

THE EVOLUTION OF NATIONAL URBAN DEVELOPMENT POLICIES
AND STRATEGIES IN BRAZIL:

AN INSTITUTIONAL PERSPECTIVE OF THE POST-REVOLUTION YEARS

by

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B.S. Urban Planning, University of Utah
(1985)

Submitted to the Department of Urban Studies and Planning
in Partial Fulfillment of
the Requirements for the Degree of
Master in City Planning

at the

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ABSTRACT

This thesis traced the evolution of National Urban Development Policies and Strategies in Brazil as guided by the military National Security State from 1964 to 1984. The thesis then focused on recent trends in such policies and strategies in Brazil, covering the period from 1985, year of the inception of the civilian New Republic, to 1987.

Although the National Security State actively pursued a variety of National Urban Development Policies and Strategies between 1964 and 1984 and although the New Republic has reconfirmed their importance since 1985, this thesis demonstrated that, as a whole, such policies and strategies were not successful. In fact, their impacts on urban development were minimal

The primary objective of the thesis was to understand the roles played by specific institutions in the formulation and implementation of urban development policies and strategies during this twenty-four year period. The thesis concluded that there were four main reasons which explained why these institutions' policies and strategies were ineffective.

First, the geopolitical ideology of the National Security State (NSS) led the institutions to overemphasize the goal of spatial deconcentration in their policies and strategies. Second, the instructions provided by the NSS to implementing institutions were vague. This led to the rise of independent, sectoral-oriented urban institutions which gave no priority to National Urban Development Policies. Third, the implicit spatial effects of economic policies undermined the impacts that these institutions' policies and strategies might have had on urban development in Brazil. Fourth, the institutions created to formulate and implement National Urban Development Policies and Strategies during this period lacked status and independent sources of funding, and they were unable to orient the Federal government's sectoral investments to urban development objectives.

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TO MARIA,
SARAH AND MATTHEW

THE EVOLUTION OF NATIONAL URBAN DEVELOPMENT POLICIES AND STRATEGIES IN BRAZIL:

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INTRODUCTION

Although the Brazilian Federal government has pursued a variety of national urban development policies and strategies over the past twenty years, especially since 1974, it is clear that in most instances their impacts on urban development were minimal.

This thesis will trace the evolution of National Urban Development Policies and Strategies in Brazil, as guided by the military regime from the 1964 Revolution until approximately 1984, focusing in particular upon roles played by specific institutions. The objective is to understand why the policies and strategies devised and implemented during this period did not produce positive results and to identify who or what should be held accountable for their ineffectiveness.

A priori, the most likely candidates for blame are: the goals implicit in the geopolitical ideology of the military National Security State (NSS), the nature of the instructions provided by the NSS to implementing agencies, the inability (or lack of desire) of specific institutions to appropriately translate national policies into strategies, the largely sectoral orientation and lack of coordination among strategies, and the implicit/explicit spatial effects of economic policies.

This thesis will scrutinize each of these candidates, as well as other potential indicators of failure such as social, political, and economic conditions and, especially, the effects of specific institutional strategies on urban development during this period.

This analysis will provide an understanding of what went wrong during the period of military rule, as well as a solid base from which one can

examine recent trends in urban development policies and strategies in Brazil, as guided by the new civilian administration since 1985 to the present (1987).

The civilian administration has been firmly committed to continuing the pursuit of National Urban Development Policies and Strategies (NUPS and NUDS, respectively, hereafter *), regardless of their disappointing past track record.

The creation of the new Ministry of Urban Development and Environment (MDU) in 1985 was a clear indication of this commitment. There appeared to be a general expectation that the MDU would soon rise as a powerful phoenix from the ashes of past urban development failures.

At the present time, it remains to be seen exactly in what direction and how far the "pheonix" will be able to fly, given the heavy handicap of current economic and social conditions placed upon its young wings.

This thesis will examine the current situation of NUPS and NUDS in Brazil, giving special attention to the new Ministry's activities since it has become the single official source of such policies and strategies.

The objective is to use the preceeding analysis as a set of tools for examining the present situation in order to understand to what extent it is actually different from the past. In particular, the objective is to inspect the MDU's recent urban development proposals and to understand whether these proposals have used lessons learned from past failures as a means of avoiding mistakes in the present and near future.

Finally, the thesis will provide general conclusions based upon the analysis of the issues described above.

In order to fulfill these objectives, the thesis is organized as follows:

Chapter I provides a brief historical background of geopolitics in Brazil, an account of the activities of key geopolitical institutions and actors and then focuses on the military regime's use of Brazilian-flavored geopolitical thought as a tool for creating, legitimizing, and implementing the new theory of the National Security State.

* See the Glossary of Acronyms on pp. 116-119 for a complete list of the acronyms used in this thesis.

Chapter II "sets the scene" for the discussion of NUPS and NUDS developed in subsequent chapters by performing three tasks.

First, it explains how a chronogram was created and will be used as a "working methodology" in order to analyze the evolution of NUPS and NUDS in Brazil. The chronogram divides the rule of the military regime into five major periods (1963 to 1967, 1968 to 1971, 1972 to 1974, 1975 to 1979, and 1980 to 1985), within which the specific combinations of national policies, strategies, plans and institutions it presents were particularly influential on urban development.

Second, it outlines Brazil's most important demographic, urban social, and administrative characteristics in order to help the reader understand their peculiarities and the potential constraints they place upon the formulation and implementation of policies and strategies.

Third, Chapter II provides a glossary which clarifies the definitions of key terms used frequently throughout the thesis.

Chapters III and IV focus on the "Modernization Period" and the "Official Recognition Period" respectively. Each chapter provides a general description of the National Security State's politics as well as an account of major official urban policies and strategies relevant to each period. Next, the roles of institutions as interpreters/implementers of policies and as creators of strategies are emphasized.

The impacts (success/failure) of official policies are evaluated by analyzing the effects of specific strategies on urban development. For example, the impact of the "national integration" policy is evaluated by analyzing the effects of the National Housing Bank's housing strategy on urban development.

Finally, the most important fiscal mechanisms (and institutions) created to finance urban development are described and interpreted as being influential sources of "de facto" urban development policies and strategies.

Chapter V fulfills the second major objective of the thesis as outlined above. It examines the current status of NUPS and NUDS in Brazil, focusing in particular upon present political, social and economic constraints which the

Ministry of Urban Development and Environment (MDU) must confront and overcome in order to implement its proposals.

More specifically, Chapter V will question whether it is feasible (or even appropriate) to assign to a single institution the responsibility of guiding urban development in Brazil, whether the MDU is capable of coordinating or modifying the sectoral strategies of other Ministries which directly or indirectly impact urban development and whether the MDU is powerful enough politically and financially to actually influence urban development given the current political transformations and the economic crisis the country faces.

Obviously, NUPS and NUDES were not devised in a political and economic void. At the same time that they were being implemented, specific economic policies (which had implicit or explicit spatial impacts) were also implemented in various sectors.

Hence, in addition to the items described above, Chapters III, IV and V also provide a brief discussion of the implicit or explicit spatial impacts of economic policies implemented during the various periods they examine.

Finally, Chapter VI provides general conclusions. These conclusions result from the thesis' evaluation of urban development policies and strategies during the various periods outlined above and from its analysis of current institutional arrangements within the Ministry of Urban Development and Environment.

CHAPTER I - GEOPOLITICS: BASIS FOR A THEORY OF THE STATE

1.1 - History of Brazilian Geopolitics

Geopolitical thought has a long tradition in Brazil. Its influence is readily apparent in official Brazilian policies for economic development, territorial integration, and frontier settlement since the first decades of the twentieth century.

The pioneers of geopolitical thought in Brazil were Everardo Backheuser and Carlos Delgado de Carvalho, whose writings appeared during the period from 1910 to 1930. Both of these writers studied in Europe and were strongly influenced by the leading German and French theoreticians of the time, namely, Ratzel, Kjellen, and Vidal de la Blanche. (See Hepple, 1986, for further details.)

During the 1930s and 1940s, Backheuser's and Carvalho's contributions were reinterpreted by several writers within military colleges and given a particular Brazilian flavor. This marks the beginning of a long-term association between geopolitics and the military in Brazil. Practically all subsequent contributions to Brazilian geopolitical thought (and certainly the most important ones), can be attributed to military figures.

The most influential writer during this period was Mário Travassos. In his major work, Projeção Continental do Brasil, he argues that geopolitics is fundamentally a geographical interpretation of history. A complete understanding of geohistorical trends will provide important guidelines for rational public policy formulation in the future.

More specifically, Travassos advocated the continued westward expansion of Brazil towards Bolivia and within the Amazon (which he viewed as the major geohistorical trend of the nineteenth century). This expansion should be accompanied by effective frontier settlement and spatial integration, or by what Backheuser had envisioned: a revitalization of "dead frontiers" into "living frontiers".

This strategy would produce a state of "greatness" (grandeza) in Brazil, i.e., Brazil would become a powerful nation capable of defending itself in order to survive.

The geopolitical concept of "grandeza" is very influential in Brazil even today and has provided justification for a variety of governmental policies; for example, economic development of the Northeast, the formation of the Legal Amazonia, emphasis on rapid industrialization, and investments in hydroelectric plants.

1.2 - The New Geopolitics and the Establishment of the ESG

Practically no civilian writers have contributed to geopolitical thought in Brazil since the 1950s. The most prominent writers have been Generals Golbery do Couto e Silva and Carlos de Meira Mattos. The work of these two men, especially the first, has been particularly influential on Brazilian geopolitics. Their writings essentially established the "new geopolitics" which acted as the theoretical basis of the National Security State after 1964.

The institutional setting within which the new geopolitics proliferated is particularly important. This setting provided not only a support mechanism for the two theoreticians, but also a means for legitimizing their ideology.

In 1949, the Escola Superior de Guerra (ESG - the highest military academy) was established in Brazil. The ESG was modeled on a combination of the U.S. National War College and the French Institut de Hautes Etudes de la Defense Nationale. A group of Brazilian officers, including Golbery do Couto e Silva and Carlos Meira Mattos, were especially influential in the formation of this institution (Hepple, 1986, p.7).

This group was responsible for devising the specific set of ESG geopolitical concepts that had a profound impact upon the political ideology of key military personnel and civilians who participated in ESG seminars prior to the 1964 revolution and who would later play important roles in the new administration.

1.3 - The New Geopolitics: Key Actors within ESG

General Golbery do Couto e Silva was the most important figure in the development of the Escola Superior de Guerra's ideology and has commonly been called its "father". His specialty was geopolitics, and his writings are the essence of the new geopolitics.

Golbery's writings include the more traditional preoccupations of Brazilian geopolitics with spatial integration and frontier settlement. His major innovation, which essentially gave consistency to the new geopolitics, was the addition of three new themes (Hepple, 1986, p.8):

- (1) A perception of Brazil as a key guardian of Western values, which was particularly pro-American and anti-Communistic;
- (2) An expanded outlook on geopolitical thought, formulated in terms of power politics and realist theories of the state;
- (3) A fundamental preoccupation with internal national security.

These themes were first presented in courses given by Golbery at the Escola Superior de Guerra while he was a professor there from 1952 to 1955. A succession of his writings and essays (Planejamento Estratégico, 1955; Aspectos Geopolíticos do Brasil, 1957, and others) were eventually combined into a book entitled A Geopolítica do Brasil (1967) which became the most influential theory of Brazilian geopolitics of all time.

In essence, Golbery advocated national security as the most fundamental geopolitical concept, and this theme is central to all of his writings. His geopolitics was particularly influential within the ESG, where ideological perspectives developed around two central concepts: those of "Security and Development" and the "National Security Doctrine" (see section [e] below and Appendix I for details).

Golbery's work provided a base from which these more narrowly military and economic concepts could evolve into a much broader political ideology, culminating in the empowerment of the National Security State in Brazil in 1964.

More specifically, Golbery's ideology gave particular emphasis to theories favoring a "realist" interpretation of power politics, and he embraced Spykman's view of geopolitics as "the planning of the national security policy of the state in terms of its geographic factors" (Hepple, 1986, p.9).

Golbery viewed nation states as existing in a world of constant competition and war ("global, permanent, and total war", Couto e Silva, 1967, p. 58). In order to survive as entities, and achieve development, States should outline *permanent national objectives*. Geopolitics is best able to determine what these national objectives should be, because its subject matter involves the study of permanent geographical realities.

Golbery accepted democracy as the most suitable form of government for the West. However, since the State's existence is constantly threatened by external competition and "subversion", strong national security should play a fundamental role in maintaining democracy and in achieving economic development. Military security ensures the survival of the State. Therefore, the *military* should assume key political functions.

In the constant struggle to survive, national security demands a maximization of economic growth. In Golbery's words, "Brazil at present has only one choice: to become great or perish" (Couto e Silva, 1967, p. 62). He recognized that rapid economic growth could have serious equity implications, insofar that the requirements of national security would "impose the dreadful weight of a radically destructive economy ... [on] the normal welfare [of] all the people" (1967, p. 13). Nevertheless, he advocated rapid economic growth as being the only solution, even though it might imply inequities for successive generations. Thus, Golbery essentially defines the ideology implicit in the Brazilian economic model (Modelo Brasileiro) implemented by the National Security State beginning in 1967.

The influence of Golbery's geopolitical thought is clearly evident in the central (and widely advocated) theme of the "Modelo Brasileiro"; that of "desenvolvimento a qualquer custo" (development at any cost--where "costs" are associated with the welfare of the people).

Note that if security demands "development at any cost", it is obviously detrimental to the general welfare of the people in the short run. However,

improvements in security pave the way for sustained economic growth *in the long run*, which, presumably, should result in widespread improvements to the general welfare of the people.

This argument (in essence, a "trickle down" effect), allows for a justification of Golbery's ideology, and lends legitimacy not only to the theory of the National Security State, but also to the MSS's economic development interventions through the "Modelo Brasileiro". (See Appendix I for further details.)

More recently, the major contributor to geopolitical thought within the Escola Superior de Guerra has been General Carlos de Meira Mattos. Meira Mattos was also a professor at the ESG and was responsible for introducing its ideology to the Agulhas Negras military academy after 1964.

Meira Mattos' most important contributions to geopolitics were made mainly during the 1970s and, therefore, had no direct effect upon the formulation of the National Security Doctrine implanted by the military in 1964.

Nevertheless, one can attribute to Meira Mattos the credit of continuing the tradition of Brazilian geopolitics, since Golbery's last major work was published in 1967.

1.4 - The Military in Power: Emergence of the National Security State

If the Brazilian military revolution of 1964 had not occurred, the geopolitical and national security works portrayed above would probably have been destined to collecting dust on the shelves of the Escola Superior de Guerra's library.

In 1964, however, there was a widespread perception within the military that the economic chaos and the "subversive", marxist inclinations of President João Goulart's government were becoming a threat to national security.

It appears that this threat was perceived as being of sufficient magnitude to require direct military intervention. Clearly, if the upmost goal

is to preserve national security, intervention is not only justifiable, but indeed legitimate.

President Goulart was ousted in 1964, and the military assumed political power in Brazil, maintaining it for the next twenty years.

The 1964 coup marked a fundamental shift in the role of the military from that of political "moderator" to direct, long-term, "formulator and implementer" of a political strategy. See Chapter III for details. This shift in emphasis was clearly influenced by Golbery's geopolitical thought, and by the National Security and Development Doctrine predominant within the ESG at the time. See section 1.5 below and Appendix I.

The ideological environment within which these events occurred led, almost naturally, to the emergence of the National Security State as a legitimate institution.

The legitimization of the National Security State ensured the credibility of military rule, and allowed many of the Escola Superior de Guerra's officers to assume key government positions. Castello Branco, the new President, had previously been an ESG Commander. Generals Golbery and Meira Mattos also assumed top level positions.

The inclusion of the geopoliticians within the military regime, particularly General Golbery, demonstrates that geopolitics would continue to be influential on the ideology of the new administration.

1.5 - Impacts of the ESG Ideology on the National Security State

The most important concepts of the Escola Superior de Guerra's ideology were adapted to the governmental institutional apparatus by the military regime after 1964. A handbook, entitled Manual Básico da Escola Superior de Guerra (ESG, 1976 edition), containing the bulk of Golbery's geopolitical thought, became the basis of the new National Security State (NSS) ideology.

The Manual outlined the National Security and Development Doctrine of the NSS and established basic institutional implementation methods. It had a profound impact upon the professional and ideological training of both high-rank military personnel and top-level civilian bureaucrats. Indeed, the Manual

can be considered the primary source of explicit evidence for the process of "internalization" of the NSS geopolitical/geostrategic ideology within specific urban development institutions.

Hence, it appears that the new National Security and Development Doctrine would be rapidly internalized in the operations of the institutions implementing urban development strategies after the 1964 Revolution and that these institutions would accept the Doctrine as "given" guidelines for urban development.

Indeed, it appears that all urban development institutions regarded the Doctrine as important and adhered to it. However, in some cases it appears that the Doctrine actually functioned more as a stepping stone from which certain institutions took much broader, and more independent, ideological strides.

Therefore, this thesis hypothesizes that during the period of military rule, specific urban development institutions in Brazil greatly expanded their "normal" roles of legitimizing and implementing the National Security and Development Doctrine ultimately becoming, *per se* powerful creators of urban development policies and strategies (e.g. the Banco Nacional da Habitação).

This is an important point which requires further investigation. Explicit evidence confirming this hypothesis is not readily available.

Nevertheless, implicit evidence supporting the hypothesis can be found, on one hand, in the Doctrine itself because of the vagueness of its instructions for urban development (see Appendix I, p. 84) and, on the other hand, *within* the policies and strategies devised by certain urban development institutions as will be seen in subsequent chapters.

Appendix I provides a summary of the main elements composing the National Security and Development Doctrine, as well as a more detailed explanation of its role within the context of the National Security State.

The 1967 constitution chose the existing Conselho de Segurança Nacional (National Security Council) as the uppermost authority responsible for continuing the formulation of national security and development policies. In 1969, through an amendment to the 1967 Constitution, it was given the power to

"establish the permanent national objectives and the bases for national policy" (note the influence of ESG geopolitics on the terminology).

The Conselho de Segurança Nacional (CSN) gave primary importance to national urban policies as a means of achieving development. It engaged the services of specific urban institutions in order to implement the "permanent national objectives". These institutions became responsible for translating national objectives into particular sets of urban policies and strategies, albeit not necessarily in agreement with the overall National Security and Development Doctrine, as hypothesized above.

When, how and by whom were these urban policies actually formulated, how and why were specific strategies created, who implemented them, and what was their real intent are major questions this thesis will attempt to answer.

The following chapter provides a framework within which these questions can be appropriately addressed.

CHAPTER II - METHODOLOGY, BACKGROUND INFORMATION, AND DEFINITION OF TERMS

2.1 - Methodology

In order to address the questions raised at the end of Chapter I, it was necessary to devise a framework which would allow one to trace the evolution of urban development policies during the period of military rule, focusing, in particular, upon the roles played by specific institutions.

Table 1 provides the basic methodology for the analysis developed in Chapters III and IV of this thesis. It provides an annotated chronogram of the main events related to the creation and implementation of national urban policies and strategies in Brazil during the period from 1963 to 1985 (see page 15).

The vertical axis of Table 1 is divided into six key areas:

(1) Major political trends - key political events and the official terminology given to the National Security State's ideology are recorded here;

(2) National Urban Development Policies - *official* urban development policies which influenced the creation of specific institutional strategies are summarized in this item;

(3) Legal Mechanisms - this item presents general federal legislation relevant to urban policy. Federal legislation pertaining specifically to the urban activities of the Ministries of Planning and Interior, is presented in items (5) and (6) below;

(4) Programs and Plans - the most important federal programs and/or plans containing national urban development policies and strategies are listed here.

Items (5) and (6) focus upon the activities of the Ministries of Planning and Interior, respectively, in carrying out the urban development responsibilities assigned to them by the National Security Council. These items highlight special legislation creating urban development institutions within each one and the specific policies and programs they formulated.

Both items contain a sub-category called Financial Mechanisms and Institutions, listing the most important fiscal mechanisms (and institutions) created to finance urban development.

The last item, called Comments, provides brief notes on institutional and ideological issues and trends within each period, whenever further explanation seemed appropriate.

The horizontal axis of Table 1 is divided into five periods: 1963 to 1967, 1968 to 1971, 1972 to 1974, 1975 to 1979, and 1980 to 1985. This division is intended to simplify the task of analysing the complex events related to urban development during the period of military rule, and to tailor the discussion to:

(a) Presidential terms of office - each successive President had an especially personal view of how the overall NSS concepts of "security and development" should be implemented. Consequently, official urban development policies and strategies reflect priorities established by each President, and the particular group of advisors composing his cabinet (Note, however, that the periods correspond only approximately to Presidential terms of office, given the importance of other events.);

(b) the creation and demise of specific institutions - since one major objective of the thesis is to provide an institutional perspective of urban development, the creation and/or demise of particular institutions was an important factor in the choice of periods;

(c) the periods within which National Development Plans established policy guidelines for the urban activities of the Ministries of Planning and Interior.

The division of Table 1 into specific periods results from a combination of these three criteria. The third one was particularly important for the three periods after 1971, when specific National Development Plans (Plano Nacional de Desenvolvimento - PND), were instituted in Brazil.

