Changing Patterns of Participation in Porto Alegre*

Bernhard Leubolt, Andreas Novy, Joachim Becker

Submitted Version of the article published in:
Please always refer to the original version of ISSJ

Abstract

This article aims at understanding local capabilities for empowerment, dealing with the potential for progressive political movements at the local level. Applying an analytical path-, context-, and scale-sensitive approach to urban governance, this article will discuss participatory governance in Porto Alegre, the capital city of Rio Grande do Sul, the most southern state of Brazil. Porto Alegre’s Participatory Budget represents an international best practice model of urban governance. In recent years it has been referred to as a role model concerning pro-poor participatory governance and adopted by many other cities and international organizations. In this article we give special emphasis to recent transformations which we characterize as a change from a radical project of democratization towards a model of consensual governance. The former conception – linked to the administration of the Partido dos Trabalhadores (1989-2004) – tended towards a project of social transformation where conflicts were dealt with openly and democratically and the local level was treated as a space of experimentation for political projects of up-scaling. Its implementation led to remarkable social progress. The latter conception – implemented by the new mayor after 2005 – has stronger links to mainstream “good governance” concepts, focusing on consensual arrangements and Private–Public Partnerships.
Decades of research on grassroots and local state politics call for an evaluation of the achievements of local politics. It is urgent to understand local capabilities for empowerment. This article will deal with the potential for progressive political movements at the local level. Historically, the city was a privileged site of social struggle in specific conjunctures. The 1920s, for example, were the heyday of alternative local state projects in Europe. But it was only with the onset of the next crisis in the 1980s that alternative local development "from below" was discussed again (Novy et al. forthcoming). The municipal government of Porto Alegre, the capital city of Rio Grande do Sul, the most southern state of Brazil will serve as a starting point for our critical appraisal of local power as it represents a well-known international best practice model of urban governance.

Porto Alegre’s participatory budgeting (PB) was one of the best practices presented at the UN-HABITAT conference in Istanbul in 1996 (www.bestpractices.org). In recent years it has been referred to as a role model for “empowered participatory democracy” (Fung and Wright 2001), “participatory publics” (Avritzer 2002), “redistributive democracy” (Santos 2002), “participatory democracy” (Roussopoulos and Benello 2005), or “social innovation” (Moulaert et al. 2005) in academic circles. It has also been recognized by other international organizations as an important best practice model of local governance. The European Union has also recognized this innovative model, which is best displayed by the choice of Porto Alegre as the host city of the EU–Latin America cooperation programme, URB-AL No.9 on “municipal finance and participatory budgeting” (Porto Alegre 2004). The practice of PB also led the organizers of the World Social Forum to choose Porto Alegre as the first venue of the forum. This in turn resulted in a considerable international diffusion of PB, now implemented in about 170 Brazilian municipalities (Wampler and Avritzer 2005), as well as in a growing number of cities in Latin America (Goldfrank 2006), Europe (Sintomer et al. 2005), and other parts of the world. These practices are very diverse, whereby the case of Porto Alegre stands out as being (1) one of the first experiences, which (2) has been in practice uninterruptedly since 1989, and (3) representing the most radical participatory experience (cf. Wampler and Avritzer 2005; Avritzer 2006; Goldfrank 2006).

This article will discuss participatory governance in Porto Alegre and its recent transformations, referring to an approach to urban governance, which is scale-, path- and context-sensitive (Brenner 2004, Leubolt et al.2007). Participation is among the often ambiguous concepts of local governance, included in the broader, often normative concept of “good governance” (for discussion cf.: Weiss 2000; Swyngedouw 2005; Leubolt 2007). It has
been denounced as “the new tyranny” of development politics (Cooke and Kothari 2001). This notion refers to practices of participation being used as a tool to prevent actors from criticizing government via consultation in the decision-making process without having the possibilities of intervention. The case of Porto Alegre has been particularly important for the development of notions of “participation as transformation” (Hickey and Mohan 2004) which are supposed to foster processes of social emancipation. Originally, the participatory budget was conceived as a conscious attempt to change the form of the local state. The local leadership of the Partido dos Trabalhadores (PT) understood that it had to change the strategic selectivity of the state in order to envisage transformatory changes at the policy level. In accordance with Jessop (2002, p. 40), “(b)y strategic selectivity, (we) understand the ways in which the state understood as a social ensemble has a specific differential impact on the ability of the various political forces to pursue particular interests and strategies in specific spatio-temporal contexts through their access to and/or control over given state capacities – capacities that always depend for their effectiveness on links to forces and powers that exist and operate beyond the state’s formal boundaries.” New participatory state structures around PB were created while it demoted existing branches of the state like the local parliament which had been a main locus of clientelist practices.

