

Full Length Research Paper

An analysis of the response from private sector to public policy generated by programme for acceleration (PAC) of economic growth focusing on Northeast Brazilian

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The private sector is constituted by the executing agents of economic activity in the production of goods and services. In the free market economy, these agents can be inhibited when economic variables become slow, especially in lapses resulting from destabilizing internal, economic adjustments or by impacts from external effects, as are currently experimenting with the global crisis. However, there is no denying that with the presence of the Keynesian state, the private sector can be encouraged through public policy intervention in order to rearrange the factors while meeting the social interest for the economic progress, full employment and multiple benefits. The present article is based on Keynesian theory and seeks to explain the response which the private sector can offer to these government policies, with reference to the program for the acceleration of growth (PAC) and its functioning in Brazil. This intervention program is applied today in the northeast of Brazil and it is analyzed by the critical method with procedures common to this form of research. As a result bring the comprovation of the validity of keynesianism on convergence which restores the experience of economic success, as a reaction from the private sector to integrated development.

Key words: Economic development, Keynesian theory, economic policies, public administration and strategy.

INTRODUCTION

This study has general objective to point out, through the critical analysis, a shape response from the private sector to the public policy proposed by the government. This analysis lets knowledge around intervention by integrated plans to sustainable development proposed by the program economic growth acceleration (PAC) in force in Brazil. But that task focuses only at Northeast Region, despite inclusion of some comparative elements.

The Northeast of Brazil as Figure 1 is one of the five Brazilian geographic regions, with nine states (Alagoas Bahia, Ceará, Maranhão, Paraíba, Pernambuco, Piauí,

Rio Grande do Norte and Sergipe). Its physical area is about 1,558,196 km², where the population is close to 54 million individuals as IBGE (2009). The human development index presented in 2005 by PENUD was 0,720, considered average. The region is revealed with impressive natural features consisting of a wide seafont, Atlantic Forest, Sao Francisco River, "caatinga", "cerrado", humid equatorial climate, coastal humid, tropical and tropical semi-arid.

The economy is revealed in the primary sector for the sugar cane production, tobacco and soybeans among others, and the secondary sector is consisted for Industrial diversification, petrochemicals, assemblers, textile industries and others. In this study, the region was focused to an analysis of factors relating to the private

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Figure 1. Brazil Northeast Map. Adapted from Internet free.

sector response to public policies generated by the PAC - growth acceleration program.

The study follows with an introduction, literature review and a methodology preparation. It was developed with interpretation of the proposed topics related to coordination between the program and its consequences, social analysis and a preliminary hearing on the risks of the program followed by the suggestions and in the body of the task are released map, figures, tables and graphics, mostly derived from indirect sources. A treatment of functional setting is designed to point the conduct of the private sector in the face of public policy launched by the Keynesian state through this program. The question to be answered here is: How the private sector can respond to state intervention in the path of the proposed qualitative economic growth?

THEORETICAL BACKGROUND

The Keynesian Theory will be the basis in this task. It has been proposed by the British economist John Maynard Keynes, as a doctrine evolved for the intervention of the State in the Nations' economy; study demonstrates that its objectives envisage to achieve the plain application of the economic factors which are available, encourages optimization of resources not readily available, influences classic theory in order to reform the dynamics of the free market, optimize the balance between demand at production capability with plain employment, without excess which results in inflation.

The monetarism which came into force in the 1970's offered criticism to this theory, as all the countries which adhered to it after the Second World War as they started to experience inflation; struggled to balance between capacity to employ and the market pressures, mainly as consequences of the trade union pressure for better wages and lower prices. However, the solution came with the inclusion of precepts of monetarists, confronting the doctrine basis and exposing the recession's moments which required reform of this theory. So much so that this matter has being questioned by Chick (1993) in order to understand such disagreement, covering the relation of plain employment and unemployment levels which is in turn explained the basic differentiation of the neoclassic theory evolved from the origin and the influence of monetarism in the Keynesianism. At this point, classic liberalism comes in and the mass investments from the modern state, the promoter of incentives to entrepreneurial initiatives, with the monetary transfer that sustains the private initiative, laying with the public power an stimulating standard to produce, generate employment and income, and through this, to lift the economy as a whole, with secured return to the government safe, by collecting taxes from the economic acceleration created or induced.

Competitive strategy

The Keynesianism would not find backing without the technology and the quality from the entrepreneurial

adaptability and ability. The north would be the adoption of the competitive strategy able to accredit the productive result while encouraging consumption, stimulating export and cementing the plain application of economic factors associated to the certification of the well supplied tin the competitors' arena. In this matter, Porter (2004) states that the competition is one of the main competitive strategies, as it motivates the creation of powers through the differential of the costs and the monetary value of what the consumer is prepared to pay for the best value for money in the market. Such contents occur faced with the diversification which improves the expansion of assets and services, in an economy of scale that inhibits the competition who abandon the possibility of creative innovation or technology. This author identifies five analysis' methods of this competitive strategy, which can be considered for business insertion in the state intervention's models: The competitive strategies are in the fragmented industry (1), in emerging industries (2), in transition industries (3), in the declining industry (4), and in the competition from the global industries (5). To act as a horizon to make decisions happen between constructors' agents of public policies and the encouraging promotion of the result between entrepreneurs who are beneficiaries of these, in the symbiosis of planned progress.

Proving the strategy's methods aforementioned, it is proposed that the fragmented one offer less risk of retaliation in the competition. They work under low cost, involve less number of factors associated to the productive process, allow easy adaptation faced with the environmental circumstances and also allow considerable power to overcome adversities. Therefore, the fragmentation per region would be an adequate measure to sculpt the strategic scenario; and in the considered geography, known as the peculiarities, it would allow the development of a productive system based in the cultural experience which avoids the radicalization in the required change.

The industry of cattle would be a good example for the competition of fragmentation. The few farmers can really promote free range in simple pastures, and can associate themselves in order to negotiate prices, while the same cold store could receive its volumes. However, generally, it does require substantial financial expenditure and is subjected to the technology involving innovative input and recreate it in captivity. This is an universe where more and more it is turned to what is denominated as "green ox", proving possible the competitive resistance to those who do not have available means to invest in new herd technologies.

The production from family agriculture would be another reference to this type of competitive analysis in strategy; the level of knowledge of a rural producer being low, inhibits provocation of competition towards big landowners who develop agriculture in scale; such evidence requires technical preparation for the small

farmer, with incentives to participate in training, in order to bring new knowledge such as the one related to the permaculture or the cultivation of organic products, which are growing in demand by the current consumers trends, which would make profitable the competitive differential of the family business.

As for the emerging industries, these go through social, technological, environmental influences and go into complexities. Just like the video games industry, of the sharp technologies, digital communication and similar. They are at the mercy of the productive agents' creative capability and new inventions; they allow introduction of sophisticated niches and open to as many affiliated members as linked to the their inventive capacity. It is ruled in uncertainty, with high costs and restricted initial demand; highly dependant on marketing activities able to create dynamic behavior influenced by growing substitutive factor. This is like for digital businesses in general, technical and technological inventions' producers, electronic service providers and similar.

In relation to the transition industry, the competition as a competitive strategy regards as a market maturity which allows identification of positioning and the capacity of change of other competitors. Once possibilities are exhausted, the entrepreneur must up-skill to the dynamic eclectic through new assets and services, equivalent to consumers' interest. To achieve this, it is required to maintain leadership in its environment, in order to be able to up skill in a quick transition and without trauma. In regards of the strategy, will be the constant market research associated to the continuous differentiation measures.

