

Participatory Budgeting in Porto Alegre: Toward a Redistributive Democracy¹

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INTRODUCTION

The widespread adoption of representative democracy—its having become one of the pillars of the Washington Consensus since the 1980s—has had a significant impact on democratic theory. In many countries, however, the expectations regarding the new democratic regimes were in part frustrated—namely, expectations related to the distribution of wealth, social security, and the transparency of political power. If in some cases the frustration resulted in political instability, in others the expectations were channeled, particularly at the local level, toward another form of democracy: participatory democracy. The latter was put in place according to different systems of complementarity *vis-à-vis* representative democracy. This is what happened in Porto Alegre. In this Brazilian city, a form of participatory democracy, designated as participatory budgeting, has been in place since 1989, with widely acknowledged success. The UN has pronounced it one of the 40 best practices of urban management in the world. This success had admittedly a lot to do with the choice of Porto Alegre to host the World Social Forum. Under various forms, the participatory budget is now in place in 144 Brazilian cities, in several other cities in Latin America (for instance, Rosario and Córdoba in Argentina, and Montevideo in Uruguay), in Spain (namely in Barcelona and neighboring cities, such as San Feliu de Llobregat), in France (in cities close to Paris, such as Saint-Denis and Bobigny), in Italy (Grottammare), in Canada (Toronto), and in the states of Kerala and West Bengal in India. It can be asserted, therefore, that the aspiration to participatory democracy underlying the different forms of participatory budgeting and planning constitutes today a form of counter-hegemonic globalization.

The participatory budget is an emanation of the theory of participatory democracy, which maintains that citizens must participate directly in political decisions and not merely, as representative democracy would have it, in the choice of political decision makers. It is, therefore, a system

of co-governance in which civil society, far from being a haven of survival before an absent or hostile state, is rather a regular and well-organized way of exerting public control over the state by means of institutionalized forms of cooperation and conflict.

In this chapter I present the results of empirical research on the participatory budget of Porto Alegre conducted from 1995 onwards. The most intensive fieldwork was carried out between 1995 and 1997, but I followed the evolution of the participatory budget until January 2002 and have updated the statistical data whenever possible. In the first part, I briefly describe the recent history of Porto Alegre and its government in the context of the Brazilian political system and provide some basic information about the city. In the second part I describe the main features of the institutions and processes of the participatory budget: institutions and processes of participation; criteria and methodology for the distribution of resources. In the third part I analyze the evolution of this institutional innovation from its creation until recently. Finally, in the fourth part, I analyze the participatory budgeting process along the following vectors: redistributive efficiency; accountability and quality of representation in a participatory democracy; autonomy of the participatory budget *vis-à-vis* the executive government of the city; from technobureaucracy to technodemocracy; dual power and competing legitimacies: the relations between the participatory budget and the legislative body vested with the formal legal prerogative of budget approval. In the concluding section and postscript I focus on the lessons to be drawn from this democratic experiment, especially bearing in mind the processes of self-learning and self-transformation that have characterized it since its inception.

URBAN POLITICS: THE CASE OF PORTO ALEGRE

Brazil is a society with a long tradition of authoritarian politics. The predominance of an oligarchic, patrimonialist and bureaucratic model of domination has resulted in a state formation, a political system and culture characterized by the following: political and social marginalization of the popular classes, or their integration by means of populism and clientelism; restriction of the public sphere and its privatization by the patrimonialist elites; "artificiality" of the democratic game and liberal ideology resulting in a huge discrepancy between the "legal country" and the "real country." Brazilian society and politics are, in sum, characterized by the predominance of the state over the civil society and by huge obstacles against the construction of citizenship, the exercise of rights, and popular autonomous participation. Brazil is also a society characterized by outrageous social inequalities, which have in fact increased tremendously in the past 20 years because of the crisis of the developmental state, the deregulation of the economy, and the dismantling of the already utterly deficient welfare state.

The crisis of the developmental state coincided with the democratic transition in the late 1970s. The political debate at the time put the democratization of Brazilian political life and the actual construction of citizenship at the very center of the national political agenda. Such concerns in this regard surfaced in the emphasis on rights of citizenship, political decentralization, and strengthening of local power in the debates that led to the 1988 Constitution. This new political context created the conditions for political forces on the left to set up innovative experiments in popular participation in municipal government. This political opportunity was facilitated by the fact that the political forces in question were closely related to the popular movements that in the 1960s and 1970s had struggled locally, both in the cities and in the countryside—and in a doubly hostile context of technobureaucratic military dictatorship and clientelistic patrimonialism—for the establishment and recognition of collective subjects among the subaltern classes.

Amongst such political forces the Partido dos Trabalhadores (Workers' Party, henceforth, PT) is to be singled out. The PT was founded in the early 1980s out of the labor movement, which was particularly strong in the state of São Paulo and one of the most important forces in the struggle against the military dictatorship. The electoral gains of PT have been dazzling. In the early 1990s the PT was already the major opposition party. In 2003 one of its founders—Lula da Silva—became president of the republic. In the late 1980s, the PT, in coalition with other leftist political forces, won the local elections in several important cities—such as São Paulo, Porto Alegre, Santos, Belo Horizonte, Campinas, Vitória, Goiânia—and introduced in all of them institutional innovations encouraging popular participation in municipal government.² Of all these experiments and innovations, those implemented in Porto Alegre have been by far the most successful, with wide recognition both inside and outside Brazil.³

The Porto Alegre democratic experiment is one of the best known worldwide, acclaimed for both the efficient and the highly democratic management of urban resources that it has made possible.⁴ The "popular administration" of Porto Alegre was selected by the United Nations as one of the forty urban innovations worldwide to be presented at the Second Conference on Human Settlements (Habitat II), which was held in Istanbul in June 1996. During the last decade, Porto Alegre has staged several international conferences on democratic urban management and, together with Montevideo (where a similar local government innovation has been implemented), is leading a movement toward the introduction of participatory budget institutions in the "Mercocities," the cities integrating the regional economic pact, Mercosul (Brazil, Argentina, Uruguay, and Paraguay).

In Brazil there have been many manifestations of the success of Porto Alegre,⁵ the most significant being the electoral gains of the PT in the 1990s

and the public acceptance of its municipal government. In the first election, won in 1988 with a coalition of left parties—the Popular Front—the PT carried 34.3 per cent of the vote. In the second election, in 1992, the PT and the Popular Front carried 40.8 per cent, and in 2000 the PT carried 59.6 per cent. Another manifestation of the success of the PT government of Porto Alegre is the fact that *Exame*, an influential business journal, has nominated Porto Alegre several times as the Brazilian city with the best quality of life on the basis of the following indicators: literacy, enrollment in elementary and secondary education, quality of higher and postgraduate education, per capita consumption, employment, child mortality, life expectancy, number of hospital beds, housing, sewage, airports, highways, crime rate, restaurants, and climate.

What is the secret of such a success?

When, in January 1989, the PT took over the administration of Porto Alegre, a new modality of municipal government was installed, known as “popular administration.” It was based on an institutional innovation aimed at guaranteeing popular participation in preparing and carrying out the municipal budget, hence, in the distribution of resources and the definition of investment priorities. This new measure, which became known as “participatory budget,” is the key to the success of the PT municipal government. In this chapter, I shall begin by describing how the participatory budget works, with special emphasis on its evolution from when it was first put in place to this day. I shall then attempt an evaluation of its impact on the redistribution of municipal resources and on the political culture and system of the city, namely by analyzing both the tensions between representative and participatory democracy, and the reach of participatory budgeting into other areas of urban government. Finally, I shall try to define the contribution of participatory budgeting as institutional mediation for the reinvention of democratic theory, while questioning the potentialities and limits of its universalization as an organizing principle of democratic and redistributive municipal government.

The city of Porto Alegre⁶

With a population of 1.3 million inhabitants and 495.53 km², Porto Alegre is of major economic importance in the state of Rio Grande do Sul, with an estimated GNP of US\$6.7 billion (1994).⁷ It is the largest industrial city, producing 12.4 per cent of the state's industrial gross product and being responsible for nearly one-third of the income produced in the service sector. Its total population corresponds to 13 per cent of Rio Grande do Sul. In national terms, its influence is mainly political, since many prestigious local politicians have served in the national government in this century. The most significant of them was Getúlio Vargas, who served two mandates as

president; the first one as a dictator, between 1930 and 1945, and then as an elected president between 1951 and 1954.

Like other Brazilian capitals, in the last decades of the twentieth century Porto Alegre experienced an accelerated process of urbanization. Its population doubled in 20 years (between 1960 and 1980). In the 1990s, however, the total population grew only 12 per cent, when new industrial centers in the state attracted migrants from the capital. Between 1970 and 1980 the participation of the industry of Porto Alegre in the total industrial production of Rio Grande do Sul declined from 26 per cent to 18 per cent (Oliveira, Pinto and Torres, 1995: 22). Porto Alegre is a city that has been traditionally organized around service and government sectors. In 1949, 73 per cent of the city's income came from the service sector, and in 1980, 78 per cent. The relative de-industrialization in the early 1980s did not affect the centrality and hegemony of Porto Alegre as a regional metropolis.

Rio Grande do Sul presents some of the best social indicators of the country. According to Navarro, citing official statistics (1996: 3), among the fifty best Brazilian cities in educational performance (eradication or lower levels of illiteracy), 32 are in the state. Other social indicators show that life expectancy in the state reaches 68 years for men and 76 years for women,⁸ the highest if compared to other Brazilian states. Infant mortality rates fell in the last two decades from 52.6 to 18.4 deaths per one thousand children of less than one year of age. In Porto Alegre, the latter was reduced from 37.2 deaths, in 1980, to 13.3 in 2000, one of best performances among all Brazilian capitals.⁹ Nevertheless, there are also contrasting negative indicators, such as deep social inequalities (like the rest of Brazil), the housing problem, and unemployment. One-third of its population lives in slums and a recent report indicates that the total population in these areas more than doubled between 1981 and 1990.

Porto Alegre is a city of ample democratic traditions, a strong, highly organized civil society. The military dictatorship met with fierce political resistance in Rio Grande do Sul, especially in Porto Alegre. For example, because of the pressure exerted by the democratic opposition against the repressive institutions of the dictatorship, political prisoners could not be “safely imprisoned” in the city and were often sent outside the city, usually to São Paulo. The opposition was led by intellectuals, labor unions, and the only legalized opposition party, Movimento Democrático Brasileiro (Brazilian Democratic Movement, henceforth MDB). The MDB attracted all the clandestine organizations—whether socialist, communist or revolutionary-Christian—opposed to the military dictatorship. Since the political situation rendered unviable almost all political struggle at the national (macro-political) level, the abovementioned organizations focused their activity on strengthening the unions and on such community movements as neighborhood and street associations, soccer clubs, cooperatives, mother's

clubs, cultural groups, and so on. These movements and organizations were either of a general nature or concerned with specific demands, such as the struggle for bus lines, the struggle for sewers or street paving, the struggle for housing or health centers, and so on. A powerful, diversified popular movement thus emerged, one that in the early 1980s became deeply involved in local government.¹⁰

In the first half of the 1980s the grassroots movements, even though highly heterogeneous both in political and organizational terms, gained new political clout in local politics. In 1983 the UAMPA (Federation of Neighborhood Associations of Porto Alegre) was founded and in 1985 held its first congress. Besides "specific demands" on housing, education, health, nutrition, human rights, and unemployment, the congress called for the "effective democratization of political structures at the federal, state and city level" (Oliveira, Pinto, and Torres, 1995: 31). In the first democratic municipal elections, in 1985, the PDT (Democratic Labor Party), with a long tradition in the state, won easily the elections with 42.7 per cent of the total votes. The PT, still struggling to expand its influence among the popular and labor movements, received 11.3 per cent.¹¹ Heir to a pro-labor populist tradition, the newly elected mayor decreed the establishment of "popular councils" in the city, but in real terms exercised municipal power in the old clientelistic, paternalistic way, frustrating the democratic expectations and failing most of the electoral promises.

In 1988, the PT began its amazing political success. Without precedent in the city, in 1992 and again in 1996 the party in government managed to elect its successor: Tarso Genro, vice-mayor in the first PT mandate, became mayor in the second, and Raul Pont, vice-mayor in the second mandate, became mayor in the third. In 2000 Tarso Genro was re-elected mayor. The mayoralty was taken over by his vice-mayor in 2002, when Tarso Genro became the PT candidate in state elections. He lost the elections and, in early 2003, became a minister in the first Lula government.

PARTICIPATORY BUDGETING IN PORTO ALEGRE

In the current, New Republic period of the Brazilian political system, municipal power lies in two separately elected bodies: the mayor (Prefeito), the executive body, and the Chamber of Deputies (Câmara de Vereadores), the legislative body. According to the 1988 Constitution, the competence to approve the budget is vested in the Câmara de Vereadores. Since 1989, the Workers' Party and the Popular Front control the Prefeitura but do not have the majority in the Câmara de Vereadores.

One hardly needs to stress the importance of participatory budgeting for the political and administrative relations between the state and the citizens. The budget is the basic tool of the political contract underlying such

relations and the interactions among the various state organisms charged with executing such a contract. By defining the use of public funds, participatory budgeting becomes the core mechanism for the public control of the state. Budgetary decisions are thus crucial political decisions. Nevertheless, in a society with a strong patrimonialist and clientelist tradition, as is the case of Brazil, the public budget has been less the expression of the political contract than the expression of its absence. Technocratic and bureaucratic criteria prevail in the definition of the budget, criteria that are vague enough to allow for the clientelist privatization of the public decisions that concern the redistribution of resources. Once the clientelist political game with its mechanism of exchange of favors controls the implementation of the budget, the latter becomes a fiction, a shocking evidence of the discrepancy between the formal institutional framework and the real practices of the state (Fedozzi, 1997: 109).

In Brazil the public budget includes three levels: federal, state, municipal. Municipalities have relative autonomy in determining revenue and expenditure. Revenue is either local (taxes and tariffs of various kinds) or the result of federal or state transferences. Expenditure is classified in three large groups: a) personnel; b) public services; c) investment in works and equipment. The relative autonomy of municipalities occurs mainly in the third type of expenditure. Since the budget does not have to identify the works and services to be carried out—the establishment of expenditure ceiling sufficing—the executive has ample leeway for budgetary implementation. The budget must however be approved by the legislative body.

The participatory budget promoted by the Prefeitura of Porto Alegre is a form of public government that tries to break away from the authoritarian and clientelist tradition of public policies, resorting to the direct participation of the population in the different phases of budget preparation and implementation, with special concern for the definition of priorities for the distribution of investment resources. The participatory budget and its institutional framework have no formal legal recognition.¹² Such legal recognition could only be provided by the Câmara de Vereadores, albeit within the limits of federal and state legislation. As we will see below, the issue of the legalization of the participatory budget is a major topic in an ongoing conflict between the executive and the legislative in Porto Alegre politics. As things stand now, since the definition and approval of the budget is a legal prerogative of the Câmara de Vereadores, the Prefeitura, in strict legal terms, limits itself to submitting to the Câmara a budget proposal that the Câmara is free to approve, to change or to defeat. In political terms, however, because the executive's proposal is sanctioned by the institutions of the participatory budget and thus by the citizens and community organizations and associations that participate in them, the executive's proposal becomes a *fait accompli* for the legislative body in view of the political risks for the deputies in voting against the "will of the citizens and the communities." The majority of the

with the CRC the coordination functions, is in charge of translating the citizens' demands into technically and economically viable municipal action by submitting them both to the general and the technical criteria.