CHRONOGRAM OF MAJOR EVENTS RELATED TO
NATIONAL URBAN POLICY IN BRAZIL (1963/1985)

	1962	63	64	65	66	1967	1968	69	70	1971	1972	73	1974	1975	76	77	78	1979	1980	81	82	83	84	1985	86
MAJOR POLITICAL TRENDS	<ul style="list-style-type: none"> Revolution March 1964 Stabilization of Military Regime under Castello Branco 						<ul style="list-style-type: none"> AI-5 Begin implementation of "Brazilian Economic Model" 					<ul style="list-style-type: none"> "Descompresso" and "Distensão" 				<ul style="list-style-type: none"> "Abertura" Elections 									
NATIONAL URBAN DEVELOPMENT POLICIES (YUPS)	<ul style="list-style-type: none"> Create an executive organ to establish housing policy and "territorial planning" Executive organ proposed: Urbanization Superintendency. Formulate YUPS with objective of strengthening social infrastructure: "absorb and integrate" major urban and rural populations. Make urban development compatible with regional development; direct studies towards "program regions"; create system of Integrated Local Planning (ILP); define Growth Poles. 						<ul style="list-style-type: none"> First attempts to identify directives for a National Policy for Local Urban Development (68/70). 					<ul style="list-style-type: none"> First formal YUPS - I PUD - Develop metrop. regions - Priorities for FPM (Municipal Participation Fund). - Coordinate sectoral programs. - Revitalize local decision-making through PAC. 				<ul style="list-style-type: none"> a) urban structure should be adapted to new urb. dev. strategy. b) "urban decentralization at regional and national level." Objectives: define metropolitan functions; define "secondary poles." 		<ul style="list-style-type: none"> c) define specific regional strategies taking into account the peculiarities and urban dev. stage of each region. d) Formulate specific implementation mechanisms for coordination and stimulation of plans by CIPU; coordinate existing Urban Dev. Funds. 							
LEGAL MECHANISMS (DECREES)	<ul style="list-style-type: none"> (67) Decree Law #200 - Creates Ministries of Planning, Transportation, and Interior. - (64) Extraordinary Planning Minister for Regional Agencies 						<ul style="list-style-type: none"> (70) "Xetas e Bases" 					<ul style="list-style-type: none"> (73) Creation of Metrop. Regions. 				<ul style="list-style-type: none"> Creation EBTU (75) (Law 6267) FEDU/FDTU Funds 									
PROGRAMS AND PLANS	<ul style="list-style-type: none"> (63/65) Three Year Plan (64/66) PAEG 						<ul style="list-style-type: none"> Strategic Program For Development (68/70) 					<ul style="list-style-type: none"> I PUD (72/74) PACs 				<ul style="list-style-type: none"> II PUD (75/79) III PUD (80/85) 									
MINISTRY AND SECRETARIAT OF PLANNING INSTITUTIONS AND PROGRAMS	<ul style="list-style-type: none"> (63) Ministry of Planning and Economic Coordination (Decree 52.256) - Creates EPEA, later IPEA. 						<ul style="list-style-type: none"> (71) National Planning System 					<ul style="list-style-type: none"> (73) Contracts for YUPS studies by IPEA. (74) CIPU (Decree 74.156) 													
FINANCIAL MECHANISMS AND INSTITUTIONS	<ul style="list-style-type: none"> (66) FISEP (Decree 55.820) 															<ul style="list-style-type: none"> (75) FEDU (Law 6256) 									
MINISTRY OF INTERIOR (MIINTER) INSTITUTIONS AND PROGRAMS	<ul style="list-style-type: none"> (64) BPH (Law 4.380) (64) SERFHAU (Law 4.380) (66) New SERFHAU given power to create and coordinate National Policy for ILP, within National Planning System (Decree # 59.917). (67) Regional Agencies Created (SUDECO, SUDAM, SUDESUL). 						<ul style="list-style-type: none"> (69) Concentrated Action Program (PAC - Portaria # 214). Coordinated by Vice-Minister of SERFHAU 									<ul style="list-style-type: none"> SERFHAU (75) extinct. (Decree 76.149) PAC extinct. (79) CIPU created. (Decree 83.355) 									
FINANCIAL MECHANISMS AND INSTITUTIONS	<ul style="list-style-type: none"> (66) FOTS (Law 5107) (67) FIPLAN (Decree 59.917) 											<ul style="list-style-type: none"> (72) FDU/BB - BPH FDU/BASA FDU/BWB 				<ul style="list-style-type: none"> (82) FEDU extinct. 									
COMMENTS	<ul style="list-style-type: none"> SERFHAU - Federal institution responsible for ILP. Local orientation - Housing and urbanization. Not actually created a national policy oriented towards "global" (integrated) urban development. 						<ul style="list-style-type: none"> YUPS not formulated in specific terms. Predominance of PAC. 					<ul style="list-style-type: none"> Metropolitan regions limited to state capitals. SERFHAU does not obtain practical results from ILPs. Transition period towards definition of "system of cities" to proceed local planning 				<ul style="list-style-type: none"> Definite official policy shift towards Federal level planning (CIPU). However, absorption of SERFHAU into structure of BPH creates parallel, "de facto" urban/regional development agenda. BPH becomes key force in implementing "de facto" urban policy with emphasis on housing, infrastructure, and transportation. Definition of areas of: Containment (SP, RIO); Control; Discipline; Dynamics. 									
	<ul style="list-style-type: none"> Effort to "overcome" the isolated view of urban development. Transition period from policy formulation through CIPU to coordination of all implementation strategies by CIPU. CIPU has no executive power. Basically an advisory board and coordinator of the sectoral policies of various Ministries. II PUD - makes "system of cities" concept tangible through definition of activity areas. 																								

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"Brazilian Urban Policy: 1963/1983"
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(UNCHS, 1984).

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2.2 - Background Information

This section provides background information on the demographic, social, and administrative characteristics of Brazil. It is important to understand these characteristics because of their direct influence on urban policy formulation and their potential ability to constrain strategy implementation.

2.2.1 - *Demographic Characteristics*

Brazil is a very large country. Its area comprises over 8.5 million square kilometers (3 million square miles), equivalent to roughly 47% of the South American continent. Its coastline extends some 7,400 kilometers (4,625 miles) along the Atlantic Ocean. See the map on page 120. Brazil has the sixth largest population in the world, currently estimated at 138 million inhabitants, the large majority of whom are distributed in cities along the coast (IBGE, [Brazilian Institute of Geography and Statistics], 1986 estimates).

Although Brazil's average demographic density is 16 inhabitants per square kilometer, it varies extremely across regions: from less than 1 in the North to 72 for São Paulo state and as high as 110 inhabitants per square kilometer for Rio de Janeiro state. (These figures refer to the total population, both rural and urban.)

The 1986 rate of total population growth was estimated at 2.2% per year, an apparently substantial decrease (- 11% change) from the 1980 estimate of 2.47% per year (IBGE, 1986 estimates).

If the 1986 annual growth rate is maintained over the next 14 years, Brazil will have a total population of some 187 million in the year 2000 (an additional 49 million people) as opposed to some 194 million in the same year if the 1980 rate of growth of 2.47% per year had been maintained.

Although these facts deserve consideration, what is more relevant to the focus of this thesis are the ever increasing degrees of urbanization in Brazil

over the last four decades, as derived from a comparison of the rates of growth of its urban population to its total population.

Consider Table 2 Below:

T A B L E 2

Urban and Rural Population in Brazil

1940 - 1980

Years	Population (1000 inhab.)						Degree of Urbanization A/C (%)
	Urban (A)	Annual rate of growth (%)	Rural (B)	Annual rate of growth (%)	Total (C)	Annual rate of growth (%)	
1940	12,880		28,356		41,236		31
1950	18,783	3.8	33,163	1.6	51,945	2.3	36
1960	32,005	5.5	38,988	1.6	70,993	3.2	45
1970	52,905	5.1	41,604	0.7	94,509	2.9	56
1980	82,013	4.5	39,137	(0.6)	121,150	2.5	68

Source: Demographic Census of Brazil - FIBGE, 1980

Note: The annual rates of growth are geometric averages

This table depicts the rapid pace of Brazilian urbanization over the last 40 years. Note that while the annual growth rate of the rural population remained unchanged between 1940 and 1960, the annual growth rate of the urban population increased substantially (a 45% change from 1950 to 1960). By 1970, fifty-six percent of Brazil's population lived in urban areas (2.8 out of every 5 individuals).

During the decade from 1960 to 1970, Brazil's population became predominantly urban. By 1980, roughly 2 out of every 3 individuals were living in cities (68%), exactly the opposite scenario of 1940, when 69% of the population resided in rural areas.

For the first time in its history, during the decade from 1970 to 1980 Brazil experienced a decrease in the absolute size of its rural population with a corresponding negative annual rate of growth (- 0.6%).

It is important to note that although 68% of Brazil's total population in 1980 resided in urban areas, the distribution of the total urban population across regions in that year was highly uneven. Consider Table 3 below:

T A B L E 3

Distribution of Total Urban Population by Regions

1980

Regions	Urban Population of Region	% of Total Urban
North	2,936,794	3.7
Northeast	22,037,152	27.4
Southeast	42,541,510	52.9
South	7,745,412	9.6
Center-West	5,109,192	6.4
Total (Brazil)	80,370,060*	100.0

Source: Raw Data - Demographic Census of Brazil - FIBGE, 1980

Note: Brazil's Northeast region is composed of 9 states (Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe and Bahia). Its major cities are Belém, Fortaleza, Natal, João Pessoa, Recife, Maceió and Salvador. The Southeast region is composed of four states (Minas Gerais, Espírito Santo, Rio de Janeiro and São Paulo). Its main cities are Vitória, Belo Horizonte, Rio de Janeiro and São Paulo. See the map on page 120 for details.

Brazil's Southeast region alone accounted for almost 53% of the total urban population in 1980; it contained more of the urban population than all other regions put together in that year. The Northeast region ranked second in urban population (27.4% of the total) in 1980, containing more of the urban

population than the North, South and Center-West regions together in the same year (19.7% of the total).

Therefore, the unevenness of the distribution of total urban population is readily apparent. Even more striking is the fact that in 1980 the combined urban population of the states of São Paulo and Rio de Janeiro (located in the Southeast region) was roughly 36.3 million, equivalent to 45% of the total urban population. Furthermore, the 1980 population of the metropolitan region of São Paulo was 12.6 million, roughly 16% of the total urban population. The metropolitan region of Rio de Janeiro had 9 million residents in 1980 representing 11% of the total urban population. Therefore, in 1980 the combined population of these two metropolitan areas alone was practically equivalent to the total urban population of the Northeast region (27 and 27.4% respectively).

Note also that in 1980 the cities of São Paulo and Rio de Janeiro (the largest of the nation) had populations of approximately 8.5 million and 5.1 million, representing, respectively, 10.5% and 6.3% of the total urban population.

Hence, almost 17% of Brazil's total urban population in 1980 was concentrated in only two cities. (The source of population data for states, metropolitan regions and cities was FIBGE, 1980.)

Given these facts, over the past twenty years one of the major goals of Brazil's urban policies has been to distribute the urban population more evenly across regions with special attention given to the deconcentration of urban population from the "primate" metropolitan areas of São Paulo and Rio de Janeiro. (However, the policies may have given a misplaced attention to deconcentration within the metropolitan areas because, as explained on page 22 below, there appears to have been an almost "natural" tendency for population deconcentration within Brazil's metropolitan areas over the last 40 years.)

* Note that the difference of 2 million in "total urban population" between Tables 2 and 3 is because the number in Table 2 (82.01 million) apparently results from projecting the 1980 urban population from that of 1970 at a growth rate of close to 4.5%, whereas the number in Table 3 (80.37 million) is the sum of actual 1980 urban population counts by region.

Table 4 shows that urban growth rates varied only slightly among different urban size classes in the 1970s. Cities with populations greater than 200 thousand grew, on average, more slowly than the total urban population, whereas the smaller cities grew slightly faster.

Note the change from the 1960s when the larger cities grew faster than the national average (although cities in the 100 to 200 thousand category grew fastest of all).

T A B L E 4

Urban Growth Rates by Size Class

1960 - 1980

Size Class ('000)	1960-1970	1970-1980
20 - 50	4.4	4.2
50 - 100	4.7	4.5
100 - 200	6.0	4.4
200 - 500	5.2	3.9
> 500	5.2	3.9
Urban Average	5.1	4.1

Source: FIBGE, 1980

However, the slight differentials between growth rates have not prevented an impressive concentration of Brazil's urban population in larger cities. From 1940 to 1980 the proportion of Brazil's total population living in cities larger than 500 thousand increased from 7.7% to 31.5% (FIBGE, 1980).

Brazil's metropolitan regions have played an important role in the process of urbanization over the last 40 years. In this regard, a study of the spatial structure of eight of Brazil's nine metropolitan regions* conducted by the World Bank (Lee, 1985) presented interesting conclusions which deserve consideration.

Using published Brazilian census data, the study shows that over the past forty years population growth in the eight regions was faster than that of the nation as a whole. Between 1940 and 1980, the total population of the eight regions was multiplied by five (from roughly 6.5 million in 1940 to 34.3 million in 1980), while the nation's population almost tripled (from 41.2 million in 1940 to roughly 120 million in 1980). Hence, with this rapid growth, the eight regions' share of Brazil's total population increased from 15.8 percent in 1940 to 28.6 percent in 1980.

The study's most interesting conclusion with respect to growth rates in the metropolitan regions during the forty year period was that "the growth rate is large when the population of the regions ranges from 400 thousand to 1.5 million" and that "average growth rates decline slightly with size". Since all of Brazil's metropolitan regions had populations of more than 1.5 million in 1980, the implication is that the rapid growth of population in these regions during previous decades will decline in the next decades.

Furthermore, according to the study, the Brazilian metropolitan regions' growth pattern is consistent with that observed in other countries (Lee, 1985, p.4). Hence, the Brazilian experience does not appear to be very surprising or unique.

Perhaps even more important are the study's conclusions with respect to trends in population concentration within the eight metropolitan regions. The study shows that the population in the large regions tends to deconcentrate from the regions' "core cities" to their "rings" (hinterlands) (São Paulo and Rio de Janeiro are the prime examples) while the populations of small regions tend to concentrate in their "core cities" until they reach a certain size.

* Brazil's nine metropolitan regions are Fortaleza, Recife, Belém and Salvador (located in the Northeast), São Paulo, Rio de Janeiro and Belo Horizonte (located in the Southeast), Curitiba and Porto Alegre (located in the South). The study includes eight of these and excludes Belém ("due to data problems").

In general, according to the study, "population tends to concentrate until the size of the region reaches about one million and remains stable when it ranges from 1 million to 1.5 million. When the population grows [to] more than 1.5 million, the region tends to deconcentrate" (Lee, 1985, p. 4). It appears that "while large regions [with populations in excess of 1.5 million] experience deconcentration over time, the small ones first go through concentration". Consequently, "the trend of deconcentration of population...in large regions may continue in the future but the concentration in small regions may decline" (Lee, 1985, p. 18).

Other interesting conclusions were that those regions whose populations are deconcentrating also experience spatial deconcentration in employment and that for all regions except Fortaleza and Curitiba (the smallest) "migrants, ['non-native residents living for less than one year in the municipalities of metropolitan regions', Lee, footnote 2, p. 6] are more likely than the general population to live in rings and this reinforces the overall deconcentration trend" (Lee, 1985, p. 6).

This study allows one to conclude that the spatial components of past urban policies in Brazil have probably given undue attention to growth controls and to the deconcentration of population within metropolitan regions. (Deconcentration, according to the evidence of Lee, is apparently an almost "natural" phenomenon.) Furthermore, since all metropolitan regions had 1980 populations in excess of 1.5 million, one can expect that their populations will grow more slowly in the next decades, although growth rates may still be high, and that they will become more deconcentrated.

Therefore, one would advocate less emphasis in urban development policies on the metropolitan regions *per se* and more emphasis on dealing with the remaining urban population of some 48 million individuals (1980) who reside in cities outside the boundaries of the metropolitan regions.

More specifically, even though the metropolitan regions still account for a large proportion of Brazil's total population growth, the fastest growth is currently occurring in small and medium-size cities (Table 4).

Given the difficulties associated with absorbing and maintaining the urban population of these cities (e.g., difficulties associated with the

provision of infrastructure, housing, social services and jobs), the need for an effective national urban policy is quite obvious. What is not so obvious, however, is that the spatial component of this policy, as has been the case over the past twenty years, should focus primarily upon controlling the growth of metropolitan regions and upon promoting population deconcentration within them.

It may now be much more important to focus urban policies upon the positive benefits gained from strengthening the economies and physical environment of small and medium-size cities as opposed to focusing urban policies on negative objectives such as using these cities simply as an instrument to control the growth of the "primate" metropolitan regions of São Paulo and Rio de Janeiro (Richardson, 1983, p. 5).

Appendix II presents a brief discussion of the social and administrative characteristics of Brazil which are relevant to this thesis.

2.3 - Definition of Terms

This thesis makes use of a specific set of terms when discussing urban development in Brazil. This section provides a short glossary which clarifies the definitions used in the thesis.

The intent is to minimize possible misconceptions and to establish a reference point for consistent usage of the terms within the context of the thesis.

Due to their general nature, some of the terms have been given alternative (even opposing) interpretations by different authors. There appears to be no degree of consensus as to exactly what meaning certain terms should have.

This glossary is not comprehensive. It should be viewed merely as a guideline for terms used in subsequent chapters and as a technique for avoiding undue confusion on the part of the reader.

G L O S S A R Y

Key terms used frequently throughout the thesis are:

Creator - is defined as: "one that creates, ususally by bringing something new or original into being" (Webster's Collegiate Dictionary, 1985). In this thesis, creator is defined as the governmental institution or agency responsible for bringing into being an innovative urban development policy or strategy, different from those proposed initially by federal government guidelines.

Implementer - this term is based on the verb to implement, defined as: "to give practical effect to and ensure of actual fulfillment by concrete measures" (Webster's Collegiate Dictionary, 1985). In the thesis, the term implementer refers to the governmental institution or agency that ensures actual fulfillment of the national urban development policies in their original form, i.e., without creating new ones.

Initiator - this term refers to any institution responsible for introducing an initial proposal for a national urban development policy, as opposed to a creator as defined above. For example, an initiator could be any institution which studies an urban problem and recommends that the State establish a policy for dealing with it. The institution (such as the ESG or IPEA) is the initiator of a policy proposal.

Internalize - means "to incorporate (as values or patterns of culture) within the self as conscious or subconscious guiding principles through learning or socialization" (Webster's Collegiate Dictionary, 1985). In the context of the thesis, the verb to internalize refers to the means or the process used by the National Security State to incorporate its values (i.e., geopolitical ideology) within specific urban development institutions. Once internalized, the values would serve as conscious or subconscious guiding principles for these institution's activities.

Interpret, interpreter - one of the definitions for the verb to interpret is: "to conceive in the light of individual belief, judgment, or circumstance" (Webster's Collegiate Dictionary, 1985). Consequently, in the context of the

thesis, the noun interpreter refers to the institution that conceives a particular course of action in the light of its individual judgment of the meaning of a given urban development policy. For example, if a policy emphasized decentralization, an institution could interpret it as meaning "establish alternative growth poles"; hence, the institution is a policy interpreter.

Legitimize, legitimizer - the verb to legitimize is used in the thesis as: "to give legal status or authorization to" or "to show to be justified" (Webster's Collegiate Dictionary, 1985). The noun legitimizer is used to define an institution which, through its activities, helps provide legal status to or justification of National Security State ideology and/or national urban development policies.

Urban development - is defined in this context as the economic, social, and political processes by which a community (i.e., municipality or urban area with a minimum of 20 thousand inhabitants) absorbs its population growth in an effective and equitable manner and by which it obtains high levels of efficiency of its productive factors, including natural resources, land, capital, and labor. The effective and equitable absorption of population growth and highly efficient factors of production are reflected in the community in physical and social terms, i.e., improvements to the general quality of life (more and better jobs, schools, housing, health care, and recreational space); upgrading of basic infrastructure (water and sewer systems, electricity, and streets); and improved environmental conditions (less pollution, better urban design, etc.).

National urban development policy - the key term here is policy. Policy is defined as "a high-level overall plan embracing the general goals and acceptable procedures, especially of a governmental body" (Webster's Collegiate Dictionary, 1985) and as "the set of goals which give form to a specific governmental program, and which guide its execution" (Aurélio Dictionary, 1975). Hence, the term national urban development policy (NUPS is the acronym most frequently used in the literature and the one adopted here), in this context, is defined as the overall set of goals and priorities, established by the federal government in a given document or plan, that act as guidelines for

present and future decision-making with respect to appropriate urban development. Simply stated, a NUPS is a set of *goals* intended to *guide* urban development and is not an implementation mechanism.

National urban development strategy - here the key term is strategy. Strategy takes on military and political connotations, both of which are relevant to the context of the thesis, given that the military was the primary political power in Brazil during the period discussed.

When referring to the military, the thesis defines the term strategy very broadly as "the science and art of employing the political, economic, psychological, and military forces of a nation...to afford the maximum support to adopted policies" (Webster Collegiate Dictionary, 1985), to which the military would add: "in peace or war". (Note the similarity in definition to the elements contained in the "Great Strategy"* discussed in Appendix I.)

In all other instances, the term strategy in this thesis is defined as "the art of devising or employing plans or strategems toward a goal" (Webster's Collegiate Dictionary, 1985) or as "the art of applying available means in order to realize specific goals" (Aurélio Dictionary, 1975).

Consequently, a national urban development strategy (NUDS) is interpreted here as a specific set of undertakings or a plan of action devised by a given institution in order to translate the urban development goals of a national policy into achievable results. In other words, a NUDS is the mechanism used by an institution (generally a Ministry) to implement a national urban policy.

Note that there is no consensus on the definition of these last two terms and that they have been used interchangeably by other authors in different contexts. Nonetheless, in the context of this thesis, a *policy* is always defined as the overall set of goals or guidelines, and a *strategy* is always interpreted as the means by which the goals will be implemented. Therefore, a national urban development policy preceeds a strategy; the strategy is its implementation mechanism.

* However, as explained in Appendix I, one prefers to regard the "Great Strategy" as actually being a "Great Policy" since many of the elements of that Strategy read more like goals or policy statements rather than actions or plans of action.