The declining industries are at the mercy of the determinations' which surpass each other along the stages. The way of overcoming current presence in the market is to appeal to research and development. Some of the strategic measures enabling facing the difficulties which enterprises go through due to the exposure to the decline are deactivating lines of disposable production, optimizing remaining techniques of the latest creative inventions and to promote the cautioned readapting are the global industries are structures which head offices are in another country and they differentiate by the imposed costs in each one of them. These involve diversified international market export deals, influenced by a foreign government to its head office, which could imply irregular restrictions; programming capability is uncertain as it depends upon these external rules to enable deals with internal and external collaborators.

Analysis in regards of these industries allows us to visualize as a competitive strategy, the adaptation to its environment of installation, absorbing productive agreements where least cost comes to occur, however, it demands export in scale in order to overcome possible disadvantages in other competitive head offices. Another point to be considered is the logistics involving marketing

differentiation and facilitation through mobilization of their productive outputs.

A valid resource to guarantee space is with the product patent process, which equally requires research and development of new products and services. It is worth noting that, for the public sector which adopts competitive strategy, it is recommended to take into consideration these exposed methods of competitive analysis to make a correlation between the governmental proposal and the reality of what will be carried out by the entrepreneurs, beneficiaries of the offered incentives to the private sector; otherwise no adherence will occur and the response to public policy is null.

Public policies

The tool for building public policies of intersection with the private sector is found in the strategic analysis by the Keynesian State. Notoriously, the ones focused on integrated development with employment vectors. The role of the catalyzing of riches state is significantly rehabilitated by the vectorial actions and need to be assessed. So much so that Caldas et al. (2008) admit an essential vision to assess the intervention and the public policy through regional development, the objective of this task. These academics define plans and descriptive aims by local, regional and national governments, with approach restricted to government interest. Furthermore, it allows a distributive vision which promotes the social-economic inclusion of the participating entrepreneurs and consumers of the productive systems generated by the public administration.

The proposal here is to build an 'operational design' for an interface of government performance side by side with private enterprises. A symbiosis of interest is proven in a bilateral list of social, economic, political and environmental projects created by the dominating forces in plain integration with the entrepreneur eager for the previously projected results. The confluence between public policies and entrepreneurial politics enters here, whose beneficiaries are linked to the liberation of the state that pass to create laws and incentives, concession norms, financing and investment policies, always according to public debates derived from the popular leaderships and are finalized with the maximization of the effects of the Keynesian state's intervention in the form of platforms adequately structured.

Public policies' intervention is possible when negotiations are mobilized, strategic alliances are made, relationship are built between high scale governmental figures and the beneficiaries basis of plain employment of the economic factors such as fundraising, dynamic in the consumption and quality of life. For such politic action to make a real effect, it is demanded a decision without conflict between the protagonists; beyond influencing

power distribution between government and entrepreneurs, involves politic interest, which can modify the actual domain structure, risking the fidelization break between the pairs of those strategic alliances proposed by the governants. Therefore, the public policy is a conjunction of orientated actions towards a determined aim, conceived in a conscious manner, discussed in face of consistent criteria in the predefined plans and aims, in a way to reverse the interest of the involved actors in its construction, according to how it has been considered since Bachrach and Baratz (2010).

To enable to reach positive responses in the public intersection versus private of actions and aims, fundamentally define the region to be covered by the public policy, what makes the critical perception of this state's measure significantly dry. The regionalism covers not only the geographic factors, but also the common characteristics of the socioeconomic, cultural, environmental and political frontiers. This concept allows rigid intervention, as it pushes away the formation of conflictual blocks, while subsidizing the dynamism of the process as whole, with extraordinary remits in the state's intervention. If by one side, the regionalism gathers similar characteristics, on the other hand it makes possible the configuration of the public policy control, through indicators that can be compared with other regions or other forms of public intervention.

Theory of the development

Referring to the regional integration in Africa, basis for the integrated development through native organization, Badi (2005), it is registered that the theories derived from western countries have classic focus of market and the joining of customs, inadequate and inefficient as they are adopted with colonists' aims that are favorable to external dependency, benefiting the multinationals and unfavorable to the native groups. According to him, these models are favorable to internal inequalities and destabilization with subsequent unbalance in the economic development; as well as reflecting in the rhetoric of the disadvantage in the share of the benefits related to the community integration. According to the cited author, these external theories always result on the disintegration of the production structures, of the people and own politics. At the end of the proposals is when the effect of financial dependency is verified, nevertheless the use of the work power of the unaware residents and from this it comes the demand for the conception of the methodology to avoid the paradox.

The concept of modern Latin American Economic Development has been emphasized by two Brazilians critics since 2003; Bresser Pereira and Yoshiaki Nakang, who both equally apply the Keynesianism to propose a strong State, ruled in his administration, with

implementation of daring projects extensive to investment work, sustained by progress pillars as it is assumed with the decisions such as of PAC – Plan of Economic Growth Acceleration in force in Brazil. The first was a very important critic from the Washington Consensus which focuses on a group of institutional proposals of political and economic order which lift a nation to a stage compared to other developed countries. The second has been working with the Brazilian macroeconomic research with focus on economic politics.

The Economic Development Theory in Brazil follows a route of social inclusion, severely confronting the regional social inequalities. This measure could not be different, faced with the predominance of multiple scenarios of wealth, which has been enjoyed through the decades by a selected part of social actors made up of individuals who kept the power over the governmental machine, while dominating the technology and further available tools; these obstructive people learned to use the state to attend to block interest of elitist parties; consequently came the expansion of hunger and generalized poverty that since year 2003 have been death with effective measures for its irradiation, adopted in agreement with those related to the economic progress. Besides efforts, the country still persist in the global ranking of the deprived countries through the social inequality and low index of human development, which moreover, motivated the most significant form of intervention through the development which no other country experienced, which is the PAC, generator of remuneration benefits, rise of social classes in face of inclusion from the job informality, persistent over decades, as well as bringing the fundamental work for the economic success of the nation.

METHODOLOGY

Study in Ruiz (1996) point out that a field research is centered in the observation of the facts in a spontaneous form of collection of data and the register of the relevant variables for subsequent analysis. However, according to diverse appropriate surveys, the explorative research is the best to extend the knowledge of the researcher of the themes of his study, as it clarifies concepts and helps to define the prospective elements. This study will follow an exploratory approach of descriptive nature, having the critical method as its basis for production of results in regards of registers and the facts.

The critical method and the adopted procedures for this study

The social sciences have been allowing two main perspectives for the understanding of the truth. According to Taylor and Bogdan (1992) observations, the

objectivism or the subjectivism are the two classic forms of interpretation and facts check. However, a third way comes up, which is the critic or sociocritic in Bravo and Eisman (1998), whereby glimpse to question if the Social Science would make use of the methodology of the natural sciences to investigate the human phenomenon in the social space, as it has been defended since Augusto Comte and other positivists. However, a philosophical chain of the method and the check is inspired in the Kantian tradition, with the idealists as its defenders.

In the chain of the transmodern critic method, the scientific thought and the emotions are inseparable as it enters the tradition in the scene. The value of all the complexity which it breaks, definitely with any similarity between the methodology and their measurement procedures in the social sciences, treated here and the natural sciences. This method used in the applied social science field better the knowledge in face of multilateral vision of the facts and evidences, with cautious arguments which push away the false perception of reality as it is expected in this current study.

The adopted procedures for this task are the common ones for this critical method. In the bibliographic survey with the selected themes related to the proposed scope and a selection of current publications in convergent matters. Assessment analysis was applied with adherence to the proposed approach. Critic in regards of the line of thought of the admitted theoricis was provided confirmed the methodological concept. The report has been elaborated followed by the recommendation of the American Psychological Association (APA) norm.