The second kind of institutions are the community organizations, with autonomy *vis-à-vis* the municipal government, constituted mainly by regionally based organizations, which mediate between citizen participation and the choice of priorities for city regions. Since they are autonomous structures and hence depend on the organizing potential of each region, these popular organizations do not occur in every region concerning the PB. They bear different kinds of organization and participation according to the local traditions of the regions. They are the *Conselhos Populares* (Popular Councils), *União de Vilas* (Township Unions) and *Articulações Regionais* (Region Articulations).

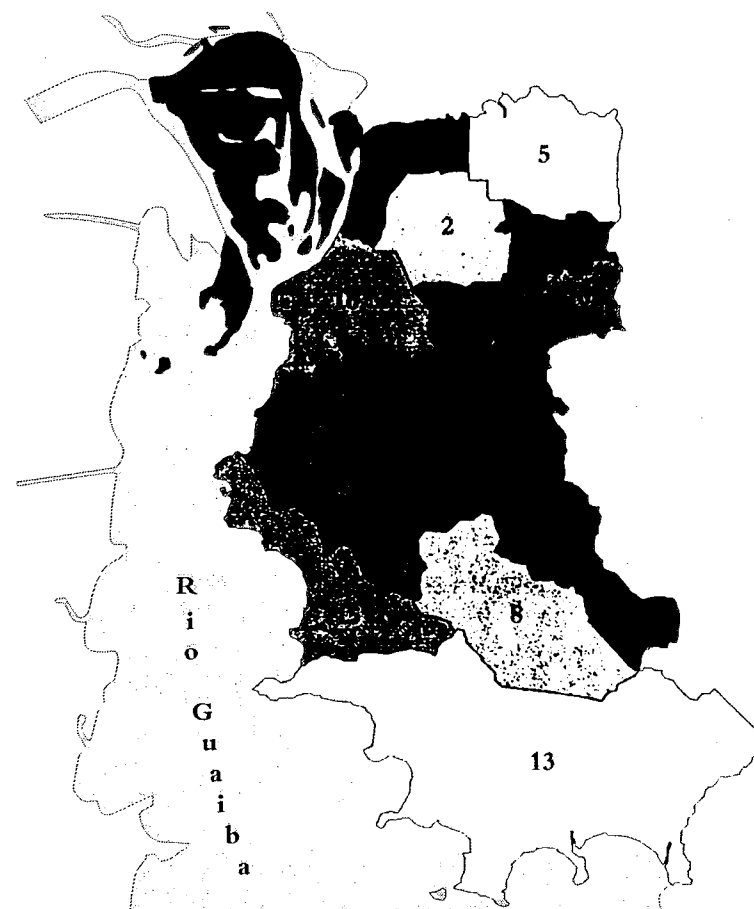
The third kind of institutions is designed to establish a permanent mediation and interaction between the first two kinds. They are regularly functioning institutions of community participation: *Conselho do Plano do Governo e Orçamento* (Council of the Government Plan and Budget), also known as *Conselho do Orçamento Participativo* (Participatory Budget Council, COP), *Assembleias Plenárias Regionais* (Regional Plenary Assemblies), *Fórum Regional do Orçamento* (Regional Budget Forum), *Assembleias Plenárias Temáticas* (Thematic Plenary Assemblies) and *Fórum Temático do Orçamento* (Thematic Budget Forum).

The participatory process

The main goal of the PB is to encourage a dynamics and establish a sustained mechanism for joint management of public resources through shared decisions on the allocation of budgetary funds and for government accountability concerning the effective implementation of such decisions. In a brief summary, the PB centers around the regional and thematic plenary assemblies, the *Fórum de Delegados* (Forum of Delegates)¹⁴ and the COP.¹⁵ The city is divided into 16 regions¹⁶ (see Map 11.1) and six thematic areas. The latter were established in 1994. Today they are: 1) Transportation and Circulation; 2) Education and Leisure; 3) Culture; 4) Health and Social Welfare; 5) Economic Development and Taxation; 6) City Organization, Urban and Environmental Development.

There are two rounds (*rodadas*) of plenary assemblies in each of the regions and on each of the thematic areas.¹⁷ Between the two rounds there are preparatory meetings in the micro-regions and on the thematic areas. The assemblies and the meetings have a triple goal: to define and rank regional or thematic demands and priorities; to elect the delegates to the *Fora of Delegates* and the councilors of the COP; to evaluate the executive's performance. The delegates function as intermediaries between the COP and the citizens, individually, or as participants in community or thematic

Map 11.1. THE CITY OF PORTO ALEGRE AND THE 16 REGIONS OF THE PARTICIPATORY BUDGET



- | | |
|-------------------------------|---------------------------|
| 1] Humaitá-Navegantes / Ilhas | 10] Cruzeiro |
| 2] Noroeste | 11] Cristal |
| 3] Leste | 12] Centro Sul |
| 4] Lomba do Pinheiro | 13] Extremo Sul |
| 5] Norte | 14] Eixo da Baltazar |
| 6] Nordeste | 15] Sul |
| 7] Partenon | 16] Centro ("downtown") |
| 8] Restinga | Porto Alegre, in the |
| 9] Glória | eastern part of the city) |

organizations. They also supervise the implementation of the budget. The councilors define the general criteria that preside over the ranking of demands and the allocation of funds and vote on the proposal of the Investment Plan presented by the executive. Next I will describe in greater detail how the PB works (see Figure 11.2).

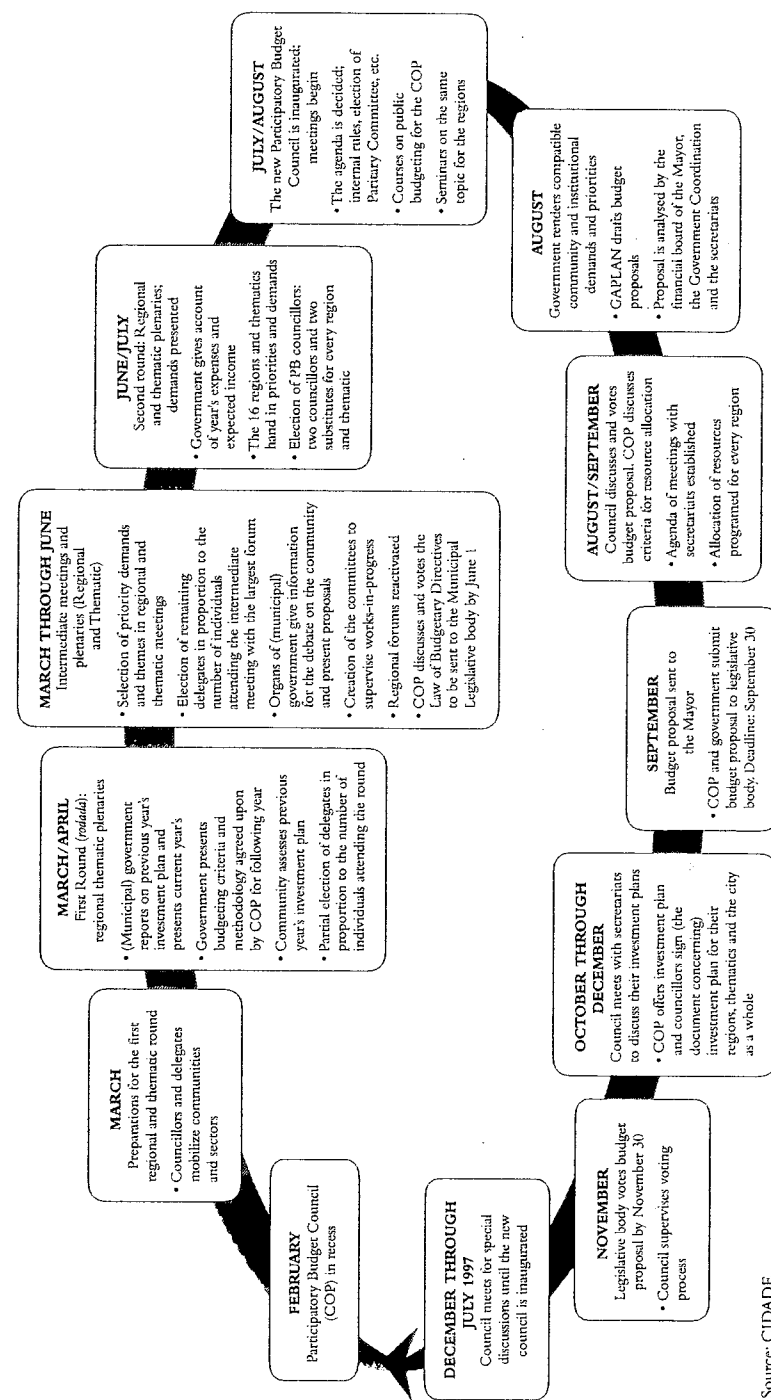
As I said, two rounds (*rodadas*) of Regional and Thematic Assemblies are held annually. These *rodadas* are open to the individual participation of any inhabitant of the city, as well as to the delegates of civic organizations and associations, even though in the Regional Assemblies only local residents are entitled to vote. They are coordinated by members of the municipal government (CRC, CROP and GAPLAN) as well as by PB delegates and councilors.

Before the annual assemblies, there are preparatory meetings of the citizens that ordinarily take place during the month of March, in total autonomy and without the interference of the municipality. The aim of these preparatory meetings is to collect the demands and claims of individual citizens, grassroots movements, and community institutions, concerning regional or thematic issues; they also initiate community mobilization to select regional delegates. These meetings are crucial to ventilate community demands and to discuss their relative priority. These meetings are convened and chaired by the popular councils or by the community leaderships and are at times very conflictual, since the different political orientations of the community organizations surface in the identification and formulation of demands, and tend to impregnate the whole debate. Below I shall deal with the issue of the autonomy of these meetings, as well as the autonomy of the intermediate meetings mentioned next.

The first *rodada* of assemblies, held in March and April, has the following objectives: a rendering of accounts, by the executive, of the Investment Plan of the previous year and presentation of the Plan approved for the current budget; the evaluation, by the citizens (by region or themes) and the executive, of the Investment Plan of the previous year; the first partial election of the delegates to the Fora of Delegates (regional and thematic); the remaining regional or thematic delegates will be elected during the next step of the process. The regional assemblies are open to the public but only the registered inhabitants of the region have the right to vote.

The evolution of the criterion to determine the number of delegates to the regional and thematic fora bears witness to the increasing involvement of the citizens in the PB. Initially the criterion was one delegate for every five people attending the assembly; in the early 1990s it changed to one delegate for every ten people and later on to one delegate for every 20 people in force until 1996. After several revisions—in the course of which, for example, the criterion would vary according to the total number of participants at the meeting—in 1999 a fixed number was adopted (one delegate per each group of ten participants), which was implemented in 2000–01.

Figure 11.2. THE CYCLE OF PARTICIPATORY BUDGETING IN PORTO ALEGRE.



Source: CIDAIDE

This option reflects the Prefeitura's concern with getting more people involved in the PB.

The delegates elected in the first round of plenary assemblies and then in the "intermediary meetings" are usually indicated by the leaders of the associations present at the meetings. Thus, a citizen not integrated in a collective structure does not have much chance of being elected delegate (more on this below).

Between the first and the second *rodada* of the assemblies, March through June, the so-called intermediate preparatory meetings take place. They are organized by the community or thematic organizations and associations, though now "coached" by the regional or thematic CROP and other representatives of the executive. At such meetings the demands approved by each association or organization (Neighborhood Associations, Mothers Clubs, Sports or Cultural Centers, Housing Cooperatives, Unions, Non-Governmental Organizations, and so on) are ranked by the participants according to priorities and general criteria. The better-organized regions have an internal micro-regionalization for their choice of priorities. Later, the resulting priority lists will be fought for at meetings involving the whole region or at thematic plenaries. In the intermediate meetings there is much discussion and voting but the real negotiations leading to proposals to be voted tend to take place behind the scenes at informal meetings of the community leaders. The levels of conflictuality depend on the level of community organization and on the level of political polarization among the leaderships.

At these intermediate meetings each region or theme hierarchizes the sectorial priorities. Until 1997, the regions hierarchized four priorities among the following eight sectors or themes: sewerage, housing, paving, education, social assistance, health, transportation and circulation, city organization. In 1997, the COP introduced some changes in this regard. From 1998 onwards, the regions hierarchized four priorities among twelve themes and, starting in 2001, 13 themes: sewerage, housing, paving, public transportation and circulation, health, social work, education, leisure, sports, public lighting, economic development, culture, and environment. As we will see later, these changes reflect the discussions in the COP in recent years in which the majority of councilors had claimed the expansion of themes covered by the PB. Each sector or theme is divided up into sub-themes. For instance, housing includes land legalization (regularization of landed property), land and house registration, urbanization, and social housing projects.

The elected priorities are given grades according to their ranking: 1st priority, grade 4; 4th priority, grade 1. Likewise, the specific works proposed by the citizens in every theme or sector are hierarchized as well (pavement: 1st priority, street A; 2nd priority, street B, and so on). Sectorial priorities and hierarchy of works in every sector are forwarded to the executive.¹⁸ On the basis of these priorities and hierarchies, adding up the grades of the different

priorities in all the regions the executive establishes the three first priorities of the budget in preparation. In the course of years, housing, sewerage, paving and land legalization (regularization of landed property) have been the commonest themes of the three main priorities, the order of priority oscillating amongst them. For instance, for the 2001 budget the three priorities were: paving (34 points), housing (32 points), and sewerage (27 points). During the past few years, education and health care have emerged as priorities.

The second *rodada* of Regional and Thematic Assemblies held in June and July is coordinated and chaired by representatives of the executive in conjunction with the popular organizations of the region or theme.

The structure of the meetings is as follows: the executive presents the most important principles of the fiscal and revenue policies and expenditure policies that will have a bearing on the preparation of the budget for the following year; the executive also proposes the general criteria for the distribution of investment resources. The delegates of the communities present to the citizens and the executive the hierarchized demands approved in the intermediate meetings (regional or thematic).

In these assemblies two effective councilors and two substitutes in every region and theme are elected for the COP. The councilors are elected for a one-year mandate and can be re-elected only once. Their mandate can be revoked by the Regional or Thematic Forum of Delegates in a meeting especially called for that purpose and announced with an advance notice of two weeks. Once the quorum established (50 per cent + one of the delegates) the mandate can be revoked by a two-thirds majority vote.

The institutional organs of community participation are then constituted: the Fora of Delegates (16 regional and six thematic ones) and the COP. The Fora of Delegates are collegiate organs with consulting, controlling, and mobilizing functions. The Fora meet once a month and the two major tasks of the delegates are to supervise the works and to act as intermediaries between the COP and the regions or thematic areas. As we will see below, the information flows are not without problems.