CHAPTER III - THE MODERNIZATION PERIOD

This chapter focuses on the evolution of urban development policies and strategies in Brazil from 1964 to 1974, covering the first three periods outlined in Table 1. (See Chapter II, p. 15.)

During this ten year period, the primary goal of the National Security State's Security and Development Doctrine (see Appendix I) was the "modernization" of Brazil. It was hypothesized that this goal could be achieved if economic and social policies were oriented towards:

(a) increasing economic efficiency in order to allocate scarce resources appropriately;

(b) promoting decentralization ("national integration") in order to produce a more even geographical distribution of Brazil's population and industrial activities, especially throughout the "frontier" regions and

(c) forming an affluent middle class, especially in urban areas, in order to increase general consumption levels and the accumulation of capital necessary for economic development.

The objective of Chapter III is to understand what roles the National Security State (NSS) expected urban development to play in the "modernization" process. More specifically, the objective is to understand how the urban institutions created during this period translated the overall "modernization" goal into urban development policies and strategies, and to evaluate whether these policies and strategies produced effective results.

This chapter focuses particularly upon the accomplishments of urban development institutions with respect to item "b" above, given that it encompasses the predominant geopolitical ideology of the National Security State (NSS), which, a priori, should act as a set of guidelines for urban development activities during this period.

The chapter provides evidence supporting the hypothesis that specific institutions soon became independent creators of urban development policies and strategies. (See Chapter I, p. 11.)

3.1 - The Stabilization and Reorganization Period - 1964 to 1967

The military Revolution of 1964 completely altered public administration in Brazil and the programs and plans of the previous era quickly disappeared.

In April of 1964 the "Estado Novo" (literally the "New State", or the National Security State) assumed political power, headed by President (General) Castello Branco until 1967. His key political advisor was General Golbery do Couto e Silva. Both of these Generals were members of the Escola Superior de Guerra's (ESG) more moderate "Sorbonne school"*.

The goal of Castello Branco's administration was to stabilize Brazil's deteriorated economic and social conditions, thereby preparing the nation for sustained economic growth (i.e., "modernization") in the near future. In order to achieve this goal, the Administration had three objectives. First, to rely on planning as a means of stabilizing the economy. Second, to reorganize the existing "inadequate" administration by creating more efficient institutions. Third, to use urban development as a means of distributing Brazil's population and economic activities more evenly across regions.

The following sections analyze these objectives from an urban perspective, focusing in particular on the creation of new urban institutions and on the contributions of these institutions' policies and strategies to the overall goal of preparing Brazil for "modernization".

3.1.1 - *Of Policies to "Stabilize" the Economy*

Castello Branco's administration emphasized planning as the fundamental tool for stabilizing the economy. One of its first acts was to institute the Programa de Ação Econômica do Governo (PAEG - Economic Action Program of the Government) in 1964. The PAEG was intended as an "emergency plan" (strategic plan) which would address some of Brazil's "more immediate social and economic

* The "Sorbonne school" of the ESG advocated that the role of the National Security State should be that of "moderator", i.e., that of military intervention in politics in order to "clean up the house", followed by a reestablishment of civilian rule in a relatively short period.

problems", acting as a policy for the "transition period" (from 1964 to 1967) until a new Constitution would formally "institutionalize the Estado Novo" (PAEG, 1964). The urban component of this Program will be discussed in section 3.1.2 below.

3.1.2 - Paving the Way for Economic Growth: The Role of Urban Development as a Population Distributor through Housing

The Castello Branco administration hypothesized that in order to achieve sustained economic growth in the future it was first necessary to obtain a more even distribution of Brazil's population and economic activities (i.e., "national integration"). In its view, urban development was the fundamental means of obtaining "national integration" and that the primary means of promoting urban development was through the provision of housing.

Hence, the urban development component of the Programa de Ação Econômica do Governo (PAEG) focuses specifically on housing.

The logic was that the provision of low interest loans and inexpensive land for housing in "strategic" locations (especially in the cities of the Northeast region) would attract large numbers of migrants. Housing-induced migration would result in a more even distribution of Brazil's urban population, promoting "national integration" and future economic growth.

The emphasis on housing in the PAEG led immediately to the creation of the Banco Nacional da Habitação (BNH - National Housing Bank) through Decree Law No. 4.380 in 1964. The BNH was responsible for allocating funds for the construction of affordable housing. The same law created the Serviço Federal de Habitação e Urbanismo (SERFHAU - Federal Service for Housing and Urbanism). The SERFHAU, initially part of BNH, became responsible for producing municipal master plans to guide the construction of housing in urban areas.

The impact of the housing policy on "national integration" was very small. This was due mainly to the short-sightedness and regional biases of the policy's implementer, the Banco Nacional da Habitação.

The BNH emphasized solely the physical construction of housing, disregarding important social considerations such as its location. (Housing

was usually constructed on cheap "marginal" land on the periphery of cities, distant from potential employment centers.) Consequently, migration became less attractive.

Furthermore, BNH was particularly biased towards investing in the Southeast, Brazil's richest and most populated region, where defaults on loans were less likely to occur. This bias produced an intensification of the already strong migration flows from other regions to the Southeast, making population distribution more uneven than before. Hence, the original objective of the PAEG's housing policy was not achieved.

3.1.3 - *Stabilization Requires Reorganization*

By 1967, the Castello Branco administration perceived that "stabilization" as a basis for the overall "modernization" policy of the National Security State could only be achieved through a largescale reorganization of existing administrative institutions and through the creation of new ones.

With this intent, Decree Law No. 200 was enacted in 1967. This Decree made fundamental changes to the Federal administration's structure, emphasizing the importance of planning at all levels.

The Decree transformed the existing, somewhat weak Ministry of Planning and Economic Coordination into the current Ministry of Planning and created the Ministry of the Interior and the Ministry of Transportation. The first two Ministries became responsible for devising and implementing all national urban development policies and strategies in this and subsequent periods.

3.1.4 - *The Ministries and Urban Development*

During this period, the Ministry of Planning can be characterized as a formulator of urban development policy, given its more theoretical, macroeconomic approach to urban issues and its more policy-oriented approach to municipal and state administrations.

The *técnicos* working within the Ministry of Planning's Escritório de Pesquisa Econômica Aplicada (EPEA - Office of Applied Economic Research, later IPEA) made use of new development tools conceptualized in the international sphere at the time, especially that of "growth poles".

The regional, growth pole emphasis of EPEA's studies led to the creation of the regional agencies SUDECO, SUDAM and SUDESUL in 1967 (Superintendency of Development of the Center-West, Amazonia and South, respectively, eventually centered within the Ministry of Interior). Again, the idea was to promote "national integration" by concentrating resources in specific regions. However, given that these Superintendencies depended upon limited funding from the general Federal budget, they did not achieve practically anything during this period.*

At another level, Decree Law No. 55.820 of 1966 created an institution called FINEP within the Secretariat of Planning (SEPLAN) to finance policies oriented towards "modernizing" the administrative procedures of state and municipal organizations responsible for urban development. However, these policies were simply ignored by most states and municipalities and previous administrative practices continued unaltered.

At the same time, the Ministry of Interior took a much more microeconomic, localized approach to urban problems, as exemplified by the housing and master-planning activities of the Banco Nacional da Habitação (BNH) and the Serviço Federal de Habitação e Urbanismo (SERFHAU). Hence, the Ministry of Interior can be characterized as the fundamental implementer of urban development strategies in Brazil during this period.

In 1966 the BNH was centered within the Ministry of Interior. In the same year, Decree Law No. 59.917 created a "new" SERFHAU, placing it within the Ministry of Interior. This Decree gave SERFHAU the power to devise and implement a "National Policy for Integrated Local Planning". These new responsibilities essentially divorced it from the realm of influence of BNH. The SERFHAU became the most important promotor of urban development planning in Brazil during this and subsequent periods.

3.1.5 - *Integrated Local Planning: A Strategy for Urban Development*

By the beginning of 1967, the Administration's emphasis shifted from housing as the sole promotor of urban development. Efforts were now concen-

* Brazil's fourth regional agency, the Superintendency of Development of the Northeast (SUDENE), was in existence since 1959. This agency's roles were to reduce poverty in that region and to deal with the region's chronic drought problems by providing support services (e.g., irrigation systems) for agriculture.

trated on the more global Integrated Local Planning (ILP) strategy of SERFHAU. In essence, ILP was viewed as a means of producing "rational comprehensive planning" at the municipal level, or what was commonly known as "master plans" in the international sphere at the time.

Integrated Local Planning was conceptualized in light of the geopolitical ideology of "national integration". The idea was that in order to achieve national integration, an understanding of Brazil's urban system was fundamental. Once the characteristics and requirements of cities with respect to infrastructure, housing and social services were understood and formalized in Master Plans, the government would be able to allocate funds "rationally" to those locations where urban problems were particularly acute. The end result would be greater national integration.

However, the impacts of ILP on urban development and national integration were minimal. The Master Plans resulted more as simple "wish lists" of individual municipalities and no formal coordination or integration of these plans at the Federal level was ever accomplished.

3.1.6 - *Banco Nacional da Habitação - The first "De Facto" Urban Development Institution*

The most important urban development event of this period had been, by far, the creation of the Banco Nacional da Habitação. It was initially conceived as a financial institution, responsible solely for the provision of loans for middle and low-income housing.

However, its range of activities expanded immensely over time and presently encompassed not only housing (managed by the Housing Finance System - SFH) and urban infrastructure (managed by the Sanitation Finance System - SFS), but also urban transportation (the Metro system in Rio de Janeiro), community facilities and extensive financial support to development programs such as hydroelectric power plants and steel mills.

The sheer magnitude of BNH's investments in urban infrastructure and housing in this and subsequent periods led BNH to be perceived as the most important "de facto" formulator and implementer of urban development strategies in Brazil. It is sufficient to say that the "Resolutions" of BNH's

Board of Directors were considered much more important than all the municipal urban development plans, or any other federal measures with respect to urban growth.

These facts provide evidence supporting the hypothesis that certain institutions soon became powerful creators of urban development policies and strategies. (This point will be developed further in the discussion of following periods.)

The BNH has had such a powerful influence on urban development mainly because it controls one of the largest development funds of the world, namely, the Fundo de Garantia por Tempo de Serviço (FGTS - literally, the Time of Service Guarantee Fund), created by Law No. 5.107 in 1966. See Appendix III for details on the FGTS and on BNH's investments.

3.2 - The Period of Continuity and Change: 1968 to 1971

The period between 1968 and 1971, roughly coincidental with President Costa e Silva's administration (March 1967 to March 1970), is characterized in the urban realm by the continuity of urban development activities of the newly created institutions. The role of urban development, to the extent that it remained a national policy, continued to be that of promoting national integration.

For example, the only new urban development activity in this period concerned the Ministry of Interior's attempt to identify directives for a "National Policy for Local Urban Development". The idea was to use the Master Plans being developed by SERFHAU as a means of devising an overall policy for local urban development, whereby priority of investments could be given to those cities which presented particularly acute urban problems (essentially a continuation of the Ministry's activities in the previous period). Portaria No. 214 of 1969 was enacted, creating the Programa de Ação Concentrada (PAC - Concentrated Action Program). The PAC was intended as a strategy for local urban development in order to promote national integration.

However, this Program was doomed to failure from the very beginning, given that the Costa e Silva administration assigned, at most, secondary importance to urban development.

The objectives of the Costa e Silva administration were twofold. First, to control the turbulent political situation. Second, to give primary importance to economic policy as a means of achieving the National Security State's goal of "modernization".

This period deserves attention because changes in the political and economic realms impacted the directions that future urban development policies and strategies would take.

3.2.1 - *Security Demands Political Control: The "Coup" within the "Coup"*

During 1967 and 1968, political tension with respect to the "appropriate" role of the National Security State (NSS) increased between the Escola Superior de Guerra's (ESG) "Sorbonne school" and its "hard line" faction*.

By the end of 1968, political tension between the ESG groups reached crisis proportions. The magnitude of the tension was so great that it was perceived as a genuine threat to national security.

Costa e Silva's response to the crisis situation came on December 13, 1968, with the enactment of Institutional Act No.5 (AI-5), which became known as the "coup within the coup". The AI-5 marks the ascension of the particularly repressive and authoritarian "hard line" ideology of the National Security State and, therefore, the decline of the more "progressive" ideology of the "Sorbonne School".

3.2.2 - *Local Autonomy is Lost; The Power of the Ministries is Reinforced*

The dominant role of the National Security State vis-a-vis state and municipal politics and their urban activities is clearly spelled out in Articles 2 and 3 of Institutional Act No. 5. See Appendix IV for details. The concentration of power in the hands of the NSS eliminated the autonomy of

* The "hard line" ("linha dura") faction of the Escola Superior de Guerra advocated a much more repressive role for the National Security State whereby direct, long-term military intervention in politics should occur, in order to guarantee national security. See page 28 for the "Sorbonne School" ideology.

state and local governments in carrying out their own urban development strategies. From 1968 forward, urban development policies and strategies were essentially dictated by the NSS through the Ministries of Planning and Interior, leaving little, if any, decision making power to the lower levels of government.

Given the degree of power the National Security State assigned to these Ministries and especially the very general nature of the NSS's urban development instructions (to promote national integration and ensure security for development as explained in Appendix I), the Ministries *themselves* could now act as relatively independent creators of urban development policies and strategies, with no interference from state or local governments.

These facts support the hypothesis that certain institutions (i.e., those within the Ministries of Planning and Interior) readily accepted the NSS's instructions because these instructions were vague enough to allow ample justification for practically any urban development policy or strategy that the institutions might propose.

3.2.3 - *Emphasis on Economic Policy and Industrialization*

Having controlled the political situation, Costa e Silva's administration now concentrated on carrying out its second objective: to promote "modernization" through economic policy.

In this regard, in 1969 the administration emphasized the implementation of the newly formulated "Modelo Brasileiro" (Brazilian Economic Model). See Appendix I for details.

The Model gave particular emphasis to industrialization as a means of achieving economic growth (and "modernization"). Since appropriate technology and know-how capable of promoting industrialization did not exist internally to any great extent, the Model called for large-scale foreign industrial investments. It used a variety of incentives such as rapid depreciation schedules for plant and equipment, corporate tax exemptions and the donation of large tracts of land to attract foreign investment to Brazil.

Lured by these incentives and especially by the enormous profit potential of Brazil, practically all major multinationals opened subsidiary plants in the country during this and subsequent periods.

Given their overwhelming presence, the multinationals had a profound impact upon all levels of economic policy making. Indeed, some critics have called them the dictators of economic policy in all subsequent periods. Furthermore, the political/economic motivations of *national* investors commonly coincided with those of foreign investors and, when acting as a group, they became strong power brokers whenever their interests clashed with those of the National Security State.

3.2.4 - *Impacts of Industrialization on Urban Development*

During this period a very marked concentration of industrial activities within Brazil's Southeast region can be noted, particularly in the metropolitan areas of Rio de Janeiro and São Paulo.

The primary reasons for this concentration were twofold. First, the majority of the Model's incentives were oriented towards the Southeast. Second, foreign corporations (and national firms in general) viewed the Southeast region as the most "progressive" one, capable of providing the needed complementary infrastructure for industrial development (not only physical infrastructure such as roads, water, sewerage, and electric power, but also social infrastructure, i.e., an abundant and relatively well-educated labor force).

The "polarization" of industry in the Southeast had very strong implicit and explicit spatial impacts. For example, polarization was a powerful attractor of population from other regions; migration flows from other regions in Brazil (especially the Northeast) to the Southeast increased substantially during this period. The Banco Nacional da Habitação concentrated its investments in the Southeast in order to provide appropriate infrastructure for industry and to meet increased demands for housing, to the detriment of other regions. The cities in the metropolitan regions of the Southeast were subjected to massive, uncontrollable urban sprawl as their populations doubled and tripled in a very short period.

However, these spatial impacts were commonly dismissed as unimportant vis-a-vis the "development at any cost" ideology of the National Security State's economic policies.

The impacts, indeed, led to a reversal of the intended "national integration" effects of the urban development strategies implemented by various institutions at the time. The effects of economic policy in general and of industrial polarization in particular, would make the task of national integration through urban development much more difficult, if not impossible, in subsequent periods.

From this point onwards, the Ministry of Finance (which was responsible for implementing the "Modelo Brasileiro") assumed political leadership, while the previously powerful Ministries of Planning and Interior assumed subordinated roles. Hence, economic policy became the top political priority of the National Security State while urban development policies and strategies played, at most, complementary roles.

3.3 - The Period of "De Facto" National Urban Strategies: 1972 to 1974

This section focuses almost exclusively on the second half of the new Presidential administration (1972 to 1974), within which new directives for Brazilian urban development emerged, culminating in what can be called "de facto" national urban development strategies.

Nonetheless, it is useful to temporarily regress to 1970, in order to maintain the consistency of the discussion developed so far and to "set the agenda" for this period.

3.3.1 - *Setting the Political/Economic Agenda*

In 1970, General Emílio Garrastazú Médici assumed the Presidency, remaining in office until 1974. As noted previously, Costa e Silva had served during a period of marked political tension, originating from ideological differences among the two factions within the Escola Superior de Guerra.

In sharp contrast to this situation, it appears that President Médici was never threatened by either faction and his administration was especially endorsed by the ESG's "hard line". He appears to have been regarded as the

literal "impersonation" of "hard line" power. He became the key representative of the "internationalized" Brazilian middle and upper classes of the period, standing firmly behind economic policies favorable to the multinational corporations and to the Brazilian investors most strongly linked to them.

Although the official rhetoric of the "Modelo Brasileiro's" policy focused on tighter governmental controls over foreign investment, the actual strategy would link Brazil's economy to an ever-increasing interdependency with the international capitalist system.

3.3.2 - *About Face: New Directions in Urban Policy*

During 1970 and 1971, definite priority was given by President Médici's administration to the implementation of the "Modelo Brasileiro", and urban problems were generally disregarded. However, by 1972 a renewed preoccupation with coordinating economic and urban development policies became apparent. The conclusion of the administration was that economic and urban development could not be treated as separate issues. They were intimately interrelated insofar that Brazilian economic development was occurring primarily within the urban (city) realm.

In this light, the First National Development Plan (I PND - Plano Nacional de Desenvolvimento) was instituted in 1972. The goal of the I PND was to establish an overall national development policy, within which "appropriate" urban development would be emphasized.

During the period of the I PND there appears to have been a reversal in the focus of urban development policy, from a previously largely local focus (developed by SERFHAU and BNH), to an essentially regional one. The priority was to define first an overall context for urban development. Once the national/regional context was defined, specific strategies could be formulated to induce localized urban development.

3.3.3 - *The Emergence of a "De Facto" Urban Strategy: The Urban Development Funds of The Ministry of Interior*

The event of most significant impact on urban development in this period was the creation of specific urban development funds within the Ministry of

Interior in 1972. These funds were administered by the Ministry of Interior's regional agencies (SUDAM, SUDENE, SUDECO, SUDESUL) promoting the regionally oriented emphasis of the I PND.

In essence, the "de facto" urban strategy of this period was to make use of these funds as a means of promoting the overall goal of national integration through appropriate regional development.

The funds resulted from a pooling of resources of various Brazilian banks (Caixa Econômica Federal, Banco do Brasil, Banco da Amazônia, Banco do Nordeste do Brasil, Banco Nacional da Habitação). The Fundo de Garantia por Tempo de Serviço (FGTS) of the Banco Nacional da Habitação (BNH) played the primary financial role.

Through a variety of associations, these banks created three urban development funds in 1972: first, the Urban Development Fund (FDU/BB) for investments in the Southeast, Center-West and South regions of Brazil, second, the Urban Development Fund for the Amazon (Fundo BASA) and third, the Urban Development Fund for the Northeast (Fundo BNB).

Note that there was a predominant emphasis on urban investments within the South and Southeast regions, followed by secondary emphasis on the Northeast region, and practically no emphasis at all on the Central-West and Northern regions (Francisconi and Souza, 1976).

Clearly, the heavy concentration of urban investments in the South and Southeast regions adversely impacted the overall goal of national integration. In reality, urban development continued to be heavily biased in favor of the "richer" regions, to the detriment of the other regions. This regional bias made the realization of the national integration goal practically impossible.

Given the influence of these funds, the Ministry of Interior can be considered the sole implementer of a "de facto" urban strategy during this period, which was clearly at odds with the overall goals of the I PND.

3.3.4 - *Another Urban Strategy: The Creation of the Metropolitan Regions*

This period is marked by a growing preoccupation with the role of major metropolitan areas vis-a-vis other urban development. A series of studies conducted during 1972 recommended that it was necessary to integrate

individual municipalities into metropolitan areas in order to concentrate scarce resources, to promote the orderly and efficient socio-economic growth of each region as well as to provide a basis for comprehensive urban planning. These recommendations resulted in the enactment of Complementary Law No. 14, of 8 June, 1973.

This Law defined the jurisdictional boundaries of eight metropolitan regions in Brazil, namely, São Paulo, Belo Horizonte, Porto Alegre, Recife, Salvador, Curitiba, Belém, and Fortaleza. (A ninth, Rio de Janeiro, was established in 1974 by Complementary Law No. 20.) Complementary Law No. 14 also defined "common services" for the metropolitan areas, namely, integrated social and economic planning, basic sanitation, appropriate land use, urban transportation and roads, use of hydrologic resources and the "catch all" "any other services".

Note that the legislation contained serious flaws which would reduce the metropolitan area's success with respect to urban development:

(a) the "similarity syndrome" - the Law treated all metropolitan problems in the same manner. Only one administrative model was adopted for all metropolitan areas, forcing São Paulo (with 37 municipalities, a population of 13 million in 1973 and 7951 square kilometers in area) to have the same administration as Belém (two municipalities, a 1973 population of 1.1 million and 1221 square kilometers in area);

(b) new functions without financing - the Law created new responsibilities for the Metropolitan regions but provided them no additional funds to carry out those responsibilities;

(c) sectoral coordination problems - sectoral institutions were connected vertically from the federal to the municipal level, with no direct linkage to municipal planning per se. For example, BNH could construct any number of housing units it desired within a metropolitan area without previous consultation with the metropolitan administration.

