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EXCHANGE RATE POLICY AS A PUBLIC POLICY: AN INQUIRY INTO POLICY IMAGES

Política cambial como política pública: Uma investigação sobre imagens de políticas públicas

La política cambiaria como política pública: Una investigación sobre imágenes de políticas públicas

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ABSTRACT

An exchange rate at the “right level” is of paramount importance for economic development, according to the new developmentalism. The portrayal of exchange rates in the media may serve as a proxy for the current policy images, and the media can also shape the policy images held by the public. The methodology of this paper is based on the content analysis of editorials from Folha de S. Paulo. The depreciated exchange rate is usually viewed negatively. An exchange rate policy that tries to maintain the exchange rate depreciated or avoid its appreciation often carries a negative policy image. For such a policy to gain traction in the public agenda, it would need a positive policy image portraying a depreciated exchange rate as beneficial for enhancing the competitiveness of domestic companies, increasing income, and creating more and higher-paying jobs.

Keywords: public policy, exchange rate policy, policy image, exchange rate.

RESUMO

Uma taxa de câmbio no “nível certo” é de suma importância para o desenvolvimento econômico, de acordo com o Novo Desenvolvimentismo. O que é apresentado nos meios de comunicação pode servir como uma indicação das imagens de políticas existentes, e eles também são capazes de moldar as imagens de políticas dos cidadãos. A metodologia do artigo baseia-se na análise de conteúdo de editoriais da Folha de S. Paulo. A taxa de câmbio depreciada geralmente é vista de maneira negativa. Uma política cambial que tente manter a taxa de câmbio depreciada ou evitar a sua apreciação estaria normalmente ligada a uma imagem de política pública negativa. Para entrar na agenda pública, tal política precisaria de uma imagem de política pública positiva, que retratasse uma taxa de câmbio depreciada como conducente a uma maior competitividade das empresas nacionais, a mais renda e a mais empregos e de melhor remuneração.

Palavras-chave: política pública, política cambial, imagem de política pública, taxa de câmbio.

RESUMEN

Un tipo de cambio al “nivel correcto” es de suma importancia para el desarrollo económico, según el nuevo desarrollismo. La representación de los tipos de cambio en los medios puede servir como indicación de las imágenes de políticas existentes, y los medios también son capaces de moldear las imágenes de políticas de los ciudadanos. La metodología del artículo se basa en el análisis de contenido de editoriales de Folha de São Paulo. Un tipo de cambio depreciado generalmente se ve negativamente. Una política cambiaria que intente mantener el tipo de cambio depreciado o evitar su apreciación normalmente estaría vinculada a una imagen negativa de la política pública. Para entrar en la agenda pública, una política de este tipo necesitaría una imagen de política pública positiva, que presentara un tipo de cambio depreciado como algo que conduce a una mayor competitividad para las empresas nacionales, más ingresos y más empleos con mejores salarios.

Palabras clave: política pública, política cambiaria, imagen de política pública, tipo de cambio.

INTRODUCTION

Many issues of paramount importance for economists are public policies. Besides, public economic policies are not merely “technical,” i.e., they involve political or power issues. In this sense,

economic policy-making is a quintessentially political process. Even in a field where the correct choice of policies depends heavily on expertise and the instruments for policy implementation are already concentrated in the hands of the state, policy is driven by a dynamic that is as much political as economic. (Hall, 1986, p. 229, emphasis added)

Similarly: “all economic policies are in the end political actions, in the sense that they are partial; they favour one group over another” (Chang & Andreoni, 2020, p. 335). Besides, the frontier between economic and political is “not naturally given but something which can vary across time and places” (Chang, 2003, p. 6).

The mentioned characteristics of economic policies (depending heavily on expertise, part of a technical and political process, and favoring one group over another) are shared by most (if not all) public policies. In this paper, we assume that economic policies are public policies. However, we understand that most economic policy analyses are made from an economic standpoint.