The COP is the main participatory institution. It plans, proposes, supervises, and deliberates on the budget's revenue and expenditure (Budgetary Proposal). There the elected citizens get acquainted with the municipal finances, discuss and establish the general criteria for resource allocation, and defend the priorities of regions and themes. At the Council sessions the institutional mediation between citizens and community organizations on one side and municipal government on the other concerning budgetary decisions is conducted at the most concrete and intense level. Once inaugurated in July/August, the Council meets once a week on a set day, usually from 6 to 8 pm.

During the month of August, the detailed preparation of the budget begins. While the executive conciliates the citizens' demands with the so-

called "institutional demands" (the proposals of the Municipal Secretariats) and prepares the budgetary proposal on revenue and expenditure, the COP engages in the internal process of training the newly elected councilors to familiarize them with the internal rules (*regimento interno*) and the criteria for resource distribution.¹⁹

The tasks of the COP are carried out in two phases. In August and September, the COP discusses the budget matrix (*matriz orçamentária*). On the basis of revenue and expenditure forecasts made by the executive during the second *rodada*, the major sets of investment are allocated according to the thematic priorities established in the regional discussions. In this phase, on the basis of the government's proposal, the councilors take a vote, for example, on how many roads will be paved, or how much money will be allocated to health, housing, and so on. Major or structural constructions, whether proposed by the thematic assemblies or by the government itself, are also discussed. Once approved by the COP, this *matrix* is turned into a draft of the Budget Law to be handed out to the Câmara de Vereadores (Chamber of Deputies) by 30 September. From September until December the COP prepares the Investment Plan, which includes a detailed list of the works and activities prioritized by the Council, and thus the specific allocation of resources programmed for every region and thematic area. The debate concerning investments is limited by the estimated general revenue and expenditure with personnel and other expenses estimated by the executive, including fixed expenditures enforced by federal legislation, such as the percentages constitutionally ascribed to education and health.

At the same time, the COP follows the debates on the budget proposal in the Câmara de Vereadores and puts pressure on the legislators by meeting with individual members of the Chamber, mobilizing the communities and thematic areas to attend the debates or to organize rallies outside the building.

During the whole process, the executive participates in the definition of investments through its Planning Office (GAPLAN), and also through the Municipal Secretariats attending the Council meetings, by proposing works and projects of general interest and multiregional ambit, or even works deemed necessary, upon technical evaluation, for a given region of the city. Thus the Investment Plan includes works and activities suggested by the regions and thematic areas as well as works and activities involving several regions or even the whole city. In the last phase of the procedure the Investment Plan approved is published as a booklet and becomes the basic document to refer to by the community delegates in their supervising capacity and by the executive when rendering account before the organs of the Participatory Budget.

Throughout the participatory budgeting process the executive plays a decisive role, and this is particularly evident in the COP meetings. Through the CRC and the GAPLAN the executive coordinates the meetings and sets the agenda. The meetings start with information given both by the govern-

ment representatives and by the councilors. The themes of the agenda are then introduced by the permanent government representatives or by the representatives of the different municipal secretariats in charge of the theme under discussion. In a disciplined way the councilors, in three-minute interventions, raise issues and ask questions. After a number of interventions, the executive representatives answer the questions and give the information requested. A second set of interventions by the councilors is followed by the representatives' answers, and so on. Both regional and thematic delegates may also intervene, but they cannot vote.²⁰

At times there are more direct and intense debates but I have been told that the most conflictual and even tumultuous debates occur in those rare "special" meetings of the COP that are not coordinated by the executive but by the councilors themselves. The political and even personal cleavages surface then more openly. In recent times, the executive's coordination of the meetings has been questioned by some councilors in the name of the autonomy of the COP (more on this below). According to the rules, the coordination belongs to the Parity Commission (Comissão Paritária), so designated because it is composed by an equal number of councilors and government representatives, four each. But in reality the government representatives do most of the coordination, if for no other reason than because of their privileged access to relevant information. In any case, probably to accommodate increasing concerns about the limited autonomy of the COP expressed by the councilors, the most recent version of the rules determines that the government representatives and the councilors of the Parity Commission will alternate in chairing the meetings.

The distribution of investment resources: methodology and criteria of decision-making

The distribution of investment resources follows a method of participatory planning that begins when priorities are indicated at the regional and thematic plenaries and at the intermediate meetings, and reaches its climax when the COP approves the Investment Plan with detailed works and activities discriminated by investment sector, region, and the whole city.

As we saw above, the regions and thematic areas begin by defining the sectorial priorities that are to preside over the drafting of the budget proposal concerning the global distribution of investment resources. The regions also define and hierarchize the specific demands within each priority. Once the priorities of the different regions are established, the distribution of investments is carried out according to the general criteria defined by the COP and the technical criteria defined by the executive. Concerning the regional assemblies, the general criteria are: lack of urban infrastructures and/or services; total population of the region; priority given by the region to

specific sector or theme. To each criterion is ascribed a weight in a scale that has varied through the years—from 1 to 4 or from 1 to 5—in direct proportion to the importance attributed to it by the COP. Each region is given a grade concerning each one of the criteria and the type of investment as related to the second and third criterion. The grades are determined in the following way: a) according to the region's total population as provided by the executive's official statistical data;²¹ the larger the region's total population, the higher the grade; b) according to the region's need *vis-à-vis* the investment item in question; the higher the need, the higher the grade; c) according to the priority ascribed to the items of investment chosen by the region; the higher the priority of the sectorial demand presented by the regions, the higher their grade in the investment sector in question.

An example may illustrate how the general criteria are translated into a quantified allocation of resources. In 1997 the relative priority given by the 16 regions to street paving determined the inclusion in the Investment Plan of a global expenditure item for street paving corresponding to 20 kilometers of streets to be paved. The distribution of this amount by the different regions was the result of the application of the criteria, their weight and the grade of the region in each one of them. The grade received by each region in each criterion is multiplied by the general criterion's weight. The sum of the partial points (grades x weight) amounts to the total grade of the region in that specific sectorial demand. This total grade determines the percentage of the investment resources that will be allocated to the region in that sector. Let us analyze the case of two contrasting regions: Extremo Sul, a region with 80.21 per cent need of pavement, and Centro with 0.14 per cent. Concerning the need criterion, which at the time carried a general weight of 3, Extremo Sul had the highest grade (4)²² and accordingly got 12 points (3 x 4), while Centro, with the lowest grade (1), got 3 points (3 x 1). Concerning the criterion of total population, which at the time carried the general weight of 2, Extremo Sul, with a population of 20,647 inhabitants, had the lowest grade (1) and hence got 2 points (2 x 1), while Centro, with a much bigger population (293,193 inhabitants), had the highest grade (4) and hence got 8 points (2 x 4). Finally, concerning the criterion of the priority given by the region, which at the time carried a general weight of 3, Extremo Sul gave the highest priority to paving and, accordingly, had the highest grade (4) and thus got 12 points (3 x 4), while Centro gave a very low priority to paving and thus had the lowest grade (0) and consequently no points (3 x 0). As a result, the total sum of points for Extremo Sul in the item of street paving was 26 points (12 + 2 + 12) while Centro's total sum was 11 points (3 + 8 + 0). Since the global number of points for all regions was 262 points, Extremo Sul received 9.9 per cent of the investment, that is, 1,985 meters of street pavement, while Centro received only 4.2 per cent of the investment, or 840 meters of pavement.

When the first PT executive took office in 1989, the administration's three major objectives were: reversal of priorities; administrative transparency; and popular participation in the city's governance (Genro and Ubiratan, 1997). The first objective—reversal of priorities—was reached in the four (now three) criteria and their respective weights proposed by the executive and accepted by the regions. For several years, the need criterion (services or infrastructure want) was ascribed the highest weight, whereas the population criterion was ascribed a lesser weight. This discrepancy was justified by the need to transfer resources from the region with the most population, the Center, which was also the richest one, to the poorest and less well equipped regions. As a matter of fact, the Center has always been a problematic region for the PB, and there has been a lot of discussion about the need to subdivide it. Moreover, the Center is internally widely differentiated in social and economic terms. Some of the poorest people of Porto Alegre live in sections of this region. When the COP decided to eliminate the criterion of population percentage in situations of extreme want, weight 2 was ascribed to the criterion of population dimension. Thus the other two criteria—need and regional priority—were getting the highest weight (currently weight 4 and 5 respectively).

In the early 1990s, the criterion of the priority established by the region had weight 2. Debates inside the COP resulted in strengthening this criterion, the argument being that this is the criterion that best reflects what the region really wants, given that the regions have so many different needs and resources are scarce. For example, the South, which in 1992 considered sewage to be its most pressing need, while paving was only its third priority, in 1995 went on to take paving as its major priority. The reason may well be that, since sewage was one of the most remarkable successes of the PT administration, it ceased being objectively a real priority.

In the 1998 budget, the weight of the three criteria was changed following debates inside the COP during 1997. The already mentioned concerns, that the Center would always be "ahead" because of its total population, resulted, on the one hand, in widening the gap between this criterion and the other two (from weight 2 *vis-à-vis* weight 3 it went to weight 2 *vis-à-vis* weight 4). On the other hand, the thresholds of the different grades were changed: the threshold for the highest grade became 120,000 inhabitants rather than the previous 200,000, and thus regions other than the Center managed to get the highest grade according to this criterion.

In the cycle of 2000–01, the threshold of the highest grade is 90,001 inhabitants, the ratio of the three criteria being the following: total population of the region, weight 2; lack of service or infrastructure, weight 4; thematic priority of the region, weight 5 (see Table 11.1).

Table 11.1. CRITERIA, WEIGHT AND GRADES FOR THE DISTRIBUTION OF THE INVESTMENTS IN THE 2001 BUDGET

Lack of services and infrastructure	WEIGHT 4
From 0.01% to 14.99%	grade 1
From 15% to 50.99%	grade 2
From 51% to 75.99%	grade 3
76% and higher	grade 4
Total population of the region	WEIGHT 2
Up to 25,000 inhabitants	grade 1
From 25,001 to 45,000 inhabitants	grade 2
From 45,001 to 90,000 inhabitants	grade 3
Above 90,001 inhabitants	grade 4
Priority given by the region	WEIGHT 5
Fourth priority	grade 1
Third priority	grade 2
Second priority	grade 3
First priority	grade 4

Source: GAPLAN and Mayor's Office, Porto Alegre

THE EVOLUTION OF THE PARTICIPATORY BUDGET: ON LEARNING PARTICIPATORY DEMOCRACY

The structure and development of the PB has undergone important transformations since it was first initiated in 1989. This evolution illustrates the internal dynamics of the PB and, above all, the institutional learning by both state and civil society.

When, in 1989, the PT took over the government of Porto Alegre, the party leadership was involved in an intense internal debate, which essentially may be summarized as follows: is the PT government a government for the workers or is it a leftist government for the whole city, though with a special commitment to the popular classes? Initially, the position that the PT should govern for the workers alone prevailed. Such a position was deeply rooted in the political culture of the PT, closely linked to the political theories of

the popular urban movements in the 1970s centered around the core concepts of dual power and popular councils derived from the Bolshevik Revolution. Under these premises, considering that the state is always particularist and exists only to fulfill the interests of the bourgeoisie, it should likewise be the task of the PT to carry out a particularist government, only now favoring the interests of the workers. Since such government would be exercised in the institutional context of the bourgeois state, its major objective would be to provoke confrontation and bring about crisis so as to unveil the classist nature of the state (Utzig, 1996: 211).

Such a political stance held for the first two years. The aim was to hand over power to the popular councils derived from community organizations so that they could be the ones to take decisions about municipal policy, especially the budget. According to Tarso Genro, who was then the vice-Mayor, by the end of the first year it was already obvious that such a political and administrative strategy reflected a "romantic conception" of popular participation and was destined to fail for three main reasons. First, neither the party leaders heading the executive nor the community leaders had any experience in promoting institutionalized participation. Both had been socialized in a political culture of confrontation and were not ready to go beyond protest and confrontation.²³ Such a context did not allow for the creation of spaces for negotiation capable of articulating and making compatible all the different claims and demands from different regions, let alone establishing a political contract and taking part in the institutional mediations necessary to make it effective. Second, it was soon quite evident that the community leaders were not only socialized in a political culture of confrontation but also in a political culture of clientelism, on the basis of which they channeled resources to the communities. Thus careerism in community power went on reproducing careerism in traditional politics.²⁴ Popular participation of a non-clientelist type was therefore upsetting both for traditional politics and community power structures. And finally, the municipality was bankrupt. During the previous decade the municipal revenue had decreased and the former mayor had approved a dramatic salary raise for the municipal workers just before he left office. As a consequence, in the budget for 1989, expenditure with personnel carried around 96 per cent and only 3.2 per cent of the revenue was left for investment. With such scarce resources it was impossible to meet adequately the demands of the communities.

In the first year, then, the experience of the participatory budget could not but be frustrating.²⁵ Very few of the works planned were carried out. For example, none of the 42 kilometers of pavement projected for the communities was completed. In the following year, the extent of the frustration was quite visible. Tarso Genro recalls that meeting attendance, which had been relatively large in 1989, dropped in 1990. At a particular meeting in

one of the regions, there were more members of the executive (25) than people from the community (16).

The years of 1990 and 1991 were devoted to recuperating the financial and investment capacity of the municipality. Expenditure control combined with municipal fiscal reform and larger federal and state transferences allowed by the 1988 Constitution were the policies that increased investment percentage of the budget to 10 per cent in 1990, 16.3 per cent in 1991, and 17 per cent in 1992. As regards the municipal fiscal reform, progressivity was introduced in the tax on urban property (IPTU, Property Tax on Urban Land and Homeownership), the ISSQN (literally, tax on any kind of service), and several tariffs concerning municipal services were updated (for instance, garbage collection) and indexed to inflation (then skyrocketing), at the same time that the surveillance of tax and tariff payments was made more efficient. The most dramatic change concerned the IPTU and the ISSQN. In the case of the former, in 1990 it amounted to 5.8 per cent of municipal revenue, in 1992 it reached 13.8 per cent, and today it varies between 17 and 18 per cent. The ISSQN represented 20 per cent of the municipal revenue in 1998.

The tax reform, which was crucial to relaunch the popular administration, had to be approved by the Câmara de Vereadores. Because the Popular Front did not have the majority in the Câmara, the PT and the executive promoted a massive mobilization of the popular classes to pressure the legislators to approve the tax reform law. As Tarso Genro recalls, the rightist and centrist legislators, taken by surprise, could not understand why the people would pressure them to raise taxes (Harnecker, 1993: 10).

The executive's response to the initial failure of the participatory budget did not limit itself to overcoming the financial crisis. It also included deep political-administrative changes inside the executive itself and a significant swerve in the political-ideological debate inside the party leadership. Also introduced was a conception of strategic planning influenced by Salvador Allende's experience in Chile (Fedozzi, 1997: 136, 225). The coordination of the PB was taken from the Secretariat for Planning, whose technical body was prey to clientelist policies, and centralized in two organs answering directly to the Mayor's Office: the GAPLAN and the CRC.