3.4 - Conclusions

It is clear from the preceding analysis that the National Security State's geopolitical goal of "national integration" was intended to be extremely

influential upon urban development policies and strategies devised throughout the "Modernization Period". Indeed, it appears that the only role officially assigned to urban development during this period was that of promoting national integration. This meant that urban development should produce a more even regional distribution of Brazil's population and economic activities. In other words, urban development should promote spatial deconcentration and a reduction in spatial disparities among regions in order to ensure greater "security" for rapid economic growth and "modernization".

From the perspective of this thesis, it is questionable whether the only roles for urban development should be those of promoting spatial deconcentration and the reduction of spatial disparities. The definition of urban development provided in Chapter II of the thesis implies that urban development efforts should be focused primarily on the intra-urban level, and that such efforts should emphasize greater social equity. Clearly, the thesis' objectives for urban development differ from those established by the National Security State, especially with respect to social equity which the NSS regarded as being of secondary importance. (See Chapter I and Appendix I.)

Nonetheless, given the extreme regional disparities existent in Brazil at the time and, in particular, the existence of vast uninhabited, "empty" areas in Brazil's interior, the National Security State's preoccupation with security and national integration is understandable.*

Hence, with much reservation, the thesis will accept the National Security State's premise of national integration and security as a sufficiently valid objective for urban development during the twenty year period of military rule in Brazil.

Consequently, the thesis evaluates urban development policies and strategies devised and implemented during the "Modernization Period" in terms of their "success" in obtaining greater national integration.

It is evident that urban development failed in promoting national integration during the three periods discussed in this chapter. Even worse, practically all urban strategies implemented during these periods had exactly

* What is not so understandable is that urban development should be the primary means of promoting national integration specifically for enhanced military security,

the opposite effect: instead of "integrating" Brazil's regions, the strategies actually increased the degree of disparity among them, especially because of their obvious biases in favor of the Southeast region.

There are three main reasons which explain why national integration was not achieved. First, the nebulous national integration goal of the NSS was never translated into a specific national urban policy during these periods. The lack of specific instructions gave certain institutions (especially the Banco Nacional da Habitação) an enormous degree of discretion in carrying out urban development strategies and their inherent regional favoritism was never controlled. Hence, during the periods discussed in this chapter, the thesis' hypothesis that certain institutions would become powerful *creators* of urban development policies and strategies is confirmed.

Second, there was much confusion over the appropriate context for urban development, which led to a constant shifting of focus between local and regional levels. This produced an uncoordinated sectoral set of strategies whose spatial biases were generally disregarded and, when viewed as a whole, were totally ineffective in promoting national integration.

Third, economic policies, especially those concerning industrialization, had severe spatial impacts leading to greater regional disparities and to an undermining of the potential national integration effects of urban strategies.

These facts confirm some of the initial hypotheses for failure established by this thesis, namely, the vague nature of NSS instructions for urban development, the sectoral orientation of policies and strategies, and the explicit spatial impacts of economic policies.

In sum, it appears that urban development *per se* was not an effective means of achieving national integration in Brazil. If it is to achieve this goal, urban development must be guided by an appropriate policy, within a specific context.

CHAPTER IV

THE PERIOD OF OFFICIAL RECOGNITION OF A NATIONAL URBAN DEVELOPMENT POLICY AND ITS IMPLEMENTATION IN A PERIOD OF ECONOMIC CONSTRAINTS

By 1974, the National Security State recognized that the uncoordinated, sectoral-oriented urban development policies and strategies of the "modernization period" were not sufficient to bring about urban development in Brazil.

In order to achieve "appropriate" urban development, a more specific set of policies seemed to be required within the general context of the permanent national objectives of "security and national integration".

This chapter discusses these issues in two sections. The first section focuses on the period between 1975 and 1979 (the fourth period of Table 1 on p.15). This section has three main objectives. First, to examine the events which led to the enactment of the Segundo Plano Nacional de Desenvolvimento (II PND - Second National Development Plan, 1975 to 1979) in 1974. Second, to discuss and evaluate the specific set of national urban development policies contained in the II PND. Third, to examine the institution created to implement the policies of the II PND, focusing attention upon the results of its strategies on urban development in Brazil.

The second section of this chapter focuses on the period between 1980 and 1985 (the fifth period of Table 1 on p.15). During this period, changes in the political and economic realms would affect urban development policy-making. The objectives of this section are twofold. First, to understand the influence of these changes on urban development policies formulated during this period. Second, to evaluate the "success" of particular institutions' urban development strategies.

Finally, this chapter provides insight into the differences between the urban development policies and strategies of the "modernization" and the "official recognition" periods. Such insight will act as a base for Chapter V which evaluates the current situation of national urban development policies and strategies in Brazil.

4.1 - The Period of The First National Urban Development Policy: 1975 to 1979

In March of 1974, General Ernesto Geisel assumed the presidency, remaining in office until 1979. President Geisel was a close friend of Castello Branco and Golbery do Couto e Silva and had been influential in the creation of the Escola Superior de Guerra. He was most closely associated with ESG's "Sorbonne school" of thought.

President Geisel's administration was important because it marked a definite break with the "hard line" ideology of Médici's administration and the beginning of a trend towards the more progressive "moderator" philosophy of the "Sorbonne school".

The political "mores" of his administration can be summarized in two key words: "*distensão and descompressão*" (distension and decompression). These words connote a relaxation of the political system and a shift from the repression and civil rights abuses of the past administration.

President Geisel's most important administrative change was, by far, the appointment of General Golbery do Couto e Silva as head of the Civil House. Golbery became Geisel's top political advisor, and had a profound influence upon the new ideology of the National Security State (NSS).

Golbery recognized that his national security ideology had been seriously distorted and that there was an urgent need to reformulate it. He became the key proponent of the "distension and decompression" philosophy, which he regarded as the principal means of terminating the extreme political repression of past administrations. (By 1979, Institutional Act No. 5 was revoked and a general trend towards a return to a democratic, civilian government could be noted.)

In the economic realm, the new Minister of Finance, Mário Henrique Simonsen, hinted at a more "nationalist" emphasis in economic policy (i.e., greater reliance on national industry).

However, note that Golbery had been president of Dow Chemicals' Brazilian subsidiary from the end of 1967 until reassuming political office in 1974 and had a direct interest in the multinational corporations. Hence, it was unlikely

that he would support Simonsen's views or that he would advise President Geisel to do so.*

Minister Simonsen's hands were tied. His support of more "nationalist" policies was purely symbolic and the "Modelo Brasileiro" forged ahead essentially unchanged.

Given this general political/economic scenario, one now turns to a discussion of events that occurred in 1973, and which led to the inclusion of a NUPS in the Second National Development Plan (II PND) in the following year.

4.1.1 - *How to Formulate a National Urban Development Policy*

In 1973, the Ministry of Planning commissioned its Instituto de Pesquisa Econômica Aplicada (IPEA - Institute of Applied Economic Research) to devise a proposal for a National Urban Development Policy (NUPS) that would incorporate urban issues viewed as priorities but which had not been appropriately addressed in the I PND. These issues were:

(a) a need for an evolution from past "de facto" urban policies. However, in order to allow for continuity, a compromise should be made between the "existing and the desired reality", i.e., the new NUPS should incorporate past policies at the same time that new alternatives were formulated.

(b) a careful analysis of the role of the Federal government vis-a-vis urban development. The general conclusion was that the Federal government should continue to intervene, i.e., urban development policy should be centrally planned;

(c) the establishment of a NUPS capable of dealing simultaneously with regional, "inter-urban" economic, demographic and administrative problems and with "intra-urban" metropolitan or municipal problems. (However, rural settlements and municipalities with less than 20 thousand inhabitants should not be considered in the NUPS proposal. Regional agencies and state governments should formulate urban policies for these areas.)

* There is an interesting contradiction here. On one hand, Golbery advocated national security as a means of promoting development, but on the other hand, the increasing influence of the multinational corporations (MNCs) was viewed by many as a serious threat to national security and development. At the time, a broadsheet, called Novel of the Treason to the Revolution of '64, bitterly criticized Golbery as "betraying" the Revolution by representing Dow Chemicals and who now was "betraying" it again by continuing to support the MNCs (See Flynn, 1979 p. 487.) Nonetheless, Golbery remained firm in his support of the MNCs.

4.1.2 - *The Proposal for a National Urban Development Policy*

The IPEA's proposal, entitled National Urban Development Policy: studies and alternative propositions, carried out during 1973, addressed all the issues given priority by the Ministry of Planning.

This proposal was extremely influential on the National Urban Development Policy expressed in the Second National Development Plan (II PND) which was enacted in following year. It is sufficient to say that the majority of its propositions were incorporated, essentially unchanged, into the text of the II PND. Appendix V contains a summary of the proposal's main elements.

4.1.3 - *A National Urban Development Policy is Enacted: II PND (1975/79)*

On December 4, 1974, the Brazilian Congress approved Decree Law No. 6.151, enacting the Second National Development Plan (II PND) for the period between 1975 and 1979.

The II PND regarded urban development as being of such extreme importance, that it devoted an entire chapter to the subject. In sum, Chapter IX stated that the National Urban Development Policy should provide:

(a) "a definition of the policy orientation and the establishment of operational mechanisms so that the urban structure can accompany the [general] development strategy and the policy of the occupation of the interior;

(b) "an operational interpretation of these directives in specific regional strategies (i.e., the definition of regions for 'control', 'containment', 'dynamics', 'promotion', and 'discipline'--see Appendix VI);

(c) "specific mechanisms to implement the policy defined and to implant the metropolitan regions" (i.e., the creation of a specific institution to coordinate the implementation of the policy).

Appendix VI discusses each of these items in detail.

The National Urban Development Policy of the II PND contained a series of misconceptions that would make its interpretation into specific strategies difficult, if not impossible.

In the first place, the NUPS was intended to promote the overall goals of "national integration" and "economic development", and it established policies

designed to achieve those goals at a "macro-region" level. However, it failed to recognize that its policies were commonly incompatible with the strategies proposed by individual state governments within the "macro-regions". The lack of coordination (and communication) with state governments impeded the achievement of the overall goals.

Second, the spatial component of the NUPS focused attention on achieving a more even distribution of the urban population and economic activities across regions, giving particular emphasis to population deconcentration within the "primate" metropolitan regions of São Paulo and Rio de Janeiro. However, as suggested earlier, such an emphasis may have been exaggerated because apparently deconcentration was already occurring more or less naturally in those metropolitan regions. Therefore, in retrospect, the NUPS probably would have been more effective if it had focused greater attention on a better distribution of the urban population residing in cities outside the boundaries of those metropolitan regions. (See Chapter II, pp. 21-22.)

Third, the NUPS did not mention how the existing Urban Development Funds should be used in order to accomplish its objectives and it made no attempt to coordinate the sectoral investments of the various Ministries. This would be one of the functions of an institution to be created, although as explained in section 4.1.4 below, this institution was not successful. Consequently, the sectoral programs of the Banco Nacional da Habitação remained untouched, as did those of other sectoral agencies which continued their activities without taking the directives of the NUPS into account. (See Bernardes, 1986, for details.)

In this regard, note that the National Urban Development Policy did not even recognize the potential spatial effects of the economic and social policies proposed within the text of the II PND itself. Hence, from the outset, it is clear that those effects would continue to be ignored.*

* In an interview with the author in November 1986, John Redwood III, an Urban Development specialist at the Interamerican Bank in Washington D.C. (former Professor of Economics at the University of Pernambuco in Brazil) stated that: "the National Urban Development Policy was naive in that it made no mention of how the implicit spatial effects of economic policies would be taken into account by those institutions responsible for its implementation. Many times economic policies in Brazil have had much larger spatial impacts on urban development than the institutional strategies intended explicitly as 'inducers' of spatial change and as 'promoters' of urban development".

In addition, the Ministry of Planning (which was responsible for the NUPS) was incapable of altering the sectoral programs of other Ministries simply because they were more powerful and prominent within the Geisel administration (e.g., the Ministry of Finance).

4.1.4 - *First Attempts to Implement the NUPS: The Role of the CNPU*

One major recommendation of the National Urban Development Policy of the II PND was that an institution be created to administer the NUPS. In this light, Decree Law No. 74.156 created the National Commission of Metropolitan Regions and Urban Policy (CNPU) in 1974 and assigned it to the Ministry of Planning.

The CNPU was an interministerial commission whose main representatives came from the Ministries of Planning and Interior. It was basically an advisory board and had no authority other than that of "suggesting means of coordinating" the urban activities of the Ministries, of evaluating the system of metropolitan regions, and of proposing urban strategies to be implemented by various Ministerial agencies. (Decree Law No. 74.156)

In sum, it appears that the CNPU did not have sufficient "status" to oversee the implementation of the NUPS, even though it was linked to the Secretariat of Planning of the Presidency (SEPLAN) which became a powerful political force after 1974. (Bernardes, 1986, p. 103).

In an apparent attempt to gain more executive power, the CNPU soon proposed a series of urban development strategies (interpreted from the NUPS) for which it would be responsible. These strategies were:

(a) to promote the consolidation of the metropolitan regions by providing funds for specific plans of action and projects, in addition to the creation of more efficient institutions within the regions. It would also create a metropolitan-based financial system

(b) to focus urban development projects (basically infrastructure and urban renewal) in medium-sized cities (with more than 50 thousand inhabitants). The objective for the Southeast region was to promote the growth of these cities by attracting migrants from the large metropolises.

The objective for the Northeast, the North and the Center-West regions was that of reinforcing regional development.

In order to carry out these strategies, the CNPU advocated that it was essential to obtain the creation of a specific urban development fund, to which a very substantial amount of resources should be transferred. Since the CNPU would administrate this fund, it would gain the executive power it envisioned.

4.1.5 - *The Creation of an Urban Development Fund*

Law No. 6.256 of 1975 created the Fundo Nacional de Apoio ao Desenvolvimento Urbano (FNDU - National Fund in Support of Urban Development). Initially, the FNDU's only source of funding was the general Federal budget and the amount of resources transferred to it was not sufficient to carry out CNPU's strategies.

Hence, the CNPU recommended that additional (and more substantial) resources be transferred to the Fund. Law No. 6.267 of 1975 created the Brazilian Enterprise for Urban Transportation (EBTU) and instituted a 12 percent increase in the tax on gasoline and petroleum derivatives. The resources from this tax were destined solely to the FNDU.

Ironically, the National Fund in Support of Urban Development was then divided into two sub-funds: the Fund for the Development of Urban Transportation (FNDU/FDTU), administered by the Brazilian Enterprise for Urban Transportation, representing 75 percent of the total FNDU, and the Fund for Other Urban Projects (FNDU/OP), administered by CNPU.

Therefore, the CNPU was able to use only 25 percent of the total Fund to implement its programs and projects and had no control over investments in urban transportation. This sector, as well as the housing and sanitation sectors (controlled by the National Housing Bank), remained outside the realm of coordination of the CNPU.

In sum, the impact of CNPU's activities on urban development was very small and did not produce, as CNPU had hoped, a significant turnaround in the treatment of urban problems. To the contrary, the CNPU was only able to produce a series of plans and implement a few isolated projects that had no direct relationship with its strategies or with the overall NUPS.

The main reason for CNPU's failure to achieve greater results appears to have been the manner by which it was obligated to disburse its resources. The CNPU had no executive authority over its Fund. It could allocate its resources only to specific projects that had been approved by the Federal government through "statements of intent" originating from ministerial agencies, state governments, or pressure groups (private banks, developers, real-estate corporations and construction companies). The interests of these agencies and groups were generally concentrated in sectors over which the CNPU had no control. Furthermore, these agencies and groups considered the urban development objectives of the CNPU (and those of the NUPS itself) to be, at most, secondary priorities.

4.1.6 - *Statements of Intent: "De Facto" Urban Strategies Revisited?*

President Geisel himself had the ultimate responsibility of deciding how the resources of the National Fund in Support of Urban Development would be allocated. First, the agencies of the Ministries of Planning and Interior, state governments and other groups submitted "Expositions of Motives" ("statements of intent") which were essentially proposals to use the resources of the FNDU for specific urban projects or programs. The President (after conferring with the Minister of Planning) then decided which of these projects or programs had merit and authorized the CNPU (or EBTU) to disburse funds.

A given Exposition of Motives involved complex political bargaining among ministerial personnel, state governors, mayors, politicians and lobbyists and resulted in the definition of urban priorities from an essentially political point of view which rarely coincided with the urban development goals of the NUPS.

Some authors have stated that excessive emphasis on the Expositions of Motives produced a nation administered by programs which gave only token support to the goals of the NUPS and where successful political bargaining (given the "appropriate" technical disguise) was the key means of securing funds for urban projects (Seminar on Urban Development Policy, Brasília, 1984).

Hence, it appears that the Expositions of Motives became the "de facto" urban development strategies of this period. They produced a series of

isolated and uncoordinated urban projects, which contributed little to the "territorial integration" goals of the National Urban Development Policy of the II PND.

4.1.7 - *What did the National Urban Development Policy Achieve?*

In spite of the creation of the CNPU and the FNDU, it is quite clear that the National Urban Development Policy was not considered a priority by the federal government during this period. In fact, the federal government had a highly sectoral orientation with respect to urban development, concentrating urban development resources mainly in specific sectors which had powerful political lobbyists such as the transportation and construction industries.

Hence, the activities of the CNPU were constrained by a highly centralized federal government to which groups supporting the "status quo" had more immediate access.

Consequently, the NUPS effort (through the CNPU) to induce greater coordination of sectoral investments in the urban realm was largely symbolic and its goal of a more "equitable" distribution of Brazil's urban population and economic activities was not achieved.

4.2 - The NUPS in a Period of Political, Economic and Institutional Change: 1980 - 1985

In March 1979, General João Batista de Oliveira Figueiredo was appointed President and remained in office until the beginning of 1985. Figueiredo was the last of the generals to assume the Presidency in Brazil. The era of the military regime and of the National Security State was concluded with the ending of Figueiredo's administration although this was not his original political objective.

President Figueiredo emphasized a policy of "abertura" (opening up) in Brazilian politics which was intended as a continuation of the "distension" policy of the Geisel administration. The objective was to open the political arena enough to allow space for the opposing political party, namely the MDB which clamored for a return to democracy, in the hope of obtaining greater support and stability for the National Security State.

General Golbery do Couto e Silva was the principal proponent of the "abertura" ideology. He postulated that increasing pressures in the social realm, in favor of democracy and a more equitable economic model, were endangering the credibility of the NSS. Hence, it was necessary to promote a policy of "controlled liberalization" if the NSS was to remain in power.

In essence, the "opening up" policy promoted, on one hand, the final reversal from the repressive "hard-line" ideology within the NSS itself and, on the other hand, it allowed for the creation of seven new opposition parties by the beginning of 1980. Apparently, the objective here was to fragment and weaken the opposition, thereby ensuring that it would not gain control of the National Congress.

Perhaps the greatest impact of the "abertura" ideology on the implementation of urban development policies was the reinstatement of free elections in 1982 for all political offices at the state and municipal levels, in particular, elections for governors who previously were appointed by the NSS. By 1983 almost all of the most influential states especially São Paulo and Rio de Janeiro, were administered by governors whose parties opposed the National Security State.

Hence, the implementation of the centrally planned National Urban Development Policy of this period would be more difficult because it was very unlikely that the "opposition" states would support a NUPS that was conceived within the bureaucratic milieu of the National Security State.

In the economic realm, Brazil experienced a crisis situation between 1980 and 1983. The sharp rise in oil prices in 1979 resulting from OPEC's policies had a severe impact on the Brazilian economy because the nation's industrial base depended heavily upon imported oil. Hence, Brazil was obligated to expend much larger portions of its "hard currency" reserves on imported oil. Inflation soared wildly, reaching the unprecedented rate of 110% in 1980 and increased to an astounding 215% by 1983 (Latin America Regional Reports estimates, 1983). The Brazilian government had difficulties servicing its foreign debt, which by 1980 exceeded 100 billion dollars, given the increasing

interest rates in the international market. The government handed over large portions of the foreign currency reserves earned through exports.

The period of the "Brazilian Miracle" (approximately the period between 1968 and 1978, when the country experienced "miraculous" growth rates in GNP averaging 9.5% per year) resulting from the Brazilian Economic Model came to an abrupt end. Between 1980 and 1983 a severe economic recession was felt in Brazil, accompanied by negative growth rates in GNP (Latin America Regional Reports [1983] estimates -1.9%, 0% and -7.5% for 1981, 1982 and 1983, respectively).

The impacts of the economic crisis were soon felt in the realm of urban activities. In anticipation of the impending difficulties, the Figueiredo administration instituted a decree in 1980 mandating that all funds earmarked for urban development be eliminated by 1982. Consequently, in 1982 the FNDU was extinct and the general Federal budget became the sole source of funding for urban development projects.

Confronted with the more "immediate" administrative issues of the economic crisis, the Ministry of Planning retreated from its role of implementor of the NUPS through the CNPU. (The CNPU, in fact, was itself extinct by 1979.) This role had been reassigned to the Ministry of Interior in 1979 when it assumed the administration of the new National Council for Urban Development (CNDU).

The CNDU became responsible for creating and implementing the National Urban Development Policy between 1980 and 1985 mainly because the Third National Development Plan (III PND, 1980/85), contrary to the II PND, made no attempt to establish a NUPS.

4.2.1 - The National Council for Urban Development

Decree Law No. 83.355 of April 1979 had created the National Council for Urban Development (CNDU) and centered it within the Ministry of Interior. The CNDU had a broader organizational structure than the extinct CNPU. It was composed of representatives from eight Ministries and two urban institutions (the National Housing Bank and the Brazilian Enterprise for Urban Transportation).