In this research, we focus on the exchange rate policy. The reason for this choice is related to the importance of a “proper” exchange rate for economic development, according to the new developmentalism. In other words, according to the theory, the exchange rate should be maintained at the industrial equilibrium level, which corresponds to the exchange rate necessary for companies that use state-of-the-art technology to be internationally and domestically competitive. This usually means depreciating the exchange rate and avoiding an overvaluation. More specifically, our research question is: why have different governments in Brazil been reluctant to intentionally (or at least publicly) pursue an exchange rate policy that avoids overvaluation and keeps the exchange rate at the “right level”? Most research on exchange rates is done from an economic point of view. However, this study draws on the public policy literature and seeks to answer the question above, taking advantage of the “policy image” concept.

The research adopted content analysis (Bardin, 1977) and explored 55 editorials of the newspaper *Folha de S. Paulo* containing the word “*dólar*” (dollar) published between 2012 and 2022. The editorials were considered a proxy of the existing policy images of the exchange rate policy. The content analysis was carried out in three phases: (i) pre-analysis, (ii) exploration, and (iii) analysis of the results.

This paper is divided into five sections besides this introduction. The second section shows the importance of the exchange rate for economic development, according to Bresser-Pereira’s new developmentalism. The third section posits that exchange rate policy is a public policy, and therefore, it makes sense to analyze it from a public policy perspective. The fourth section takes advantage of the multiple streams framework by Kingdon and the punctuated equilibrium theory by Baumgartner and Jones to reflect on how the media can act as policy entrepreneur,

influence the national mood, and shape (and reflect) policy images. The following section presents the methodology, based on the content analysis of editorials from one of the biggest newspapers in Brazil as a proxy of the existing policy images of the exchange rate policy. The sixth section presents a content analysis of how the exchange rate is reflected in the editorials, classifying the emerging messages. Finally, the last section offers the final remarks.

THE IMPORTANCE OF EXCHANGE RATES IN THE CONTEXT OF NEW DEVELOPMENTALISM

According to Villaverde and Rego (2021, pp. 276-277), Professor Bresser-Pereira recalls his long-time conviction that the exchange rate is a decisive element in the economic development process. However, it was only in 2001 that, together with a group of economists, he elaborated what they called “new developmentalism,” which provided a theory and empirical evidence on the exchange rate’s central role in the economic development.

According to new developmentalism, despite being less studied, the exchange rate is the “most strategic” of the macroeconomic prices, along with the profit rate, inflation rate, interest rate, and wage rate (Bresser-Pereira, 2020, pp. 636-637). The importance of the exchange rate is related to the fact that it serves as a “connection” between domestic firms with state-of-the-art technology and national and international markets in the competition with foreign firms (Bresser-Pereira, 2012, p. 25). In other words, the exchange rate is an important variable in determining the profit rate and, consequently, the investment rate and the process of economic development (Marconi et al., 2020, p. 287). However, there is a tendency for a cyclical and chronic overvaluation of the exchange rate, which ends with a currency crisis and a consequent sudden exchange rate depreciation. Once the crisis is overcome, the cycle of overvaluation starts again (Bresser-Pereira, 2020, p. 638).

For new developmentalism, the exchange rate should be maintained at the industrial equilibrium level, corresponding to the exchange rate necessary for companies that use state-of-the-art technology to compete internationally and domestically (Bresser-Pereira, 2012, p. 10). In other words, according to this perspective, keeping the exchange rate at the “right level” (which usually means depreciating the exchange rate and avoiding an overvaluation) is strategic for economic development. If that is the case, one could argue why different governments in Brazil have been reluctant to intentionally (or at least publicly) pursue this kind of exchange rate policy.

The literature has approached this conundrum from different perspectives, but mostly from economic and perhaps political science points of view. This research draws on the public policy literature and examines why pursuing a more devaluated exchange rate has not been consciously and deliberately pursued in recent years.

EXCHANGE RATE POLICY AS A PUBLIC POLICY

Multiple reviews have offered many definitions for public policies (Howlett & Ramesh, 2003, pp. 5-8; Smith & Larimer, 2009, pp. 3-4; Subirats et al., 2008, pp. 37-38). Dye (2013), provided one of the most comprehensive, saying that “[public policy is] whatever governments choose to do or not to do” (p. 3).