On the other hand, institutional mediation between the executive and the community organizations was started so as to combine effective participation with the preparation of an efficient, coherent, and realistic budget. This kind of mediation amounts to the structures and processes of the PB, which have not stopped being improved to this day. Thus new regional division was discussed with the community delegates, and the previous five regions gave way to the actual 16.

In the 1991 budgeting debate a methodology was introduced for the first time for the distribution of resource investments amongst the city regions

and choice of budgetary priorities. Always as a result of discussion with community delegates, it was decided to concentrate 70 per cent of the resources for investment in five regions considered priorities. The choice of regions was based on the following criteria: popular mobilization in the region; importance of the region for the urban development of the city; lack of public services and/or infrastructures in the region; number of people living in conditions of extremely deficient public services or infrastructures in the region (Fedozzi, 1997: 137).

At the same time, there was evident progress concerning the creation of community-based representative institutions for the specific discussion of the budget. The Comissão dos Representantes Comunitários (Committee of Community Delegates), which had initiated popular participation in the preparation of the budget, was eventually replaced by two important institutions still existing today: the COP, and the Fórum de Delegados. This model of institutionalized participation and decision-making, based on a strong binding link between the municipal administration and the communities, amounted in practice to putting aside the dual power thesis. This, however, did not mean the marginalization of the popular councils. On the contrary, they continued to be acknowledged as autonomous regional organizations *vis-à-vis* the state.²⁶

From 1992 onwards, popular participation increased significantly as a result of the recuperation of the credibility of the PB, which in turn was due to investment increase, particularly from 1991 on, as well as to the fact that investment was carried out in strict compliance with the decisions taken by the COP. New changes and improvements were then introduced as regards the methodology used to distribute the resources. Thus, the discontent of the eleven regions considered non-priority and, therefore, granted only 30 per cent of the investment, led to the abandonment of the criterion that prescribed concentration of investment in priority areas and the adoption of a systematic selection of priorities within the different investment sectors (paving, sewerage, land legalization, and so on) throughout all the regions of the city.

On the other hand, while the notion of objective criteria for determining priorities and selecting investments was maintained, the criteria underwent many changes. Two criteria were abandoned—"popular mobilization in the region" and "importance of region for the organization of the city"—the former for being considered subjective and allowing for manipulation (for instance, artificial promotion of participation to suggest high levels of mobilization), the latter for being vague and allowing for technicist deviation, since the grades for each region in this criterion were given by the technical staff of the Prefeitura. The remaining criteria were kept and two others added: "priority of investment chosen by the region" and "total population of region." The former reflected the demand of community delegates to have the priorities of the inhabitants of each region better

contemplated in the allocation of municipal resources. The latter, claimed by the delegates of some regions and by the executive itself, aimed at making the allocation of resources a more universalizing process (Fedozzi, 1997: 140).

From 1993 onwards, when the second PT term began, the pattern of participation and institutionalization of the PB entered a phase of consolidation, as indicated by the significant increase of participation in assemblies and meetings, as well as the acknowledgement of the COP by both the executive and the community movements, as a crucial institutional mediation for the democratic distribution of budget resources. However, this pattern of participation and institutionalization left intact the conflictive nature of participation and indeed drew its strength from the permanent tension between conflict and negotiation (more on this below).

In the following years, institutional learning and dynamics continued to be the main features of the PB. We might even say that from 1993 onwards the structure and functioning of the PB gained increasing operational complexity, which did not prevent—quite the opposite—the number of participants from rising and their social composition from getting more diversified.²⁷ One of the criticisms addressed by the opposition and the media at the experiment of the PB was that, all in all, the PB was just a new version of “rice and beans” politics, that is to say, a formula for solving a few of the urgent problems affecting the popular classes, perhaps a less clientelist version than the traditional one, but no less immediatist and electoralist. Also, the fact that participation had a regional basis made impossible any discussion of the city as a whole, any definition of sectorial policies concerning every region, and, above all, any definition of a strategic plan for the city. On the other hand, focusing on the basic needs of the popular classes had resulted in neglecting issues of interest to other social sectors: the middle classes, business groups, and even the trade unions. For this reason, these sectors had been absent from the PB up to then.

Such criticisms coincided in part with the evaluation the PT government itself made of the first years of the PB. To respond to them two important initiatives were taken right at the start of the second term (1993): the Congresso da Cidade (City Congress) began to be held regularly²⁸ and the plenárias temáticas (thematic plenaries) were created. The first Congress, known as the First Congress of the Constituent City (echoing the large democratic mobilization at the root of the 1988 Constitution) took place in December 1993, its main topic being urban development. Participants were all the PB delegates and councilors, civil society organizations of all kinds (community organizations, trade unions, cultural and business associations, and so on), the university, and organs of municipality from the state of Rio Grande do Sul and the federal government. The conclusions of the Congress defined the “major lines of economic and urban development” that from then on became the guiding principles of the municipal government and

the PB. Two years later the Second Congress was held, focusing on the strategic plan of the city, known as *plano director* (master plan).

The meetings known as *plenárias temáticas*, which from 1994 onwards became part of the PB cycle, were the way found to commit the PB to the principles approved by the City Congress. To further the directives of the first City Congress, five themes (*temáticas*) were initially created;²⁹ currently there are six thematic plenaries. The thematic plenaries are organized in a similar way as the regional assemblies: they include two rounds of general assemblies (*rodadas*) and elect delegates according to the number of participants in the assemblies as well as two representatives for the COP. However, while in the regional plenaries, even though anyone may participate, only the inhabitants of the region have the right to vote, in the thematic assemblies, any citizen, whatever his or her region, may participate and vote in the thematic plenaries. Among the most important decisions of the first few thematic plenaries was the decision to clean up the pollution in the river and on the beaches of Porto Alegre, an issue of general interest for the city as a whole and not just for the region where the beaches are located, and the decision to restore the public market, a public space of great architectural value and with great symbolic value in the social and cultural imaginary of the city.

The thematic plenaries were the means of expanding both the matters for discussion and participatory decision, as well as the social composition of the participants, thereby improving the quality and complexity of the participation. According to municipal data, of a total of 1,011 people attending the second *rodada* of thematic plenaries in 1994, 11.5 per cent belonged to the trade union movement, 14.3 per cent represented business interests, 20 per cent belonged to community movements, 35 per cent to other institutions of the civil society and the state, 14.4 per cent were individuals with no organizational affiliation, and 0.7 per cent were representatives of political parties. Nevertheless, the fact that the participation of community or regionally based associations was still predominant may have resulted in a certain overlapping of spaces of participation and representation in the regional and thematic plenaries. Fedozzi (1997: 144) mentions a survey in 1995 according to which, when asked about what distinguishes regional from thematic plenaries, 60 per cent either answered that they did not know the difference or did not answer at all.

The relationship between regional participation and thematic participation is not merely a question of an overlapping of spaces of participation. It is above all a question of urban politics and has over the years become ever more contentious. In the early 1990s the regions were mainly concerned with the lack of physical infrastructures and this explains why leisure or culture were not even considered as possible topics for prioritization. But the regions had always a tradition of lively leisure and cultural activities. Many

of them had cultural and sports clubs, theatre groups, and so on. As the want of physical infrastructures was attenuated as a result of the success of the PB, the demands for "post-materialist" improvements increased and hence the relative overlap with the thematic plenaries. The overlap hides a conflict of conceptions about city culture that may be related to the different social composition of the regional and the thematic plenaries. However, the conflict in this respect is mainly between the regions and the executive itself. The COP, dominated by the regions, has been fighting with increasing aggressiveness for the expansion of the topics of regional interest under PB decision-making. Among such topics, culture is always mentioned.

Through the CRC and the GAPLAN the executive has on several occasions resisted such an expansion with the argument that such topics, rather than being of regional interest, concern the city as a whole. This argument has not convinced the councilors who in 1997 were very critical of the cultural proposals presented by the executive, accusing them of being biased in favor of "high culture" activities. The truth of the matter is that many regions have their own cultural traditions, programs, and facilities, and want above all to improve them. In the COP meeting of 1 March 1997, one thematic councilor, representing the theme Education, Culture and Leisure, challenged the executive representatives: "our concern in the thematic is that in fact the activities in the area of culture end up being chosen by the Mayor's Secretariat for culture and regions, and the people are excluded. Notwithstanding the thematic's attempt it has not received any response from the Secretariat. Our interest is that the popular will is respected in the cultural programs of Porto Alegre. Because the thematic believes that culture is how we live."

During the second term, and also to respond to a demand by the PB councilors that the realm of the PB be expanded to other areas of municipal spending, a Three-Party Commission (Comissão Tripartite) was set up, composed of six PB councilors (three effective and three substitutes), representatives of the SIMPA, and members of the executive. Its purpose is to participate in decisions concerning policies related to personnel and municipal administration.

Two other institutional changes introduced after 1993 must be mentioned. Since the beginning of the 1990s, the Fórum do Orçamento (Budget Forum) was the means of gathering together all the delegates of all the regions. Although its existence was highly justified because of the need for a trans-regional, citywide mediation, the truth is that the Forum did not have clearly defined functions, and its dynamics were deficient. The decision, therefore, was taken to cancel the Budget Forum and create in its stead fora of delegates in every region and in each one of the thematic plenaries. On the other hand, with the objective of refining the methodology of participation and representation, the election of delegates stopped taking place only in the

second *rodada* of the regional or thematic assemblies and began to occur in two moments: a part of the delegates was elected in the first *rodada* of the plenary assemblies and the other part in the intermediate meetings that take place between the first and second *rodada* of the regional or thematic assemblies. The other institutional innovation was the approval, in 1994, of the Regimento Interno (internal rules) of the COP summing up the normative framework underlying the PB's operations and procedures.

The PB learning process in the course of the past decade reveals itself not so much in formal institutional innovations but in the internal operation of the existing institutions. As we saw above, some substantial changes in the criteria for resource allocation have been introduced. Moreover, conflicts of interest and political cleavages have been surfacing ever more openly. In recent years the COP has become more assertive, challenging what is sometimes considered tutelage or even manipulation by the executive. In sum, the PB has become more transparent regarding its core character: a democratic political struggle centered on different conceptions of fair distribution of scarce public resources in an extremely unequal society.

By the end of 2000 a new phase in the PB's learning process began, including a wider reflection on the past and future of the PB. This process is reflected in the creation, in 2001, of a Work Group for the Modernization of the Participatory Budget, to which I shall refer in my conclusion to this chapter.

PARTICIPATORY BUDGETING: TOWARD A REDISTRIBUTIVE DEMOCRACY

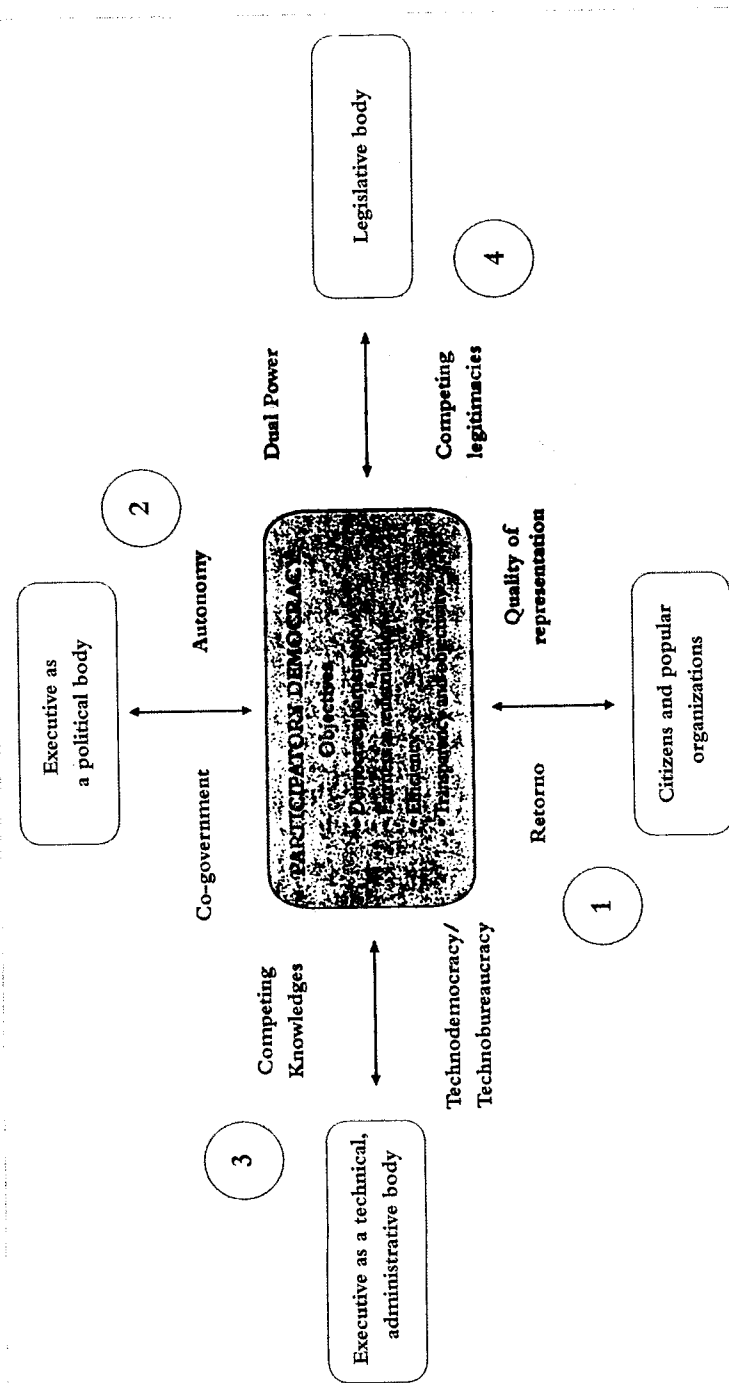
In this section some of the most salient political features of the PB will be briefly analyzed. I will also identify the major challenges facing the PB as well as the problems and even dilemmas lying ahead. Figure 11.3 will be helpful to structure the discussion.

Participation, negotiation, and redistribution

The PB is a process of decision-making based upon general rules and criteria of distributive justice discussed and approved by regular, institutional organs of participation in which the popular classes have majority representation. The communities in which they live and organize are recognized as having urban collective rights that legitimate both their claims and demands and their participation in the decisions taken to meet them.

The selection of priorities and works included in the Investment Plan is reached by means of objective criteria, defined through a complex process of negotiation that takes place at the intermediate meetings, regional assemblies, thematic plenaries and COP. It is today generally recognized that the

Figure 11.3. PARTICIPATORY BUDGET POLITICAL CONSTELLATION



PB changed the political culture of community organizations, from a culture of protest and confrontation to a culture of conflict and negotiation. Indeed, conflict and negotiation occur not among the regions alone but inside each region as well, and it is equally complex and tense at the intra-regional as it is at the inter-regional level.

The objectivity and transparency of the criteria are expressed in the points earned by each region and the percentage of investment resources into which they are converted. The point system was the methodology conceived to hierarchize priorities and to turn them into resource and investment quantities determined by general criteria. For each one of the priorities, the weight of the criterion and the grade given to the region define the points, which in turn decide the percentage of resources to be invested. The point system aims at converting the political decisions reached through complex negotiations in the detailed distribution of resources included in the Investment Plan and make sure that such conversion is as faithful and objective as possible.