ONE BRAZILIAN EXPERIENCE FOR THE SUSTAINABLE DEVELOPMENT AND ECONOMIC GROWTH

The plan of economic growth acceleration, known through the trilogy PAC was created by team of change in government that took over the Brazilian administration after 2004. It was launched in January, 2007 with initial forecasted investment of about USD 372 billions for the Brazilian infrastructural investment in four years of operation. This financial amount that came associated to the exoneration of taxes, improvement of institutional norms, compatible fiscal measures and concept of integrated development for the qualitative rise of the results on the sectors of the economy, while experiencing significant social benefits.

In gathering native characteristics of systemic nature, the PAC propel the economic factors without burdening the public exchequers, as it supplies available resources according to each beneficiary region's characteristics in partnership with local society which is expressed through participative planning. The PAC in operation is a tangible

proof that the exclusive response of free market is not the economy of a country. However, the state does not present itself as an executing entrepreneur of actions, but as an inductor of progress as allocating the productive factors ruled in the institutional procedures and programs operated by the enterprises which deliver the quantitative results. The tendency is to evolve a virtuous circle of success, detailed by aims; linking the public interest and the state deals with the beneficiary society, to the private interest through the entrepreneurial action that gather resources towards a direction of concrete results.

Entrepreneurial articulation in the PAC

The growth acceleration program focus in an articulation of aims for the entrepreneurial action per region, with forecasted initial investment of about USD 51 billions for the Northeast Region, with directed additional to the capitalization through public transfers reaching about USD 114 billions, aimed at highways infrastructure solutions such as the duplication of the Transnordestina Highway and the regularization of the logistics for production drainage, port access, construction of adductors able to revert the vicious phenomenon of the northeastern drought, investment on the stripped stony areas and eradication of the perennial slum formation in the big urban centers of this region, the urbanization in order of residents' quality of life, integration work of the pelvis of São Francisco River with emphasis in the conservation of the natural resources, biodiversity and other weighty activities in the northeastern economy of Brazil.

Northeast of Brazil reflexes of the public intervention and the influence in the gross domestic product (GDP) of the region

IBGE – Brazilian Institute of Geography and Statistic Search from last survey referring to the years 1995 to 2008, pointed out that the northeast region of Brazil was the region that most participated towards gross domestic product (GDP) of Brazil. It was a very modest participation of only 1.1% rise, which becomes significant when historical consideration is made to nil contribution experienced through the decades, which could have been aggravated by the world economy decline in the last years.

The weight which the public administration could represent for such result has been most significant for this study result, which always had its economy represented by commerce. The Ceará state has been receiving around two millions of visitors per year, revealing a weight in their gross domestic product (GDP) with the formal tourism, with synergy with the service sector; also experiencing rise in the industry and the traditional mixed

farming.

In Rio Grande do Norte State there was an expressive participation of mixed farming with low level of mechanization, in the plant extraction industry and the agriculture which, production has been exported with ascending figures in the last years, specially the fruit culture which now turned to be irrigated. The state of Pernambuco revealed themselves through floriculture and extractivism; also had an expression on the electric materials industry, chemistry, food and communication; however, it was the irrigated agriculture that had the biggest productive significance obtained, result from the prosperous fruit culture of quality, which now has turned into export, also the sugar monoculture has experienced an increase which represents 20% of the gross domestic product (GDP) in this state. Alagoas State presented growth in the sectors of mixed farming, industry and services. However, Sergipe State has performed better than Alagoas, as it has revealed its industry of gas and electricity followed in order of significance by the public sector and the mineral extract industry. The extractivist activity weighted in Maranhão State and the automobile industry and petrochemical were expressed in the Bahia State.

This is the reversion experienced since the PAC, in a Region which was forgotten before, with the survival of the economy enfiladed and socially depredated. Comparing to the regional performance in the country, it is evident that, following the Northeast, follow in classification order the North Region, Central West and South; the Southeast had a negative participation in the productive performance. However, what elevates with emphasis in this task is the comparison of the gross domestic product (GDP) for the Northeast with the main Latin American countries, which is only inferior to Argentine, second biggest country in the South America, as showed in the Table 1.

Critical analysis is required in relation to the performance of the gross domestic product in 2009 for the following listed countries. Argentine, second highest industrialized country in the South America, registered increase of 0.9% in their GDP, according to data found from the Argentinean National Institute of Statistic and Census (INDEC), index equal to Peru in the same year, while Colombia was only 0.1%. With the fall of the Petrol's price, the GDP of Venezuela increased by 2.0% and Chile ended in the same year with a deficit of 4.5% in its GDP. Comparing the previous data, it confirms that the Brazilian northeastern GDP which is only below to the Venezuela's GDP, expressive country in the world petrol export; there is no doubt in regards of the PAC influence in the performance compared in this task.

Nevertheless, the intervention's measures executed in the northeastern region, still shows the predominance and human agglomeration in the region, as it can be observed in Figure 2 to follow. Negative reflexes resulted



Figure 2. Inhumane agglomeration to be adjusted with emphasis in the Northeast. PAC's survey.

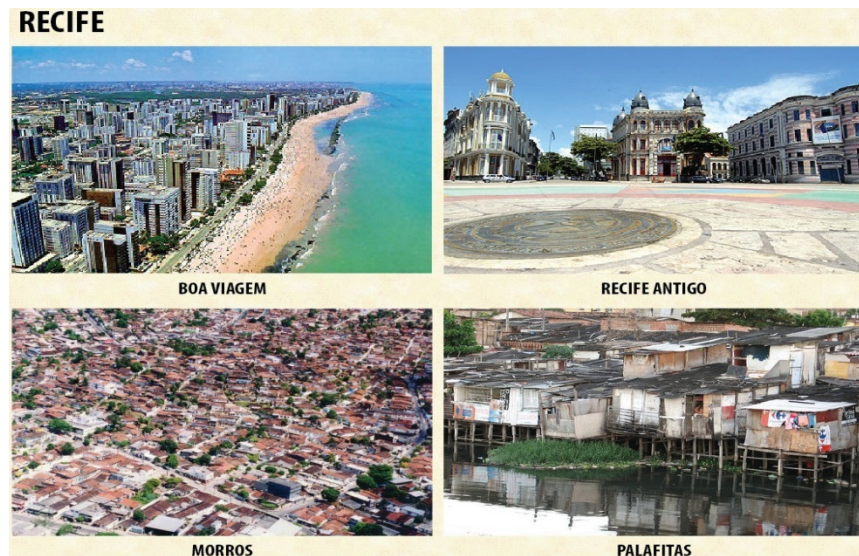


Figure 3. Adaptation program in Recife. PAC's survey.

from the Southeast region where the northern migrants followed to along the way from the Military Dictatorship Era and subsequent governments which abandoned the northeast region, what forced the human exodus to the south of the country. This exodus formed slums in the cities like Rio de Janeiro and São Paulo, environment stagnation and social chaos generation with all the negative consequences to the public sector and the offer of health services, education and safety, amongst others.

Intervention's measures have been reverting significantly diverse urban centers, such as Recife, the capital of Pernambuco state, pointed out in the Figure 3. The outskirts of the capital of Pernambuco became a stage of absolute misery, mainly after the northeastern batch of people return, who previously resided in local authorities situated in the south of the country. Shanty Towns started

to be populated in irregular regime in the same form that can be observed in the capital of Rio de Janeiro and in other famous "favelas" in São Paulo; the flooding prone areas become to be occupied by houses built on stilts, similar to those reformed in Salvador, capital of the Bahia state, with risks of illnesses and accidents with children being exposed to excessive humidity of the habitat occupied by the families. This is the reference from those who returned, while complaining about the public power the essential politics for the required change.

The social chaos resulting on the return of migrants, made the city of Recife one of the most violent ones in the country, as the sociological studies revealed, that the social inequalities, the promiscuous housing, the carelessness of governments and the environmental degradation has been the main concerns of the interviewees.