1. Historical Background

PB has evolved within a particular state tradition. Rio Grande do Sul was different from the rest of Brazil. It bears the imprint of a border region. Up to the 19th century, this imprint was rather military. Both the Portuguese empire and later the Brazilian state sought to secure the Southern border against the Spanish-language colonies or states. In order to achieve this, they attracted settlers who first originated from the Açores, and later from Germany and Italy. Family farmers were given small lots of land. They were regarded as eventually well-motivated defenders of the land. In the 19th century, Emperatrice Dona Leopoldina viewed the small settlers as a possible counterweight to the latifundistas – the big landlords of Rio Grande do Sul’s extreme south. This desire did not materialise on a national scale, but only in Brazil’s southernmost state and this type of agriculture and the ensuing social structure remained exceptional in Brazil (and Latin America in general; Targa 1996b, p.28 ff.; 1996a, p.91).

Porto Alegre turned into the commercial centre of the prosperous agricultural zone in the northern part of Rio Grande do Sul as it was geographically well positioned in the river network which was the backbone of transport for much of the 19th century. The economic
development of the city was favoured by the Rio-Grandense state government of the *Partido Republicano Rio-Grandense* (PRR). This party represented a social bloc of the urban middle class, a minority of cattle raisers and representatives of the settlers, merchants and industrialists. The PRR strived for a new form of the regional state based on broad alliance to foment economic diversification. Their developmental and republican vision of order and progress was based on the positivism of Auguste Comte (Cowen and Shenton 1996). They wanted to conciliate economic progress and the preservation of the social order (Pesavento 1997, p.67), clashing with the interests of *latifundistas* of Rio Grande do Sul’s extreme south. With the end of slavery (1888, in Rio Grande do Sul already 1884) and the Brazilian monarchy (1889), the conflict between the two power blocs exacerbated. In a regional civil war between 1893 and 1895, the PRR prevailed as it had the sympathies of the local military. The PRR established a “positivist dictatorship” in Rio Grande do Sul which lasted for more than three decades and led the foundations of the Brazilian developmental state (Bosi 1999). Power was concentrated in the hands of the governor whereas the parliament had little influence. A hundred years later, the municipal governance of Porto Alegre was restructured in a similar direction (Carneiro/Penna 1992, p. 59). In the conception of the PRR, the state was committed to the “common good” which resulted in rather progressive fiscal policies, an expansion of infrastructure in cooperation with foreign capital, a promotion of peasant agriculture and, at least indirectly, manufacturing and attempts of conciliation between capital and labour (Pesavento 1993; Targa 1996a). The local government “municipalised” some of the infrastructure in this period (Almeida 1996, p.101). The economic development of Porto Alegre benefited considerably from these policies (Carneiro/Penna 1992, p. 80).

This type of a regional state was unique in the economically heterogeneous and politically decentralized Brazilian *República Velha* (1889-1930). As a form of “conservative modernisation” (Targa 1996a, p.92) it served as a basis for a political Rio-Grandensian (*gaúcho*) regionalism as a profoundly contradictory mode of development. It instituted citizenship under the auspices of capital and an authoritarian and paternalist state. This authoritarian trait might have had its roots in a harsher confrontation with *latifundistas*.

In the 1950s and early 1960s, the state governments of Rio Grande do Sul regarded accelerated industrialisation as the way out of the crisis. However, the political forces were divided over the best way to promote industrialisation. Some advocated a passive adaptation to national policies; others preferred more specific regional policies. The conservative bloc favoured an agriculture-based industrialisation. The left wing of the *Partido Trabalhista*
Brasileiro (PTB) around Leonel Brizola advocated more diversified industrialisation and reformist policies. The state government under the leadership of Brizola (1958-1962) turned the foreign-owned telecommunication and electricity companies into state-owned companies and strengthened the public banking sector. PTB was particularly strong in urban centres like Porto Alegre, whereas conservative forces had a stronghold in the southern “zona colonial”.

The gaucho left was on the forefront of the struggle against right wing authoritarian tendencies (cf. Müller 1993, p.370 ff.; Pesavento 1997, p.126ff.).

As the political process threatened to transcend the limits of “conservative modernisation” on the national scale, the military toppled the democratic government of João Goulart in 1964. The military dictatorship entailed a national homogenisation of policies, putting an end to alternative regional development efforts. It ruthlessly repressed the left and social movements. The party system was reduced to two official parties. The regime did not go beyond searching for “passive” consensus and de-politised society.

