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The watering down of participatory budgeting and people power in Porto Alegre, Brazil

by DANIEL CHAVEZ

Introduction

In the Brazilian city of Porto Alegre, previously famous as the birthplace of the World Social Forum and the global capital of participatory democracy, the centre-right coalition that took office after the electoral defeat of the left in 2004 has implemented a new institutional scheme in Porto Alegre. It is known as *governança solidária local* (local solidarity governance), which allegedly will deepen and broaden civic engagement. The scheme has been praised by mainstream international organisations but – for reasons to be discussed below – also strongly criticised by local NGOs, engaged researchers, leftwing political parties, and civil society organisations. This process is consistent with broader changes taking place at the international level through the sustained export of a *lite* version of participatory budgeting by rather non-democratic and non-participatory institutions such as the World Bank.¹

Between 1988 and 2004, when the *Partido dos Trabalhadores* (PT, Workers' Party) governed the city, the citizens of Porto Alegre developed an exemplary model of democratic local planning and management. The idea of the *orçamento participativo* (participatory budget) contributed to



¹ *Lite* is a reference to diet versions of soft drinks such as *Pepsi* and *Coca-Cola*.

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transforming urban residents – who had been powerless under the rule of authoritarian and corrupt elites – into active subjects with increasing power to influence decisions shaping their daily lives. Through almost two decades of trial and error, the popular roots of participatory budgeting gave it a real influence over government and marked a genuine innovation in democratic politics (Menegat, 2002). It is this popular decision-making power that is now at stake in a very practical conflict over the meaning of participatory budgeting, and participatory governance more generally.

This conflict is important for the inhabitants of Porto Alegre. But it also has a wider significance for urban politics across Latin America and the rest of the world. Beyond Brazil, there have been strong efforts by the World Bank and other mainstream ‘development’ institutions aimed at neutralising the emancipatory politics of participatory budgeting, by promoting its global expansion as just another managerial technology for efficient ‘good governance’. Nowadays, in many parts of Latin America and in Europe, even conservative and neo-liberal municipal governments are implementing what they call ‘participatory budgeting’, in the hope of it offering them democratic legitimacy as they pursue unpopular market-driven policies (Shah, 2007). Across the global South, during the past five years, the World Bank has been busy exporting an ideologically ‘neutral’ version of participatory budgeting in countries and cities under political conditions very different to those originally found in Brazil.

When the new government assumed office in Porto Alegre in 2005, the mayor publicly declared his commitment to preserve and develop participatory budgeting, while confirming the launch of a more comprehensive institutional reform. The basic features of the new approach were vaguely outlined in a booklet published by the *Partido Popular Socialista* (PPS, Socialist People’s Party – a neo-conservative party founded by former communists). The new scheme for local governance is conceived as ‘an executive, non-deliberative forum; a network created to foster joint responsibility agreements’ (between private, government

and voluntary and community sectors). In this new institutional space ‘there is no conflict, no elections, no delegates’ (Busatto and Zalewski Vargas, 2005).

During the electoral campaign, the incoming mayor, José Fogaça, had committed himself to maintaining the participatory budgeting programme, and also to political and logistical support for the World Social Forum. The PPS-led coalition narrowly won the mayoral election with a strategy that played on a desire for change after almost two decades of continuous leftwing administration, while explicitly recognising the left’s record of good government. The catchphrase of Fogaça was simplistic but effective: ‘let’s keep whatever is working and let’s change whatever is not’.

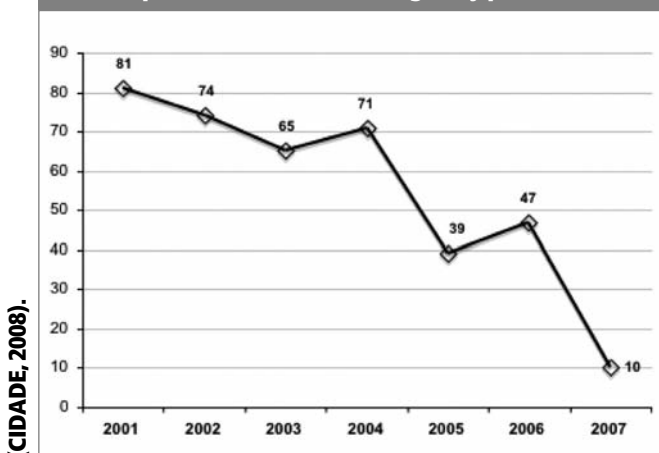
After more than a decade in power, mainly focused on the social and political dimensions of municipal rule, the PT had not paid enough attention to financial sustainability and growing administrative problems. The PT began to lose its local hegemony, first among the middle class and then among those who had been the main beneficiaries of the strategy of ‘turning investment priorities upside down’ (prioritising the poorer neighbourhoods and social sectors of the city in the allocation of municipal resources). Disenchantment with the federal government also contributed to the setback, as the anti-PT feeling promoted by the conservative sectors converged with falling expectations and hope after the radical changes that were expected when Lula da Silva took office as President of Brazil never materialised.