The issue of whether government inaction may also be considered a public policy is an important debate in the field (Secchi et al., 2019, pp. 7-8). While some definitions only mention government actions as public policies, many, such as Dye’s, also include government inaction as public policies. However, the inaction is often qualified with certain conditions, so they may be considered public policies. The main one is the sense that there must be a clear government guideline for inaction (Secchi et al., 2019, p. 8). In other words, public policy is “a purposive course of action or inaction followed by an actor or set of actors in dealing with a problem or matter of concern” (Anderson, 2014, p. 7, *emphasis added*). Another condition for government inaction to be considered a public policy is that it should relate to an issue under the government’s responsibility and where other courses of action are possible. In other words, inaction may be defined as

an instance and/or pattern of non-intervention by individual policymakers, public organisations, governments or policy networks in relation to an issue within and potentially within their jurisdiction and where other plausible potential policy interventions did not take place (McConnell & T Hart, 2019, p. 648).

In this sense, the exchange rate policy may be understood as a public policy because it is a government’s course of action or inaction that influences or refrains from influencing the exchange rate of a given country. An “inactive” exchange rate policy would be related to the government letting the foreign exchange market determine the exchange rate policy. An “active” exchange rate policy would include government action to reduce volatility and/or keep the exchange rate at a given level or within a certain range.

Overall, government action and inaction are not binary categories. In other words, between those two extremes, there are infinite shades of grey, with distinct levels and powers of government intervention. This is particularly true for exchange rate policy since the government’s “intervention” in the foreign exchange market may be conducted in different manners, with different institutions and varying might. Therefore, the exchange rate policy comprehends varying degrees of “activity” and “inactivity” of the government. Hence, it fits the definition proposed for public policy. Consequently, it makes sense to analyze it from a public policy perspective.

THE ROLE OF THE MEDIA ACTING AS POLICY ENTREPRENEUR, INFLUENCING THE NATIONAL MOOD, AND SHAPING AND REFLECTING POLICY IMAGES

According to the famous framework by Kingdon (2005), a particular problem enters the public agenda when there is a confluence in three independent streams (problems, politics, and policies). We will not go into the details of his framework, but it is worth noting that Kingdon (2005, pp. 149-150) claims that a combination of elections and national mood is an important agenda setter. Our point is that the press influences the national mood and, therefore, can influence the political stream.

Kingdon (2005) also highlights the importance of policy entrepreneurs, who “invest their resources in return for future policies they favor” (p. 155). They may be found in different places and have different profiles: elected officials, academics, career civil servants, and more interestingly for us, journalists (Kingdon, 2005, p. 155). They are found in three contexts: pushing so that certain problems are put higher on the public agenda, advocating for their favorite proposals, and contributing to the couplings of the three streams (problems, politics, and policies) (Kingdon, 2005, p. 155).

As for problems, entrepreneurs highlight indicators that spotlight what they see as the main problems. Moreover, they influence the definition of what is a public problem and what is not. Thus, in an argumentative process, they also propose symbols, which can represent the problems they are interested in (Kingdon, 2005, pp. 155-156). When it comes to proposals, they present their ideas, get reactions, and reshape them, to “soften up the mass public, specialized publics, and the policy community itself” (Kingdon, 2005, p. 156). In terms of coupling, entrepreneurs have their favorite proposals ready and push them when there are open policy windows. According to their interests, they might also contribute to coupling the three different streams so that a specific problem enters the public agenda (Kingdon, 2005, p. 156).

Based on Kingdon, it is possible to say that the media may influence the public agenda through multiple channels (though not directly) such as influencing the national mood and with their editors and journalists acting as entrepreneurs. In other words, through their editors and journalists, the media helps shape what a public problem is and what is not, presents proposals and influences the national mood, and tries to couple the different streams to a specific problem enter the public agenda.

For Capella (2006, p. 35), Kingdon does not imply that the media directly impacts the government agenda and reminds us that several other studies show how it influences public opinion. The author discusses how the media indirectly impacts the participants in policy decisions and its power to amplify issues related to the already existing agendas.