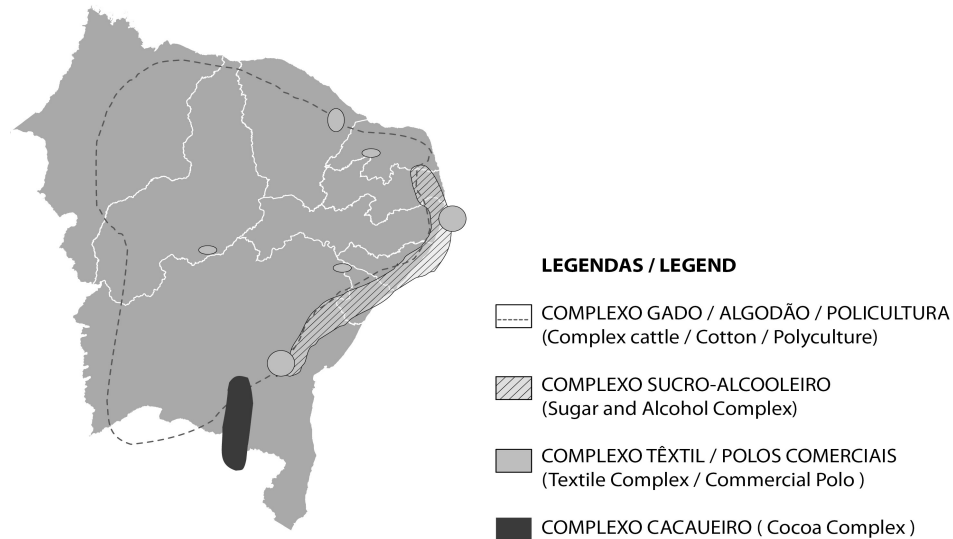


Figure 4. Restructuring program of traditional complexes.PAC's survey.

The current government acted severely implementing programs which essentially aimed to make effective, the quality of life to the beneficiary population of the public policy. In one side the existence of contingents that returned and establish themselves waiting for adjusts, there is no doubt about the lack of labor to attend to so many implemented projects through the intervention of the state in the country's economy.

The sequence will be the measures of infrastructural adjusts, the return of the right of quality of life for the resident, capacity building for the insertion into formal economy and formalization of plain citizenship of populations that were unassisted before.

For the previous referred adjust, the structural resources are found designed by the public power, through the PAC and in operation through dynamic work executed by Brazilian enterprises. Brazilian northeastern traditional complexities became to be treated in an economic point of view for social and environmental effect. One of the main measures adopted by the state's intervention was the financing of productive networks, having the Nordeste Bank opening special credit deals for this type of specific measure for the private sector interested in business networks. Technological incubators have been created with significant positive impact in the innovative interconnected businesses. This is a collective vision for entrepreneurial progress with private initiative programs, supported by public policies of integrated development. It is supported by a data system, working capital and work, in a manner where anyone entering the sector holds basic information for the success 'guarantee of the business through a methodology centered in organized local productive innovators.

The Figure 4 to follow represents the positioning of these elements, which starts to be analyzed in the point of view of the complex of integrated cattle/cotton/mixed

farming situated in the superior extreme of Northeast, complex sugar-cotton below, complex textile/mixed integrated commerce, forecasting a valid interconnection of support amongst themselves and the complex cocoa with the system of rehabilitation of the cultivation and insertion of industrialization of raw material, with absorption of local labor; these are the programmed measures since de restructuring of the traditional complexes, allowing other elements derivatives to come and innovate and to improve the basic intervention proposal.

One cannot think of economic integration without having to consider the regional differentiation in Brazil. Elements collected in this study allow pointing out that the Brazilian regional peculiarities permit defense of the Northeastern against the crisis which weakened global economies in the last few years, as its agriculture bases and the extravism were not in the list of globalized sectors of the moment of fateful destruction. Moreover, the crisis dynamics came as an inductor of development acceleration, as it has provoked to a new reflection towards the change of regional productive composition, when the public sector induced a new productive approach, and through this, the redesigning of the enterprises capable of conducting towards the economic success. This current study indicates this as the main way for the redefinition of the socioeconomic and political models of performance, for immediate realization that the new neocapitalist order found with the modern socialism, operated by a partner state, which interact with participative public policies, away from the authoritism that marked past decades, however, getting closer to an idea which excessively enriches the bases of an economy of scale.

The technology associated to the perspective of scenario change has been reinforced with the growing investments and cultivation expansions previously

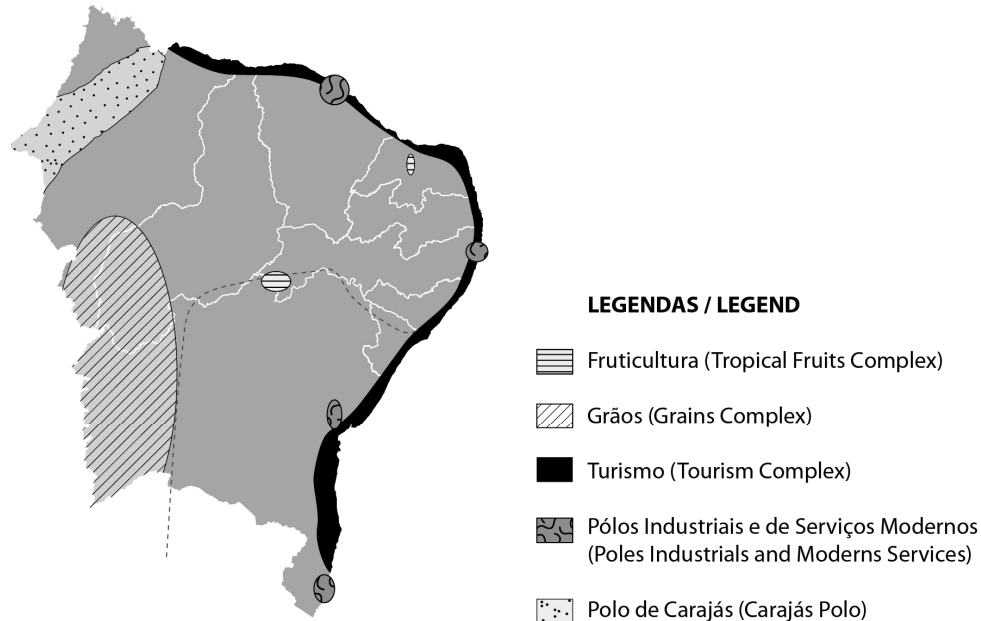


Figure 5. Demonstrative in the new bases at Northeast. PAC's survey.

occupied with products such as castor beans, cotton, cassava, sisal, started to be occupied with the production of rice, corn, sugar cane, cocoa, beans and oranges; as well as other fruits such as papaya, mango, grape, melon, watermelon and pineapple, all in irrigated areas, also coffee, soya and other grains in stony areas which discovered favorable for harvest. Part of these cultivation derivations the ones classified as 'oleaginous' as well as contributing with the food safety of the governmental program, would come to increase significantly with the generation of biodiesel commanded by the energetic politic of national interest. Therefore, the food production is associated to the fuel production to supply modern environmentally correct industry.

Products which were raw material in other regions of the country starts to be processed in the Northeast, since the reformulation of public policies of financing and support to the private industry initiative. This is the case of the fruits, which started to become industrialized, producing wine of grape, sweets, pineapple, mango jam and others, with quality for export; as well as the soya grains with its sub products such as the eatable oil, flour and other derivatives. It is worth remembering still that the sources of natural mineral, which now are exploited and locally industrialized with the inclusion of the resident in the remunerated work of extraction, transformation and sales of the production in scale. The service industry, the same as the tourism and the network which strengthens around hospitality, food chain and commerce, go through a consistent reconfiguration, which would result in plain employment and wealth that makes the Northeast a reference of development. The following Figure 5 demonstrates the new bases of this scenario of reference.