“Growth” and “development” were central for the legitimization of the military regime. The gross inequalities of “tropical Fordism” (Faria 1995) had already fomented social discontent as large parts of the population were excluded. This was especially made apparent in the cities with the rise of favelas (slums). The economic crisis beginning in the 1970s accelerated de-legitimization. The economic strategy of the military regime had led to the growth of the salaried middle class and the industrial working class which began to loose in the 1980s due to economic stagnation.

Trade unions, emphasising autonomy from the state and internal democracy, arose in the industrial centres. Groups of the urban marginalised organised themselves, too (Novy 1994): women started to demonstrate against the rising costs of living, mothers insisted on the establishment of nursery schools, citizens demanded that their streets be paved and proper sewage systems be installed. New actors arose on Brazil’s public stage (Sader 1988), fostering the transition to democracy. From then onwards, numerous grassroots initiatives emerged, particularly on the periphery of cities, which were largely state-oriented, giving priority to specific demands. These mostly involved state provision of public services, but also addressed other issues, such as wages and the cost of living. In their fight against social exclusionary dynamics of capitalist economy and political exclusion by the military dictatorship, the different social movements formed alliances for political and social democratisation. The resulting political conjuncture can be compared to Europe after World War II, where anti-fascist party alliances drafted constitutions including democratic and social rights which
promoted the rise of the welfare state (cf. Canfora 2004). The Brazilian social movements also influenced the drafting process of the constitution which included unprecedented democratic and social rights. Finally ratified in 1988, the new federal constitution also decentralised resources and responsibilities to the municipalities, increasing the local space for manoeuvre considerably (Affonso and Barros Silva 1995).

2 Social Movements and the Emergence of Participatory Budgeting

Social movements were particularly strong in Porto Alegre (Baierle 1992). Residents, mainly from irregular, poorer quarters, rebelled against the government's lack of interest in acting for their benefit. Their primary demands were investments in urban infrastructure and services as well as autonomous political participation of social movements. They criticized the city government and underscored their demands through spectacular actions, such as roadblocks. They linked their material demands to questions of rights and voiced the demand to democratis the budget (Fedozzi 2000). Initially, there were strong links between the social movements and the PDT (*Partido Democrático Trabalhista*), one of the successor parties of PTB, due to the historical tradition in Rio Grande do Sul. But as the first elected PDT-city government under Alceu Collares (1985-1988) did not achieve the promised results of better living conditions combined with a programme of democratization via *conselhos populares* (popular councils), another progressive party gained strength: the *Partido dos Trabalhadores* (PT) which had its roots in the new trade unions, catholic “base communities”, other social movements and small militant parties of the radical left. PT was based on a vision of radical political transformation. Olívio Dutra, the PT’s candidate for mayor in 1988, demanded democratisation and a turn-around in the distribution priorities of public budgets to favour socially marginalised groups. Participatory budgeting (PB) finally was to be the means by which this promise of democratisation of the local state was to be fulfilled. It was the main state project of the first local PT government which aimed at empowering the popular classes. The second PT mayor, Tarso Genro, who originated from a different PT current, complemented the PB by more comprehensive elements like strategic planning (cf. Genro 1997, Becker 2003, p. 253) that were attractive to the middle strata. The basic changes in the strategic selectivity of the local state were made by these first two PT city governments. The third and fourth local PT governments restricted themselves to minor amendments.

The strategic orientation in the starting phase of the PT-government was a compromise between proponents of a “workers’ government” in “confrontation with the ruling class” and proponents of a government “in the interest of the whole city” (Utzig 1996). The first option
was inspired by Lenin’s concept of “double power” by which the soviets were supposed to replace the bourgeois parliament. This would have resulted in giving power to the popular councils and to include only the organized progressive sectors of civil society. The second option was inspired by Habermas’s concept of the “public sphere” and republican notions of citizenship (for a review of these concepts cf. Novy and Leubolt 2005) – a space open to all citizens which could provide a public sphere where media corporations and other powerful actors would have less power than usually. Even though this latter option finally prevailed – against important radical fractions of the PT and social movements that wanted to confine participation to organized social movements – the notion of social and political transformation was highly important at that stage. Particularly during the first PT local government, participation was designed to strengthen the popular classes. Thus, the outcome was a form of “radical democracy”, as proposed by Laclau and Mouffe (1985), where social transformation is meant to occur while the institutions of liberal democracy are strengthened.