The media's role can also be appreciated from the perspective of the punctuated equilibrium theory, put forth by Baumgartner and Jones (1991). We will not delve into its details, but the theory explains why political processes, generally marked by stability and incrementalism, occasionally produce major changes. In other words, it strives to explain both stability and policy change. It highlights two important and connected aspects of the policy process: issue

definition and agenda-setting (Baumgartner et al., 2014, pp. 55-56). An important concept used by the authors is policy image, a “mixture of empirical information and emotive appeals” (Baumgartner et al., 2014, p. 62). In other words, they claim that the “given public policies are generally discussed in a positive or negative light, and we call this the policy image” (Baumgartner & Jones, 1991, p. 1046).

In this sense, periods of equilibrium (policy continuity) are associated with the presence of an issue in the subsystem (with widely accepted policy images) and disequilibrium (policy change) when the issue is “forced onto the macropolitical agenda” (with competing policy images). When on the macropolitical agenda, a minor change in the “objective circumstances” can cause radical changes in policy (Baumgartner et al., 2014, pp. 60-63).

The authors also claim that individuals may see both good and bad aspects of the same issue, but public attention “as it is reflected in media coverage tends to focus on one or the other. Over time, attention may shift” (Baumgartner & Jones, 1991, p. 1046). In other words, though one can say that policy images are based on “facts,” public attention usually focuses on one set of facts at a time. This allows for concentrating only on one of the extremes (positive or negative aspects) (Baumgartner & Jones, 1991, p. 1047).

More importantly, the authors defend the relationship between policy images and the media as two-way. In this sense, they claim that the way the media discusses public policies is a mirror of policy images: “how public policies are discussed in public and in the media is the policy image” (Baumgartner & Jones, 1991, p. 1046). At the same time, using nuclear power as an example, they (Baumgartner & Jones, 1991, p. 1053) mention how studies suggested that the policy image of nuclear power turned from positive to negative during the twentieth century. The change of policy image and not changing “reality” generated a change in nuclear power policy. Besides, “misinformation and sensationalism in the mass media is partially responsible for a lack of factual basis in mass responses to technology [nuclear power].” In other words, the media is also capable of influencing policy images. This is a point made by other studies, such as Souza (2006, p. 33), who mentions how the media has a pivotal role in building policy images.

Overall, the media can act as a policy entrepreneur and influence the national mood. More importantly, it has a two-way relationship with policy images. Therefore, what is presented in the media may serve as a proxy for the current policy images of given public policies, and they can also shape the policy images held by the public regarding those policies.

METHODOLOGY

The methodology is based on the analysis of editorials from *Folha de S. Paulo* (Folha). Based on the previous section, this study considers that Folha’s editorials may be a proxy for the existing policy images of the exchange rate policy.

The first step was to search for the word “dólar” (dollar) in Folha’s database. Our choice was to look for dollar, instead of “exchange rate” or “exchange rate policy” because it seemed

that the word dollar best captured the idea we were looking for, i.e., to understand the different policy images on devaluated and appreciated exchange rates. We chose a 10-year timeframe between July 10, 2012, and July 10, 2022, which was the period available on the newspaper's search engine at the time. We focused on the section *Opinião* (opinion). As shown in Table 1, the search revealed 343 articles published in the section opinion in the 10-year period with the word dollar in it. After purging the repeated articles, we reached a total of 328 articles. We further refined our sample, focusing only on the articles published as Folha's opinion, and therefore, as editorials. In this sense, the 89 op-eds published in the section opinion by other authors were eliminated from the sample. We further refined our sample of 239 editorials. In this sense, we randomly chose 1/3 of the articles for each year and added the articles whose titles included words such as "dollar" and expressions related to "exchange rate." After this process, the sample we worked comprised 76 editorials published in the 10-year timeframe, representing almost 32% of the editorials related to exchange rates in the period. This is the *corpus* of the research.