In face Figure 5 shown, there is the scenario established for the configuration of the results which resulted from the entrepreneurial participation, which moreover, proves all the success that a well structured public policy can culminate to in a regionalized progress.

Analysis of social aspects of the PAC with a focus on the Northeast of Brazil

The Instituto de Pesquisa Econômica Aplicada (IPEA) offered a technical note in August 2006, which pointed elements that would give a concern to the government to introduce a social program. According to the document, the identified fall in population incoming per capita was interpreted as a factor that holds the progress, and the reversal of this process would be one of the pillars of sustainability in a project to recover the dignity of the masses, until then excluded and persistent in Brazil.

The most grave is that the statistics already showed other indicators of social distress exposed to the public opinion eyes. The Chicago University had a significant role for the construction of the creative solutions; at coordinate an international team of excellence which attended representatives of the World Bank, CEBRAP, UNDP and others to establish guidelines that would then be interpreted as support in the program of acceleration growth.

An assessment of the social intervention effects made by the program has not yet been published by the governmental manager, but it is possible to outline a historical knowledge of the current scenario. The Fundação Getúlio Vargas (FGV) based on an official data

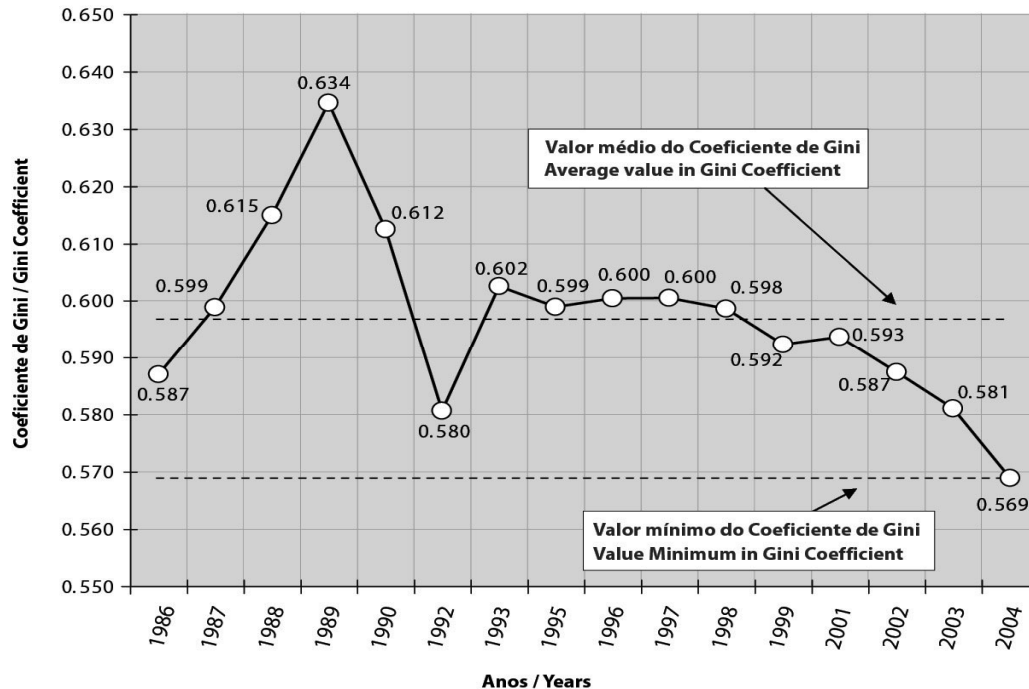


Figure 6. Time evolution of inequality in family income per capita in Brazil, 1986 to 2004. IBGE.

from the Brazilian Institute of Geography and Statistics to deal with the Brazilian poverty in January 2011. Pointing an existence of 42 millions people surviving below the poverty line, with the PAC performance this poor contingent immediately declined by 5.2%. However, human degradation is also result of the incoming extremes, since, without financial resources, lacking the social class would be prevented from achieving their own care. Currently, 10% of the population appear richer with 45.1% of Brazilian wealth, while 40% of the population own only 40% of national income and survives on less than USD 1 per day, which goes against the millennium development goals provided to act between 1990 and 2015, which was predicting a poverty reduction by half in ten years.

Studies indicate that the Northeast remains as the face of national poverty, because maintains symptom aggravated by the insoluble infant mortality statistics, while declining, as reported by the government and shown in Figures 6 and 7 with the highlight coming from the horror of public administration. The fact is that Brazil's constitution guarantees the right to life, then the Ministry of Health could not design goal of infant death, unthinkable in a state of law. Let this be the reason consideration for international human rights organizations, if they remain in speech and in the case be persistent this gloomy scenario that in this country has color black and brown as shown by statistics.

The program was split into two stages, namely, the PAC 1 and PAC 2 being the second one an adjustment of the first, giving it more focused on measures of fitness

benefits, but limited to the budgetary conditions of the three levels of government. In the social aspect of the program for the Northeast would focus essentially the quality of life and fight poverty, feeding the generation of income and family assistance. Multiplier effect is promised by the government. For example, the Bolsa Familia Program proposes to improve education, health and population professional training, which would allow the realization of the provisions of Law 8.742/93, which deals with the organization of social welfare with respect to the rights of the citizen. In his speech, the government turns to development commitments focusing on social inclusion and production, food security and nutrition through various programs and the Fome Zero Program stand out as being fundamental to life.

Through the programmatic review, the public administration theory emphasizes measures to support the populations in order to meet immediate basic needs welfare, food stamps and providing temporary monetary subsidies, leading to believe the eradication of poverty, while preparing the individual for their inclusion into other programs, now acting as a productive agent in the new economic scenario.

Assistance to support motherhood, childhood, adolescence and old age enrolled in government reports as ways of protection and effectiveness in fulfilling the role of the Brazilian State, but contrary to those commitments statistical logic pointed to by the Federal Government. Remember here that a recent government decision expands the Family Grant Program, aimed at the diagnosis of persistent extreme poverty in the North and

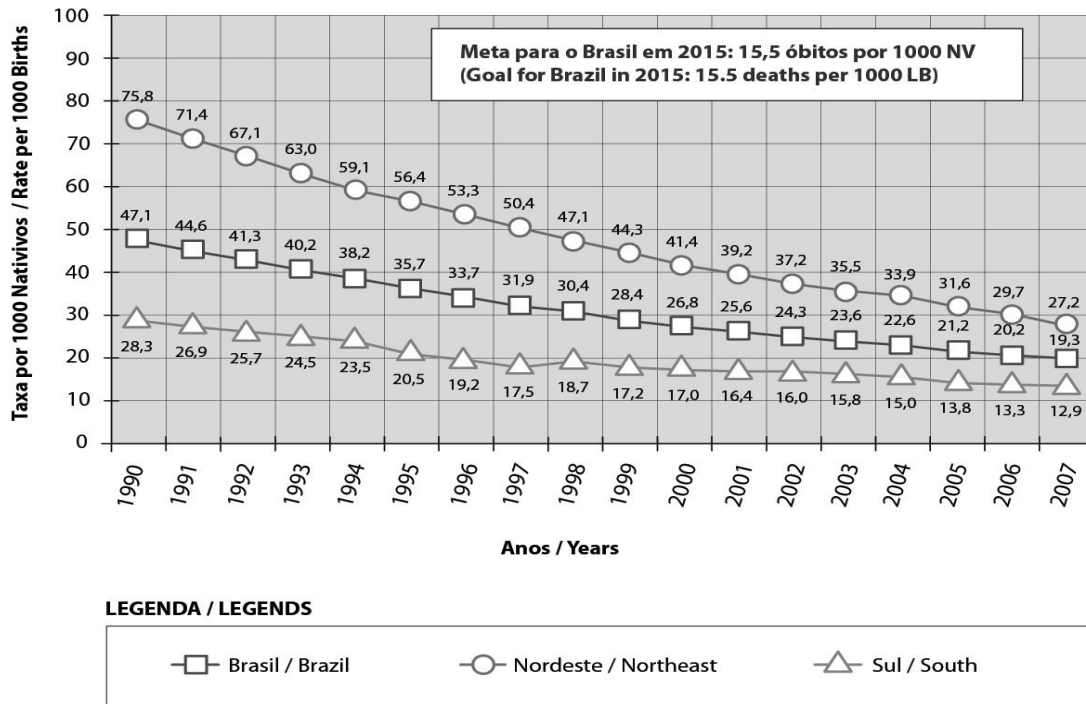


Figure 7. Incidence of infant mortality by Region in Brazil. Official site of the Ministry of Health in Brazil.