A progressive tax reform combined with considerable improvements in tax collection increased distributable resources, enabling PB to become a success. In 1990 the municipal income rose by 38.7% with further increases of 8.7% in 1991 and 8.3% in 1992, leading to a boost in the share of investments in the municipal budget from 3.2% in 1989 to 11.2% in 1990 and 17.5% in 1991 (Fedozzi 2000, p.127ff.; Faria 2002, p.62ff.). This important measure and the unique institutional setting which combines direct and indirect democracy were other important elements leading to the success of PB (for detailed descriptions cf. Abers 2000; Fedozzi 2001; Santos 2002). Central, transparent and publicly discussed indicators for the allocation of the local state’s resources among the various city districts have been decisive instruments in ensuring distributive equality. The decisions made within the framework of PB soon showed positive material effects. Particularly between 1989 and 1996, the city’s basic infrastructure markedly improved (UNDP 2002, p.81). In a comprehensive study on the redistributive effects of participatory budgeting, Marquetti (2003) shows that a greater amount of public resources per person has been invested in poorer areas. Social groups that were largely excluded from public life – particularly the poor and women – have gained from the introduction of PB. Empirical studies conducted by the NGO Cidade (2003) and Fedozzi (2007) showed that these groups also represented the majority of the participants. Thus, Sergio Baierle (2002) diagnosed the emergence of a “plebeian public sphere” which differentiates PB in Porto Alegre from others which have been dominated by local elites (Sintomer et al. 2005; Sintomer and De Maillard 2007).
The unique feature of the Porto Alegre model of PB has always been its participatory decision-making process. Budgetary decisions affect urban development considerably, as all investment decisions have to be included in the budget. The participants not only make suggestions but are also responsible for the ranking of the proposed projects. During the first local PT government, the PB process was focused on the priorities in the various city districts. In 1994, the second PT government introduced additional “thematic fora”, e.g. on education, health and social services, transport and economic development covering the whole city. This was aimed at a stronger involvement of the middle strata and of organized interest groups like trade unions, professional and business associations which had been at the margins of the PB so far (Becker 2003, p. 253). In a similar vein, the administration of Tarso Genro launched a reform of long-term urban planning. Like in other Latin American cities (cf. Arantes et al 2000), Barcelona served as an important reference for the reformulation of the strategic planning and “city marketing”. These processes shared the emphasis on competitiveness of the city, on the links between public and private sectors, the critique of the Fordist bureaucratic planning model and the demand for a more flexible approach to planning. These changes in planning empowered sectors that were different from those strengthened by PB. Corporative sectors strongly linked to real estate played a major role in formulating the new 10-year planning “master plan”, Plano Diretor. With the support of opposition members of the local parliament, they achieved more flexibility in planning and a more intensive use of urban rent than had originally been provided for. This was balanced by a more equitable and democratic use of land as it had been advocated by NGOs linked to the popular classes (Porto Alegre 1999, Porto Alegre 2000, Silva 2000, p. 160, Fedozzi 2000, pp. 183ff.). The role of the poor in this process was rather weak (Abers 2000, p. 150, Silva 2000, p. 160). Thus, the local PT government of Tarso Genro gave a slightly different bend to the change of the strategic selectivity of the state. Though the new initiatives of the following local PT government led by Raul Pont implied a shift of emphasis back to the popular classes, the Plano Diretor which had been initiated by Tarso Genro was to have a long-term impact on the socio-economic spatiality of the state.

PT promoted new local state structures and demoted others. The latter concerned especially the local parliament. In Brazil, the executive branch of the state has the responsibility for setting up the budgetary proposal whereas the legislature has the final power to accept or reject it (Giacomoni 2002, p.53). Although the municipal legislative always had the legal authority to reject budget proposals prepared by the municipal executive via participatory budgeting, the parliamentarians hardly ever changed the executive’s proposals. This
demonstrates how strong the legitimacy of the PB process has been compared to the municipal legislative. Since these budgetary rearrangements had traditionally been linked to clientelist practices, the replacement with open and transparent discussions within PB has been celebrated widely (Abers 2000, ch. 8). While governing Porto Alegre, PT has never been part of a coalition which enjoyed a majority in the local parliament.

