains significant contributions to better assess the true dimension of this process by highlighting the regulating role of institutional players in adjusting and consolidating the Executive's budget proposal. This shows how complex mechanisms based on the anticipation of parliamentary reactions are used to coordinate the coalition government. However, such mechanisms are usually overlooked in studies with a *focus* on the Executive's control of the budget process.

However, new research can further contribute to understanding how institutional dynamics in the formulation of budget policy affect the coalition's governance. The extent to which budget proceedings become mechanisms that restrict coalition parties' discretionary management of ministries should be further assessed. In other words, to what extent the

parliamentary negotiation of the budget policy, on a party and collegiate basis, gives coalition members the opportunity to monitor each other's conduct of ministerial matters.

Approaching the budget process as a component of coalition politics broadens the debate on the formation of a majority agenda. Such a statement does not mean disregarding the Executive's agenda power, which has been amply highlighted by the authors. Rather, it means understanding the conditions under which this power is mobilized.

Translated by Leandro Moura