The latter concern implied successive refinements of the distributive methodology that endowed the PB with great operational and functional complexity. The increase and diversity of participation, together with the increasing intensity and differentiation of demands, has also contributed decisively to making calculating methodologies even more complex and sophisticated.³⁰ The complexity of the point system resides in the fact that it seeks to articulate measures of participation, on the one hand, with measures of priority and recognized necessity, on the other. The participation measure guarantees the democratic legitimacy of political decisions, whilst the priority and necessity measure guarantees the fidelity, objectivity, and transparency of the conversion of political decisions into distributed resources.

Once the amount to be invested in the region according to the priorities defined by the region has been decided, that sum has to be distributed inside the region itself. The latter distribution is often extremely difficult, given the internal diversity of the regions and the political struggles concerning community leadership. These difficulties led to the creation of micro-regions, that is to say, social spaces with some identity inside the regions themselves. The aim was to reproduce inside the regions the same decision processes and criteria adopted for resource distribution among regions.

In 1995, the COP approved non-binding directives for resource distribution inside the regions, proposing the adoption of objective criteria for the hierarchization of priorities and choice of investment that were similar to the ones adopted for the interregional hierarchization and distribution: thematic priority of micro-region or neighborhood (Vila); lack of services or infrastructures; population benefiting from the work demanded. According to Fedozzi (1997: 161), in most regions, especially those not divided into micro-regions, decisions did not obey the point system; there

was rather political negotiation and the direct vote of the delegates of each neighborhood for the choice of priorities. Regardless of the difficulty in measuring, for example, the lack of services or infrastructures in each micro-region or neighborhood, most community leaders chose the distribution of the resources according to the criterion of the participation of the neighbors in the meetings. Only four of the 16 regions used some kind of system based on the calculation of the choice of priorities.

Because of its major concern with the democratic nature of the distribution, the PB may be considered the embryo of a redistributive democracy. As I have indicated, the democratic nature of the distribution is guaranteed by a calculating methodology that has become increasingly sophisticated. One could say that, when it does not evolve in a Weberian way, that is to say, together with an increase of bureaucracy, democracy evolves together with an increase of decisional complexity. The following working hypothesis could indeed be formulated: in internally differentiated societies, the stronger the bond between democracy and distributive justice, the more complex the methodology that guarantees such a bond tends to be. The decrease of complexity that bureaucracy allows for cannot but bring about the loosening of the bond between democracy and distributive justice.

The redistributive efficiency of the PB has been fully confirmed. Suffice it to mention that in the PB the poorest region of the city, Ilhas (nowadays a micro-region of Humaitá/Navegantes/Ilhas), with a population of about five thousand inhabitants, almost entirely classified as needy people, has the same decisional weight as the wealthiest region, Centro, with 271,294 inhabitants, of whom fewer than 3 per cent are considered needy (see also Larangeira, 1996: 4). When, during the 1992 election campaign, those opposed to the PT candidate argued that the PT government only provided "rice and beans" works, this criticism was actually the great lever for popular mobilization in favor of the PT government. The communities then participating in the PB assumed the "rice and beans" works as being in their favor, for the communities themselves had voted for them in the PB. The pejorative nature of the phrase "rice and beans" works, pointing to the popular classes as socially devalued subjects, was neutralized by the popular classes themselves as citizens of the democratic decisions that led to the works. Thus the unequal and conflictive nature of power relations in the city became visible and a field for political strife itself.

By reversing the priorities that traditionally presided over the resource distribution by the municipal government, the PB reached striking material results. As regards basic sanitation (water and sewerage), in 1989 only 49 per cent of the population was covered. By the end of 1996, 98 per cent of the households had water and 85 per cent were served by the sewerage system. According to the influential newspaper, *O Estado de São Paulo*, while all the previous municipal governments of Porto Alegre had built some 1,100 kilo-

meters of sewage, the two PT administrations alone built 900 kilometers between 1989 and 1996. As concerns street pavement, 215 kilometers were built at the rate of 30 kilometers per year. Even so, only one-half of the street pavement deficit (approximately 500 kilometers) was eliminated.

The legalization of land ownership, which, as we have seen, is a high priority in many regions where the popular classes live, is an issue where the power relations of the city have eloquent expression, since 25 per cent of the available urban land is owned by fourteen people or entities. Nevertheless, in the past seven years it was possible to urbanize the slums and build many houses for the marginal populations. As regards education, between 1989 and 1999 the number of students enrolled in the elementary and secondary schools doubled.³¹

The investment effort made by the executive was possible because the revenue increased dramatically, due to federal and state transferences and to the tax reform. In the period under analysis, a 48 per cent increase of revenue was made possible. The former mayor, Tarso Genro, believes that the transparency in municipal spending brought about by the PB contributed to the motivation to pay taxes.

The PB and the people

The main issues concerning the relations between the PB and the citizens and popular organizations are the articulation of representation with participation, and the quality of representation.

According to the estimate of the Mayor's Office, if the hundreds of intermediate meetings, both regional and thematic, were to be taken into account, total participation would come close to 100,000 people, that is to say, 8 per cent of the city population. According to a survey conducted in 1998, the majority of participants—a balanced group of men and women with ages up to 41 years—belong to the popular classes: 24.8 per cent have a household income of one to two times the minimum wage and have elementary education, and 54.1 per cent of the participants have an income of up to four times the minimum wage.³² A significant number of the people surveyed have flexible jobs as regards time and schedule—for example, self-employed, retired, and at-home workers. In comparison with a similar survey done in 1995, an increase in income and education is detected (CIDADE and CRC, 1999: 25–9).

Concerning the participation of women, though rather balanced at the base, it decreases as the decision scale rises. The gender factor is particularly noticeable in the following categories: board of directors of neighborhood association (20 per cent are women); COP (20 per cent); and the Forum of Delegates (16.9 per cent).³³ On the other hand, the participation of women in community associations and basic structures of the PB (assemblies) is

higher than is usually reported in similar participatory experiences in Brazil and other countries of Latin America. The data of the research conducted by CIDADE, an NGO that very closely follows the PB, show that the participation of women increased significantly between 1995 and 2000, both at the level of the regional and thematic assemblies, and today is the equivalent of the sexual composition of the population. According to the data of the 1998 survey, the difference between men and women as regards active intervention in meetings is small in the majority of regional or thematic assemblies (14.2 per cent and 17.2 per cent, respectively). There are, nevertheless, some significant differences. For example, in thematic meetings on economic development and taxation, education, culture, and leisure women intervene more than men. With some exceptions, in regional assemblies men intervene more.

The same survey shows that the people participating in thematic assemblies have considerably higher levels of income and schooling. Fulfilling their original purpose, the thematic plenaries are evidently attracting a more varied set of entities and organizations than the regional assemblies (see Baiocchi, 2001a). Nevertheless, most of the participants indicated that they represented neighborhood associations, whether in regional or thematic assemblies. 75.9 per cent declared that they belonged to some entity or association and 50.5 per cent declared that they belonged to neighborhood associations. That is to say, of those belonging to associations, 66 per cent belong to neighborhood associations. Although the thematic assemblies were conceived of as a privileged space for the participation of the labor unions, the average participation of unions in thematic assemblies is the same as their average participation in regional assemblies. As regards "2nd level" autonomous structures³⁴—Popular Councils and Regional Articulations—surprisingly they show more participation in the thematic than in the regional assemblies, even though their constitution is based on the region.

As we have seen, the concern has always been there to achieve a fine-tuning between participation and representation, that is, to improve the mechanisms of representation needed to have participatory democracy itself function adequately (see Dias, 2000; Baiocchi, 2001a, 2001b). Indeed, even in such a vibrant participatory environment there is no guarantee that representation may not be thwarted, either because the principles of the mandate are not respected, and the priorities decided by the assemblies are manipulated, or because representation becomes professionalized when a delegate holds the post for too long. In order to neutralize the possibility of such deviations, the term of the PB councilors may be revoked at any time by the assemblies that elected them, and no candidate can be elected to a given position more than twice. Moreover, members of any other municipal council, holders of elected public positions, and people with a contractual relationship with the municipal administration cannot be elected for the COP.

This same concern with binding participation to representation led in the past few years to the addition of a few alterations in the electoral system. Thus, the increase in participation and the need to safeguard minority positions led to the adoption of the proportional method in the election of the PB delegates and councilors.

Finally, since 1994 the incentives to participation stopped being merely materialist and became cultural as well, although these changes were also seen as an attempt to fight the boredom of some meetings. Thus, in order to make the assemblies more attractive and lively, plays and sketches prepared by cultural associations in the region are performed before they begin, and a video is shown displaying the works in progress or works already completed that had been decided the previous year in the Investment Plan, along with tables and charts demonstrating their conformity to the decisions of the COP.

The relations between popular participation and popular representation in the PB are not as smooth as they appear, and the problems center on the following two questions: ratio of represented/representatives; quality of representation (autonomy, accountability and *retorno* or transparency). From the very beginning there was a tension between the executive and the popular movement concerning the criteria to determine the ratio between the number of people attending the meetings and the number of delegates elected. As the attendance increased, the executive proposed that the ratio one delegate for every five people change to one delegate for every ten people. As I mentioned above, the ratio or proportion suffered several changes; it is now again one delegate for every ten people. Some of the leaders of the popular organizations of the PT have always contended that the number of delegates should be as large as possible. Considering that the PB is a learning process and that important information circulates inside its institutions (mainly the COP and the Forum of Delegates), the exposure to such learning and information should be as widespread as possible. The executive has always responded with the argument of deliberative efficiency and the need to make direct democracy and representative democracy compatible.

The question of the quality of representation is discussed in light of the following main issues. The first issue concerns the autonomy of the popular representatives in the PB *vis-à-vis* the government. Leaders of the popular movement not affiliated with the PT claim that the government, through the PB, has co-opted the popular movement, distorting its priorities and subjecting it to the executive's political agenda. As a result, the popular movement has concentrated too much on local politics and neglected the critique of and confrontation with the state and federal government. Moreover, the tensions inside the community movement have been submerged and left unresolved because the new political culture aimed at by the PB has not been filtered down to the popular movement. The new

agendas have silenced the old ones instead of incorporating them. The issue of the autonomy of the PB *vis-à-vis* the executive will be dealt with below in greater detail.

Related to this issue is that of how closely the views and positions of the delegates and councilors reflect those of the regions they represent. This issue was not very relevant as long as the institutions of the PB were concerned exclusively with the physical infrastructures of the communities. More recently, however, as the debates and demands expanded into other areas (culture, and so on) and both the delegates and the councilors started participating in numerous events on very different topics, the bond between the population of the region and its representatives has loosened. The positions assumed by the delegates or councilors may reflect their personal preferences more than anything else. It is feared that this "autonomy" of the representatives *vis-à-vis* their constituencies may bring back in a new guise the old populist, clientelist system of resource allocation and vote exchange. CIDADE reports on a certain uneasiness in the communities both because the councilors assume positions without previously consulting with them and because they fail to report back to the communities and inform them about the debates and decisions in the COP and other committees (Pozzobon, Baierle and Amaro, 1996: 2). *Retorno*, literally "return," has become a key word in this debate. It means the demand of transparency, of reporting back, of diffusion of information. *Retorno* has been demanded by the popular organizations *vis-à-vis* delegates and councilors, by delegates *vis-à-vis* councilors, by councilors *vis-à-vis* the councilors that are members of the Parity Commission, and the Three-Party Commission. *Retorno*, the flow of information, is crucial for the effective control over the representatives of popular participation and thus for their accountability.

The *retorno* raises another issue, related to the quality of representation: the issue of specialized knowledge and its impact on training and reelection. To have access to and master relevant information is probably the most basic condition for the effective operation of the PB. Such information is often technical and difficult to grasp by people without a high level of education. As we will see below, the popular administration has made a genuine effort to make accessible much of the information that was previously a monopoly of the technical staff (engineers, lawyers, public administrators, architects, and so on).³⁵ Still the councilors and delegates claim sometimes that they have been denied important information or that they have had access to it too late or even that it is too cumbersome to get it. In the COP meeting of April 6, 1997, the difficulty in having access to information was raised by one of the most influential councilors. The executive representative, from GAPLAN, answered that the criticism was fair and that the electronic data-processing system of the municipality had suffered some delays. The councilor counter-argued that the firm in charge of installing such a system

should be summoned to the COP for a hearing. The GAPLAN representative commented later in the meeting:

I would like to clarify the following. There is information. It may be incomplete, but it is there and although the councilors keep talking about autonomy the fact of the matter is that they don't use information that is available. For instance, the record (*cadastral*) of the streets. We in the GAPLAN have insisted that the *cadastral* is at your disposal and that you should go through it to detect possible mistakes. How many councilors have checked the *cadastral*? Three!

After the new COP is inaugurated some training seminars are organized to familiarize the new councilors with the complex operation of the PB. Moreover, in recent years, through protocols established between the *Prefeitura*, the University and NGOs, the training of councilors and delegates has intensified. The need to get familiarized with the PB process and to master the relevant information has raised still another issue, the reelection of councilors. According to the rules, the councilors can be re-elected only once. But both inside and outside the COP the question has been raised whether the reelection should be admitted without term limits, the justification being that one year is too short a period to get fully acquainted with the operation of the PB. The CIDADE has even proposed that the councilors be elected for a two-year term or that, as an alternative, the effective councilors in a given year become substitute councilors in the following year thus allowing for the transmission of their knowledge and experience to the newcomers.

In the popular movement this position is often looked at with suspicion, fearing that reelection might lead to a new breed of professionalized elected officials easily prey to the old populist, clientelist system.³⁶ In the COP meeting of 4 March 1997, in which the internal rules were on the agenda, the issue of reelection was once again raised. Some councilors defended the reelection with two very different arguments. One argument was about the quality of representation: the knowledge and the experience acquired would improve the quality of representation. The other argument was about the autonomy of popular participation. One councilor said:

To limit the reelection amounts to saying to the communities and the delegates: "look, you don't know how to vote and for that reason you are not allowed to vote on anyone more than twice." If someone is a good councilor why should he not be allowed to stay for four or five years? The Council denies the delegates the option to vote how they like and the assumption of responsibility for the way they voted.

Other councilors counter-argued. One said: "Look, in my region for a long time only X knew about PB. Only one person. The essence of the PB is to

form leaders, in the plural, not one leader that knows everything while the rest know nothing." Another said: "Why are new councilors here today? Precisely because of this provision of the rules. Fortunately it privileges the arrival of new councilors every year. Otherwise many of you would not be here today." The representative of the executive expressed the same opinion:

We had a similar discussion three years ago. In the first years of the PB various councilors stayed for three or four years. The idea was, "let us support the one with greater experience." But then we came to the conclusion that we were perpetuating the same people in the same position. We were preventing the emergence of new leaderships. Today the PB is the vanguard. Neither the bourgeois parliament nor the trade unions or other entities do as we do. They allow for consecutive reelections and thus perpetuate the same leaders. They are lagging behind.