The number of civic associations and social movements in Porto Alegre, in contrast to other capital cities in Brazil, increased in the 1990s. The PB had an impact on their living conditions and provided an incentive to organised political acitivity. The stance of the social movements towards the city administration also changed in this period from a more confrontational approach or clientelist relationship towards transparent cooperation (Genro and Souza 1997, p.33ff.). A recent survey, conducted by Schneider and Baquero (2006), shows the main motivation for the participating poor majority was the possibility of gaining direct material benefits, whereas participating middle-class citizens were also strongly motivated by the “good governance” characteristics of PB such as reduced corruption or the positive international image of Porto Alegre. “Middle sectors were asked to contribute tax revenues in exchange for cleaner and more democratic government. Poor citizens were asked to contribute political support in exchange for material benefits. These were not exchanges of a clientelistic sort; rather, they represented a customised and targeted version of citizenship” (Schneider and Baquero 2006, p.22), leading to a “cross-class coalition” of support.

As indicated above, this coalition favoured the poor citizens within PB. Middle class and corporate sectors tended more towards projects aiming at participatory long-term planning which was difficult to integrate into PB, as the budgetary cycle restricted the horizon for participatory planning to one year. One result of the participatory creation of the “master plan” submitted to the local parliament in 1996 and finally adopted in 1999 was that the real estate sector obtained more flexibility in planning and the possibility of using space more intensively than the government proposed. The adoption of the new *Plano Diretor* led to a new cycle of construction and, as a result, processes of urban fragmentation, polarization, and gentrification have also been taking place in Porto Alegre which led to new social movements “of the rich” pressing for quality of living and the preservation of cultural heritage in the wealthier districts (Soares 2006, p.137ff.).

Further problems arose due to financial restrictions, which were in part the result of austerity politics and the financial crises in 1998/99. This led to a re-centralization of “fiscal responsibility” via national laws (Santos 2002, p.532). As the costs for sustaining the public
investments kept rising, this resulted in a decrease of the share of investments in the municipal budget which never recovered to the initial size (Cavalho in: Schneider and Baquero 2006, p.18). This led to delays of investments, especially in the housing sector. In 2003, for the first time the city administration presented a budgetary deficit to the participants of PB (Solidariedade 2003, p.116ff.) reported. These financial problems have persisted until today.

As noticed by Goldfrank and Schneider (2006), the participatory process legitimized the city administration in parliament. Conflicts with the municipal legislative were rather mild in the beginning, as the main opposition party at the time (PDT) was also left-of-centre. PB proved to be important for the considerable electoral success of the PT in Porto Alegre, which governed the city for four consecutive terms (1989-2004). Perceiving the PB as the centre piece of PT’s local state project, opposition parties began to adopt a more hostile stand over time. They did not permit any further progressive tax reforms which would have enlarged the available resources for the PB, and PB was denounced as a marketing instrument of the PT. In 2004, nearly all opposition parties, which have opposed PT’s PB for a long time, joined forces to elect José Fogaça for mayor. Since 2005, Porto Alegre has a new city government. But it has maintained PB as an internationally accepted best practice model, thereby acknowledging that it “does not belong to the PT”.

2.3 Up-Scaling PB

In the strategic conception of the PT, local governments have been regarded as experiments of alternative governing, which should also provide experience for regional and national governments (Magalhães et al. 2002). PB has always been treated as a key invention and thus, it was obvious to try to up-scale this experience to other spheres of government, which would allow integrating the productive sphere to a much larger extent. An important example, which received less attention in academia than the municipal experiences, was the state government of Rio Grande do Sul (1999-2002), where the increased number of involved actors also led to increased conflicts with established actors, especially due to PT’s electoral success in Porto Alegre. The former government had established a consultation mechanism (Consulta Popular) in its last year of office as a counter-model to PB – the Leitmotiv of the PT-campaign. PB in Rio Grande do Sul thus had to cope with actors who were already part of a different model of participation. In this model, a higher degree of autonomy of the involved civil society actors was combined with reduced decision-making power. It was a consultation-based mechanism, drawing mainly on local mayors and Coredes (regional development
councils) (Bandeira 2003; Faria 2005). Together with the state-parliament – controlled by opposition parties – these actors set up a parallel participatory space – the “democratic forum”, to be able to counterpose the decisions taken within PB. The latter attracted a very high number of participants (between 190,000 in 1999 and 378,340 in 2001), also reaching the electoral bases of the opposition parties from 2000 onwards (Goldfrank and Schneider 2006).