The fate of participatory budgeting under the new conservative government has since been the beginning a matter of great concern among social activists. The title of the December 2005 issue of *De Olho No Orçamento* (‘Watching the Budget’), a bulletin published by *Centro de Assessoria e Estudos Urbanos* (CIDADE), a local NGO active in the field of urban politics and a participatory budgeting watchdog, says it all: ‘Institutional formality maintained, but getting rid of direct citizens’ participation’.² Since then, the processes and structures of participatory budgeting have been decaying: the government no longer provides adequate financial and institutional information for participatory budgeting participants. Elected and appointed officials no longer attend the local assemblies, and the overall level of accountability of the municipal government has declined.

Another sign that the original democratising purpose of the participatory budget is not safe in the hands of the current administration is the recentralisation of decision-

² See www.ongcidade.org

Figure 1: Execution of public works and social projects included in the annual municipal investment plan (in % of the total originally planned).



making power. Felisberto Luisi, a social activist with over a decade of engagement in the process of participatory budgeting, gave me an example when I interviewed him in 2006:

Before, the multi-year investment plan was discussed by the citizens, but in 2005 that plan came already written by the government. The Mayor's Office and the City Council are beginning to take back the power that previous governments had granted to the people.

More recently, the municipal government has been criticised for investing more in propaganda and public relations – including the organisation, in February 2008, of a mammoth international conference focused on the ‘radicalisation of local democracy’ – than in responses to citizens’ demands. According to research just published by CIDADE, in 2007 the municipality spent 15 million *reais* (10 million dollars) on publicity. Meanwhile, only 21 of the 219 public works and social projects included in the annual investment plan (which is supposed to be the main product of the participatory budgeting cycle) were executed as planned. The chart above shows a marked decline in the accountability and efficiency of the municipal government (see Figure 1).

Government officials retort that the new commitment to local solidarity governance means that deliberation is no longer restricted to the municipal budget. It should also include the ‘social budget’ to which civil society organisations and the business community of the city are invited to contribute. They also insist that the new strategy aims to include those previously ‘excluded’ from the participatory

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budgeting process, referring to private companies, foundations, universities, churches, and state and federal agencies. In this context, popular organisations become just one actor among many. According to Sergio Baierle (2005), this would be tantamount to rejecting the principle of popular sovereignty that always characterised participatory budgeting. The real aim of the new governance scheme seems to be the shift of responsibilities away from the state through ‘partnerships’ that, in practice, are a new form of privatisation of public policy. This requires the subordination of popular organisations to the rules and interests of the most powerful – large private business, in particular.

Local community organisers are increasingly divided. Many of the most experienced activists have lost their connections with the grassroots. This has contributed to the NGO-isation of the urban movement and the parallel loss of the original radically popular identity of the participatory budgeting programme. Moreover, from the outset, the new administration has attempted (rather successfully) to assimilate and ‘neutralise’ social leaders and technical staff formerly affiliated with the PT, offering them new jobs in local government.

On the political front, too, the situation does not look promising. By the late 1990s, the left had become increasingly bureaucratised. The Workers’ Party had tried to compensate for the loss of its social base by co-opting social leaders, starting a cycle that weakened both the party and the movement. More fundamentally, the PT has not been able to develop a coherent strategy to deal with the changed framework of local politics. It has been weakened and atomised by the electoral defeat in Porto Alegre and the wider crisis of the party across Brazil caused by the *mensalão* – the scandal triggered by revelations of systemic political corruption by elements of the PT leadership (Wainwright and Branford, 2006).

After the local defeat of the left in 2004, Porto Alegre has become the scene of a sharp conflict between opposed

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political strategies. Further analysis of the conflict unfolding in the city can help to decode the rhetoric and realities of the latest global wave of ‘partnerships’, ‘new governance’ and ‘community empowerment’. Only by debating the promises and limitations of real-world experiments in citizens’ participation such as that of Porto Alegre will we be able to radicalise urban politics and build the foundations for deeper and stronger democracies.

Faced with this scenario, a group of Brazilian and European organisations active in ‘reclaiming democracy’ campaigns jointly organised an international conference in Porto Alegre, in October 2007, under the title *The Future of Participatory Democracy: Technical Fix or Popular Sovereignty?* The activity had four interrelated objectives:

- to analyse and debate the place of the state and the urban popular classes in the emerging urban landscape of the 21st century;
- to evaluate the limits and possibilities of participatory budgeting and other forms of community-based direct

management of social policies;

- to provide a space for analyses and discussion of existing alternatives around the theme of participatory democracy as social emancipation and social transformation; and
- to raise suggestions and guidelines for building an international network of grassroots-based participatory democracy activists.

The conference was convened by CIDADE, the Transnational Institute, Oxfam-Novib, and the Methodist University of Porto Alegre. It had 194 participants from Brazil, Argentina, Chile, Colombia, Philippines, Canada, Spain, the United Kingdom, the Netherlands and the United States. The main result of the conference was the creation of the Popular Sovereignty Network, conceived as an international space for interchanging experiences and developing joint strategies for the invigoration of local sources of popular power.

In short, the recent changes observed in Porto Alegre show that even supposedly well-developed processes of local participatory democracy could be highly affected by institutional alterations produced by party politics. Despite the existence of a vast academic literature published on the Brazilian case, the watering down of participatory budgeting – which contradicts previous assumptions about its strength and even its ‘irreversibility’ – highlights the need for further research on the objective quality and social roots of citizen participation. It also constitutes a warning against complacency once a participatory ‘method’ has been mainstreamed.

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