After some more interventions the issue of re-election was voted on. There were two proposals: to maintain the current system; to allow reelection without limits. The first proposal won with 17 votes in favor and eleven votes against.

Concerning the quality of representation there is still another issue to be mentioned: the degree of participation of the councilors at the meetings and other activities of the COP. Throughout the years the COP met regularly once a week but in 1997 met twice a week for several months. The meetings last two hours and sometimes longer and since most councilors live in the peripheral regions the time spent on long bus rides should also be added. It is thus a very intense type of voluntary work and some councilors find it impossible to attend all meetings.³⁷ Moreover, whenever the meetings take too long some councilors must leave before the meeting ends in order to catch the last bus to his/her region. The more assiduous councilors have been very critical of absenteeism. In the meeting of 6 March 1997, one of them said: "The Councilor does not represent one person. He/she represents thousands of people. They represent the city of Porto Alegre. If a councilor assumes the responsibility of discussing the problems of the city but when the time to vote comes he leaves because he has another engagement I think this behavior amounts to an insult to the COP and to the people."

At this meeting the question of the quorum needed to take a vote was raised and vividly debated. There were three proposals. According to the first proposal the quorum should be a simple majority of the councilors (23, even though the government representatives do not vote) established at the beginning of the meeting. If the quorum was fulfilled at the beginning of the meeting then decisions could be taken even if in the course of the meeting the number of presences fell below the quorum. The second proposal defined the same quorum but required it for all the decisions taken. The third proposal,

which had already been adopted in the previous year, proposed two formulas for the quorum: simple majority of the councilors, or, in its absence, the simple majority of the regions and thematic areas, that is, nine and three respectively. The first proposal was defended by some councilors that felt "penalized by the colleagues that abandon the meeting making it impossible to take decisions. These colleagues are the ones that should be penalized. We should be able to decide without them and without regard for their positions." Other councilors and the executive representatives were in favor of the third proposal. Said the GAPLAN representative: "Often the discussion becomes heated, takes more time and many councilors start leaving to catch the bus. It is frustrating because we discuss and discuss, and all of a sudden we don't have a quorum. I am also concerned with the representativeness of the discussion and debate. The third formula is a compromise. At least the majority of the regions and of the thematic areas are present." The proposals were then voted on: first proposal: seven votes; second proposal: four; third proposal: 12 votes.

In my view, the way the different issues involving the quality of representation have been debated inside and outside the PB institutions bear witness to the engagement of the popular sectors of Porto Alegre in preventing the PB from falling into the trappings of the old clientelist, authoritarian system. Indeed the specter of the continuities between the old and new system surfaces occasionally in the debates.

Autonomy and co-government

For its founders and activists, the PB is the manifestation of an emergent, non-state public sphere where citizens and community organizations, on the one hand, and the municipal government, on the other, converge with mutual autonomy. Such convergence occurs by means of a political contract through which this mutual autonomy becomes mutually relative autonomy. The experience of PB configures, therefore, a model of co-government, that is to say, a model for sharing political power by means of a network of democratic institutions geared to reaching decisions by deliberation, consensus, and compromise.

The problems facing a system of power sharing are well expressed in the relationship between the COP and the executive. Such a relationship has been polemical all along. In the beginning, while the community leaders wanted the COP to have unconditional deliberative power, the executive searched for a formula capable of reconciling the decisions of the COP and the political representativity of the mayor inscribed in the Constitution of the Republic. The formula is as follows: the deliberations of the COP are taken by simple majority; the decisions are forwarded to the executive; in the case of veto by the mayor, they return to the Council for a new evaluation; rejecting the mayor's veto requires a qualified majority of two-thirds of the

vote; if rejection occurs, the matter goes back to the mayor for evaluation and final decision. Since, according to the Constitution, the power to approve the budget is vested in the legislative body, this formula accommodates the constitutional requisite: formally, the budget proposal submitted to the Câmara de Vereadores is the mayor's proposal.

The mayor's veto must be substantiated and can only be exercised for technical reasons and financial evaluation. To this date, however, the veto was never exercised, since whenever the executive had reservations concerning a work, its position was explained to the community by its technical staff and the community ended up agreeing.³⁸

The consensus-building process is complex because the problems under discussion as well as the decisions taken often have, besides the political dimension, a strong technical dimension. Moreover, "technical criteria" constitute one of the limits of participation and are sometimes the object of debate and conflict themselves. The internal rules of the PB include the technical criteria established by the various departments of the executive and justify them as follows: "the presentation and clarification of the technical and legal criteria, utilized by the secretariats and departments, will make the PB procedure more transparent for, having been previously enlightened, the community, when discussing its priorities, will avoid the selection of works that cannot be implemented by the Municipal Mayoralty. The totality of technical criteria was submitted to the Parity Commission for evaluation, debate and deliberation."

As mentioned above, the Parity Commission is another of the institutional creations of the second term of the popular administration. It is now composed of two representatives of the CRC and two representatives of the GAPLAN (Baierle, 1998).³⁹ The CRC and GAPLAN are the two main institutions of the executive that guarantee institutional mediation between the executive and community organizations and associations. The main function of the Parity Commission has been up until now to legitimate the definition of the technical criteria by submitting it to some kind of participatory decision-making. In real terms, given the technical complexity and knowledge behind the criteria, the commission has always rubber-stamped the executive's proposals. Since 1997, the Parity Commission was endowed with broader tasks of coordination of the COP's activities and meetings but, as I suggested, the real coordination belongs still to the government representatives.

Here are some of the technical criteria currently in force: all community claims and demands found technically nonviable by the Municipality are cancelled; preference is given to works in progress; the pluvial network will not be installed in streets without pavement because the network, being open to allow for the captation of rain water, might be blocked by sand and rubbish; in streets with heavy traffic, a minimum of ten meters width is required: seven meters for the lanes and three meters for the sidewalks.

In such a system of co-government, the executive does have a very active role, if for nothing else than because it controls technical knowledge and also because it either generates the relevant information or has privileged access to it. Its presence in the PB is quite strong by reason of its coordinating functions both in the COP through its two representatives (one from GAPLAN, another from CRC), even though they do not have the right to vote, and in the regional assemblies through the CRC delegate (the CROP) in the region. Furthermore, the executive itself forwards autonomous investment proposals to the COP, the so-called "institutional demands," which have their origin in executive departments and which usually concern the maintenance or improvement of urban infrastructures of the city.

Besides technical limits, there are financial limits not always duly considered by the assemblies. Suffice it to mention that, for financial reasons, only 30 per cent of the demands originally formulated by the community can be taken care of. Sometimes, the way the demands and priorities are formulated does not take into account certain technical conditionalities that increase the cost beyond what the communities themselves consider reasonable. For example, the fact that street pavement must include street lighting increases its cost by a large amount. Nowadays, the percentage of investments included in the budget varies between 15 and 20 per cent, a percentage that, according to Brazilian standards, must be considered high.⁴⁰ On the other hand, community councilors in the COP have always questioned the amount of expenses with the personnel and services of the executive and argued that the PB process should contemplate such expenses. To meet this demand to some extent, a representative and a substitute of the SIMPA now take part in the COP; on the other hand, as mentioned above, a Three-Party Commission was created in the COP—composed of councilors, representatives of SIMPA, and representatives of the government—whose objective is to debate and deliberate on the admission of personnel to the municipal government.

The decision-model resulting from power sharing in the PB is quite complex, a complexity that emerges in the way the PB is seen by the participants in regional assemblies and thematic plenaries. According to the 1995 survey already mentioned, to the question on the decision power of the communities, 33 per cent replied that the population decides "always," 27.3 per cent replied that the population decides "almost always," and 23.8 per cent replied that it decides "sometimes." Significantly enough, 15.3 per cent did not or did not know how to reply. These data did not significantly change in the survey carried out in 1998 (CIDADE and CRC, 1999: 12).

The credibility of the political contract that constitutes the PB resides in the effectiveness of the decisions and in the accountability both of the executive and the representatives of the civil society in the COP (see also Abers, 1998, 2000). The fact that only 30 per cent of the demands may be

considered is less important than the effective satisfaction of the demands selected for inclusion in the Investment Plan. Several mechanisms guarantee effectiveness and accountability. First, the political will of the executive must be mentioned. The basic principle of the municipal government is to fulfill as rigorously as possible the Investment Plan and justify what is left unfulfilled. Second, there are committees—created within the Fora of Delegates—whose function is to supervise the works. In the case of delays or alterations, the delegates have direct access to the Mayor's Office to ask for explanations. Third, the very structures of the PB strongly encourage accountability themselves. The two institutions of regular functioning—the COP and the Forum of Delegates—are bound to the grassroots institutions: the Regional Assemblies and the Thematic Plenaries. The two latter organs, because they are open to the individual and collective participation of all citizens, exercise a double popular control, upon the performance of the executive and upon community representation itself. As we saw above, in practice, the exercise of control is problematic, as witness the debates about the quality of representation and about *retorno*.

A possible demonstration of the effectiveness of the decisions can be observed in the 1995 survey I have been referring to: 56.6 per cent of participants in regional and thematic assemblies declared themselves to have benefited from works and services of the PB.⁴¹ It is significant that this percentage increases with the number of years of participation in the PB. Thus, amongst those that had participated in the PB for six years, 72.7 per cent claimed to have benefited. The percentage is also higher among leaders of neighborhood associations (67.9 per cent) and those who have already been elected (either as delegates or councilors) to the organs of the PB (74.3 per cent).⁴²

As I have indicated, the close linkage of participation to resource distribution and to the effectiveness of decisions is one of the nuclear features of the PB. This alone explains why, for five months, the PB councilors meet at least once a week, often twice or thrice a week, with no remuneration, even without fare expenses (fare expenses are actually a demand that to present has not been attended to). This linking of participation to distribution is, no doubt, one of the virtues of the PB, but perhaps also its limit. According to Tarso Genro, it is common for a region or micro-region to stop participating in the meetings and assemblies after their demands have been met. Later they usually come back, once they have realized that in the year in which they did not participate there was no investment in their region or micro-region.

As far as accountability goes, rendering accounts and providing information are crucial for the intelligibility and transparency of the whole process. As early as 1990, the executive declared the Municipal Day of Accountability, on which, at a public meeting downtown, the executive was to render an

account of the works decided upon in the PB. Nowadays, accountability is performed in many ways, often by means of flyers widely distributed throughout the city and at the beginning of the assemblies and plenaries of the *rodada*.⁴³ On the other hand, the GAPLAN publishes a booklet with the Investment Plan, a list of all the approved works described in detail, a list of the names and addresses of every councilor, as well as the telephone number of the PB Coordinator (CROP) in every region. This document circulates widely and reaches all the regions, giving citizens the opportunity to see if their decisions are being executed.⁴⁴ In the 1995 survey, when asked about the degree of satisfaction concerning the accountability of the executive, 47.6 per cent replied that it was satisfactory, while 23.6 per cent said it was "in part" satisfactory.

The close binding articulation of participation, distribution, and the effectiveness of decisions may eventually provoke some additional tension in the already tense field of co-government that constitutes the political contract between the executive and the organized communities, for two main reasons: the limits to investment and the major works. In the past seven years, the Municipality of Porto Alegre managed to increase its investment resources more than any other Brazilian city. According to Navarro (1996: 22), budget resources available for investments accounted for US\$54 million in 1992; US\$31.5 million in 1993; US\$82 million in 1994; US\$65.7 million in 1995; and US\$70 million in 1996. The global investment figures indicate that municipal investment has probably reached its maximum limit. Since to an increase of participation corresponds an increase of demands, it is to be expected that the struggle for resource sharing will become fiercer in the near future. If, as a consequence, the percentage of demands-attended decreases significantly, we may well witness a lack of interest in participation emerge, as indeed happened in the early years of the PB. This problem becomes more serious in light of the budgeting crisis of 1998. In fact, the level of investment has decreased in the execution of the 1998 budget due to the sudden reduction of federal transferences at the end of 1997. The reduction of federal transferences derived mainly from the Kandir Law (after the name of the then Minister of Planning), which granted generous tax exemptions to the export industrial sector.⁴⁵ The sustained growth of municipal revenues could not compensate for the reduction of federal transferences.⁴⁶

By its very genesis, the PB has been the privileged mechanism to decide the works that are directly relevant to the communities. It has been, in a word, closer to "rice and beans" works than to "major works." The 1993 and 1995 Congresses of the Constituent City, as well as the creation, from 1994 onwards, of the thematic plenaries, were an attempt at expanding the reach of the decisions. However, given the predominance of the regions in the COP, it is not easy to keep the political contract when the material results

turn out to be more abstract. By way of example, let us consider the case of the loans that the executive was forced to take from international banks, in view of the ceiling of the investment with locally obtained revenue, in order to carry out works deemed important for the city as a whole. Thus, having obtained a loan from the World Bank to build various infrastructures, the executive proposed to the COP the construction of five avenues. There was great resistance on the part of the community councilors, who wanted the money to be invested in street pavement in the regions. Tarso Genro recounts:

I, myself, and the executive's staff engaged in a dispute right in the middle of the Council and I threatened: "if you want to break it, OK, we'll break it and build a tiny street in every region. But you will be held responsible and shall answer before the city and will give arguments to the Right for whom you have no vision of how the city should be developed. The five avenues are crucial for all the city population, especially for those living in the periphery."

After a long debate, the Council approved the construction of the five avenues with one vote against.

Actually, resorting to international loans to promote urban development immediately poses problems for the PB. Such loans require the previous, detailed indication of the investment to be made, which may collide with the decision-making process of the PB. It so happens, however, that meanwhile, the PB gained some international recognition as a transparent and efficient means of resource distribution. So, recently, the Interamerican Development Bank agreed to grant a loan for the construction of a turnpike (the III Perimetral), approving at the same time a loan for street pavement in areas around the turnpike without requiring the usual specifications. In other words, the money will be released in order to be applied to street paving, but the specific streets and extension (up to 100 kilometers) will be decided later on by the PB instances.

Is the political contract of co-government that sustains the PB a contract among equal partners? This question raises the issue of the autonomy of the institutions and processes of the participatory budget. I said above that this political contract is based on the premise that the autonomy of both the elected mayor and the popular movement becomes a mutually relative autonomy. The question is: whose autonomy is more relativized by entering the contract? The PB is an initiative of the PT popular administration of Porto Alegre and its basic institutional outline has been designed over the years by the executive. It is part of a political program of redistribution of public resources and democratization of the state. This political program is also the meeting ground for a demand with a similar political orientation advanced by the popular movement and sustained over the years by much

struggle. The issue is, then, how this convergence of political will has been carried out, on whose terms and timetables and with what outcomes.

As said above, the executive has a prominent role in the PB. The cycle, the agenda, and the timetables are set by the municipal government according to legal requirements but certainly also according to political strategy. But the initiative of the executive only becomes effective if the communities and popular movements participate actively in the process. Without any doubt the popular participation in the PB is very active. Is it also autonomous? What does it mean to be autonomous? Should the issue of autonomy be discussed solely in the context of the relations between the popular movement and the government or rather also in the context of the relations of the popular movement *vis-à-vis* the other parties and political forces integrating the political field of Porto Alegre?