The existence of this wide spectrum of participatory spaces also created problems, as time is a limited resource, especially for the poor. Nevertheless, the idea of up-scaling remains a promising strategy, as dangers of localism can be avoided. Contrary to assertions that participatory processes have to take place on the local level as complexity is too high on other scales (e.g. Dahl 2006), Schneider and Goldfrank (Schneider and Goldfrank 2002) showed that implementation has been more efficient than before. The possibility of tackling industrial policies – and thus the sphere of production – led to an interesting example of democratically controlled endogenous development (Friedmann and Weaver 1979; Stöhr and Taylor 1981), where small and medium-sized local enterprises where given priority over multinational corporations and social over economic development (Soares 2002; Leubolt 2006). Despite economic success (Rio Grande do Sul grew faster than the Brazilian average between 1999 and 2002), the PT was voted out of office. The following government (2003-2006 under governor Germano Rigotto) immediately transformed PB back to Consulta Popular and the newly elected government (from 2007 onwards under governor Yeda Crusius) even announced the cancellation of this participatory mechanism due to “financial problems” (Folha de São Paulo 20-06-2007).

Similar to the Porto Alegre experience, PT also enacted a change of the strategic selectivity of the state in Rio Grande do Sul. However, this did not result from large-scale social mobilization. It was rather a strategic initiative of PT as a governing party which aimed at innovating and up-scaling the local model of PB. It menaced the positions of the hitherto dominating social and political forces which joined forces in order to defeat PT in elections and to end its political experiment. As the new PB model at the level of Rio Grande do Sul was not so deeply rooted, the new right-wing state government was able to reverse the changes in the structure of the state.

When PT’s candidate Lula won the national presidential elections in 2002, this was again not the result of social mobilisation, but of social discontent which PT was able to capture electorally (Panizza 2004). In this constellation, PT did not have the political strength to
fundamentally change the strategic selectivity of the state, esp. the key importance of satisfying finance capital (Becker 2008). But there have been changes in the administration of income transfers, the strengthening of public institutions, esp. the reorganisation of public banks and enterprises, and policies benevolent to economic growth. Contrary to the experiences in Rio Grande do Sul, traditional clientelism and political bargaining, always linked to more or less open corruption, were the chosen mechanisms to pursue these strategies. PT’s national political strategy has been oriented towards material improvements, esp. of the poorest strata of the population, without questioning capitalist development and the existing form of representative democracy. Radical democratization in the form of PB – as in Porto Alegre and Rio Grande do Sul – have not been part of the agenda.

3. Recent Transformations of Urban Governance in Porto Alegre

While the change in government at the regional level, led to a rupture with the PT-government and the PB-experience, at the city level, opposition never got as fierce. The new government led by José Fogaça governs under the slogan “Preservando conquistas. Construindo mudanças” (Preserving achievements. Constructing changes) and preserves much of the institutions of popular participation due to the high prestige of participatory governance models. Nevertheless, important transformations have taken place.

The major new invention is called “Local Solidarity Governance” (Governança Solidária Local – GSL; cf.: Porto Alegre 2006). This programme is implemented parallel to PB and thus PB is no longer the central axis of urban government. Even the coordinating secretariats have been renamed and reframed. According to the PB-monitoring NGO Cidade (e.g.: Cidade 2006) the strategic shift towards GSL has been accompanied by a remarkable decline of attendance of PB plenaries by government officials which means less technical assistance and less accountability to PB. A strive for consensus marks GSL, being a reaction to criticism on (1) the conflictive nature of PB, as participants struggle for investments in their immediate communities without considering the city as a whole, being linked to (2) its short-term planning horizon, and (3) the focus on demands for state investments without considering private–public partnerships (PPPs), especially as municipal finances are scarce (Porto Alegre 2006, p.13ff.). As a solution to these problems the government proposed new consensus-oriented interactions of state and civil society. This communitarian discourse focussed on the “rights and obligations” of citizens, pointing out that projects should also mobilize private capital instead of being merely public investments.
The shift towards PPPs marks a difference in the view of the role of the state. Whereas the conception centring on public funding views the tax system as the appropriate mechanism of securing solidarity, communitarian solutions can easily be linked to forms of philanthropy or charity which can lead to relations of personal dependence (Laville 2005). The new secretary responsible for participatory governance, Cézar Busatto, when talking to participants of PB, has pronounced:

We have to begin to discuss who can help us, because on its own the city government cannot do it all. I need you to help, to look for other partners, to make the rich people cry, as many know how to do, so that they open their pocketbooks and put some of their money in this neighborhood, and the university also, and the NGOs too, and those rich doctors who could start free medical consultations here, also. (quoted in: Schneider 2007, p.3)