Table 1 – Sample

TOTAL NUMBER OF ARTICLES	343
Number of unique articles	328
Op-Eds	89
Editorials	239
<i>Corpus</i>	76

We carried out a content analysis of our sample of editorials, based on Bardin (1977), and comprised three steps: (i) pre-analysis, (ii) exploration, and (iii) analysis of the results. In the pre-analysis, we read the 76 editorials, focusing on the passages where the word dollar (or similar expressions) appears. We extracted those passages and put them on a table. In the second step of the methodology, exploration, we looked more carefully at the messages that emerged from these editorials. Thus, we determined the categories and organized the units of analysis, i.e., statements with the word dollar, according to the categories. In addition, the units of context where the categories emerged were identified (see Table 3).

POLICY IMAGES

Our full sample of analysis in the 10-year timeframe comprises 239 Folha editorials, distributed in 9 full years (2013-2021) and two half years (January to July for 2012 and 2022).

Table 2 – Editorials by Year

YEARS	NUMBER OF EDITORIALS
2012	7
2013	36
2014	11
2015	34
2016	19
2017	12
2018	37
2019	20
2020	25
2021	20
2022	18
Total	239

As mentioned in the methodology section, our *corpus* is 76 articles of the entire sample made of 239 editorials. Besides, from those 76 articles, 21 were focused on other countries or regions. Therefore, the content analysis concentrated on 55 editorials.

Table 3 – Summary of Content Analysis

CATEGORIES	N*	%	CONTEXT
Impact on Inflation	18	25	A depreciated exchange rate negatively impacts the price of imported inputs and inflation
Political Aspects	17	24	“Satisfied” investors lead to an appreciation of the exchange rates, while “unsatisfied” ones lead to a depreciation; political “interferences” generate depreciation of the exchange rate; uncertainty regarding “reforms” tend to generate depreciation of exchange rates
Lack of Control of public expenses	12	17	Government circumventing the limits of expenses leads to depreciation of the exchange rate; distrust in the capacity of the government to pay their bills or keeping the “fiscal austerity” leads to a depreciation of exchange rate

(continue)

(conclusion)

Table 3 – Summary of Content Analysis

CATEGORIES	N*	%	CONTEXT
Symptoms of economic problems	8	11	Volatility of the Exchange rate is an indication of economic problems; depreciated exchange rate is a thermometer that indicates that the economy has a fever; the exchange rate is a criterion to evaluate the national economy
Devaluation and increased competitiveness	8	11	Depreciation does not lead to growth and benefits some while harming others; appreciation decreases the competitiveness of exporting firms; depreciated exchange rate increases the competitiveness; depreciation did not lead to increases in competitiveness, despite the expectations.
Government acting in the foreign exchange rate market	4	6	Government should not use international reserves and sell dollars to curb depreciation; the exchange rate does not depend only on the government's "will"; up to which point the Central Bank should act is debatable
Speculation	3	4	The offer by the Central Bank of a regular flow of dollars discourages speculation; lack of dollars encourages speculation
Private Foreign Debt	2	3	A depreciated exchange rate generates problems for firms with foreign debt
Total	72	100	

*The total identified in Table 3 (72) is higher than the number of editorials focused on Brazil (55) because, in several editorials, we identified more than one mention of the word dollar. Also, there were 21 mentions of dollar that were categorized as "neutral" and are not present in the table, for instance: "It also includes that the Central Bank will be able to regulate the opening of accounts in dollars and other currencies, which is currently prohibited."

The content analysis allowed us to point out and explain the messages from the editorials. It is not part of this study's scope to explore whether the messages accurately reflect what tends to happen theoretically or what happened in Brazil. The dates of the editorials are added after the quotes. There are five predominant categories.

The first and predominant category is "impact on inflation." The main message is that a depreciated exchange rate negatively impacts the price of the imported inputs and the inflation:

"Even though the devaluation of the real in relation to the dollar has been attenuated in the last few weeks, there is still a concern about the pass-through to imported consumer goods and inputs" (October 13, 2013).

"The main reason [for the inflation rate] is the appreciation of the dollar, which pushes up the prices of imported products" (February 10, 2013).