There is a long tradition of party involvement in the popular movements. The PT won the elections in part by creating a political base among the community organizations. Other parties tried to do the same. The PDT, for instance, has had for a long time a presence and an influence in the neighborhood associations movement and is still very strong in the UAMPA. Autonomy cannot therefore be conceived as popular spontaneity, as a native capacity to organize poor people in degraded communities without the support or influence of external, organized political forces. Autonomy must rather be conceived as the popular capacity to channel external support and put it at the service of objectives, demands, and agendas generated in the communities. In the Brazilian context, autonomy is measured by the capacity to develop organizational strength and effectivity by maneuvering among competing external political influences, using such competition to impose demands that, however important for the community, do not represent a priority for any of the political forces in competition.

Since the PB is not a popular movement but an institutional constellation designed to function as a sustained, regularly functioning meeting place for the popular movement and the municipal government, the question of the autonomy of the PB must be formulated as the real capacity of the popular representatives in such institutions to shape agendas, timetables, debates, and decisions. In this sense, autonomy, rather than a stable characteristic of a given political process, is the ever-provisional outcome of an ongoing struggle. Thus conceived, the autonomy of the PB must be discussed at two levels: the operational functioning of the PB institutions, including coordination, agendas, and timetables; and the impact on the PB of changes in the political orientation of the executive.

Concerning the first level, I have mentioned that the coordination of PB institutions is in the hands of the executive's representatives and that the agenda and the timetable is proposed by them. But I have also mentioned that the executive's role in this regard has been increasingly questioned and

challenged by the councilors and delegates. The observation of the COP meetings in particular shows that the councilors have become more assertive and aggressive, and that the procedural rules of the meetings have often been disrupted by heated debates. One of the widely violated rules is the prohibition of direct dialogue among the councilors. Such rule states that the interventions have to be previously registered by the coordination and take place in the order in which they have been registered.

Concerning the agenda, the conflict between some councilors and the executive is often quite open. The councilors have been consistently fighting for the expansion of the municipal activities to be submitted to the PB and they have in general been met with the resistance of both the CRC and GAPLAN representatives. The basic argument of the government is that there are topics that engage the city as a whole and which for that reason cannot be submitted to a debate that tends to promote particularistic solutions, be they relative to the regions or to the themes. The councilors counterargue that they represent the whole city and that the real issue is a different one: the opposition of the executive to the further decentralization of municipal services (culture, health, sports, leisure, and so on). The councilors have been more and more openly critical of the executive coordination and agenda setting. In an interview, one councilor, a woman very active in the popular movement, told me: "Sometimes I feel that I am being manipulated, that I am here to legitimate the popular administration and nothing else. The PB is the best thing that could happen in this city but it has to operate according to our way." Probably as a response to the greater assertiveness of the councilors there are indications that the setting of the agenda is now more shared and that whenever there are overarching constraints they are better explained. Besides, the proposals made by the executive representatives are sometimes voted down.

Concerning timetables, deadlines and times for debate, the discussions in the COP have also become more conflictual. On one side, the councilors claim that they need more time to process information, to ask for clarification and to consult with their constituencies. On the other side, the executive representatives claim that the deadlines are not an invention or whim of the executive but rather are established in laws promulgated by the Câmara dos Vereadores. They also claim that to debate is fine but that it is very frustrating to verify that after heated, long discussions there is no quorum to vote because in the meantime some less interested or more pressed councilors have left the meeting. One good instance of this conflict occurred in the COP meeting of 8 August 1996, when the municipal secretariat for housing submitted a vast housing program (PRO-MORADIA) to the COP and asked for a decision in two days in order to be able to comply with legal deadlines. Some councilors considered that request outrageous in light of the extension and complexity of the document. As a result, the housing question has become

a contentious issue in the PB. In interviews, the councilors have recurrently voiced the concern that the discussions are rushed, there not being enough time to clarify doubts and vote with full knowledge of what is at stake. Sometimes the vote is decided on the basis of a trust relationship with another, more knowledgeable councilor or with the executive representative.

The other dimension of the relative autonomy of the PB concerns the impact of changes in political orientation of the executive upon the PB institutions. Between the leadership of the municipal government and the leadership of the popular movement there have always been some elective political affinities. Leftist political orientations have dominated both leaderships, and the conflicts among them, sometimes very sectarian, cannot be understood without contextualizing them in the historical conflicts within the left.

The now four terms of popular administration have been dominated by different political tendencies inside the PT. These differences have expressed themselves both as different political languages and different political initiatives. In the third term, under a mayor of the Socialist Democracy tendency with a Trotskyite leaning—Raul Pont—and, just to pick one language example, the plenary assemblies were renamed "popular general assemblies" (Pont, 2000; Dias, 2000).⁴⁷ It remains to be seen whether such name changes correspond to real changes in the operations of these institutions. So far, no radical change has been detected.

But changes in political orientation have repercussions above all in policy changes. One of such changes concerns the Pluriannual Investment Plan, the plan for the whole term, in this case, 1998–2000. While Tarso Genro discussed and formulated the Pluriannual Plan inside the executive and did not submit it in any meaningful way to the COP, Raul Pont, in a highly politicized statement, decided to submit the Pluriannual Plan to the COP in very much the same way as the annual budget. The objective was precisely to expand the ambit of the COP attributes, a demand frequently voiced by the councilors themselves, as we saw above. Another objective was probably to call the attention of the popular leadership to the changing macro-political context: the cuts on social policies at the federal level and the consequent impact on the financial transferences to the cities and on employment and the standard of living; the struggles by the city governments around the country, some of them bankrupt, others forced to embark on aggressive and unpopular measures to attract foreign investment to the city.⁴⁸ Contextualized by this macro-political environment, the political decisions of the executive would stand out in a brighter light and the difficulties ahead could be better understood.

The initial expectations about the debate on the Pluriannual Investment Plan somehow got frustrated. The debate on the Pluriannual Plan was added up to the debate on the annual budget, thus forcing the COP to an extra effort, as the need for two meetings per week well illustrates. Moreover, this

effort was not well understood by all councilors. More familiarized with the annual budget, some of them could not see a clear distinction between the Pluriannual Investment Plan and the annual budget. Accordingly, they made suggestions and demands that could fit the annual budget but not the Pluriannual Plan. This forced the government representative to endless explanations about the differences between the two documents and the criteria for their respective items. In the COP meeting of 22 April 1997, the GAPLAN representative said: "We cannot include a public toilette in the region X in the Pluriannual Plan. The Pluriannual is a plan; it is not a budget. It is reference planning to guide us in the elaboration of the annual budget." The frustration of the councilors increased when they became aware that their demands, no matter how just or justified, would be met only if the necessary funds became available in the next coming years.

Irrespective of changes in political leadership, a gradual but consistent movement toward the greater autonomy of the COP and the PB in general *vis-à-vis* the executive can be detected. The autonomy of the PB has become an ever more cherished value for the councilors and delegates. At the end of 1996, when the Investment Plan for 1997 was presented in a public ceremony attended by the mayor and the councilors of the COP, there were some derogative comments against the councilors in the local press, which has been in general hostile to the PB. The councilors interpreted those comments as an insult against their autonomy and, at the meeting of 7 January 1997, discussed ways of responding to the insults. A committee was nominated and in the following month of April the COP decided to create a Media Commission in charge of following the media reporting on the COP and PB and to respond whenever necessary.⁴⁹

From techno-bureaucracy to techno-democracy

Conflict and mediation between technical and political issues, between knowledge and power, is one of the main features of the PB. If it is true that technical criteria limit the field of participation and deliberation, it is likewise true that the PB process has radically changed the professional culture of the technical staff of the executive. The technical staff has been increasingly submitted to a profound learning process concerning communication and argumentation with lay populations. Their technical recommendations must be conveyed in accessible language to people who do not master technical knowledge; their reasonability must be demonstrated in a persuasive way, rather than imposed in an authoritarian fashion; no alternative hypothesis or solution may be excluded without showing its unviability. Where earlier a technobureaucratic culture prevailed, gradually a techno-democratic culture has emerged.

This transformation has not been easy. According to Tarso Genro, during the period between 1992 and 1996, there was more progress in changing

the language and discourse of the engineers when addressing the people in the communities than in changing their dismissive attitudes *vis-à-vis* what people had to say. In other words, the capacity to make him or herself understood has improved more than the capacity to listen. When Raul Pont initiated his mandate (1996–2000), he became particularly sensitive to the fact that the structure and process of the PB were very little known among the municipal workers and staff. In view of this, in 1997 the mayor launched a program targeted at the municipal personnel, which he called "Program for Internalization of Participatory Budgeting." This was announced as part of a much broader program of an overall internal democratization of the state. In an interview the official in charge of coordinating this program told me that, "in order to be fully consolidated the PB must be part of the everyday work of a municipal worker." A working group was set up to organize workshops with the workers and staff about the cycle, rules, criteria, and methodology of the PB. The targets of the workshops were to be addressed sequentially: personnel that deal directly with the PB; personnel that mediate between the executive and the community (such as the community advisors of the FASCOM); and finally the supervisors and directors.

Once we analyze in detail the functioning of the PB it will not be difficult to detect, among the multiple interactions between the participants of the PB and the personnel, situations that, no matter how apparently trivial, may be a source of tension, even when the personnel support the PB. As an example of such a situation, I may mention the accreditation procedure. This is the process by which the people, the delegates, and the councilors identify themselves as they enter the room where the meeting is to be held. They must show their ID card and fill out a form. The accreditation is entrusted to a group of municipal personnel designated by the mayor. Even if we only take into account the regional and thematic plenaries, the staff must verify the credentials of hundreds of people in 22 meetings per month (16 regional and six thematic). Because it resulted from a personal nomination by the mayor, the verification of credentials was understood for a while as a political job to be performed as militant work. As time went by, however, some of the people refused to go on performing the job, invoking the many evenings they could not spend with their families. As a result, the coordinator of the Internalization Program told me that the executive was considering paying extra hours to the credentials personnel, and that she was in favor.⁵⁰ As a consequence, the COP has now an executive secretary paid for by the Municipal Administration through the CRC.

The road from techno-bureaucracy to techno-democracy is a bumpy one. In the course of time, as the delegates and councilors have become more assertive, disputing more openly the technical criteria and solutions presented by the professional staff, the latter have become more defensive, yet the

conflict between competing knowledges has all but faded away. In my field observations I witnessed many lively debates between residents and engineers about pavement, location of sewerage pipes, etc., etc., and was impressed by the argumentative capacity of the community leaders.

Competing legitimacies: the PB and the Câmara de Vereadores

In theoretical debates on the relationship between representative and participatory democracy it is often forgotten that one does not exist without the other. Participatory democracy, in particular, in complex political processes always presupposes the creation of instances of delegation and representation. The PB experience is eloquent in this respect. As we saw, the basic structures of the PB aim at an institutional articulation not only with the institutions of representative democracy at the urban level (the mayor and his/her executive) but also with the representative institutions derived from participatory democracy at the community level. This articulation between participation/representation at the community level calls for careful reflection that cannot be undertaken here.

I mentioned above that the PB decision model tries to reconcile the principle of the democratic representativeness of the mayor and his/her executive with the principle of participatory democracy of the citizens organized in grassroots associations and assemblies. However, the government is not limited to the executive; rather, it includes also the Câmara dos Vereadores, the municipal legislative body.

The political contract that exists between the executive and the communities has thus far not been extended to the Legislative. On the contrary, the relation between the PB and the Legislative has been one of constant conflict (sometimes involving physical confrontation).⁵¹ The reason for the conflict is quite obvious. According to the Constitution, it behooves the Legislative to approve the municipal budget. Now, the PB has totally preempted this incumbency. To be sure, as we have seen, according to the PB cycle the proposal of the budget law, after having been prepared in the COP, is forwarded to the Legislative for debate and approval. Theoretically, the Legislative could reject the proposal but the fact that it has already been legitimated by the large participation of citizens mobilized by the PB compels the Legislative to always approve the budget presented. It ends up, therefore, being a formality.

According to some, however, given the budgeting technique traditionally adopted in Brazil, the Legislative has never actually deliberated substantially on the budget. The truth is that, given the fact that the indication in the budget of the concrete works to be carried out is not required, the executive has always had ample leeway in budget execution. But the fact of the matter is that such a system also created the opportunity for the Legislative to influence the execution by the traditional populist and clientelist methods.

The legislators had their electoral folds in the different regions and the votes they gathered from them were directly entailed to the works they managed to include in the budget. Now, this was precisely the clientelist system that the PB intended to put an end to, and herein for the most part resides the hostility or distance with which the legislators not linked to the PT regard the PB. While the duality of power between the PB and the executive—withstanding the problems and tensions identified here—has been dominated by a logic of complementarity and cooperation, the duality of power between the PB and the Legislative Chamber has been dominated by a logic of open or latent conflict. It is both a duality of power and a duality of legitimacy. As one legislator told me in an interview: “The PT has co-opted and demoralized the popular movement. The PB is a diabolic invention of the PT to stay in power forever. Look, how many people participated in the PB last year? A little more than 10,000 people. Well, I was elected by a larger number. Why am I less representative than the councilors of the COP?” Another legislator less hostile to the PB said in the interview: “I think the PB is an excellent idea but I don’t see—except for political reasons of the PT—why the Câmara de Vereadores is not involved. We don’t want to absorb the PB. We would like to have a part in it. For instance, a percentage of the investment fund should be left to the Chamber to allocate.” As another legislator put it: “The budget arrives at the Chamber in a cast (*engessado*). We’re tied up. It is not fair because after all we are the legislators.”

One of the angles of the tension between representative and participatory democracy has been the debate of the last few years on the official legal institutionalization of the PB. As it stands today, the PB is based on a political contract with the executive and is ruled only by its internal rules and the organic law of the Prefeitura. The crucial question is whether the future safeguard of the PB should not include its juridical consolidation. The positions diverge, even inside the PT and the executive themselves. While some believe that the legal consignment of the PB will help to defend its existence if in the future an executive hostile to citizen participation is elected, others argue that such legalization would be a submission of participatory democracy to representative democracy, do away with the political autonomy of the PB, and subject it in the future to legislative manipulation according to the majorities obtainable in the Legislative Chamber. Said one of the PT legislators in an interview: “I participate in the plenaries of the PB and I even have a vote as a legislator. The legislators should integrate themselves in the PB and not seek separate and privileged participation and decision-making.” Other PT legislators and leaders think that the tension between the PB and the Chamber is not a “healthy one” and may be risky in the future. According to them it is not in the interest of the PT to demoralize the legislative body and contribute to empty out its prerogatives. Some of them have even presented law proposals concerning the legalization of the PB. One of them

said in an interview: "I am in favor of a type of legalization that does not plaster the PB, and that contributes to consolidate it as an official component of our political system, a mark of our specificity."

