

Editorial¹

“I have found myself trying to clarify the constitutional perspective on policies, and on the economy as well, with demonstrable but quite limited success.” [James M. Buchanan, “Better than plowing and other personal essays”, University of Chicago Press, 1992, p.154]

1. Preliminary Thoughts on Jorge Vianna Monteiro and Public Choice in Brazil

This issue celebrates the academic life of a now-retired scholar, Jorge Vianna Monteiro. Jorge is a pioneer in a specialized field of knowledge: Public Choice. When his books started to circulate among us, the Brazilian economy was experiencing hyperinflation. Somewhat surprisingly, many influential economists still optimistically held onto a naïve concept of economic policy at the time. “Politics,” they used to say, “is what politicians do.” The separation between politics and economics had its theoretical underpinnings in the so-called *public finance* view, the mainstream approach for those studying Public Sector Economics.

In 1986, James Buchanan was awarded the Nobel Prize in Economic Sciences. The Public Choice agenda, which grew out of Arrow’s classic seminal paper on the Impossibility Theorem, was finally recognized as an important tool for modern economics. Some Brazilian economists knew about Public Choice, at least since 1982, thanks to Prof. Monteiro’s “Fundamentos da Política Pública” (*Foundations of Public Policy*).

I was first introduced to Public Choice during my final undergraduate years thanks to a course by Prof. William R. de Sá. After some initial readings, I went to our faculty’s library and took all the books authored by Jorge that I could find. I read it all, and I loved it all². I was working in another subject for my final undergraduate essay at the time, so

1 I would like to thank Miss Jennifer Su, Intern at Revista do Serviço Público, for her assistance with my non-native English.

2 Those were: Fundamentos da Política Pública, (IPEA/INPES, 1, 1982); Economia do Setor Público, (PNPE/IPEA, 17, 1987); Macroeconomia do Crescimento de Governo, (PNPE/IPEA, 22, 1990); and Estratégia Macroeconômica, (IPEA/INPES, 26, 1994).

my in-depth contact with Public Choice was postponed a bit.

I would return to Public Choice in my master's course at USP thanks to Professors Marcos Fernandes Gonçalves da Silva and Ronald O. Hillbrecht. I had to use Public Choice because I was studying the political economy of the emancipation of towns that occurred more intensely in the mid-1990s, soon after the new Brazilian Constitution.

While drafting this editorial, I found a fax I received from Prof. Monteiro on September 1, 1995, with a photocopy of a text he sent me to help me with my master's thesis.³ He has always been a gentleman and enthusiastic to help anyone with an interest in studying Public Choice.

Despite the obvious connection between politics and economic policy in Brazil, we have never created anything like a Brazilian Public Choice Society.⁴ Perhaps it is because we have not had enough scholars fully specialized in Public Choice. However, after all these years, it would not be incorrect to say that we do have many scholars who have explored several hypotheses derived from Jorge's articles in this field.⁵ Some have even published in *Public Choice*, the most famous journal of the field.⁶

In the 90s, we could also learn about the Brazilian economy's problems through the lens of Public Choice in a free⁷ newsletter Jorge Vianna Monteiro emailed subscribers. It was named 'Estratégia Macroeconômica,' the same name as a book he published in 1994. The newsletter continued until his retirement from the economics department of PUC-RJ.⁸ Much of the newsletter's content was used as input for his last five books.⁹

3 I visited him around that time, and he generously gave me his own personal copy of Niskanen's classic book on bureaucracy.

4 As far as I know, there are three Public Choice associations in the world. The first and most famous is the Public Choice Society. The others are the European Public Choice Society and the Japanese Public Choice Society (公共選択)(kōkyō sentaku).

5 Many articles that use Public Choice insight do not mention "Public Choice" explicitly. Instead, they use keywords like Positive Political Economy or Political Economy.

6 It is not unusual to find the keywords "growth of government," "rent-seeking," "political business cycles," "fiscal illusion," "flypaper effect," and others in databases of scientific works authored by Brazilian researchers.

7 Well, to be precise, there are no free newsletters. But the only subjective cost was sending a message to Jorge's email requesting the subscription...

8 The Pontifícia Universidade Católica, RJ (Pontifical Catholic University, Rio de Janeiro) has been one of the most productive economic centers in Brazil.

9 *Economia & Política: Instituições de Estabilização Econômica no Brasil*, (FGV EDITORA, 1997); *As Regras do Jogo*:

Jorge Vianna Monteiro is now a retired scholar. In a certain way, scholars never retire. In fact, he is still active on social networks¹⁰ and still contributes significantly to our understanding of how difficult it is to build public policies in practice.

2. About the Articles of this Special Issue

This special issue is honored to have an invited introduction written by Prof. Francisco Gaetani, whose career trajectory has given him an intellectually refined view of the microfoundations of Brazilian bureaucracy.

This issue contains five more interesting articles.

In the leading article, Michael Munger and Kevin Grier explore the subject of regime type and economic growth. Which type of regime does the most for its population? Democracies or autocracies? Using an unbalanced panel of 155 countries with data from the period 1950-2006, they show that, in the long run, democracies seem to have a superior performance.

The second article, from Mauricio S. Bugarin and Ivan Ferreira, explores the political motivation of intergovernmental transfers. Bugarin has been studying the phenomena since the beginning of this century. In this paper, the authors present a positive political-economic model that explains several stylized facts of *partisan transfers*, i.e., transfers from higher levels of government to subnational ones.

Voters are sometimes seen as victims of the political process. Take, for example, a society plagued by rent-seeking activities. The spread of corruption would be a dangerous issue as the auditors themselves can also be corrupted. The main question is, who will audit the auditors? For João R. Sanson, the author of the third article, voters will be the last resort in a politically competitive environment with the free flow of information (which, by the way, is something we have been seeing in the social media era).

O Plano Real, 1997-2000, (FGV EDITORA, 2000, 2003-3ª EDIÇÃO); Lições de Economia Constitucional Brasileira, (EDITORA FGV, 2004); Como Funciona o Governo: Escolhas Públicas na Democracia Representativa, (EDITORA FGV, 2007; 2016-5ª REIMPRESSÃO); and Governo e Crise: Escolhas Públicas no Brasil e no Mundo, 2007-2011, (EDITORA FGV, 2011).

10 His LinkedIn profile: <https://www.linkedin.com/in/jorge-economista-public-choice/>.

The pandemic required a quick response from governments around the world but also made it easier for corruption to emerge. Corruption in the health sector is the central theme in Roberta Muramatsu, Paulo R. Scarano, and Caroline C. Bertran's article. They use a mixed theoretical approach with insights from three main economic traditions to analyze the role of government—New Institutional Economics, Public Choice Theory, and the Austrian School of Economics—and analyze the case of the Rio de Janeiro state.

Mariângela Ghizellini and Vladimir Maciel investigate another important issue in Public Choice: the size of the government. They test the hypothesis that *coalition presidentialism* would partially explain Brazilian federal spending between 1980 and 2019. They did not find strong evidence in favor of the *coalition presidentialism* hypothesis, but they highlighted several issues regarding the importance of the institutional component in our understanding of the size of the Brazilian federal government.

We hope that the articles of this special issue will show the reader the importance of the analytical framework of Public Choice analysis.

Claudio D. Shikida

Editor-in-Chief