The objective of giving the National Council for Urban Development a broad organizational structure was to permit greater coordination of the sectoral activities of other Ministries. In addition, it appears that CNDU was placed specifically within the Ministry of Interior so that it could integrate the urban investments of the Ministry's Banco Nacional da Habitação with its own investments, given that the CNDU could no longer depend upon resources from the FNDU.

In spite of these innovations, the CNDU's ability to influence urban development was limited because:

(a) it continued to be primarily an advisory board and assumed a remote secondary position even within the Ministry of Interior. Consequently;

(b) it had no real ability of integrating the largely sectoral urban investments of the BNH and those of other Ministries in a coherent manner. At the same time, resources allocated to its own urban development projects were severely reduced because of the economic crisis;

(c) it was incapable of linking urban development policies to the general economic policies of the period. Figueiredo's administration gave top priority to economic policies oriented towards managing the crisis, which led most institutions to disregard questions related specifically to urban and regional development.

Nevertheless, the National Council for Urban Development remained firmly committed to the creation of a National Urban Development Policy in the hope that once the economic crisis had been "solved", it would be able to implement its proposals.

4.2.2 - *The National Urban Development Policy of the CNDU**

The National Urban Development Policy of the National Council for Urban Development for the period between 1980 and 1985 was elaborated through a series of resolutions between 1979 and 1981. (See Resoluções do CNDU, 1979 - 1981.)

In sum, the NUPS was oriented towards regulating population growth in the

* This section is based upon Richardson, 1983 and Bernardes, 1986.

largest metropolitan areas and instituting land use controls, orienting urban investments towards medium-sized cities (with populations generally in the order of 100 thousand inhabitants) to induce their growth and to induce migration away from larger cities (i.e., deconcentration), correcting imbalances in the provision of urban infrastructure and public services, eradicating urban poverty and making urban services (e.g., transportation) more accessible to the general population.

The spatial component of the II PND's National Urban Development Policy (see Appendix VI) was reconfirmed in CNDU's policy. Given urban development activities were to be carried out in conformance to the priorities assigned to specific areas. These areas were: "áreas de descompressão" (decompression areas) where growth would be controlled, consisting of the corridor between São Paulo and Rio de Janeiro; "áreas de expansão controlada" (areas of controlled expansion) which were already experiencing economic deconcentration, including most of the Southeast region, as well as the metropolitan regions of Porto Alegre, Curitiba, Salvador and Recife; "áreas de dinamização" (dynamic areas), mainly areas in the interior and the metropolitan areas of Belém and Fortaleza, where the intention was to stimulate economic growth through transportation and infrastructure investments and through the promotion of industrial activities and finally; "áreas com funções especiais" (special function areas) such as tourist areas, areas for historic and ecologic preservation, colonization areas and industrial poles. Most of the Northern and the Center-West regions were included in this category.

The division into areas was similar to that proposed in the NUPS of the II PND. The goal of CNDU's policy was to use this division as a means of promoting urban development at the inter-urban level. However, it appears that most urban development strategies devised to meet this goal actually concentrated on the intra-urban level of activities. (See section 4.2.3 below.)

Hence, the CNDU proposed a National Urban Development Policy which was even more ambitious than that of its predecessor (the NUPS of the II PND). However, given the economic situation of Brazil during the period, especially the scarcity of funds for urban development projects, the general lack of commitment of the sectoral Ministries to urban development and, at the state

level, the criticism by "opposition" state governors of urban development policies originating from within the bureaucracy of the National Security State, it was highly unlikely that CNDU's National Urban Development Policy could be implemented.

In sum, the National Urban Development Policy was not successful in achieving slower population growth in some areas and promoting it in others. Growth rates had slowed down in most metropolitan regions and had increased in some of the medium-sized cities, but as explained in Chapter II, these phenomena appeared to be more the result of spontaneous forces and not the result of the NUPS. As before, the NUPS proposed by CNDU appeared to have exaggerated the necessity of controlling or promoting growth.

Second, the NUPS objective of selecting urban investments according to the typology of areas resulted as largely symbolic because the CNDU was not able to persuade other Ministries and agencies to adopt the NUPS as a guideline for their sectoral urban investments. In addition, the CNDU itself did not have enough resources to make any significant contribution to attaining the spatial goals its NUPS envisioned for specific areas. The "Statements of Intent" continued to be the primary means of resource allocation, favoring powerful interest groups over which the CNDU had no control.

However, if one ignores the larger spatial goals of the NUPS, it appeared to have had some positive results on urban development at the intra-urban level through a specific urban development strategy implemented by CNDU. As postulated in this thesis, the intra-urban level is the appropriate one for urban development activities.

4.2.3 - The Medium-Sized Cities Program - A Strategy for Urban Development

In order to establish specific urban development strategies in accordance with the overall spatial goals, the NUPS divided Brazil's urban centers into four categories: the nine metropolitan regions (see Chapter III), the medium-sized cities, small towns and urban support centers. The most important urban development strategy was (and still is) the Programa de Cidades de Porte Médio

(CPM - Medium-sized cities program), a joint World Bank/CNDU project initiated in 1982, with resources in the order of some 200 million dollars.

During 1981, the CNDU identified 64 of the larger urban centers as priority medium-sized cities, the majority of which were relatively large (populations greater than 100 thousand inhabitants). From these cities, the CNDU chose eleven cities for CPM I (1981/83) and thirteen for CPM II (1983 to the present). Fourteen of these cities are state capitals and their selection was apparently politically motivated and not necessarily coherent with the goals of the NUPS (Bernardes, 1986).

The CPM strategy was justified in terms of the inter-urban, spatial goals of the NUPS as described in section 4.2.2 above. It was viewed as the primary means of promoting the creation of new development poles, the deconcentration of population and economic activities, the generation of local employment to reduce interregional imbalances and to promote the development of the interior. However, most of CPM's activities were carried out at the intra-urban level and, in general, did not promote the overall spatial goals of the NUPS.

The Medium-Sized Cities strategy concentrated on intra-urban activities such as investments in infrastructure (water and sewerage supply, sites and services activities in slum areas, drainage, etc.), improvements in urban transportation, aid to small enterprises (cooperatives and retail stores) and general improvements in municipal administration (personnel training and updating of land use surveys). At this level, the CPM strategy has produced positive results, mainly because the resources borrowed from the World Bank were sufficient to allow for the implementation of many local urban development projects.

However, there appears to have been no clear relationship between CPM's intra-urban activities and the spatial goals of the NUPS. For example, investments in infrastructure created a variety of construction jobs. But these jobs were only temporary and ceased to exist once the projects were completed. Obviously, if the medium-sized cities are intended to attract migrants from "overpopulated" cities (i.e., promote deconcentration), the CPM strategy must currently find a means of creating permanent jobs within them.

Nonetheless, this thesis regards as positive the urban development orientation taken by the CNDU in its Medium-Sized Cities strategy because, as postulated in Chapter III, urban development strategies should be focused primarily at the intra-urban level. Note, however, that the intra-urban orientation of the CPM strategy was not the result of a specific policy. The CNDU's National Urban Development Policy was clearly in line with the overall "national integration" goals of the National Security State and, in this sense, the intra-urban urban focus of the CPM strategy was not derived from a deliberate change in perspective on the roles urban development should play.

However, if this new orientation could be emphasized and if official policies were instituted to promote it, new urban development strategies would be more in line with the roles envisioned by this thesis for urban development.

Obviously, this does not imply that such strategies would be successful, but at least their orientation would be more appropriate.

The following section provides a brief interlude in the discussion developed up to this point in the thesis with the intention of establishing a basis for issues to be considered in Chapter V.

4.3 - Comparisons, Conclusions and Preliminary Considerations for Current National Urban Development Policies

As stated in the introduction to this chapter, insight into the differences (or lack of them) between the urban development policies and strategies of the "modernization" and "official recognition" periods is essential background information for the discussion of the current situation developed in Chapter V. This section provides a brief summary of important issues.

As noted in Chapter III, the geopolitical ideology of the National Security State had a profound impact upon the urban development policies during the period of "modernization", in particular the geopolitical goal of "national integration". During the "official recognition" period (1975 to 1985), geopolitics continued to be influential upon the formulation of urban development policies and became an explicit element of the National Urban

Development Policy of the II PND as well as the NUPS developed by the CNDU for the period between 1980 and 1985.

Indeed, geopolitics served as the guiding principle for the spatial components of both of these NUPS. The importance of urban development as a means of achieving "national integration" was reconfirmed in these policies and a "new" geo-spatial term was included, namely, "deconcentration" which, in essence, was merely a new means of promoting "national territorial integration". Hence, the overall goals for urban development during the "official recognition" period and the previous "modernization period" were very similar.

In Chapter III one concluded that one of the main reasons for the failure of urban development in achieving "national integration" during the period between 1964 and 1974 was because this goal was not translated into a specific set of instructions. In contrast, during the period between 1975 and 1985 very explicit instructions for "national integration" via urban development were established in both NUPS.

However, these instructions were not considered a priority by any of the "de facto" urban institutions (especially the BNH). Hence, not only was this larger goal not achieved during the "official recognition" period, but also urban development policies *per se* were never actually implemented or translated into appropriate strategies.

The main reasons for the lack of success of the NUPS (as envisioned by the National Security State) were threefold. First, the institutions created specifically to implement the National Urban Development Policies (i.e., the CNPU and the CNDU) remained primarily as weak advisory boards with no executive power. Resources allocated to them for urban development projects were not only scarce (e.g., the FNDU) but they also practically disappeared over time. In addition, these institutions never had direct control over such resources and they were obliged to conform to the mandates of the "Statements of Intent", which generally gave no priority to urban development.

Second, given their weak "status", these institutions were incapable of coordinating the sectoral urban investments of other Ministries and agencies and never succeeded in orienting economic policies towards the larger spatial objectives of the NUPS.

Third, the economic/political crisis dominant in Brazil during the period between 1980 and 1983 reinforced the already strong biases in favor of sectoral, spatially uncoordinated economic policies (focused on solving "more immediate" economic issues) which led to an even greater undermining of the priorities of the National Urban Development Policies.

It is also interesting to note that contrary to the "modernization" period within which several relatively independent institutions became powerful *creators* of "de facto" urban development policies and strategies (i.e., those within the Ministries of Planning and Interior, especially BNH), during the "official recognition" period the creation of the National Commission on Metropolitan Regions and Urban Policy (CNPU) resulted from the National Urban Development Policy of the II PND. Hence, the CNPU not only accepted the NSS geopolitical ideology implicit in the NUPS; its very existence depended upon its ability to implement the NUPS as given.

Furthermore, although the National Council for Urban Development (CNDU) was given the power to create and implement the NUPS for the period between 1980 and 1985, this NUPS was very similar to that of its predecessor. The CNDU certainly was not an independent or a very powerful institution and its activities were severely constrained by the "de facto" urban institutions already in existence within the realm of the Ministry of Interior itself.

Summarizing, the period of "official recognition" of the National Urban Development Policy was just that. The importance of the NUPS was recognized officially and discussed in government documents and plans, but it remained a secondary concern of those institutions implementing sectoral strategies and no formal integration of its priorities with those of economic policies ever occurred.

Therefore, in terms of impacts, there appears to have been hardly any real differences between the "de facto" urban development policies and strategies of the "modernization" and the formal ones of the "official recognition" periods insofar that urban development was generally considered in an "ad hoc" and uncoordinated manner if it was considered at all.

In this light, it appears that the implantation of an effective National Urban Development Policy is essentially a problem of political acceptability.

Having been subjected to the political priorities of the larger economic policy (e.g., the "statements of intent"), which gave practically no importance to implicit spatial impacts or to urban development *per se*, the National Urban Development Policies had no means of being effective.

Hence, a reorientation of political priorities appears necessary, whereby the National Urban Development Policy should become an integral element of the general economic development policy and not merely an appendix to it. The economic development policy should give political priority to the objectives of the NUPS and promote a revision of sectoral economic and social investments in order to minimize their negative spatial impacts. This, to say the least, is a monumental challenge.

The current political atmosphere in Brazil provides conditions for a restoration of National Urban Development Policies within the context of the global economic development policy, especially because a new Constitution is in the making. However, if this is to occur, it is essential that political leaders be conscious of the importance of the NUPS and that the new Ministry of Urban Development and Environment be given the power and status necessary to carry out its implementation.

If a National Urban Development Policy is to be accepted politically, it is important to understand why such a Policy is needed. It appears that the NUPS may have been disregarded by politicians because they viewed it merely as a mechanism for legitimizing their political positions vis-a-vis powerful lobby groups, especially governmental bureaucrats within urban development institutions. In addition, politicians may have disregarded the NUPS because they perceived that the real interests of the National Security State were concentrated more in the realm of economic development policies.

Hence, it is important to convince politicians that a NUPS is indeed needed. From the perspective of this thesis, a NUPS is necessary because it is a means of promoting greater intra-urban balance and especially because, if appropriately used, it is a primary means of alleviating poverty and providing greater social equity by promoting slum upgrading, better sanitary conditions, the construction of low-income housing, more efficient urban transportation services, and better environmental conditions.

CHAPTER V

RECENT TRENDS IN URBAN DEVELOPMENT POLICIES AND STRATEGIES IN BRAZIL

This chapter examines trends in national urban development policies and strategies in Brazil within the "Nova República" administration (New Republic, the civilian administration) between 1985 and the present (1987).

The civilian administration appears fully committed to continuing the pursuit of national urban development policies and strategies regardless of their disappointing results during the era of the National Security State, as discussed above in Chapters III and IV of this thesis.

The objectives of the present chapter are threefold. First, to examine briefly the political transformations in Brazil during 1984 which led to the demise of the of the National Security State in 1985 and to the installation of the civilian New Republic in the same year. The intent here is to understand how urban development may benefit from a return to a more democratic government.

Second, to outline the current economic situation in Brazil. Current economic conditions may limit the effectiveness of urban development policies and strategies.

Third, to focus particular attention upon the events that led to the creation of the Ministry of Urban Development and Environment (MDU) in 1985 and upon its activities between 1985 and 1987. The New Republic has appointed MDU as the sole institution responsible for devising and implementing National Urban Development Policies and Strategies in Brazil in the current period. Major questions to be answered here are whether MDU has sufficient political and financial power to promote urban development and whether its directives can induce a significant spatial reorientation of the sectoral investments of other Ministries.

There appears to have been a general expectation that the Ministry of Urban Development and Environment would soon rise as a powerful guiding force for urban development in Brazil. The main goal of Chapter V is to understand

whether this expectation can become reality, given the failures of past policies and strategies and the current constraints placed on MDU's activities.

5.1 - Events Leading to The Rise of the New Republic in 1985

As mentioned in Chapter IV, the process of "abertura" instituted by President Figueiredo's administration in 1980 led to the formation of new opposition political parties and to free elections for state governors in 1982. By 1984, the "opposition governors" and their parties had become a powerful political force. They perceived the National Security State as incompetent, (especially because of its mismanagement of the economy which had resulted in the crisis situation between 1980 and 1983), excessively authoritarian and corrupt.

The opposition parties united and initiated a nation-wide campaign called "Diretas Já" (direct elections now) in 1984, demanding free elections for President and the return to a civilian administration in 1985. This campaign was very successful. It produced the most massive public demonstrations ever experienced in Brazil. As a result, a proposal for a Constitutional amendment reinstating free elections for President was presented to the National Congress in April 1984. It was defeated by a narrow margin of 22 votes, which ensured that the next President would still be chosen indirectly by the Electoral College. 1/

Faced with these pressures, the general perception of top military personnel within the NSS was that the military's legitimacy "as an institution" (let alone its legitimacy "as government") was seriously threatened. The solution chosen was to appoint a civilian presidential candidate to the NSS party (Partido Democrático Social - PDS) who would represent the military's interests and allow for the indirect continuity of the National Security State. The candidate selected was Paulo Salim Maluf. 2/ Since the PDS maintained a

1/ Since the 1964 military coup, all Brazilian Presidents were elected indirectly through an "Electoral College" composed of federal senators and congressmen and of representatives from the Legislative Bodies of the state governments. This Electoral College had majority representation from the NSS party and had always ensured the victory of the NSS presidential candidate.

2/ Paulo Salim Maluf was ex-governor of the state of São Paulo, a member of the PDS party and sympathetic to the extreme-right groups of the Armed Forces. He was generally perceived as a weak candidate for presidential office and had practically no popular support.

majority in the Electoral College, the victory of its candidate appeared obvious.

However, during 1984 many congressmen, senators and state governors who were members of the PDS became disillusioned with their party (especially with its choice of presidential candidate) and abandoned it. They formed the Partido da Frente Liberal (PFL) which soon united with the Partido do Movimento Democrático Brasileiro (PMDB - the largest opposition party). These two parties formed the "Democratic Alliance" which obtained a majority in the Electoral College. The NSS candidate was defeated and the opposition parties' joint candidate Tancredo Neves, a civilian, was chosen as the new President in November 1984. The era of the National Security State came to an end and the democratic, civilian "New Republic" assumed power. (Stepan, 1986, and Bierrenbach, 1986, provide excellent discussions of these events.)

President Tancredo Neves became ill and died on the eve of his inauguration in March 1985. The Vice-President, José Sarney, assumed the Presidency. (José Sarney was chairman of the PDS party but abandoned it in 1984 and became a member of the PMDB party which is the current official party of the New Republic.)

For the purposes of this thesis it is important to understand what urban development stands to gain from the New Republic. In the first place, urban development has apparently been given greater priority by the new administration. Primary evidence of this fact was the creation of the Ministry of Urban Development and Environment (MDU) by the New Republic immediately after its inauguration in 1985. (There may, however, be alternative reasons for the creation of MDU as will be discussed.) In addition, the First National Development Plan of the New Republic (I PND/NR, 1986/89) stated that urban development should become an integral element of the overall economic development policy and that actions should be taken to give state and local governments greater autonomy in the formulation and implementation of their own urban development policies and strategies (albeit centrally coordinated).

In the second place, and equally important, the New Republic has promised a revision and strengthening of urban development legislation. In this regard, one should expect positive results from the actions of the Constitutional

Assembly formed in January 1987. This Assembly has the responsibility for writing a new Brazilian Constitution which will replace the military regime's Constitution of 1967. (Although one cannot predict the outcome of the new Constitution with respect to urban development legislation, there are political limitations which may impede the success of urban development proposals, as will be discussed in the sections below.)

5.2 - *The Economic Scenario*

The overall economic situation of Brazil improved somewhat after 1984. The economy recuperated from the recession of the 1980 to 1983 period and a general reassumption of economic growth was felt. A significant expansion of exports (especially of industrial products) in 1984 produced a trade surplus of some 13 billion dollars and a consequent increase in foreign currency reserves.

However, Brazil was (and is) still confronted with severe economic difficulties. Meeting even the interest payments on the foreign debt, currently at some 120 billion dollars, had become a major impediment to continued economic growth.* At the same time, Brazil's internal public sector deficit remained very large. Although it was reduced somewhat (because of the International Monetary Fund's restrictions imposed since 1984), this reduction led to a sharp curtailment of federal investments and expenditures.

In addition, inflation reached a historic high of 234% in 1985 and real interest rates (corrected for inflation) jumped to an average of 35% per annum (1985 estimates of the Fundação Getúlio Vargas). In sum, the economic situation by the end of 1985 was poor, and recovery was not certain by any means because of the weight of the foreign debt, the internal deficit and, in particular, because of rampant inflation.

In March 1986, the New Republic introduced a plan to stabilize inflation, popularly known as the "Plano Cruzado". However, by the beginning of 1987, the general perception was that the Plan had failed. Inflation for 1986 was esti-

*In February 1987, the administration decided to suspend interest payments on the foreign debt. The justification was that resources needed to be focused exclusively on forging the socio-economic recovery of Brazil. The constant drain of resources imposed by servicing the foreign debt had to be stopped indefinitely so that the economy could recuperate.

mated at 300 percent (Fundação Getúlio Vargas). See Appendix VII for a discussion of the Plano Cruzado.

In spite of these severe economic constraints, the New Republic administration has promised widespread social reforms, in particular a reorientation of Brazil's economic development model towards large expenditures on public goods and services that will benefit the country's massive low-income population.

Since urban development is linked to the provision of public goods and services and in agreement with the overall socio-economic goals of the administration, there appeared to be an atmosphere favorable to urban development policies and strategies in Brazil. However, given the magnitude of Brazil's present economic problems, it remained to be seen whether the New Republic administration would favor urban development strategies, or whether it would prefer to maintain the narrow sectoral orientation of past Brazilian administrations when implementing its promised social reforms.

The February, 1987, cover of the Brazilian magazine "Senhor" summarized the economic scenario very well. It depicted an upside-down map of Brazil with the heading "General Confusion". Indeed that seems to be the picture at the moment.

Given this general political/economic background, the following sections focus on the Ministry of Urban Development and Environment and its activities with respect to urban development in the current Brazilian context.

5.3 - Creation of the Ministry of Urban Development and Environment

One of the first actions of the New Republic immediately following its installation in 1985 was to enact Decree Law No. 91.145 on March 15, 1985, creating the Ministry of Urban Development and Environment (MDU).

The New Republic was motivated to create the MDU for several reasons. First, the fulfillment of the social reform goals of the new administration required a reorientation of federal activities towards the provision of public goods and services that would improve the quality of life of the general population. Urban development appeared to be a major means of accomplishing these goals. However, given past failures (mainly because of the weak status

of implementing institutions), it appeared necessary to create a more powerful institution.

Second, the administration argued that the new institution should be divorced from the influence of the Ministry of Interior. The conclusion was that the responsibilities of the Ministry of Interior had been overextended and that it had not given sufficient emphasis to urban development.

Third, there also appears to have been a political motivation for creating the MDU. The Ministry of Interior was viewed as being too powerful, rigid and bureaucratic and as being a product of the authoritarian structure of the National Security State. The New Republic demanded a more decentralized, "democratic" system of government, and administrative reform was considered a priority. The "breaking-up" of the Ministry of Interior's powers and the creation of a new institution solely responsible for urban development was clearly in line with this priority.

