## INSTITUTE OF APPLIED RESEARCH IN SUSTAINABLE ECONOMIC DEVELOPMENT – IPADES

## LABOUR PRODUCTIVITY, DISSATISFACTION AND NEW PUBLIC MANAGEMENT, BRAZIL'S CURRENT AGENDA

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The Brazil has prioritized its economic growth, particularly since 2008, in the expansion of the internal market, based on two factors: household consumption and labor market. Both have given demonstrations to be reaching their limits of contribution. Household consumption is practically zero margin of new indebtedness. The labor market, in turn, either brings exciting news for Brazilian growth, since the unemployment rate is already low level. Because of these new conditions, the country will have to make its workers more productive going forward, under penalty of not being able to grow or the moderate pace of the recent past. To this end, the labor productivity will have to gain priority in the national agenda if Brazil wants to repeat, nothing encouraging, this recent past.

A retrospective analysis on possible conditions of labor productivity, it is possible to note the occurrence, in the last ten years, a significant increase in the formalization of the labor market. Studies suggest a positive correlation between productivity growth and the migration of people from the informal to the formal sector, by calling composition effect. Thus, the installment in the formal work, where productivity is higher, increased in relation to the informal part. However, there is less evidence about productivity growth within the formal and informal sectors.

The sector that gave significant contribution was the agriculture that between 2000 and 2009 went up the strong rate of 4.3% per year. His contribution came in two ways. The first took place in the composition effect between the major sectors of the economy, with the ongoing process of reduction of the quota used in agriculture, where productivity is lower, and the resulting relative enlargement of labor in other sectors. In the Brazilian case, the typical transition that occurred was not capitalist segment – subsistence agriculture – to the service sector. Even though many ex-peasants have gotten jobs unproductive services

segment, there are productivity gains usually in relation to traditional farming. On the other hand, the agribusiness also contributed to the increase in labor productivity by technological advancement that even holding smaller contingent of workers produces most of the added value of the sector.

To the challenge of increasing labor productivity, the Brazil must face two priority aspects. The first is the improvement of education, a long-term process which leads to improvement of human capital. In this case, the difficulty is the long term, by which the Brazilian society and much less Governments are not enthusiasts. The second, also not so immediate results are the institutional changes which make viable a high total productivity factor (TFP), which has to do with the absorption of technologies and rationalization of the production process.

The dissatisfactions of the Brazilian society put on the streets in June this year indicate two important aspects. The first concerns the poor quality and even the lack, in certain regions of the country, of basic services in the areas of education, health and urban transport. This situation is contrasting with the high rate of taxes paid by the population. The second, more subjective aspect demonstrates the fear of millions of people who were socially and economically back to previous state. This means that these people begin to have a sense of citizenship, i.e. not behave more in a reductionist vision in which just get a job, be able to make a consumer, and thereafter conform as if it had reached heaven.

The demonstrations show that there is no democracy without the exercise of citizenship and both are on a day-to-day basis, and must be understood as a cultural value and improved constantly by education. If only the economy working as State of well-being of the people we're just a country of consumers, but not a country of citizens! The market economy is one of the attributes of democracy, only one. Besides, the growth of the economy with the improvement of the social condition of the population should not lead us to an oversight with the existence and proper functioning of the institutions and of the proper management of public policies that guarantee democracy, given that such carelessness can cost very expensive for society as a whole.

On the other hand, the demonstrations set a dislike of the population with the political class, and in some cases even repudiation of traditional parties and representatives of the social movements and trade unions. This point in particular seems to have served as a scapegoat to resume the debate on the political reform. From there it was easier to identify the Government on political reform the problem than actually confront the problem, namely, recognize that it is unable to offer the services waives all such claims by the population.

Survey of the National Confederation of transport (CNT) in June points out that 84.3 percent of respondents approved of the demonstrations. Of these, 55% were dissatisfied with corruption, 47.2% with health services, 43.7% with spending for the World Cup, 30.8% with the price and quality of urban transport and 30.5% with education. Parallel to this, the Corruption Perceptions Index published by transparency international — organization that measures the degree of perceived corruption among public officials and politicians — which makes the survey with 178 countries, put Brazil in 69th place in 2010, with score of 3.7 on a scale of 0 to 10 (the higher the score, the lower the corruption).

The demonstrations should be seen by a positive perspective of citizenship, i.e. the popular outcry by morality and transparency of public administration, by the relentless combat corruption, reforms to modernize the institutions for maintaining the freedom of the press, by the merit promotion as a rule, respect for human rights, for the encouragement with increasing investments in scientific and technological knowledge promoting innovation. In Diapason society will have the exercise of values that alongside economic growth get a modern and democratic nation.

The dissatisfactions lead the third agenda, which calls for new public management. An effective way for the improvement of public services in Brazil is based on consistent assessments of what works and what doesn't work, without speculation. The Government's evaluation, monitoring, which checks if your bookmarks. But that's not all. When we talk about public policy evaluation, we need to see what happened because of politics, which is indirectly see what would have happened in the absence of that policy, the so-called against factual.

Public resources are scarce, and society needs to know the efficiency of your application. The best way is to compare, measure, preferably statistically among the population or area answered and missed that. Thus, if in the end it becomes apparent that the difference was zero, the program didn't work. A big problem of evaluation is that Governments prefer the marketing of the program to show they did something, than to test it to see if it worked. Lack, in both the public sector and in society, a maturing of the debate on public spending and efficiency of the programme and/or the service.

In this fight for changes to the Brazilian population is exercising the sole paragraph of the Constitution of the Federative Republic of Brazil: "all power emanates from the people, which exercises through elected representatives or directly, in accordance with the Constitution". Is a new Brazil wanting to emerge! However, it should not be forgotten that the exercise of democracy is a practice with resilience, i.e. is a winding process, but won't admit

it. So it is important to keep the Trinomial of citizenship: protest, inspect and require management competently.