Northeast Brazil, a condition that exceeds 70% of the population made up mostly of blacks and browns, the group sets up 19 years old. The proposal would be a rapid reversal of the scenario with inclusion of human assets to the basic means for the life quality, school attendance and professional training and the publicity convinced that food, housing, leisure, health and education would be managed in order to accomplish the goal of restoring in the Northeast citizenship dignity.

Another step would be adjustment in Agricultura Familiar Program adjustment; it proposes to provide grains, fruits, vegetables, milk, chicken, eggs and other nutrients from household production to make up the meals in schools and meet the basic food of those assisted by the legislation referred to previously, integrative action in the PPA - Food acquisition program of family farming, which performs the action and distributor of commercial support. The perspective is that it would reduce the rate of school absenteeism in precarious settlements, deprived of the minimum necessary for the operation; promises favorable impact on the number of hungry after these decisions in programs. But serious news daily will complain that most children and adolescents have dropped, due to shortages, the school he attended before just to get food.

Enhancing the performance of the program for strengthening family farming was provided, bringing shy training of local residents of the camp, by this instrument would be introduced to technical efficiency of agricultural households as those that resulted in the fall of the cost of

milk production in order approximately 77%, making this product accessible to all, as shown in the report of the SAN - Food and Nutrition Security issued in 2008 and posted on the Federal Government Ministry of Social Development website, but it is clear that insufficient budget to prevent bodies engaged to perform all these tasks, keeping the proposals as an estimate only. The program proposes to subsidize entry into the food business, through popular restaurants, such as those established in the social service of commerce (SESC), affiliated with the National Retail Federation, in fact, the food prepared there under monitoring by a dietitian offers a variety of daily dishes bargain price, compared to the others charged in restaurants in operation in the Northeast, but these only work in restaurants subsidized capital of the region, ruled by keeping the working population residing in all other locations in the Northeast.

Another expectation turns to the disabilities or special needs. Habilitation and rehabilitation programs would be applied, with emphasis on social inclusion, in the future to absorb the labor market and be dignity introduced in the community life, without discrimination what had been occurring for decades, among other effective actions. Through this initiative, it is estimated that social assistance, combined with sectoral policies and plans that the government would materialize the fight to reduce differences and remove obstacles that effectively prevent the citizen to enjoy the social minimum, while promoting equal rights without being subject to embarrassing situations and here once again faced the obstacle in

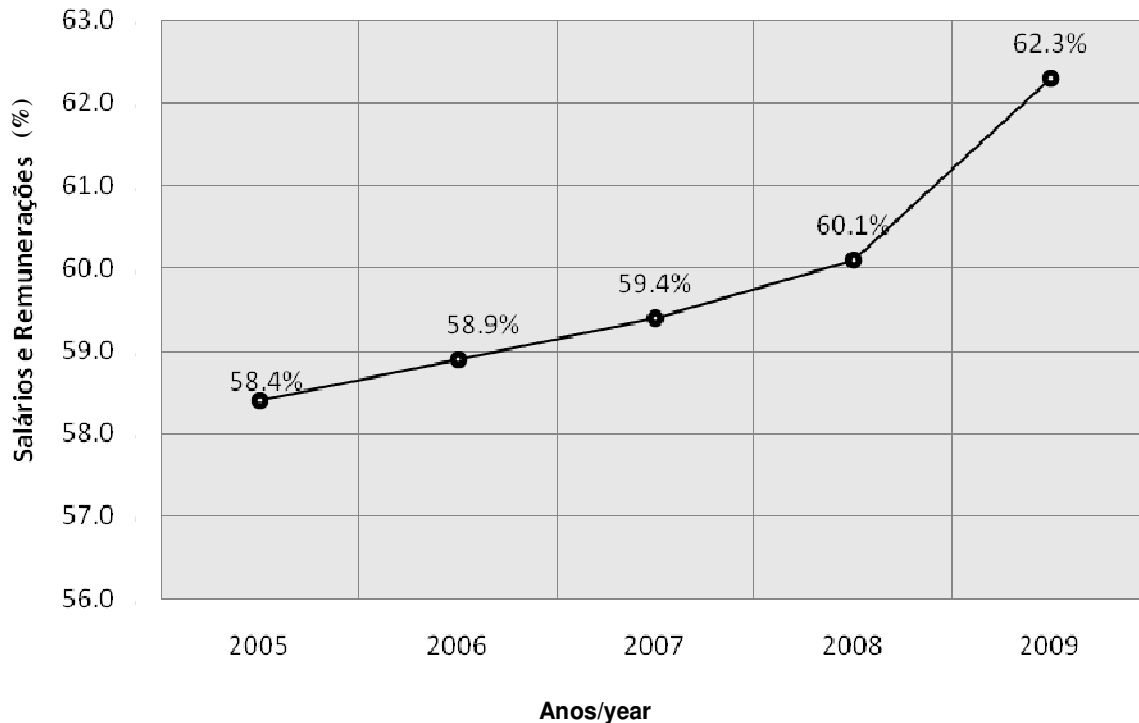


Figure 8. Percentage of Improvement of Citizen Income in Brazil from 2005 to 2009. Data from the IBGE and IPEA presented by Nassif (2010).

government budget for the achievement of goals.

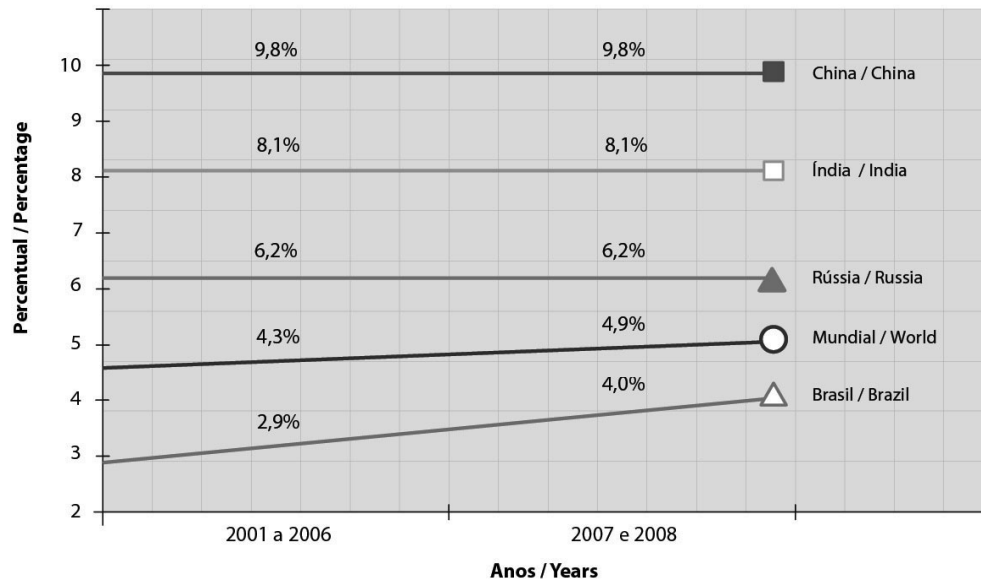
Performance after application of the Law 10.835/2004, about citizen's basic income