The New Republic envisioned the Ministry of Urban Development and Environment as being the sole institution responsible for formulating and implementing urban policies and strategies oriented towards the alleviation of social problems (inadequate housing, infrastructure and transportation) in the metropolitan regions and in medium and small cities in order to improve the general quality of life of the Brazilian urban population. Its main responsibilities would be to produce a better distribution of urban services primarily within cities but also across regions (i.e., greater intra-urban and social equity), in addition to promoting environmental conservation. This last item will not be discussed in the thesis.

Note that the New Republic appears to have reoriented the roles of the MDU towards ensuring that its strategies would provide greater social equity primarily at the intra-urban level. These roles for urban development closely resemble those that this thesis envisions as being most appropriate. Hence, from the perspective of the thesis, there has been a positive evolution in urban development "thinking" at the present time in Brazil. However, as will be seen in the following sections, it is uncertain as yet whether urban development policies will actually reflect the New Republic's positive reorientation of urban development ideology.

Decree Law No. 91.145 charged the MDU with the responsibility of formulating policies and strategies in four areas: housing, basic sanitation, urban development (infrastructure and transportation) and environment. The Decree transferred to and gave MDU direct control over the National Council for Urban Development (CNDU), the National Housing Bank (BNH), the Brazilian Enterprise for Urban Transportation (EBTU, transferred to the MDU in 1986), the National Council of the Environment (CONAMA) and the Special Secretariat of the Environment (SEMA).

The most important act of this Decree was, by far, the transfer of the National Housing Bank (BNH) to the Ministry of Urban Development and Environment. As mentioned on several occasions in this thesis (see Chapters III, IV and Appendix III), the BNH was the single most powerful and influential institution in the urban realm, and its largely sectoral orientation had generally undermined the intended effects of "explicit" urban development strategies.

Although the National Housing Bank would remain as a distinct agency within the MDU, the MDU would have direct control over it and would be able to utilize the resources of the immense FGTS fund. (See Appendix II.) In addition, since the Ministry of Urban Development and Environment was responsible for both the national housing policy and the national urban development policy, it could formulate integrated policies and strategies and orient them specifically towards meeting its own priorities. Hence, it appeared that the MDU had not only sufficient resources but also the power and status necessary to promote urban development.

5.3.1 - *The "New" National Council for Urban Development*

Decree Law No. 91.248 of May 1985 created a "new" National Council for Urban Development (CNDU), transferring it from the Ministry of Interior to the Ministry of Urban Development and Environment.

The CNDU would be presided over by the Minister of the MDU and would be composed of approximately sixty-six members, representing eighteen Ministries, the macro-regions, the Metropolitan Regions, the Brazilian Association of

Municipalities, several national urban-related entities and other members to be appointed by the Minister.

Apparently the objective of creating such a complex organizational structure was to permit a more effective coordination of all federal sectors involved in urban development, as well as to provide a more democratic forum within which agencies and institutions that had previously been ignored would be able to express their opinions and influence policy formulation.

With this type of structure, the CNDU would apparently be better able to integrate urban development policies and the economic development policy by coordinating other Ministries' sectoral investments in the urban realm and by alerting the government to the negative spatial (and social) impacts of macroeconomic policies.

The main responsibilities of the CNDU were to formulate the National Urban Development Policy, to ensure that the sectoral activities of other agencies were compatible with its NUPS and to evaluate public and private projects or programs which might have negative spatial impacts. (See section 5.5 below for a discussion of CNDU's proposals for a National Urban Development Policy.)

Although the CNDU remained primarily a policy formulator and an advisory board, it was clearly an influential institution within the Ministry of Urban Development and Environment, given that its responsibilities constituted the mainstay of the MDU. Furthermore, CNDU's activities were backed by the Ministry's executive power over the National Housing Bank and the Ministry's direct access to the resources of the immense FGTS fund.

The success of the CNDU and of the Ministry of Urban Development and Environment as a whole with respect to the formulation and implementation of urban development policies and strategies appeared to be guaranteed.

5.4 - The National Housing Bank is Extinct: MDU Suffers a Fatal Blow

Ironically, after all the efforts to provide MDU with sufficient power and prestige in the urban realm, on November 21, 1986, Law No. 2.291 extinguished the National Housing Bank by incorporating it into the Caixa Econômica Federal (CEF - a public bank). The CEF assumed direct control over the FGTS fund and

became responsible for "the coordination and execution of the National Plan of Popular Housing (PLANHAP) and the National Plan of Basic Sanitation (PLANASA)", although the "directives fixed by the Ministry of Urban Development and Environment would be observed" (Decree Law #2.291, as published in the Diário Oficial, Nov. 24, 1986).

Apparently, the MDU would remain as an advisory board to the Caixa Econômica Federal, insofar that the Decree stated that "the Ministry of Urban Development and Environment [is responsible] for formulating proposals for housing and urban development policy" (Article 6). Hence, the MDU apparently maintained some indirect influence over the activities of the CEF, although it had no executive power with respect to CEF's activities.

Clearly, the extinction of the BNH* had a major impact on the power and prestige of the Ministry of Urban Development and Environment. Indeed, it may have been a near fatal blow. The MDU was left with absolutely no source of funding for its activities other than resources from the general federal budget which were severely constrained because of the government's need to reduce the deficit. (It is as yet uncertain whether the MDU will benefit from the resources "captured" by the recent suspension of the foreign debt service.) In addition, given that the CEF had assumed the responsibility of implementing housing and basic sanitation programs, the MDU lost control over these areas and was left with practically no role to play in them other than that of proposing policies.

Furthermore, the MDU has apparently not gained the political recognition it needs to strengthen its position as an institution. The National Congress (joint name given to the Brazilian Senate and the House of Representatives) has given little attention to urban development problems. It has only one commission linked to urban development problems (the Commission of Urban Development) which was instituted in 1986 and is composed of 17 congressmen. Also, the National Congress has traditionally taken excessively long periods of

* Two primary reasons apparently motivated the extinction of BNH. First, the BNH appeared to have overextended and mismanaged its credit operations, especially through the Housing Finance System. There was a general fear that the BNH would soon go bankrupt. Hence, it was necessary to transfer its responsibilities to a more solvent institution. Second, the International Monetary Fund was requiring that serious measures be taken to reduce the federal deficit by limiting excessive expenditures. The elimination of the BNH and its transferral to the CEF was apparently in line with those requirements.

time to approve urban development legislation (an average of three years for most legislation). See Batista, 1986, for details.

Neither do urban development issues appear to have appropriate representation within the Constitutional Assembly. Hence, it is likely that urban issues will not receive priority in the new Constitution.

In sum, the Ministry of Urban Development and Environment is a weak institution at the present time. It has neither sufficient resources nor the political backing needed to make it more effective.* Improvements in the MDU's status in the near future are not likely, given the economic situation and the period of political transition. Nevertheless, the MDU is currently attempting to orient the resources of the New Republic's social development programs to its own urban development priorities. (See section 5.5 below and p. 74.) If the MDU succeeds in doing this, it may become a viable institution after all.

5.5 - The National Council for Urban Development and the NUPS

It is within this dissapointing context that the National Council for Urban Development (CNDU) is currently formulating a National Urban Development Policy. The NUPS is intended to conform to the general goals and directives for urban development established in the First National Development Plan of the New Republic (I PND-NR) for the period between 1986 and 1989. This Plan established quite an ambitious set of goals for urban development, emphasizing primarily an intra-urban perspective and a reorientation of urban development towards greater social equity, as well as the need for administrative reform at the local level of government. (See Appendix VIII for a brief discussion of the urban development goals of I PND-NR.)

However, given the constraints placed on the CNDU, those within the Ministry itself and those of Brazil's economic situation, it has not, as yet, formulated a complete National Urban Development Policy. Nonetheless, the CNDU

*In an interview with the author in February 1987, Dr. Maurício Nogueira Batista, the Coordinator of Urban Policy and Legislation of the MDU stated that after the extinction of the National Housing Bank, the MDU became "an empty Ministry with no clear source of funding for urban development projects". And, he continued, "there has actually been a general involution in the priority assigned to urban development" (as opposed to the evolutionary goals of the New Republic). When asked what he expected the MDU to accomplish in the near future, he responded; "I haven't the slightest idea. Given the current conditions it is difficult to predict what the Ministry will be able to accomplish even one year from now."

has established preliminary proposals that are intended to guide future activities. These proposals are oriented to four areas: territorial organization, urban management, institution building and urban politics.

With respect to territorial organization (i.e., deconcentration of economic activities and population and more equitable interregional distribution), the CNDU has recognized that macroeconomic policies have generally disregarded their impacts on the urban realm, that an imbalance exists in priorities and resources assigned to sectoral policies and explicitly spatial policies, and that there is a general lack of an integrated perspective capable of ensuring coherence in urban activities.

Hence, the CNDU proposes that the National Urban Development Policy be directly linked to the national economic development policy. More specifically, the NUPS should be linked to the spatial components of economic development policies (e.g., their financial, export, industrial and agricultural production components). In sum, the NUPS should have an interdisciplinary focus whose goal should be socially equitable interregional development and appropriate use of the national territory.

As regards urban management, the CNDU has recognized that excessive concentration of political power, resources and decision-making power in the hands of federal and state institutions has made it practically impossible for local governments to control or coordinate the impacts of these institutions' activities. In addition, private enterprises generally comply with the directives of land use policies and the objectives of urban policies only insofar that these benefit them directly (e.g., infrastructure, road improvements, etc.). Hence, local urban management has become extremely difficult not only from a technical perspective, but also from a political perspective because of the constant conflicts among the urban activities of public agencies and institutions, and private enterprises.

Consequently, it is essential to strengthen local urban management, not only by training personnel, but especially by giving local governments the power to formulate and implement concrete plans which view the city as a whole and not as a collection of sectors for isolated interventions.

With respect to institution building, the CNDU has been preoccupied mainly with formulating a concise set of proposals to be discussed by the members of the Constitutional Assembly. These proposals include defining precisely the roles of the federal, state and local governments with respect to urban development, strengthening the functions of the Metropolitan Regions and, especially, revising, improving and giving due process to legislation focused specifically on urban development. Several new laws are currently proposed.

Finally, the CNDU perceives a need for greater recognition of urban problems on the part of the Brazilian society. It appears that urban areas have been consistently under-represented politically and that there has been a bias in favor of rural communities or small towns which have a greater number of political representatives. At the same time, there are Constitutional limitations on the number of representatives from the more urbanized states. This appears to have led to a general lack of concern with urban issues within the National Congress. Indeed, there is practically no discussion of urban issues within the political parties. Hence it is necessary to promote the recognition of urban development problems if future policies and strategies are to be effective.

5.6 - Conclusions

The discussion developed in this chapter leads one to conclude that it is uncertain exactly what role urban development policy will play in the current Brazilian context. Indeed, this uncertainty appears to be a product of the ambivalence of the New Republic with respect to urban development. While the New Republic has clearly considered urban development important (the creation of the MDU is evidence of this fact), at the same time it has contradicted itself insofar that its actions (the extinction of BNH) make the implementation of urban development strategies difficult, if not impossible.

In light of these facts, it is important to question whether it is feasible to assign the responsibility of guiding urban development to a single institution, namely, the Ministry of Urban Development and Environment. One concludes that so far this is not feasible simply because the MDU has neither

the financial power nor the political support it needs to implement urban development policies *on its own*.

However, this does not negate the importance of the MDU as an institution because its creation is clearly a positive evolution from the preceding periods when urban development institutions were given, at most, secondary consideration. (See especially the conclusions of Chapter IV.)

In this regard, the restructuring of the National Council for Urban Development (CNDU) and its placement within MDU stands out as an important event. The CNDU has assumed much greater status, especially because of its ability to coordinate and influence the urban activities of a large number of sectoral agencies and institutions (and it is backed by the executive power of the MDU itself). If it succeeds in linking the National Urban Development Policy to national economic development policies, and this is one of its fundamental priorities as explained in section 5.5, it will ensure the MDU's access to the resources destined for the social development programs of the New Republic. (The I PND-NR has allocated some 10 billion dollars to various social programs for the period 1986/89.) If the MDU can orient these resources to the fulfillment of its urban development objectives, it may be successful after all.

As explained in section 4.3 of Chapter IV, several key urban development issues remained unresolved during the twenty year period of the National Security State, and it was essential to understand whether these issues would be given consideration in the current context.

The first issue is the role of geopolitics vis-a-vis urban development. As noted in Chapter IV, the geopolitical ideology of the NSS had given importance to urban development only insofar that it was capable of promoting "national integration" and guaranteeing "security" for economic development. In contrast, the New Republic appears to have abandoned the geopolitical "mores" of security and national integration for urban development. As explained in section 5.3, the New Republic has advocated that urban development should promote primarily intra-urban improvements to social goods and services (housing, infrastructure and transportation) in order to produce a more socially equitable use of the national territory. Although the spatial goal of

"deconcentration" is continued (as seen in CNDU's preliminary NUPS proposals above), the objective is greater social equity across regions and is not that of guaranteeing military security.

In addition, as discussed in section 5.5, the NUPS proposal in the New Republic's First National Development Plan (I PND-NR) reflects this shift in ideology. (See Appendix VIII for further details.)

This thesis regards as very positive the New Republic's shift away from NSS's geopolitical ideology and its reorientation of urban development policies towards the intra-urban and social realms. As discussed previously in Chapters III and IV, the thesis supports this new orientation for urban development policies. However, it remains unclear how these general policies will be translated into effective urban development strategies.

The second issue raised in Chapter IV was the necessity of integrating the NUPS with the national economic development policy. The CNDU has been particularly active in this realm. This marks a clear evolution over previous periods, albeit CNDU has not as yet obtained such integration.

Perhaps the most fundamental issue raised in the conclusions of Chapter IV, and reiterated throughout Chapter V, was the need to promote the political recognition of the importance of urban development. This is the major challenge for the Ministry of Urban Development and Environment at the present time. As discussed in sections 5.4 and 5.5, the MDU has not been successful in this arena and prospects for the future appear bleak.

In sum, the treatment of urban development issues in the period between 1985 and 1987 appears to have reflected the general state of confusion and uncertainty of the socio-economic situation of Brazil as a whole. In light of this scenario, the Ministry of Urban Development and Environment has played primarily a reactive role, insofar that the majority of its activities have been geared towards maintaining its legitimacy and securing greater prestige and power for its operations.

Clearly, Brazil is currently in a period of political, social and economic transition. Until this period has passed, it is likely that the Ministry of Urban Development and Environment will remain an ineffective institution.

CHAPTER VI

CONCLUSIONS

Although the National Security State actively pursued a variety of National Urban Development Policies and Strategies during the period between 1964 and 1984 and although the New Republic has reconfirmed their importance since 1985, this thesis has demonstrated that, as a whole, such policies and strategies were not successful. Indeed, it appears that their impacts on urban development in Brazil were minimal.

This thesis has been preoccupied primarily with understanding the roles played by specific institutions in the formulation and implementation of National Urban Development Policies and Strategies. The thesis has concluded that there are several key reasons which explain why these institutions' policies and strategies were ineffective.

One of the most fundamental reasons is related to the geopolitical interpretation given to urban development by the National Security State. As explained on several occasions in the thesis (see especially Appendix I and Chapter III), the NSS envisioned urban development as being important only insofar that it could promote greater "national integration" thereby ensuring "security" for economic development. National integration signified promoting a more even regional distribution of economic activities and population (in other words, spatial deconcentration, or a reduction in spatial disparities among regions) in order to ensure better military defense of the nation.

Hence, the primary objective of urban development was to promote greater spatial deconcentration for security reasons and was *not* to promote greater social equity (e.g., the provision of infrastructure and services for the alleviation of poverty). Social equity was to be given, at most, secondary importance.

This geopolitical ideology had a profound impact on the direction urban development policies and strategies would take. The majority of institutional efforts were focused on the spatial deconcentration of economic activities and population, as is evident in the "Modernization Period" (Chapter III), in the

National Urban Development Policy of the II PND and in the 1980 National Urban Development Policy of the CNDU. (See Chapter IV and Appendix VI.)

It is questionable whether the only appropriate role for urban development should be that of promoting spatial deconcentration. As defined in this thesis, urban development refers to the processes by which a community absorbs population growth in a socially equitable and productive manner and by which it obtains high levels of efficiency of its productive factors. This is reflected in the community by improvements in the quality of life, infrastructure and the environment. (See Chapter II.) In terms of this definition, urban development should be geared primarily to the intra-urban level and should emphasize greater social equity. Hence, from the viewpoint of this thesis, it is a fallacy to conceptualize the role of urban development as being solely that of promoting spatial deconcentration.

Nevertheless, this thesis has shown that urban development institutions in Brazil accepted the National Security State's geopolitical ideology and its interpretation of national integration and that this ideology was rapidly internalized in their operations. (Indeed, they had no other alternative as explained in Appendix I.)

Therefore, in order to evaluate the "success" of urban development policies and strategies during the period of the National Security State, this thesis has accepted (albeit with reservations) national integration as a sufficiently valid objective for urban development, as was explained in Chapter III.

The thesis concluded that during the period of "modernization" (1964 to 1974; see Chapter III), urban development did not achieve national integration. Instead of promoting greater spatial deconcentration or reducing spatial disparities among regions, most urban development strategies had the opposite effect. The degree of disparities among regions was increased. Two main reasons explain why this occurred.

First, the National Security State did not provide a specific set of instructions to implementing agencies. The lack of specific instructions allowed practically any urban development strategy to be justified in terms of national integration. This reinforced the ability of certain institutions

(especially the Banco Nacional da Habitação) to create urban development strategies that "deviated" from the goals of the NSS and that promoted their own interests which were, for a variety of reasons, biased in favor of the Southeast region. This confirms the thesis' hypothesis that certain institutions readily accepted the nebulous ideology of national integration and were soon able to become independent creators of urban development strategies which furthered their own interests. (See Chapter I, p. 11, for the initial hypothesis and sections 3.1.6 and 3.2.1 of Chapter III for its confirmation.)

Second, attempts to achieve national integration were frustrated because of the implicit spatial effects of economic policies for industry, which produced even greater regional disparities. (See sections 3.2.3 and 3.2.4 of Chapter III.)

The National Security State's national integration goals for urban development were strengthened during the "official recognition" period (1975 to 1984; see Chapter IV). These goals became specific instructions in the context of the National Urban Development Policy of the II PND and of the NUPS devised by the CNDU in 1980. Hence, contrary to the previous "modernization" period, the urban development institutions of this period (the CNPU and the CNDU) became implementers of the NUPS as given (they were not creators).

However, these National Urban Development Policies were destined to fail for several reasons. In the first place, the "de facto" urban institutions created in the previous period (e.g., the National Housing Bank) gave no priority to the instructions contained in the official NUPS and continued their spatially biased, sectoral activities.

Second, the institutions created to implement the NUPS in this period were weak and had no direct control over resources allocated to urban development (e.g., the FNDU fund).

Third, because of their weak status, these institutions did not succeed in coordinating the sectoral investments of other federal agencies and failed in orienting economic policies towards the goals of the NUPS.

Fourth, the economic crisis of the period between 1980 and 1983 reinforced the already strong biases in favor of sectoral and spatially uncoordinated investments (See section 4.2.1 of Chapter IV.)

Summarizing, National Urban Development Policies and Strategies failed to achieve results during the period of the military regime for four main reasons.

First, the geopolitical goals of the National Security State led the formulation of urban development policies and strategies towards excessive emphasis on spatial deconcentration which, from the perspective of this thesis, is not the appropriate role for urban development.

Second, the vague nature of the instructions provided by the NSS to implementing agencies led to the rise of independent sectorally-oriented institutions which gave no priority to the NUPS.

Third, the implicit spatial effects of economic policies (especially industrial policies) led to an undermining of the effects of urban development policies and strategies.

Fourth, the institutions created to formulate and implement National Urban Development Policies and Strategies lacked status and independent sources of funding and were unable to orient sectoral investments towards the spatial goals of the NUPS.

These facts support the thesis' original hypotheses concerning the reasons for failure of NUPS and NUDS in Brazil during the twenty year period of military rule. In the Introduction it was hypothesized that the NUPS and NUDS formulated and implemented during that period were ineffective because of the goals implicit in the geopolitical ideology of the National Security State, the nature of the instructions provided to implementing institutions, the inability of specific institutions to translate national policies into strategies, and the implicit/explicit spatial effects of economic policies.

In the most recent period (1985 to 1987), the New Republic appears to have abandoned, for urban development, the geopolitical roles of national integration and security. It has emphasized a reorientation of urban development towards promoting intra-urban improvements to social goods and services with the intent of promoting a more socially equitable use of the national territory. (See Chapter V.) One regards this as a positive result because it brings urban development in line with the more appropriate roles envisioned for it by this thesis, as explained above.

Although the newly created Ministry of Urban Development and Environment remains a weak institution at the present time, its creation is clearly a positive evolution from previous periods discussed in this thesis, when urban development institutions were given, at most, secondary importance.

The New Republic has apparently given some support to the idea of integrating the National Urban Development Policy with national economic development policies. The CNDU of the Ministry of Urban Development and Environment has been active in this realm. Although it is uncertain as yet whether this integration will be accomplished, the mere fact that these issues are being discussed is an evolution from the past when economic development policies ignored completely any consideration of the NUPS.

Finally, the renewed importance that the CNDU has given to improving urban management and to strengthening the power of local governments in order to allow them greater autonomy in the formulation and implementation of their own urban development policies and strategies is also a positive evolution from previous periods. Local governments previously had very little ability to influence urban development within their own realms.

Unfortunately, at the present time it remains very uncertain exactly what roles urban development policies will play in Brazil. Although there is much discussion of positive issues such as those described immediately above, the status of urban development vis-a-vis the federal government has not actually improved.