The basic idea of GSL is linked to the idea of “good governance” where the state works together with civil society organisations in networks. “Network society” points to the strategic conception of Manuel Castells, who presented his normative conclusions concerning urban policies in a joint study with Jordi Borja, a long-standing member of the socialist Municipal Government of Barcelona (Borja and Castells 1997). As a report presented to the Habitat Conference in Istanbul, this manual has assumed something like an official stamp of approval. It has been a major reference in the debates on city planning and development and its conclusions have found their way into the political practices of major urban governments (Arantes et al. 2000; Hadjimichalis and Hudson 2006). For Borja and Castells (1997, p.3), there are two basic tenets of local policies: (1) Local governments are to contribute towards “improving the productive and competitive conditions of the companies on which, in the last analysis, the welfare of the local society depends”. (2) Local institutions are to accomplish “the cultural integration of ever more diverse societies”. In order to cope with these tasks, the cities are to develop a strategic concept to cater for both competitiveness and cultural integration. The strategic vision requires a strong “personalized leadership” (Borja and Castells 1997, p.98) which has to strive towards a “citizen consensus” (ibid., p.100) which is to be built around PPPs. A strong local cultural identity and social peace are perceived as major assets in the struggle for competitiveness and international recognition (Borja and Castells 1997, p.101). A kind of “competitive community” is thus to be formed with the help of PPPs. However, this is not a complete change of perspective in regard to the PT government. For some sectors of PT, Borja and Castells have been an important reference, and their concept provided guiding principles for reforming strategic planning, particularly during the government of Genro.
The NGO Cidade recently reported that although PB remains, an increasing number of planned investments have not taken place effectively (Cidade 2006). The current city administration mainly attributes this to fiscal problems inherited by the preceding government. But this does not explain the constantly lowering rate of investments which made the economist Muzell (2007) call the latest budgetary proposal an “exercise in fiction”. The possibility of another municipal tax reform is currently not being considered by the government. It remains to be seen, whether GSL’s new focus on PPPs can solve the problems resulting from a lack of public financial resources. A recent survey by Fedozzi (2007, p. 35) indicates that particularistic demands for urban infrastructure are gaining importance for PB participants while communitarian values linked to democracy are judged less important. Another interesting finding of Fedozzi’s survey (2007, p. 19ff.) is the declining rate of participation of the middle class, which hints at the erosion of the “cross class coalition” supporting PB and the PT.

Apart from focusing on GSL the new government has emphasised questions of information and transparency (Furtado 2007; Macedo 2007). A new project – “ObservaPOA” has been launched to collect all relevant information on a website (<http://www2.portoalegre.rs.gov.br/observatorio>). It shall further democratize information, although the high level of digital exclusion compared to European levels is recognized. Remarkable results have been produced in partnerships with local universities such as a participatory assessment of poverty (Comim et al. 2007) which also serves to qualify the social indicator “carência” which is vital for the distributive effects of PB. Nevertheless, this new focus has negative side effects considering PB, as a recent report by Schneider (2007, p.2) suggests:

Explicitly, Busatto suggested that his privileged access to statistics gave him greater understanding of the region than even the inhabitants, “Do you know how many children, adolescents, adults, senior citizens, and Family Income Transfers? How many? I think you don’t even know your own region in numbers. You live here, but when I show you, you will be scandalized.”

Concerning problems such as access to sewage networks or waste water treatment, the indicators did not get better since the new administration took office (Porto Alegre 2007, p.170). New PPPs such as the infrastructure project for public transport (cf. <www.ppp.portoalegre.rs.gov.br>) are large-scale projects, which differ considerably from the small-scale projects originating in PB. It is too early to analyze the socio-economic results of this new consensus-oriented strategy. However, it can be said that the present local government aims at partly reversing the strategic selectivity of the state brought about by PB while maintaining the appearances of participatory governance.
4. Final Reflections

In our final reflection, we want to link the development in Porto Alegre to discussions on urban governance. The case of PB in Porto Alegre from 1989 to 2004 stands out as a particularly effective strategy of social inclusion because the participatory process has been (1) open to all persons affected instead of being restricted to an “enlightened elite”, (2) the participants have possessed effective decision-making power instead of a mere consulting position and (3) the decisions within participatory settings concerned socio-economic development. It is often forgotten, but of crucial importance, that this innovative institutional setting was created by and strongly linked to the governing party PT (Novy and Leubolt 2005). This strategic focus led to a high decision making power of the participants, turning Porto Alegre’s PB into one of the most radical examples of participatory democracy.