Zimmermann (2004) stresses that the basic income is considered as universal income being paid to all citizens of a country. In Brazil, Law 10.835/2004 was sanctioned in January 8, 2004 and instituted from the year 2005, the basic income as a benefit of citizenship given annually to Brazilians and foreigners residing in Brazil, however it would require the delay of the least five years to consolidate its application in the country. As the norm, getting this right is independent of socio-economic status of the citizen and the service scope is minimal personal expenditure on food, education and health, according to the national development budget and its grating and the Family Scholarship Program as executor of the transfer of this income. This law provides that the benefit of basic citizen income is not taxable and seeks to guarantee the dignity and adequate standard of living for citizens, without hunger or social exclusion. Thus, Carvalho (2005) mentions the concept of basic income as follows: The basic income is an income paid by a community can be a village, a county, a state, a country, a number of countries, a continent or the planet earth - all its members individually, no matter its origin, race, sex, age,

marital status or socio-economic status. Therefore, the right is not conditioned on its financial position or any job requirement.

The basic income is not paid in cash in the form of goods or services, or stamps or coupons that can only be spent in certain types of goods such as food. It does not involve any restriction on the person to go to the resources, the nature or timing of the consumption or investment it helps fund. It complements, not replaces, transfers in the form of existing goods and services such as education and public health.

The insert on the foregoing illustration the concept of universal basic income, which would be a reference for other programs established by the PAC in order to effect the implementation of constitutional provisions in the country with respect to fundamental rights of the individual. Nassif (2010) research points out that Brazilian statistical agency calculates the Gini coefficient based on national sample survey (PENAD), stressing the fact that lower this index, the less social inequality as has occurred after 2004 in Brazil. The author presents data collected by IBGE and IPEA proving that the Brazilian economy has helped enhance the citizen's basic income, allowing a positive variation of 58.4 and 62.3% between 2005 and 2009, as shown in Figure 8. This fact allows us to affirm the promising affect of Law 10.835/2004 and positive consequence for the quality of life of Brazilians by rebuilding percentage of their monetary gains as



Recentemente o IBGE anunciou o Produto Interno Bruto (PIB) para 2011, mostrando o terceiro melhor desempenho global para o Brasil com acréscimo de 7,5%, a Índia em segundo lugar com 8,6% e a China em primeiro lugar no ranking mundial com 10,3%.

Recently, the IBGE said gross domestic product (GDP) for 2011, showing the third best overall performance for Brazil with an increase of 7.5%, India in second place with 8.6% and China ranking first in the world with 10.3%.

Figure 9. Northeast and the rate of economic growth compared, 2010. Northeast Bank.

shown in Figure 9.

Preliminary risk of PAC and subsidies to hybrid theory or neo-socialist theory

The research allows a preliminary analysis on the announced success of the growth acceleration program focused in this work. They are contributed here some evidence about the risk of intervention, to justify the complexity, it is possible a new theory derived from the Keynesian theory, but consider the design in this topic. The Portal of the Northeast Bank published at the end of 2010 its economic environment bulletin, with the result of studies shows that the Northeast GDP in 2010 had an 8.4% addition and in the same period the industry and sales volume in the region recorded an increase of 11 and 12.6%, respectively, while the cattle and the services have added 7.8% and 5.7% each.

The regional economy showed superior performance to that of Brazil as a whole, in the third quarter of that year registered growth increased by approximately 6.7%, the third country in the world in performance, being just below China, which showed 9.6% and Sweden with 6.8%. Reports that the Brazilian economic expansion has far exceeded the European Union and United States of America, located at 2.2 and 3.2%, respectively. These percentages following may comparative reflections interim authority and responsibility for the data made it

clear that investments in the region led economic growth in the Brazilian Northeast, and here the PAC as an anchor of such success, to get close to the result of Chinese, which is positioned as the first global ranking. Figure 9 shows this performance.

Moreover, the International Monetary Fund (IMF) reports the average annual growth rate of 6.2% in Russia, 8.1% in India and 9.8% in China from 2001 to 2006, and that this same period was 2.9 and 4.3% average growth in Brazil and worldwide, respectively. Between the years 2007 and 2008 the average was 6.2% in Russia, 8.1% in India and China remained at 9.8%, as the average of Brazil and the world in this period was 4.0 and 4.9%, respectively. As growth in the economy of a nation is identified by the growth of productive goods and services measured by GDP growth, then it is possible to compare the positive acceleration of Brazil, until the third quarter of 2010, given the data from the IMF and once again, the Northeast stands out for developments in performance compared to the average growth of these countries now, while positioned close to twice the world average percentage confirmed by the IMF. Recently, the IBGE said gross domestic product (GDP) for 2010, showing the third best overall performance for Brazil with an increase of 7.5%, India in second place with 8.6% and China ranking first in the world with 10.3%, the Figure 10 shows this performance.

With the Federal Government change, significant spending cuts occurred in the program for the Northeast,

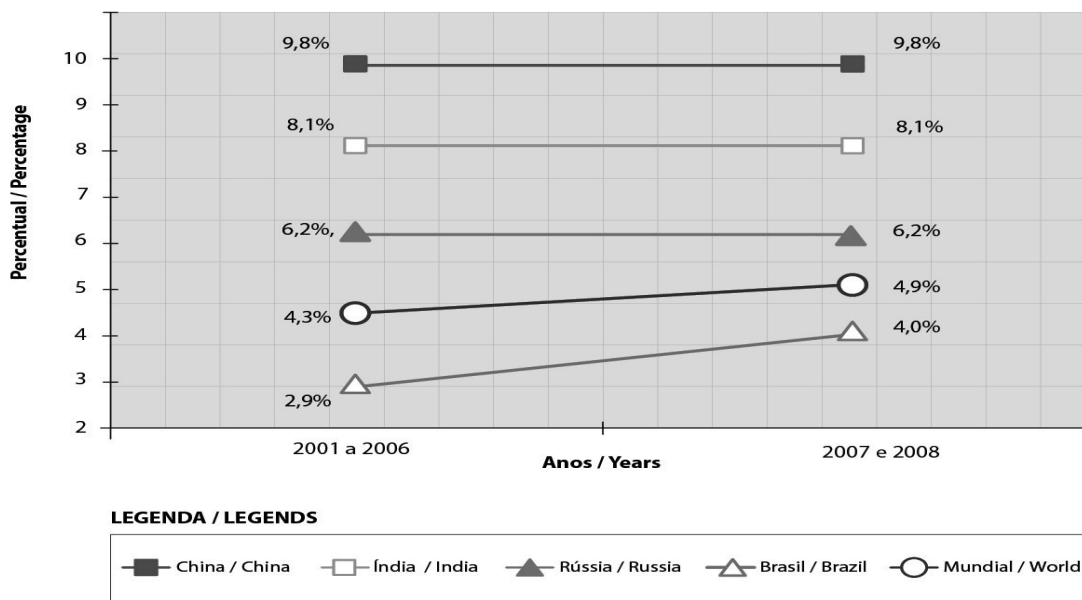


Figure 10. Growth rate and compared the BRIC and World, from 2001/2006 and 2007/2008. IMF.