APPENDICES

APPENDIX I

THE GREAT STRATEGY: THE NATIONAL SECURITY AND DEVELOPMENT DOCTRINE

1) *To Guarantee National Security*

The National Security and Development Doctrine was formulated by the Escola Superior de Guerra (ESG) over a period of some 25 years. Its final version was incorporated into the Manual Básico da Escola Superior de Guerra (ESG, 1964 edition), a handbook containing the official policy guidelines and ideology of the National Security State (NSS).

The Manual was probably the NSS's most important tool for indoctrinating high-level military and civilian bureaucratic personnel in national security ideology (Alves, 1984, p.34).

The Doctrine has a wide theoretical basis, composed of ideologic elements and directives for the collection of information, and for planning the political/economic programs of the government.

This Doctrine, also known as the "Great Strategy"*, is the sole responsibility of the State. Its goal is to coordinate within a "General Strategic Concept" all political, economic, psychosocial, and military activities in order to *ensure national security* (i.e., safeguard the nation from external, and, especially, internal threats to political, social, and economic stability). As a result, the "Permanent National Objectives" (unity, security, and prosperity) can be achieved.

The Great Strategy is designed so as to allow the State direct control over all areas from which potential threats to national security may arise.

* The connotation of the term strategy, as employed in the context of the ESG Manual, is very similar to that of the term policy used in this thesis. Hence, when one refers to an ESG strategy in this discussion, the definition of this term is equivalent to that of the term policy (See the Glossary in Chapter II.)

It is divided into four area-specific strategies*:

(a) Political Strategy - defines the policies and directives of the State in order to contain or eliminate antagonisms or pressures (especially of communist origin) upon it within the political realm (i.e., control over the Executive, Legislative, and Judicial branches of government, and all political parties). See Section I of the Manual Básico da ESG - "Political Expression of National Power - Political Power" pp. 303-325;

(b) Economic Strategy - defines the objectives of a coherent economic policy integrated in the general framework of the National Security Doctrine (see item [2] below for details);

(c) Psychosocial Strategy - defines the directives necessary to control or eliminate antagonisms or pressures upon the State by social institutions such as: the family, schools, universities, mass communication networks, labor unions, the Church, and private enterprise. See Section III of the Manual Básico da ESG - "Psychosocial Expression of National Power - Psychosocial Power", pp. 355-371;

(d) Military Strategy - controls the activities of the Army, Navy, and Air Force as well as those of all para-military corporations. See Section IV of the Manual Básico da ESG - "Military Expression of National Power - Military Power", pp. 375-410.

The Great Strategy, proposed by the ESG and subsequently endorsed by the National Security State, was essentially an adaptation of a structure outlined by General Golbery do Couto e Silva in his Geopolítica do Brasil. (This book was published in 1967. However, preliminary versions of this work were already being used by the ESG some five years prior to its publication.)

* These are the definitions of strategies used by the ESG. They are not those used in this thesis and are not bound by the glossary use of terms.

There, Golbery explained that the State should be given complete power in order to organize the structure demanded by national security and, in particular, in order to guarantee the internal security necessary for economic development (see Couto e Silva, 1967, p. 26).

In sum, the main hypothesis of the National Security and Development Doctrine is that if the National Security State is to be appropriately planned and administered, it requires governmental directives to establish specific policies and control structures for each political area and for civilian society. This can only be accomplished through direct intervention, by assuming total control of the State, centering all power in the Executive branch, and by placing in key governmental positions all elements most closely responsible for ensuring internal security (Alves, 1984, p. 46).

Note especially the complex system whereby the National Security State's ideology was to be instilled ("internalized") within governmental institutions, as well as the degree of control and suppression of all facets of the Brazilian society.

Hence, it appears that governmental institutions had no alternative other than to accept the NSS ideology. Once these institutions accepted the ideology, its internalization in their daily operations would be facilitated.

However, within the urban realm, it was not at all clear how general governmental directives advocating national security could be translated into specific urban development policies and strategies. The Doctrine itself did not provide precise instructions for urban development. Apparently, these instructions would be *derived* from the geopolitical "national integration" objectives of economic development (see below). This allowed certain urban development institutions freedom to become creators of urban development policies and strategies and to maintain, at the same time, relative consistency with the overall goals of the National Security and Development Doctrine.

This provides evidence supporting the thesis' hypothesis that certain institutions (e.g., the Banco Nacional da Habitação) would soon become powerful and relatively independent creators of urban development policies and strategies. (See Chapter I, p. 11.)

2) *Geopolitics and the Economic Model of the National Security and Development Doctrine*

As stated in Chapter I, it is practically impossible to disassociate national security and economic development within the NSS ideology: national security cannot exist without an extensive degree of economic development, and economic development promotes national security.

Section II of the Manual Básico da ESG, entitled "Economic Expression of National Power - Economic Power" (pp. 329-351) postulates that the goal of economic development is that of accomplishing *total national integration* and complete *national security* in order to reduce the nation's vulnerability to potential external threats (especially communist interventions).

National security demands increased productivity, industrialization, effective utilization of natural resources, an elaborate transportation and communications network, as well as an appropriately trained and specialized labor force.

Economic factors essential to national security are: the nation's ability to accumulate and absorb capital, the quality of its labor force, scientific and technological development and, especially, efficient industrial sectors (Manual Básico da ESG, 1976 ed., p. 338, and Alves, 1984, p. 48).

In essence, rapid economic development becomes a counter-offensive strategy, intended to engage the support of the general population in the "war" against external and internal "subversive" forces detrimental to national security.

General Golbery's geopolitical thought was particularly influential on the ESG's concept of the role economic development should play. He stated that in terms of the general defense of the South American continent, and of Brazil itself, economic development is crucial, because it is the only means by which the vast open spaces in Brazil can be protected from external occupation.

Golbery regarded these largely uninhabited and underdeveloped spaces as potential "avenues of penetration" for external forces which should be effectively "plugged".

Consequently, in geopolitical terms, the objective of Brazilian economic development should be that of "national territorial integration" to be accomplished in three distinct phases (Couto e Silva, 1967, pp. 38-47 and 131-134):

Phase One - "firmly articulate the ecumenical base of our continental protection, connecting the Northeast and the South to the central nucleus of the nation, while, concurrently, guaranteeing the inviolability of the vast uninhabited interior extension through the effective 'plugging' of possible avenues of penetration;

Phase Two - give impulse to a northwestern advance of the colonization wave, commencing from the central platform, in order to integrate the Center-West peninsula with the Brazilian ecumenical total;

Phase Three - inundate the Amazon forest with civilization, [characterized] by [international] boundary nodules, commencing from an advanced base constituted in the Center-West [Manaus], in coordinated action with the East-West progression along the axis of the great river" [Amazon].

In pragmatic terms, Golbery envisioned focusing the first phase of economic development on general infrastructure improvements such as the construction of communication networks, highways, and railways which would cut across Brazil's regions. In addition, the nation should develop the navigation potential of its rivers and ensure the security of its ports.

The second phase would involve the occupation of Brazil's heartland i.e., occupying the Center-West region's interior, including the states of Mato Grosso (North and South) and Goiás, as well as the Rio São Francisco valley and the valleys of the Amazon river's main tributaries (Tocantins and Araguaia).

In the third phase, occupation would shift from the interior heartland to the Amazon region.

In sum, development and security policies should give top priority to absolute control of the central plains and the pole of Manaus, given that these were the areas most susceptible to "penetration" (Alves, 1984, p. 49).

It is extremely important to keep in mind that the main goal of economic development advocated in the National Security and Development Doctrine is military defense. Economic development of the vast underutilized interior spaces of the Center-West and the Amazon regions is envisioned as an essential means of "plugging" potential penetration avenues, and *not* as a means of improving the general welfare of the population residing in those areas (welfare improvement is, at most, a secondary objective resulting, or "trickling down" from the primary one).

Hence, the objective is to improve Brazil's productive capacity in order to ensure its bargaining power in the international geopolitical arena. Any benefits thereby accruing to the population are secondary vis-a-vis the priorities outlined by geopolitical concerns (Alves, 1984, p.50). It is from these objectives that the "desenvolvimento a qualquer custo" (development at any cost) philosophy of the National Security State is derived (see Chapter I).

The geopolitical priorities of the National Security and Development Doctrine established the basis for the Brazilian economic development model ("Modelo Brasileiro"), which, in sum, is composed of the following elements:

- 1) The economy is defined in neoclassical, capitalistic terms and it is based upon the accumulation and effective utilization of a "pool" of State, multinational, and local capital. The National Security State regards as positive an influx of multinational corporations, *even though* such a policy may generate internal political conflicts (See Chapter IV for details.);

- 2) Security demands control of the political and social realms in order to ensure, among other things, an attractive environment for

multinational investment. Social peace is necessary so that internal capital may be accumulated to fuel rapid economic development. National security implies occupation of the interior spaces in order to reduce the nation's vulnerability to external threats;

3) Economic development is not focused upon improving the welfare of the population; its objective is to increase Brazil's potential of becoming a world power. Therefore, welfare improvements must be regarded in the light of geopolitical "mores". For example, education programs should focus upon training technicians who will give impulse to economic growth and industrialization. Other welfare programs, such as low-income housing and public health, should be considered secondary. In this regard, rapid economic development ("development at any cost") may require sacrifices from several generations (Manual Basico da ESG, p. 339).

APPENDIX II - BACKGROUND INFORMATION

This appendix provides background information on the social and administrative characteristics of Brazil. It continues the discussion started in Section 2.2 of Chapter II of the thesis.

Urban Social Characteristics

The rapid growth of Brazil's cities over the past 40 years has been marked by certain social characteristics which deserve consideration.

On one hand, rapid city growth has led to:

(a) the proliferation of peripheral areas occupied by low income inhabitants. These areas are generally illegal subdivisions or legal parcels approved by municipal authorities with absolutely minimal urban standards, characterized by serious deficiencies in infrastructure and community services;

(b) the formation of large shanty-towns in central city areas or on their peripheries, constructed on parcels of unclear title or on environmentally inadequate parcels in flood basins and on steep hills. These shanty-towns are inhabited by large numbers of very low income individuals;

(c) the construction of very high density housing (large high-rise buildings) generally poorly built and located in inconvenient areas.

It is estimated that 20 to 30 percent of the total population of Brazil's larger cities lives in these three types of housing. Hence, at least 8 million individuals, living within the largest 37 urban centers, occupy some 2 million housing units that are inadequate in terms of structure, location, infrastructure, density or social services (FIBGE, 1980).

On the other hand, medium and high income individuals in these cities live in housing which is generally well built and maintained, characterized by relatively high levels of infrastructure and community services.

In sum, the rapid, heterogeneous growth of Brazilian cities produces serious social problems which generate poverty, inequities, and increased spatial segregation.

In addition, the distribution of the total income accrued by the economically active population, (i.e., the population participating in the labor market, earning wages) is highly unequal, increasing the already grave social problems of Brazil's cities.

As shown in Table 5, five percent of the economically active population in 1980 divided 35% of the total income, whereas 50% of that population received only 14% of the total income in the same year.

Furthermore, the share of total income for 80% of the economically active population decreased from 45.6% in 1960 to 36.7% in 1980 (a drop of one-fifth), while the share of the other 20% of this population increased from 54.4% in 1960 to 63.3% in 1980 (16.4% change). Hence, the expression "the rich become richer while the poor become poorer" is a very adequate description of the trends in the Brazilian social situation over the past twenty years.

T A B L E 5

**Distribution of Total Income of the Economically Active Population (EAP)
1960 - 1970 - 1980**

% of the EAP	Total Income Accrued (%)		
	1960	1970	1980
50	17.71	14.91	14.13
30	27.92	22.85	22.63
15	26.66	27.38	28.20
5	27.69	34.86	35.04
100	100.00	100.00	100.00

Source: Ministry of Urban Development and Environment, 1986

Given that 68% of Brazil's total population in 1980 was located in urban areas, one can deduce from Table 5 that the vast majority of this population was poor. Clearly, this contingency has a great impact on the effectiveness of urban development strategies and it should receive special consideration in the formulation of current urban development policies.

Administrative Characteristics

The Brazilian administration is based on a federal system, with an extreme concentration of power at the Federal (or "Union" in Brazil) level. The Constitution establishes clear legislation for the powers and rights of the federal and municipal governments, while the remaining responsibilities are the domain of state governments. One of the major responsibilities of the states is that of controlling the metropolitan areas, as set out in federal legislation in 1973 (Complementary Law No. 14, 1973).

The "Union" is composed of 23 states, two federal territories, and one federal district, within which Brasilia, the nation's capital, is located. The nine metropolitan areas are subject to both the directives of a Deliberative Council nominated by state governments and to those of individual mayors of the municipalities which compose the metropolitan areas.

The municipality is the only unit of local government (there are no counties in Brazil). Its jurisdiction is comprised of both rural and urban areas. There are currently approximately 4000 municipalities in Brazil. There is a high degree of disparity among these municipalities in terms of geographical size, population, and the level of financial and administrative resources by which their services are maintained.

APPENDIX III

THE FUNDO DE GARANTIA POR TEMPO DE SERVIÇO (FGTS) AND

INVESTMENTS OF THE BANCO NACIONAL DA HABITAÇÃO

The Fundo de Garantia por Tempo de Serviço (FGTS - literally, the "Time of Service Guarantee Fund") created by Law No. 5.107 of 1966 is a compulsory tax on the monthly payrolls of all private firms and government agencies in Brazil at the rate of 8 percent. These funds are deposited in individual savings accounts which bear monetary correction and interest at 3 percent per annum.

Hence, the FGTS results as a gigantic fund, given that its absolute size is equivalent to 8 percent of the total income of all individuals actively employed in the Brazilian labor force.

From the perspective of the individual employee, the FGTS acts as a form of unemployment security. The individual is automatically eligible to receive his/her contribution to the FGTS when he/she is unemployed.

From the perspective of the Banco Nacional da Habitação (BNH), which has direct control over the FGTS, it is a very substantial source of capital for the financing of its projects. The FGTS remains today as BNH's primary financial resource. Note, however, that since the FGTS is linked directly to employment, its size may vary immensely over time depending upon the prevailing economic conditions. In "bad" economic times (when unemployment and employee withdrawals are high), the FGTS decreases in absolute size and vice-versa when economic conditions are "good".

This fact has produced a degree of uncertainty in the availability of resources to finance BNH's urban projects and has, on occasion, forced the abandonment of projects under construction. Nevertheless, the FGTS remains as a very powerful financial mechanism within BNH, allowing it a prestigious position vis-a-vis other urban development institutions which depend primarily upon resources from the general Federal budget or from private banks for the financing of their projects.

INVESTMENTS OF THE BANCO NACIONAL DA HABITAÇÃO

One can divide the focus of BNH's investments into two phases. In the first phase, the BNH focused its investments primarily on the construction of housing. In the second phase, its focus shifted from housing to urban development in general.

During the first phase (until 1967), the Banco Nacional da Habitação employed the majority of its funds in housing. Until 1967, 41% of its total funds were destined for the construction of housing for high-income individuals, while 35% of its total funds were used for the construction of low-income housing (Szubert, 1977). The only source of funding for BNH's housing programs until 1967 was the Fundo de Garantia por Tempo de Serviço. After 1967, the Sistema Brasileiro de Poupança e Empréstimo (SBPE - Brazilian System of Savings and Loans, composed of federal and state banks) assumed the primary role in the financing of housing and the BNH shifted the emphasis of its investments to urban development.

In the second phase, loosely called "urban development" (from 1968 forwards), the BNH used the FGTS to finance a variety of programs intended to promote urban development such as those for urbanization (essentially urban renewal), urban transportation, sanitation, and infrastructure in general.

Hence, from the perspective of BNH, urban development consisted of a variety of programs intended to address specific urban problems resulting from rapid urbanization and industrial growth. The main programs it finances currently are the Projeto CURA (urban renewal), FIPLAN (urban planning), PRODEPO (aid to growth poles), FITURB (urban transportation), FINANSA (sanitation), in addition to housing and occasional financial support to hydroelectric power plants and steel mills.

Table 6 shows how the resources of the Banco Nacional da Habitação were distributed among these programs during the period between 1972 and 1976. During this period, the majority of BNH's total resources went to programs for sanitation (43.8%) and housing (29.7%), while 14.2% of the total was destined to "urban development" (urban renewal and planning) and 12.3% to urban transportation.

The urban transportation program began in 1974 and has been oriented primarily to investments in the subway systems (metros) of São Paulo and Rio de Janeiro.

T A B L E 6

Investments of the Banco Nacional da Habitação 1972 - 1976
(thousands of 1975 Cruzeiros)

	1972	1973	1974	1975	1976	1972/75
Urban Development	79.708 3.4%	558.584 21.8%	363.573 10.0%	873.805 11.7%	1.237.976 14.5%	622.729 14.2%
Transportation	-- --	-- --	864.513 23.8%	302.933 4.1%	1.536.721 18.0%	540.833 12.3%
Sanitation	1.782.141 75.4%	1.123.027 43.7%	1.754.241 48.3%	3.947.073 53.0%	3.404.305 39.8%	1.822.656 43.8%
Housing	503.127 22.3%	886.384 34.5%	649.783 17.9%	2.319.820 31.2%	2.379.528 27.8%	1.347.729 29.7%
Total	2.364.976 100.0%	2.568.000 100.0%	3.632.110 100.0%	7.443.691 100.0%	8.558.530 100.0%	4.393.947 100.0%

Source: Banco Nacional da Habitação, 1977, as published in Schmidt, Benício V., 1983.

Note: The 1975 rate of exchange was US\$ 1,00 = 9,02 Cruzeiros.

Table 7 depicts how the resources of the BNH destined to these programs were distributed across Brazil during the period between 1972 and 1976.

T A B L E 7

Distribution of BNH's Investments in Brazil (1972 - 1976)
(thousands of 1975 Cruzeiros)

Regions	Annual Average	Brazil (%)	Metropolitan States (%)
1. Brazil	4,909,439	100,00	---
2. Metropolitan States	3,415,627	69,57	100,00
3. Other States	1,493,812	30,43	---
4. Metropolitan Regions	2,898,716	59,04	84,87
5. Pará	39,656	0,81	100,00
Metropol. Region Belém	39,656	--	100,00
Rest of State	---	--	---
6. Ceará	41,953	0,85	100,00
Metropol. Region Fortaleza	41,583	--	99,12
Rest of State	371	--	0,88
7. Pernambuco	279,141	5,69	100,00
Metropol. Region Recife	251,415	--	90,07
Rest of State	27,726	--	9,93
8. Bahia	285,351	5,81	100,00
Metropol. Region Salvador	265,887	--	93,18
Rest of State	19,564	--	6,82
9. Minas Gerais	200,331	4,08	100,00
Metropol. Region B. Horizonte	159,913	--	79,82
Rest of State	46,418	--	20,18
10. Rio de Janeiro	531,999	10,84	100,00
Metropol. Region Rio de Jan.	527,499	--	99,15
Rest of State	4,500	--	0,85
11. São Paulo	1,463,234	29,80	100,00
Metropol. Region São Paulo	1,249,452	--	85,39
Rest of State	213,782	--	14,61
12. Paraná	282,519	5,75	100,00
Metropol. Region Curitiba	149,902	--	53,06
Rest of State	132,617	--	46,94
13. Rio Grande do Sul	285,413	5,81	100,00
Metropol. Region Porto Alegre	213,410	--	74,77
Rest of State	72,000	--	25,23

Source: Banco Nacional da Habitação, 1977, as published in Schmidt, Benício V., 1983.

Note: The 1975 rate of exchange was US\$ 1,00 = 9,02 Cruzeiros.

Note the high concentration of resources in the states containing metropolitan regions (i.e., the northeastern states of Pará, Ceará, Pernambuco and Bahia, the southeastern states of Minas Gerais, Rio de Janeiro and São Paulo and the southern states of Paraná and Rio Grande do Sul). Almost 70% of

BNH's total investments during this period were in the "metropolitan states", while the other 13 states of Brazil together received the remaining 30% of BNH's investments.

As discussed in Chapter III, the major beneficiaries of the BNH's programs have been the southeastern "metropolitan states" of São Paulo and Rio de Janeiro. Note that these two states alone received almost 41% of the total investments of the Banco Nacional da Habitação during the period between 1972 and 1976. (Roughly 30% of total investments went to São Paulo state and 11% went to the state of Rio de Janeiro. Eighty-five percent of the total destined to São Paulo state went to the metropolitan region of São Paulo and 99% of the total resources for Rio de Janeiro went to the metropolitan region of Rio de Janeiro.)

Finally, it is important to note that almost 85% of the total resources destined to "metropolitan states" were concentrated solely in the metropolitan regions of these states, which leads one to conclude that at least during this period the BNH's preoccupation with urban development was biased in favor of the nine metropolitan regions, especially those of São Paulo and Rio de Janeiro, to the detriment of all other cities in Brazil.

APPENDIX IV

URBAN IMPACTS OF INSTITUTIONAL ACT No. 5 OF 1968

As stated by Flynn (1979, p. 422), "Institutional Act No. 5 [AI-5] marked a definite break with the attempt to maintain some form of 'controlled democracy', emphasizing, rather, the essentially authoritarian nature of the regime and its apparent inability to handle crisis and challenge other than by ever more extreme repression." Therefore, AI-5 marked the beginning of the particularly repressive and authoritarian role of the National Security State's "hard line" rule, which was to last until 1979.

Specific impacts of AI-5 on the urban realm would be felt through Article 2, which declared that:

The President of the Republic may decree recess of the National Congress, *the state assemblies, and the municipal chambers* through complementary edicts whether or not the state of siege is in force. They will be called into session again only by the President of the Republic (emphasis added).

And through Article 3:

The President of the Republic in the national interest may decree *intervention in the states and municipalities* without the limitations set forth in the constitution.