"The rising dollar makes imports more expensive and encourages domestic price increases, feeding inflation" (June 21, 2013).

The second category is “political aspects.” The main message is a connection between political aspects (and the financial markets’ views) and the level of exchange rate. In other words, a “satisfied” financial market would lead to appreciation of the exchange rate and an unsatisfied one would lead to a depreciation. Also, political “interference” or uncertainty regarding “reforms” would tend to generate a depreciation of exchange rates. For instance:

“With Jair Bolsonaro (PSL) leading by a wide margin over Fernando Haddad (PT) in the first round of the elections, the financial market reacted with euphoria, in the form of a significant drop in dollar prices” (October 10, 2018).

“The signs of enthusiasm in the financial market drew attention while the trial of former President Luiz Inacio Lula da Silva was underway [...] The main index of the Stock Exchange [...] rose 3.7%, while the dollar fell 2.4%” (January 26, 2018).

“The pessimism with the Dilma Rousseff (PT) government’s direction boosted the purchase of dollars, raising the exchange rate; the change of government and economic team contributed to the rapid reversal of the trend” (July 11, 2016).

The third category is “lack of control of public expenses.” In general terms, it connects a devaluated exchange rate with a lack of control of public expenses (or more generally, fiscal issues). In other words, the circumvention of limits to public expending, the distrust of the capacity of the government to pay its bills or maintaining “fiscal austerity” would lead to a depreciation of the exchange rate. This is expressed in passages such as:

“The risk of a lack of control [of the public accounts], as always, leads to a rise in the dollar and long-term interest rates” (March 06, 2021)

“[...] or a greater lack of control over government spending could provoke a new round of devaluation of the real” (March 12, 2016).

The fourth category is “symptom of economic problems,” where the depreciated exchange rate is viewed as a “symptom” of economic problems since it would be a criterion to evaluate the national economy. It is expressed in passages such as:

“For historical reasons, the soaring dollar in Brazil tends to be seen as a symptom of economic disease” (July 19, 2018)

“Here [...] the population sees the level of the American currency in relation to the Brazilian [currency] as a proof of health - or, at the moment, illness” (November 03, 2021).

“In Brazil, the value of the dollar is seen by the population as a thermometer to check if the economy has a fever. When [...] [it] rises too much, the conclusion is that there is trouble; when the real appreciates, people trust that everything is going well. This is, of course, a simplification” (February 13, 2015).

The fifth category is “devaluation and increased competitiveness.” It is interesting to notice that this category is present in two very different and even opposing contexts. The main message in the first context is that there is a connection between devaluation and increased competitiveness:

“The expensive dollar has advantages, such as recovering part of the profitability lost on exports, something crucial for the shaky Brazilian industry” (February 13, 2015).

“Investments should play a preponderant role, reinforced by the increase in external competitiveness resulting from the devaluation of the real against the dollar (which improves exporters’ income)” (March 25, 2015).

“The effect of the cheaper real increases the profitability of export activity and, over time, will attract investment to sectors of manufactured goods in which Brazil was once competitive. This is a slow process, however; it will take years, not months” (December 23, 2014).

In a similar reasoning, at least one passage connects appreciation and decreased competitiveness:

“The rapid appreciation of the Real in recent weeks has brought back pertinent concerns about the competitiveness of the country’s exporting companies” (July 11, 2016).

However, another message emerges in a different context. It is related to suspicion whether a depreciated exchange rate could really contribute to increasing competitiveness and boost economic growth. For instance:

“The first impacts of the strong rise in the exchange rate in recent months are beginning to appear. Far from opening a fast path to economic growth, as one wing of national economists believes, the devaluation of the exchange rate only benefits some and harms others” (July 19, 2018).

“The Brazilian currency has been losing value since 2011 without the country having benefited from the expected counterpart. The stimulus to exports, which gain competitiveness with the cheaper real, has not yet gone from theory to practice” (December 23, 2014).

“The terrible performance of industrial production and foreign sales of manufactured goods attest to the fact that the country’s competitiveness problem persists, even after the significant devaluation of the real against the dollar since mid-2011” (March 04, 2015).