Most of the other examples of PB and the PB in Porto Alegre since 2005 are less radical or transformative in their design and more oriented towards “good governance” (Sintomer et al. 2005; Wampler and Avritzer 2005). They lean towards Borja’s and Castell’s notion of participation which encompasses easy access to information, individual feed-back facilities and project-based consultation (Borja and Castells 1997, p.116, 190-192), but which does not encompass collective involvement in decision-making. The strategic project is to “instil ‘civic patriotism’ in its inhabitants” (ibid., p.110). Although “good governance” has always been incorporated in Porto Alegre’s PB, current changes suggest a pronounced strive towards a consens-oriented model of common deliberation in complex situations which is post-political (Mouffe 2006), as it denies antagonism, making it difficult to articulate structurally diverging interests based on class, gender or ethnicity within the field of democratic politics. While PB permits the articulation of interests and to make choices, PPPs impede the formation of conflicting collective subjects. The consensual network-governance arrangements have also produced severe problems concerning democratic accountability, as recent European empirical analyses suggest (Hadjimichalis and Hudson 2006; Smith et al. 2006).

PT’s government experiences at various scales and in various times demonstrate how important the historical circumstances and the degree of social mobilisation is and how indispensible changes in the strategic selectivity of the state are for alternative policies. PB was originally an attempt to transform the local state through the creation of new participatory channels. It was PT’s strategic response to strong mobilization from below which was nation-wide at its peak at that time. PB helped to maintain a considerable social momentum while redirecting it from confrontation to negotiation. It clearly strengthened the popular classes.
Other participatory elements which were mainly introduced during the second tenure of PT were rather aimed at the middle strata. Thus, the balance between different social forces in the alliance supporting PT has shifted from time to time. Towards the end of the cycle of local PT governments, the alliance between popular classes and the middle strata eroded. This was one of the reasons why PT was voted out of office. However, the changes in urban government that had been brought about by PT have outlasted its times in local government which indicates its hegemonic character. The new local government did not dare to frontally attack PB, but tries to weaken its impact and to give new directions to it.

In how far recent transformations towards a consensual governance arrangement affect the transformative character of participatory budgeting remains to be seen. However, the democratization of the municipal budget in Porto Alegre originally hinted at the connection between political and socio-economic democracy. Decision-making power was directly related to material improvements which provided the basis for inclusive strategies, collective learning and empowerment. Lobbying activities continued to exist, but the strife for public resources took place within open participatory settings, where formerly excluded parts of the populations were well-represented. This sort of “plebeian public sphere”, emerging from a process of radical democratization, contrasts with network-governance settings where “enlightened elites” negotiate behind closed doors. It will remain a legacy for further attempts of broad democratisation of politics, society and the economy.

Endnotes

* This article has been written within the framework of KATARSIS (http://katarsis.ncl.ac.uk/), Coordination Action (CA) under European Commission Framework-6 Programme. The authors would like to thank Carlos Winckler for numerous discussions and his invaluable support concerning research in Porto Alegre. The valuable comments on earlier drafts by Markus Auinger, Dan Hawkins, Heinz Leubolt, Oliver Prausmüller and the anonymous Brazilian referee along with the help during research by the staff of the administrations of Porto Alegre and Rio Grande do Sul, the Fundação de Economia e Estatística (FEE) and the NGO Cidade as well as Luiz Faria and Luciano Fedozzi are also highly appreciated. The final responsibility remains with the authors.

1 This can be exemplified by environmental politics, where the urgent need for investments was difficult to combine with environmental concerns, which has been illustrated by sewage management: whereas 85% of the population had access to the sewage network in 2004, only for 27% waste water treatment occurred in 2004 (Porto Alegre 2007, p.170).

2 Carência can be vaguely translated into “lack” and refers to a lack in infrastructure or services. Its inclusion led to the recognition of social goals of public spending, as this indicator modified the initial priorities of the PB-participants.
References


Biographical note

Bernhard Leubolt (corresponding author) holds a doctoral scholarship by the Heinrich-Böll-Stiftung for the research programme “Global Social Policies and Governance” at the University of Kassel (Germany). His e-mail is: bernhard.leubolt@uni-kassel.de. His research interests include governance and state theory, social inequality, political economy, and development studies.

Andreas Novy is associate professor for urban and regional development at the Vienna University of Economics and Business Administration (Austria). He has been involved in comparative research on European cities and between Latin America and Europe. He is the scientific director of the Paulo Freire Centre for Transdisciplinary Development Research and Education in Vienna. His e-mail is: Andreas.Novy@wu-wien.ac.at. His research interests are development studies and the political economy of urban and regional development.

Joachim Becker is associate professor at the department of economics at the Vienna University of Economics and Business Administration (Austria). His e-mail is: Joachim.Becker@wu-wien.ac.at. His research interests include development economics, regulation theory, state theory, regional integration, and Mercosur.