Table 1. Demonstrative of the GDP in Brazil / Northeast and in 5 Latin American countries – 2004.

Countries	GDP - Representation in USD Billions
Argentina	144.6
Brazil / Northeast	111.2
Venezuela	99.2
Colombia	90.7
Chile	89.9
Peru	66.5

World Bank / www.cicbr.org.br and www.bancodonordeste.gov.br.

Region with highest government support. The revised budget for the region now accounts for 19.1% of the total which represents approximately \$ 6.18 billion. Government sources indicate that 19% of works were performed and the main current concern relates to the mobility needed for the World Cup in 2014 and investments in health and federal highways. Even with the current numerical advantages, the prevalence of PAC assumes restriction factors to be considered because they directly reflect the strength of this program, compared to the inflation threat that was averted by sacrifices such as freezing wages, raising interest rates and build- public debt. Here are some factors considered in this study and these performances are showed in the Table 2.

These possible factors could be translated as obvious risks of PAC, a program which would be unthinkable in the global economy weakened by an international crisis whose responsibility are avoided to determine. It will enable to obtain the financial compensation due monetarily. In the scientific field the unfolding of this program

and all its paradox may provide important insights on the conceptual formulation of new economic hybrid theory or neo-socialist theory, which would be based on state intervention in capitalist economic model as a way of providing the re-ordering of factors by through synergistic policies towards the development of a sustainable nation.

CONCLUSION AND SUGGESTIONS

This work has been developed utilizing the critic method and is based in the Keynesian Theory proposed by the British economist John Maynard Keynes. Defined upon the competitive strategy concepts, public policy and development theory, it pointed well the response which the private sector could offer in face of the public policy launched by the Keynesian State, allowing therefore, that the objectives in this task are achieved.

It has become apparent in this task that when dealing with public policy, that the state has the role of catalyzing

Table 2. Demonstration of the PAC risk.

Basic premise	Risk characterization
1. Growth without stagnation	The Keynesian Theory preaches economic growth without stagnation. But the country's economy suffers from high rates of interest and more expensive capital, while the private sector may be discouraged to competitive strategic advantage by lack of funding increasingly expensive.
2. Continuity of Funding	Target Plan in the short and medium term is supposed to have dislocated Federal Budget. Consequently its risk of downtime due to lack of government funding, is the clear weakness in savings, which in countries like China represents about 35% of GDP and in Brazil are being fueled by pension funds that now pay for social security, as disclosed.
3. Livelihood of entrepreneurs	Economy downturn as a result of unbearable taxes that prevent the working capital for production, while preventing the recurrence or private gain, with a disincentive to prudent entrepreneurship. Assumes a chaotic situation with promiscuity into public debt and worsening in unemployment.
4. Resistant to latent corruption	The recovery of the resources of the development fund diverted by latent corruption or by organized crime, subdues to delay of trials and supposed pending in abusive appeal degrees of courts of the country.
5. Qualification of Manpower, technology and innovation	The society suffers from an absolute disqualification of manpower which is allied to the insignificant investment in technology and innovation, although having many laws and decrees of promise.
6. The external partnerships.	Regardless of parsimony incremental on program, the shortage caused by reliance on third party has its consequences. And when the appeal is international partners, through privatization or concessions emergency, do not find anybody willing to come and train professionals from low morale, and will not accept individuals who have achieved titles in technical schools and universities precarious in inordinately expanding.
7. Precaution about robbers.	Although the tendency of some providers to obtain financial advance about 30% of the total contracted justifying the need for installation of their construction sites, you can reflect on the likely risk to enter into those commitments, because of estimated are not credible in yours schedule of measurements. This practice can be converted into defaulting contractor or thievery against the Government.
8. Pact of Labor.	Dissatisfaction is evident in labor relations; with serious conflict with unpredictable consequences is result of the failure of wage law, dehumanization of work, lack of supervision by public works in remote regions of the country. Moreover, large contractors subcontract the "Gatas" - an obscure forms of rigging the contract and reduce the cost of works. In this operation is transferred of the responsibility from the employers over contingent of workers uninformed, only for deliver lower cost.
9. Environmental sustainability.	Environmental risks are also imminent, with records of attacks of tribal's over hydroelectric works. But is it possible disruption in the energy matrix, with evidence of sustainability violation on a chaotic premise. The time factor involves the social and environmental responsibility over the economic program. Studies of impact on the environment are been approved under questionable speed. And quick release works without public hearings valid confront the logic of serious discussion of each activity of PAC.
10. Efficiency in public administration.	The lack of central management of the program could result in disrepute. And after go own reveal an electioneering tool, because should be required deep adjustments. Or consider the current backlog in infrastructure works for the World Cup in 2014 and the 2016 Olympics.

The authors, through study and analysis of surroundings.

distributive vision able to promote social and economic inclusion of the actors of progress and the entrepreneurs alongside the consumers of the productive systems introduced by the public administration launch the regionalized development. With this, it proved that the intersection of the state through public policies is possible, as long as it is permitted negotiations, strategic alliances and relationship building between high scale government figures and the operating bases of the economic factors.

In regards of the economic development theory in Brazil, it has been noted that its biggest scope was to make possible the social inclusion of the equal and unequal in the country. As a consequence, a scenario which could be modified in face of the abundant riches in the Northeastern region is verified, that turns this geography so promising as other regions, performance similar to other countries' economy in the Latin America, or then check the comparison between its PIB and of these countries. This is the last result of intervention of

the state for development through the PAC. It welcomes some suggestions in the expectation of contribution with planners to those interested in promoting intersection between the proposals from the public policies and the private initiative, executor of actions, such as politics leaders, local authority mayors, government management and further governmental and entrepreneurial executives.

In this demonstrative article, a scenario of interface between the public policies and the possible performance of the entrepreneurial sector, can only be possible with the important presence of the public power for the regional development, when this in turn has been acting as a propelling spring for the growth of the private sector, encouraging through intervention, which aims to reorganize the factors while fulfilling the social interest for the progress and all the multiplicity of benefits which can result for a region. In the case in focus, what can be observed through the decades was the bad weather attributed to the climate and other disadvantages which were only seen by management and limited by the interest of groups uninterested in the inclusive economy of the country. In finishing this task, the following suggestions are offered:

1. The improvement of the planners of public policies, focusing on progressive projects for the growth and increase of the Northeastern region; this cohesive measure with privileged geography for a dimension of quality land through irrigation; the sea proximity which facilitates the drainage of the products for the national and international commerce, the consistency of the climate between winter and summer, counting on the same thermal sensation yearly, free catastrophes of frost or other natural factors which could damage the cultivation development, they are all elements to be considered to move forward as suggested. As a matter of fact, the federal Government agreed with the deviation of the River São Francisco in three angles valid for irrigation and service and supply of water in the space so desolating before.

2. Development of rigid control of governmental finances through competent Public Power. This suggestion avoid vicious of funding application and stop fraud in the public bids for priority projects; further on the line it will result on the guarantee of valid resources for the practice of the sharp technologies necessary for the expected economic development.

3. Make integrated planning happen with plain involvement of the states which are still dislocated from the PAC through the parties' ideologies, opponents of local governments. Such measure will complete the adequate use of inputs and products; develop forces against the

soil contamination and the aquifer; with ecologically privileged with focus on the sustainable development of the Northeast region.

4. Implement Programs of irrigation for the entire Northeast Region, moving forward in the Family Agriculture through the rural extension; increasing the productivity, development of new posts of work, with positive reflexes for income generation, definite improvement on the quality of life of the citizen. Another positive point is that it is suggested to definitely resolve the migration question to the South Region, while blocking the marginalization of individuals in urban spaces like slums, and all the consequences brought will this social problem.

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