Besides those five categories, there are also three less common ones. The first shows suspicion about the capacity or desirability of the government to “intervene” in the exchange rate market to impact the exchange rates. Some examples are:

“It would be foolhardy, for example, to sell dollars to the market to contain the rise in the exchange rate” (October 12, 2015).

“In practice, the price of the dollar does not depend only on the will of the Brazilian government” (February 13, 2013).

“The more complex question is how much should be kept in the vault and to what extent the Central Bank can dispose of its dollars to counter pressures against the Brazilian currency” (March 16, 2020).

The second less common category is related to speculation, and the idea that the lack of dollars would lead to speculation:

“By offering a regular flow of resources in dollar, the Central Bank is helping companies and financial institutions to get through this transition period with fewer setbacks, discouraging speculation” (August 24, 2013).

Finally, the third less common category is “private foreign debt,” whose main message is that a depreciated exchange rate generates problems for firms with foreign debt:

“The rise in the dollar creates difficulties for companies with foreign debt, to name just the most basic problem” (August 24, 2013).

In general terms, it seems the depreciated exchange rate is usually viewed negatively and an appreciated dollar is perceived more positively. In this sense, a depreciated exchange rate is seen as a symptom of economic problems, a consequence of a lack of control of public expenses and fiscal issues, a result of political problems and dissatisfaction of the financial markets, and a source of inflation. When it comes to the issue of the connection between exchange rate and competitiveness and growth, the messages are more mixed, with passages indicating a more positive and other a more negative perception of a depreciated exchange rate and its possibility to impact competitiveness and growth. Finally, the capacity and desirability of the government to “intervene” in the exchange rate market to impact the exchange rates is usually seen negatively.

FINAL REMARKS

This study examined the editorials of the newspaper Folha de S. Paulo citing the word “dollar”. If the passages are referring to a depreciated exchange rate, we are considering it a proxy for an exchange rate policy, which tries to maintain the exchange rate depreciated. On the other hand, if the editorials mention an appreciated exchange rate we consider it a proxy for an exchange rate policy that keeps the exchange rate appreciated. Therefore, from the analysis presented in this paper, an exchange rate policy that tries to maintain the exchange rate depreciated or avoid its appreciation, is usually seen negatively. It is seen as a symptom of a weak economy or emerging political problems, generating deleterious consequences. In other words, it has a negative policy image.

The interpretation of the negative policy image obtained from the editorials as a proxy of the more general policy image related to exchange rate depreciation (or avoidance of appreciation), leads to an important insight. It may help to explain why different Brazilian governments have been reluctant to intentionally (or at least publicly) pursue this kind of policy. In this sense, when exchange rates depreciated, or when appreciation was avoided, it was not due to a purposeful decision but other factors (such as political or economic crises), reinforcing the negative policy image of a depreciated exchange rate.

Keeping the exchange rate at a level that allows for domestic producers with state-of-the-art technology to be competitive domestically and abroad is paramount. Putting an exchange rate policy on the public agenda, avoiding the appreciation of the exchange rate or directly calling for a depreciation, will require a new (and positive) policy image. This policy image should positively reflect a more depreciated exchange rate. It should concentrate on portraying it as a necessary condition for enhancing competitiveness of domestic companies, increasing income, and creating more and higher-paying jobs. Such a positive policy image would need to be strong enough to replace the previous negative one.

Future research could increase the coverage of the sample by including all editorials that were identified in our initial search and adding others based on different keywords, such as exchange rate and similar expressions. An extended sample has the potential to refine and deepen the analysis, offering a clearer perspective regarding the policy image related to the exchange rate policy.

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CONFLICTS OF INTEREST

The author has no conflicts of interest to declare.

AUTHORS' CONTRIBUTION

João Guilherme Rocha Machado: Conceptualization; Data curation; Formal analysis; funding acquisition; Investigation; Methodology; Project administration; Resources; Software; Supervision; Validation; Visualization; Writing – original draft; Writing – proofreading, and editing.