The "intervenors" in the states and municipalities will be appointed by the President of the Republic and *will exercise all functions and duties which are the respective responsibility of the Governors or Mayors* and will enjoy all priviledges, salaries, and benefits fixed by law (emphasis added).

Hence, the dominant role of the NSS vis-a-vis state and local governments was clearly spelled out. They lost their autonomy completely.

APPENDIX V

IPEA's PROPOSAL - National Urban Development Policy: Studies and Alternative Propositions

The proposal for a national urban development policy carried out in 1973 by the Instituto de Pesquisa Econômica Aplicada (IPEA - Institute of Applied Economic Research of the Ministry of Planning) was coordinated by Francisconi and Souza. (It was not published by IPEA until 1976, although it was already in use by the end of 1973.)

The proposal divided those urban issues given priority by the Ministry of Planning into three sets:

- (a) spatial-territorial or inter-urban problems;
- (b) urban planning and intra-urban problems;
- (c) administrative and institutional problems.

The first set focused on a spatial analysis of the urban system, where the key questions were: what role cities should play in regional and national development, how to define an appropriate urban hierarchy, and to what extent were urban development problems a result of regional inequalities. The conclusion was that an excessive concentration of social and economic activities in "primate" cities (e.g. São Paulo and Rio de Janeiro) had produced serious regional inequalities, which were being intensified by Federal economic policies and investments. These inequalities had a profound impact on the potential urban development of particular regions, especially the Northeast.

In order to correct inter-urban problems, it was suggested that a regionally differentiated policy be established. The nation should be divided into areas of deconcentration, areas of controlled expansion, and areas of urban dynamics, with the overall objective of developing specific courses of action tailored to the needs and characteristics of the urban system within

each region of the nation. This process would result, almost naturally, in a better "national integration", thereby ensuring security.

These concepts were expressed visually in a map, later integrated into the text of the II PND (see page 100).

Note the influence of the "system of cities" concept on this item, already advocated by the Ministry of Planning in the previous period, and, especially, the influence of geopolitics on the proposal.

The second set of issues, intra-urban problems, focused on the financial ability of cities to provide urban services and on the increased inequalities that certain investments had created within and among cities. The conclusion was that an inappropriate distribution of Urban Development Funds had intensified intra-urban disparities, instead of decreasing them.

The third issues set emphasized planning and administrative procedures in general, giving particular attention to the impacts of BNH's and SERFHAU's strategies on urban development. The general conclusion was that there was a need for improvements in the structure of Federal public administration.

Of particular importance were the alternatives proposed for Federal coordination of the NUPS. The Federal government could:

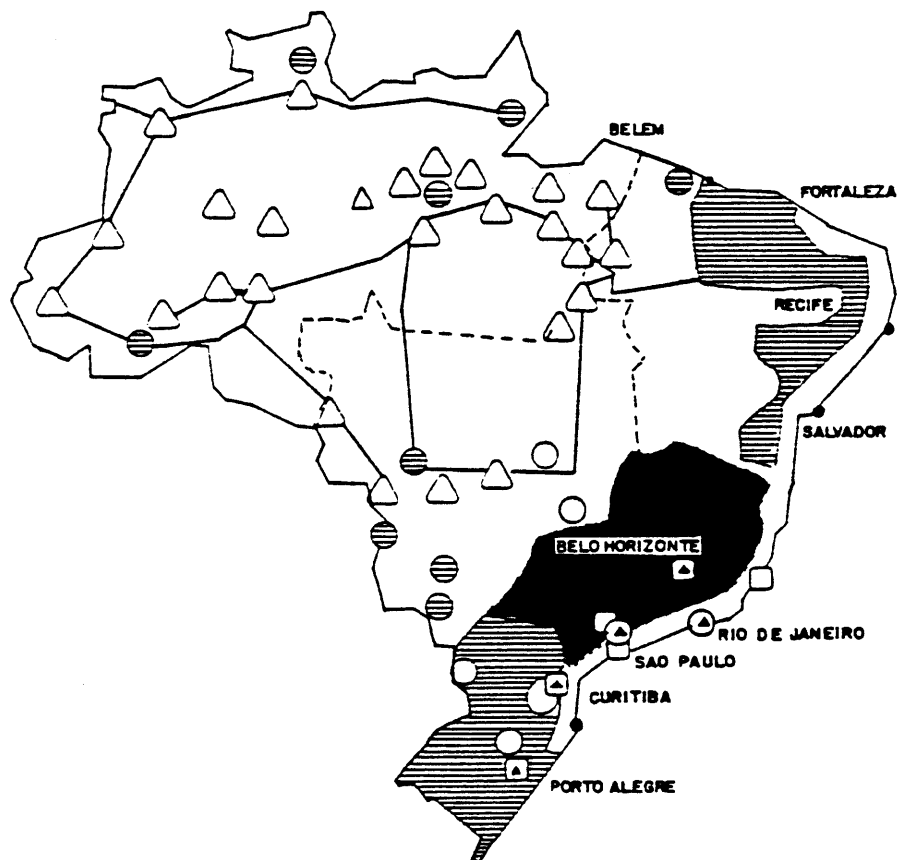
(a) create a post of Extraordinary Minister (without portfolio), directly linked to the Presidential office, who would be responsible for coordinating the NUPS and any subsequent strategies, or;

(b) create a Ministry of Urban Development, empowered to coordinate all urban development activities, or;

(c) reinforce the powers of the current Minister of Planning or Interior, who would preside over a National Council for Urban Development to be created. (This was the option finally chosen.)

Interestingly, the study also proposed the transformation of the National Housing Bank (BNH) into a National Bank for Urban Development which already seemed to be its "de facto" function, given the range of its investments and its ties to the Urban Development Funds (See Chapter III and Appendix III.) However, this formal transformation never took place.

NATIONAL URBAN DEVELOPMENT POLICY



- | | | | |
|---|--------------------------------------|---|---|
| ○ | CONTAINMENT AREA | △ | SUPPORT NUCLEI FOR
PROCESS OF OCCUPATION |
| □ | CONTROL AREA | ○ | TOURISM REGIONS |
| ● | AREA FOR CONTROL
AND DYNAMIZATION | ● | SPECIAL PROGRAM AREAS |
| ⊖ | AREA FOR DYNAMIZATION | — | ROAD AXES OF PENETRATION |
| | | ▲ | METROPOLITAN REGIONS |

Source: Francisconi, J. G. (1984). Brazilian Urban Policy: The Role of the Federal Government - 1963 - 1983. Table V, p. 25 (UNCHS, 1984)

APPENDIX VI

THE NATIONAL URBAN DEVELOPMENT POLICY OF THE SECOND NATIONAL DEVELOPMENT PLAN (II PND 1975/79)

Chapter IX of the II PND established the first officially recognized National Urban Development Policy for Brazil. This appendix presents the main elements of that policy.

Chapter IX is regarded as one of the "Great Themes of Today and Tomorrow" in the II PND. The chapter first provides a general introduction to the urban development problems faced by Brazil, stating that:

- "In the course of the decade, the Nation will be increasingly characterized as having a predominantly urban society, in a rapid process of metropolis building. *And urban development, as each day goes by, has a more profound interaction with the national development strategy itself.* (Emphasis added.)

- "The disequilibrium, which has become increasingly more serious as the process of urbanization occurs, is well known. On one hand, there is a process of premature metropolitan concentration, that continues at rapid rates. On the other hand, [there is] an excessive proliferation of small cities, and an insufficient number of medium sized cities to provide a reasonable overall balance.

- "This premature metropolitan concentration ("metropolitanization" in the original text), especially in São Paulo and Rio de Janeiro, has created a serious industrial pollution problem that is beginning to threaten other large urban centers."

Chapter IX then states that the sheer range of Brazilian urban problems is, in itself, a challenge:

- "The process of rapid urbanization generated large distortions in the spatial distribution of cities, which are predominantly coastal. The main metropolitan agglomerations are located along the Atlantic coast, concentrating

two-fifths of the total urban population, the majority of the nation's industrial activities and the major responsibility for economic expansion.

- "The three metropolitan regions of the Northeast, accounting for roughly 7 percent of the nation's total urban population, provide less than 3 percent of industrial employment, whereas Greater São Paulo and Greater Rio, representing 29 percent of the total urban population, contain practically one-half of the industrial labor force.

- "The availability of urban social services is also distributed unequally, and the distribution of resources intended to supply them is unequal, tending to make the existing disparities even greater."

Given these facts, the "urban policy to be executed is conceived...as follows":

I - "Definition of the policy orientation and the establishment of operational mechanisms so that the urban structure can accompany the [general] development strategy and the *policy of occupation of the interior*." (Emphasis added. Note the geopolitical connotation.)

In this regard, "the city will be situated *within* the planning for the economic pole of which it is a member; its [overall] social/economic function will be defined and only then will its 'physical-urbanistic' configuration be defined"... (Emphasis added. Note the regional focus of the policy first, and the emphasis on defining "systems of cities" from which should follow the solution of city problems. This gave official status to the predominantly regional focus of strategies, already evident since 1971, as discussed in Chapter III.)

Given this orientation, the resultant policy states that it is necessary

- "to implant the nine metropolitan regions already created: São Paulo, Rio de Janeiro, Belo Horizonte, Fortaleza, Porto Alegre, Recife, Salvador, Curitiba, and Belém;

- "to identify the functions which are to be carried out by the national metropolitan regions and those which are to be performed by the regional metropolitan centers, particularly in areas of greatest demographic and economic concentration;

- "to define secondary poles which are indispensable for a policy of decentralization, whether at the national or regional scale, making appropriate use of the political, economic and social advantages which existing agglomerations may have. In the new regions, establish urban nuclei to support the process of occupation."

In addition, the primary goals of urban development strategies should be:

- "The intra-regional deconcentration of the dominant urban system of the Southeast, especially a pragmatic effort to avoid the excessive growth of the great urban agglomerations of São Paulo and Rio de Janeiro..."

- "The 'ordering' of the urban development process of the Southern region, through an orderly expansion of its metropolitan regions and through a strengthening of medium sized cities.

- "The 'dynamism' of the economic base of the Northeastern metropolitan regions and a reinforcement of productive activities and social services of the interior.

- "The 'promotion' of urbanization in the recently occupied or non-consolidated regions of the North and Center-West"...

These items lay out a specific spatial policy to be implemented by subsequent strategies, which should focus either on "deconcentration, urban dynamics, or promotion" of areas within the given regions. The spatial policy is summarized in a map, incorporated directly (and unchanged) from the proposal developed by IPEA. (See Appendix V, p. 100.)

Item II of Chapter IX states that there should be an "operational interpretation of these directives in specific regional strategies, that should reflect the peculiarities and the stage of urbanization predominant within each Brazilian macro-region" and provides a list of priorities to be considered within each region.

Finally, Item III of Chapter IX states that there should be a "stimulation and coordination of planning activities" and recommends that a specific institution (i.e., the National Commission of Metropolitan Regions and Urban Policy - CNPU) be given the responsibility of "orienting and accompanying the implantation of [institutions] to administer the Metropolitan Regions..., of defining in detail the urban structure to be established in [Brazil's] various regions and [the responsibility of] establishing directives for the use of federal funds destined to urban development." Hence, the third administrative alternative of IPEA's proposal for a national urban policy is chosen. (See Appendix V.)

APPENDIX VII

PLANO CRUZADO: THE STABILIZATION PLAN

In an attempt to combat inflation, the New Republic introduced in March 1986 a stabilization plan called the "Plano Cruzado". The Plan changed the denomination of the Brazilian currency from "cruzeiro" to "cruzado". One cruzado became equivalent to one thousand cruzeiros. The prices of all products were frozen on February 28, 1986, and were to remain unaltered for the period of one year. Ceiling prices were established for all intermediate manufacturing goods. Monetary correction was prohibited on all bank accounts and real interest rates were to remain fixed at approximately 3% per annum. All wages were increased immediately by 8% and would have automatic increases if and when annual inflation rates reached 20 percent.

The immediate impact of the Plan was a large increase in individual consumption levels and a general reduction in savings. Many industrialists argued that their production costs had increased substantially (especially because of wage hikes) and that it was simply impossible to sell goods at the "low" ceilings established by law. A general shortage of products soon followed, on one hand because of increased consumer demand and, on the other hand, because firms chose to stockpile their products in the hope of higher prices in the future.

Interestingly, practically any product could still be obtained as long as one chose to pay the seller an "ágio" (i.e., a substantial amount in addition to the ceiling price). This soon became a widespread practice, leading to rapidly increasing inflation. To counter-balance this situation, the government decided to allow substantial increases in the prices of many goods and they rapidly returned to the market in abundance. In addition, the government chose not to control the prices of new products arriving on the market (those introduced after February 1986). Hence, many firms made minor modifications to their old products and reintroduced them as "new" products at much higher prices. This compounded the inflationary tendencies.

By the beginning of 1987, the general perception was that the Plan had failed. Inflation was even higher than before. (Estimates of various Brazilian institutions placed 1986 inflation in the range of 300 percent.) The government decided to deemphasize the Plan's requirements and permitted substantial increases in the prices of many goods, while wages did not have corresponding increases. The general inflationary tendencies continue and there appears to be no perspective of change in the immediate future.

APPENDIX VIII

GUIDELINES OF THE FIRST NATIONAL DEVELOPMENT PLAN OF THE NEW REPUBLIC FOR URBAN DEVELOPMENT POLICY

In June 1986, the First National Development Plan of the New Republic (I PND-NR) for the period between 1986 and 1989 was instituted. It reflected the goals of the New Republic which were to change the political, social and economic life of the country. It stated that it was necessary to promote economic growth in Brazil but, contrary to the past, that such growth should have a clear social orientation. (See Appendix I for the economic development perspective of the past.)

The I PND-NR viewed urban development as an important contributor to socially-based economic growth. In this regard, specific goals for urban development were "to improve the quality of life of urban inhabitants through increases in the supply of basic services..., to avoid the worsening of urban conditions of the country through an integrative treatment of sectoral actions [and] to reduce imbalances in the urban system through the promotion of public investments in medium and small cities."

These goals would be translated into urban development policies and strategies by the Ministry of Urban Development and Environment. The I PND-NR established the general directives for such policies and strategies. It stated that priority should be given to "selecting infrastructure programs and projects to meet the needs of the poorer classes, increasing access to social goods and services, promoting local administration of federal sectoral investments in housing, sanitation, [and] transportation, coordinating the sectoral institutions of the government, clarifying their roles with respect to urban development, [and] revising and updating urban development legislation."

The I PND-NR also perceived a need for administrative reform in the urban realm. It was important to decentralize responsibilities for implementing urban development strategies among the various levels of government.

Particular emphasis should be given to improving the administrative capacity of local governments and to a better definition of their roles.

Finally, the Plan reconfirmed the need to promote the decentralization of economic activities and population in order to produce greater social and spatial equity across regions. This would be accomplished by reinforcing previously established programs, especially the Program for Metropolitan Regions and the Program for Medium-Sized Cities.

In sum, the I PND-NR established a very ambitious set of directives for urban development that were generally in line with the responsibilities the New Republic had previously set out for the Ministry of Urban Development and Environment. It is interesting to note that the Plan's directives emphasized primarily the intra-urban level of activities and were oriented especially to the promotion of greater equity among social classes. Inter-regional goals were much less emphasized than in previous plans and a general re-assumption of local governments' ability to intervene in the urban realm appeared imminent.

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GOVERNMENT DOCUMENTS

MINISTRY OF INTERIOR

Manual do Programa de Ação Concentrada (PAC), 1970
Resoluções do CNDU 1979-1981 and 1982-1984

MINISTRY OF PLANNING

Programa de Ação Econômica do Governo, 1964-1966 (PAEG)
Plano Decenal de Desenvolvimento Econômico e Social, 1967-1976
Plano Estratégico de Desenvolvimento, 1968-1970 (PED)
Metas e Bases para a Ação do Governo, 1970
I Plano Nacional de Desenvolvimento, 1972-1974 (I PND)
II Plano Nacional de Desenvolvimento, 1975-1979 (II PND)
III Plano Nacional de Desenvolvimento, 1980-1985 (III PND)
I Plano Nacional de Desenvolvimento da Nova República, 1986-1989 (I PND-NR)

PRESIDENT OF THE REPUBLIC

Ato Institucional No. 5, 13 December 1968

Decreto 52.256, 1963
Decreto 59.917, 1964
Decreto 55.820, 1966
Decreto 74.156, 1974
Decreto 76.149, 1975
Decreto 83.355, 1979
Decreto 85.916, 1981
Decreto 91.145, 1985
Decreto 91.248, 1985

Decreto-Lei 200, 1967

Lei 4.380, 1964
Lei 5.107, 1966
Lei 6.151, 1974
Lei 6.256, 1975
Lei 6.267, 1975
Lei 2.291, 1986

Lei Complementar No. 14, 1973
Lei Complementar No. 20, 1974
Lei Complementar No. 27, 1975

G L O S S A R Y O F A C R O N Y M S

AI-5	-	Ato Institucional No. 5 (Institutional Act No. 5)
BASA	-	Banco da Amazônia Sociedade Anônima (Bank of the Amazon)
BB	-	Banco do Brasil (Bank of Brazil)
BNB	-	Banco do Nordeste Brasileiro (Bank of the Brazilian Northeast)
BNH	-	Banco Nacional da Habitação (National Housing Bank)
CEF	-	Caixa Econômica Federal (Federal Savings Bank)
CNDU	-	Conselho Nacional de Desenvolvimento Urbano (National Council for Urban Development)
CNPU	-	Comissão Nacional de Regiões Metropolitanas e Política Urbana (National Commission of Metropolitan Regions and Urban Policy)
CONAMA	-	Conselho Nacional do Meio Ambiente (National Council of the Environment)
CPM	-	Programa Cidades de Porte Médio (Medium-Sized Cities Program)
CSN	-	Conselho de Segurança Nacional (National Security Council)
EBTU	-	Empresa Brasileira de Transportes Urbanos (Brazilian Urban Transportation Enterprise)
EPEA	-	Escritório de Pesquisa Econômica Aplicada (Office of Applied Economic Research)
ESG	-	Escola Superior de Guerra (Superior Military College)

FDU/BASA	-	Fundo de Desenvolvimento Urbano/Banco da Amazônia (Urban Development Fund/Bank of the Amazon)
FDU/BB	-	Fundo de Desenvolvimento Urbano/Banco do Brasil (Urban Development Fund/Bank of Brazil)
FDU/BNB	-	Fundo de Desenvolvimento Urbano/Banco do Nordeste Brasileiro (Urban Development Fund/Bank of the Brazilian Northeast)
FGTS	-	Fundo de Garantia por Tempo de Serviço (Time of Service Guarantee Fund)
FIBGE	-	Fundação do Instituto Brasileiro de Geografia e Estatística (Foundation of the Brazilian Institute of Geography and Statistics)
FINEP	-	Fundo de Incentivo Especial ao Planejamento (Special Incentive Fund for Planning)
FNDU	-	Fundo Nacional de Apoio ao Desenvolvimento Urbano (National Fund in Support of Urban Development)
FNDU/FDTU	-	Fundo Nacional de Apoio ao Desenvolvimento Urbano/Fundo de Desenvolvimento de Transportes Urbanos (National Fund in Support of Urban Development/Fund for Development of Urban Transportation)
FNDU/OP	-	Fundo Nacional de Apoio ao Desenvolvimento Urbano/Outros Projetos (National Fund in Support of Urban Development/Other Projects)
IBGE	-	Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics)
ILP	-	Integrated Local Planning System
IPEA	-	Instituto de Pesquisa Econômica Aplicada (Institute of Applied Economic Research)
MDU	-	Ministério do Desenvolvimento Urbano e Meio Ambiente (Ministry of Urban Development and Environment)
MNC	-	Multi-National Corporation
NSS	-	National Security State
NUDS	-	National Urban Development Strategy
NUPS	-	National Urban Development Policy
OPEC	-	Organization of Petroleum Exporting Countries

PAC	-	Programa de Ação Concentrada (Concentrated Action Program)
PAEG	-	Programa de Ação Econômica do Governo, 1964-1966 (Economic Action Program of the Government, 1964-1966)
PDS	-	Partido Democrático Social (Social Democratic Party)
PFL	-	Partido da Frente Liberal (Liberal Front Party)
PMDB	-	Partido do Movimento Democrático Brasileiro (Brazilian Democratic Movement Party)
PND	-	Plano Nacional de Desenvolvimento (National Development Plan)
I PND	-	Primeiro Plano Nacional de Desenvolvimento, 1972-1974 (First National Development Plan, 1972-1974)
I PND-NR	-	Primeiro Plano Nacional de Desenvolvimento da Nova República, 1986-1989 (First National Development Plan of the New Republic, 1986-1989)
II PND	-	Segundo Plano Nacional de Desenvolvimento, 1975-1979 (Second National Development Plan, 1975-1979)
III PND	-	Terceiro Plano Nacional de Desenvolvimento, 1980-1985 (Third National Development Plan, 1980-1985)
SEMA	-	Secretaria Especial do Meio Ambiente (Special Secretariat of the Environment)
SEPLAN	-	Secretaria Especial de Planejamento da Presidência da República (Special Secretariat of Planning of the Presidency)
SERFHAU	-	Serviço Federal de Habitação e Urbanismo (Federal Service for Housing and Urbanism)
SFH	-	Sistema Financeiro da Habitação (Housing Finance System)
SFS	-	Sistema Financeiro de Saneamento (Sanitation Finance System)
SUDAM	-	Superintendência de Desenvolvimento da Amazônia (Superintendency for the Development of the Amazon Region)

- SUDECO - Superintendência de Desenvolvimento do Centro-Oeste
(Superintendency for the Development of the Center-West
Region)
- SUDENE - Superintendência de Desenvolvimento do Nordeste
(Superintendency for the Development of the Northeast
Region)
- SUDESUL - Superintendência de Desenvolvimento do Sul
(Superintendency for the Development of the South Region)



Source: Adapted from World Bank Map No. 18527 - September 1984