The issue of legalization is one among many dimensions of the conflict between the executive and the Câmara de Vereadores, where the PT does not hold the majority.⁵² The COP councilors have a clear understanding of this and the divisions inside the COP on this issue reflect broader cleavages in the city politics and community movement. In spite of the political restrictions on the budgetary prerogatives of the Câmara de Vereadores, the latter makes many amendments every year, not so much to the budget proposal submitted by the executive before 30 September, but to the proposal of budgetary directives submitted before 15 July of every year. These amendments are discussed in the COP. In the meeting of 7 August 1997, the GAPLAN representative read the most important amendments. One of them, coming from a rightist legislator and former mayor, consisted in restricting the mayor's expenses on publicity—a major weapon of the mayor to reach out to the communities and maximize the flow of information about the PB between the executive and the communities. The GAPLAN representative intervened then to draw attention to the negative impact of this and other amendments, emphasizing that through them the legislators are trying to limit the autonomy of the PB. He exhorted the councilors and delegates to mobilize quickly and strongly in order to try to defeat these amendments in the Câmara. He concluded: "They want to embarrass the PB. This is war and when you are at war you don't stop the war to prepare and debate." Some councilors were displeased by this comment and asked for more time to analyze the amendments, because after all it is in the interest of the PB to cut some of the executive expenditures. One of them said: "I don't agree with X [the GAPLAN representative]. This is not a war. We are democratically debating and discussing with the Câmara de Vereadores [...]. I don't disagree with the proposal of the coordinators, but the proposal is also a way of appropriating the issue. If we are going to discuss what the autonomy of the COP is, then there is much more to be discussed." Implied in this comment is, of course, the fact that the issue of the autonomy of the COP must be raised not only *vis-à-vis* the Câmara but also *vis-à-vis* the executive.

On and off, the issue of legalization of the PB has been discussed in the COP. Some councilors have favored some kind of legalization. Others have opposed it in the name of the autonomy of the PB. In this debate the international recognition and praise of the PB is often mentioned. One of the councilors commented in the COP meeting of 3 March 1997: "The way the PB has been operating in the last eight years without any regulation by the government is what makes it possible for us to go ahead and be internationally recognized."

The issue of legalization will probably remain as an unresolved tension in the PB of Porto Alegre for some time. The PB has, indeed, destabilized the old ways of doing politics in Porto Alegre, and the Câmara de Vereadores is trying to reconstitute its political space in the new political conditions created by the PB. This reconstitution may, nevertheless, reveal some unexpected continuities with the "old ways."

CONCLUSION: BETWEEN THE PAST AND THE FUTURE

Since participatory budgeting is a very dynamic social and political process, it is difficult to draw from it many conclusions or projections. Up until now, the PB has been a remarkable means of promoting citizen participation in decisions concerning distributive justice, the effectiveness of decisions, and the accountability of the executive and of the delegates elected by the communities to the COP and the Forum of Delegates. The success of the PB has been widely recognized, not only in the city of Porto Alegre and in Brazil, but also internationally. Many Brazilian cities have been adopting the PB system, under various forms, at the same time that different international organizations have come to regard it with increasing appreciation, although they are more interested in its technical virtues (efficiency and effectiveness in resource distribution and utilization) than in its democratic virtues (the sustainability of a complex system of participation and distributive justice).

To my mind, the future of the PB depends, to a large extent, on how its principles and practices of democratic participation are strengthened and extended to areas or issues that have not yet been included in the PB.⁵³ It also depends on how its autonomy is improved and consolidated so that the break with the old clientelist politics becomes irreversible.

The assessment of the PB shows that these are very demanding conditions and may even involve some dilemmas. For instance, the consolidation of the PB makes political sense only if it breaks with the old patrimonialist-clientelist system. But is such consolidation possible without some form of continuity with the old system? As an emergent political reality, the PB tends to have a destabilizing effect, not only in political terms, but also in ideological and cultural terms. However, a destabilizing idea that succeeds in becoming a sustainable practice is always in danger of losing its destabilizing potential as its success increases. The routine of mobilization leads to routine mobilization. Participation remains high but common citizens are gradually replaced by specialized participatory citizens. The dilemma here rests in the fact that, although the radicalization of the experiment is the only weapon against routinization, there is an undeterminable threshold beyond which radicalization will irreversibly compromise the success of the experiment. There is no way out of this dilemma. Yet the tension it creates may itself be sustainable—thus contributing to the continuing, if always problematic,

success of the experiment—provided that the participants engage in a reflective self-subversion: by this I mean the constant radicalization of political consciousness centered on the limits of the radicalization of political practice.

Haunting the PB is another dilemma that, however, has less to do with the experiment itself than with the interpretations and evaluations made of it by both academic and political observers and analysts. In a historical period of structural pessimism, there is a tendency to be too complacent toward what exists and is familiar, and excessively reticent or suspicious about what is merely emerging and, therefore, unusual. This suspicion consists in interpreting all the characteristics and developments of a destabilizing emergent reality as steps or movements toward a final and inevitable failure. This interpretation of an announced death, which can come from the left as well as from the right, works as an intellectual trap. Once the trap is set, the exquisite bird of realistic utopia will sooner or later fall into it.

This kind of interpretation tends to be articulated with the interpretation of abridgement. This consists in interpreting the institutional innovation in isolation from its historical and sociological embeddedness and specificity, thereby reducing it to a handful of abstract traits that compose a model to be applied anywhere and everywhere by expert knowledge. Caught between the interpretation of suspicion and the interpretation of abridgement, popular initiatives like the PB are placed in a cruel dilemma: they either fail in a concrete situation and are declared to be bound to fail and therefore dismissed as foolish utopias of participation, or they succeed in a concrete situation and are turned into a general recipe for participatory institutional-ity, to be adopted by the World Bank (increasingly interested in participation), being ground up, pasteurized, and converted into new items of conditionality for the concession of subsidies or loans.⁵⁴

What is most remarkable in the case of Porto Alegre is the acute awareness of these problems and dilemmas shown by the political staff of the city and their political courage to face these obstacles openly and without prejudice. The best illustration of this was the constitution, in the beginning of 2001, of the Work Group for the Modernization of Participatory Budgeting (Grupo de Trabalho de Modernização do Orçamento Participativo), with the purpose of reflecting on the PB experiment in the last twelve years and of presenting proposals for its revision and reformulation. The proposal drafted by this group, which will be analyzed in the final section of this chapter, was presented in December of 2001 and put to a vote on 16 January 2002. The first document drafted by the work group, significantly entitled "Breaking our limits: a first assessment of the points of strangulation in the participatory budgeting process in Porto Alegre" (2001), presents a vast and bold list of the problems and challenges faced by the PB, many of which converge with those already reported in this study, as a result of my research and observation of the PB in the last eight years. The setting up of this work

group and the depth of the reflection on the PB, carried out both within the PB and among the political class, and even among the international community of social scientists who have been studying the process, bear witness to the political determination to bring about its renovation. This process of reflection did not derive from the need to remedy the failure of an initiative of participatory democracy, but rather from the need to solve the problems created by its success. In this sense, it was a unique exercise, given that the experiments of participatory democracy almost never reach a level of consolidation capable of raising these sorts of problems.

I will now describe the main problems and challenges identified in the document "Breaking our limits," relating them both to my own research and to the research of the social scientists who were invited by the work group to present documents of reflection on the PB. The order of presentation does not imply any hierarchization. It follows, up to a certain point, the sequence adopted in the document mentioned above.

1. *The densification of participatory organs and the conflicts of responsibilities.* The strengthening of participatory culture in Porto Alegre throughout the decade brought about two important institutional developments: the complexification of the PB and the creation of participatory institutions, to a certain degree external to the PB, but vested with complementary functions, either parallel to or intersecting those of the PB. In this chapter I have analyzed how the internal rules of the PB have gradually become denser and how the fulfillment of sectorial demands, not strictly regionalizable, led to the creation of thematic plenaries. The institution of thematic plenaries significantly expanded the horizon of expectations regarding participation but, at the same time, made more complex the participation in the PB. Indeed, although in the abstract it is easy to distinguish between regional and thematic demands, in actual terms, especially when the debate centers on a given cultural, educational or health facility that has to be installed in a given region, there may exist (and has existed) a degree of overlapping and, consequently, a potential conflict between regional participation and thematic participation. This potential conflict increased as infrastructural demands (of street paving, of basic sanitation) were met and as the regions engaged in other types of demands, demands of a "more thematic" nature.

Moreover, the strengthening of participatory culture has led to the institution of other forms of participation, namely the sectorial Municipal Councils (there are at present 35 such councils) whose purpose is to debate sectorial policies and, in some cases, the budgetary proposals of the executive's secretariats to which they are connected. The articulation of the Municipal Councils with the thematic plenaries and with the central institution of the PB, the COP, is problematic and sometimes raises conflicts of responsibilities. One of the most intense debates that I have witnessed within

the COP opposed the councilors and the representatives of the Municipal Council for the Rights of Children and Adolescents. This debate centered precisely on budgetary priorities—the basic needs of the population versus the rights of children.⁵⁵ To my mind, the articulation between different organs of participation must be built on the basis of a clear political premise: the centrality of the COP in the process of budgetary decision.⁵⁶

The fact that Olívio Dutra—from the PT—was elected governor of the state of Rio Grande do Sul (1998–2002) meant the institutionalization of the Participatory Budget of the state, the opening of a new space of participatory articulation between the PB of the city and the PB of the state. Even though this was an essential articulation, the practice has shown it to be more difficult to achieve than it had initially appeared, particularly if we have in mind the different levels of consolidation of the two PBs and the different expectations they create. According to a survey conducted in 2002, the majority of the interviewees (78.3 per cent) do not participate in the PB of the state (PMPA-CIDADE, 2002: 45). In the gubernatorial elections of 2002 the PT candidate—Tarso Genro—lost the elections and the new governor announced shortly thereafter his intention to replace the PB by other forms of public consultation.

2. *Representativeness and the quality of participation.* I have already mentioned the problem of representativeness, especially with reference to the tension between the PB and the Chamber of Deputies. This problem echoes the much broader one of the relation between participatory democracy and representative democracy. The tension between these two forms of democracy seems to be constitutive of modern democracies, since neither political practice nor democratic political theory have been able to formulate a new relation between them, other than that of a zero sum: the expansion of the one can only be obtained at the expense of the contraction of the other. This tension is not expected to be fully resolved in Porto Alegre, in spite of the existence of a hybrid public sphere—the result of the joint management of civil society and the municipal executive—symbolized by the PB, which represents outstanding progress toward overcoming the zero-sum relation.⁵⁷

It is not surprising that the numbers of participation and their interpretation should be the cause of political dispute. Nor is it surprising that the political and social forces that support the PB should look for solutions to increase participation, on the basis of the assumption that more participation is always better than less participation. The fact is that this self-evident assumption hides a dilemma: since different social groups mobilize for participation with different objectives, it is only possible to increase participation beyond a certain limit if the scope of competing objectives, now more numerous, is restricted. One possible solution to minimize this dilemma—given the impossibility of resolving it—consists in establishing

differentiated costs of participation through the multiplication of the forms of participation, some more intense than others. For example, the introduction of referenda and the use of electronic democracy (via the Internet) may become solutions, provided that the objectives of these more individualistic and less intense forms of participation are clearly established. In this way, the ranking of objectives, to be established by the more intense forms of participation, can open space for the less intense forms, which, in their turn, do not aggravate the abovementioned problem of the conflict of responsibilities.

A further question concerning the quantity of participation has to do with the accessibility and, therefore, with the existence of obstacles to the admission to the PB. We are now aware that the most deprived and least organized sectors of the population have increased difficulties in participating. Democratic participation is a form of political investment for which the minimum political capital—that of being formally a citizen—is not enough. There is thus the need to think of forms of affirmative action capable of facilitating the participation of those in dire need of it but who are too deprived to even have access to it without external support.

In addition to this, the most deprived very often have demands that are not easily formable by the institutions of the PB. We know, for instance, that without the regularization of landed property it is not possible to make adequate investments in services and infrastructures, although it is precisely in the irregular squatter settlements (where an estimated 25 per cent of the population still live) that those investments are most needed. For decades the popular sectors repeatedly defined the regularization of landed property as one of their chief priorities but, to their disappointment, what has been accomplished in this domain does not come close to meeting the allotted priority. Sérgio Baierle accurately points out this discrepancy, noting that of the one hundred areas for regularization “imposed” on the executive by the communities about ten years ago, only ten have in fact been regularized one decade later (2001: 16). While there may be other factors contributing to this situation—such as, for example, the slowness of the courts—it is possible that, through slowness and inertia, the administrative and legal structure of the municipality “boycotts” the satisfaction of such a basic demand.

The accessibility of the PB is also related to two other questions: the access to information and the expansion of the PB process. The first question concerns not only the diffusion of information but also the source and content of the information. The Prefeitura has invested enormously in the diffusion of information, to the point that the opposition parties frequently question the expenditure of the executive in what they consider political propaganda. Although the Internet is not yet broadly accessible in the city, the fact that it is a source of information and interaction with the PB is yet one more sign of the municipal investment in the diffusion of information.

However, the accessibility of information depends on the intelligibility of the information—that is to say, on the content of the information. As I have pointed out, one of the tensions of the PB has been precisely the clash between rival forms of knowledge—between the technical knowledge of the professionals working for the Prefeitura and the practical knowledge of the citizens and their associations. This clash is also one between different languages, and to the extent that the technical language prevails, the availability of the information does not necessarily mean the accessibility of the information. This is one area in which the pedagogy of the PB must take up a more central role in the future, becoming a two-way pedagogy: directed to the citizens and their organizations and directed to the administrative and technical staff of the municipality.

In addition to considering the quantity and quality of the information, it is also necessary to examine the source of the information. In fact, there has been a recurrent complaint that the municipal executive has practically been the sole source of information about the PB. It is probably inevitable that it should be that way, even though something can be done in order to increase the flow of information from the bottom up, especially the information that is produced by the entities of the community movement. However, the Prefeitura's near-monopoly of the information raises yet another question: that of the independence of the information, especially concerning the indicators of the efficiency of the PB in effecting the inversion of priorities in favor of the most deprived classes. Although, according to my evaluation, the popular administration has never fallen into gross manipulation of data, it would be reasonable to expect that the institutions of the PB, namely the COP, be invested with the necessary resources to obtain and diffuse independent information and evaluation. The PB is an important hybrid political project, whose self-reflexivity has been a permanent stimulus to learning. The evaluation of the project is part of this self-reflexivity and cannot be exclusively left to just one of the components of the political hybridization.

Finally, the intensity of participation is related to the constitutional design and the rules for the running of the participatory organs. As I have pointed out in this chapter, as the PB became more solid, its operating procedures became more complex. With the broadening of the PB's scope of decision and the expansion of its public, the process of debate and political negotiation became more intense and demanding. It is a known fact that participatory democracy demands a greater degree of transparency between political action and its results than that which is typical of representative democracy. This transparency depends on three major factors: the efficient management of participatory actions; the direct relationship between the latter and concrete results; and the "return" capacity of the structures of delegation and representation that emerge within participatory democracy whenever it expands beyond micro-societies.

The efficient management of participatory actions is complex, involving various factors: the frequency, organization, and length of the meetings; the accessibility of the meeting places; the positive relationship between the investment in these actions and their results. There is still work to be done at all these levels. Concerning the third factor, an example of the sort of work required is given by the work group, whose insistent questioning of the utility of the second *rodada* led to its being suppressed in the new PB program.

The direct relationship between participation and results is a crucial factor in the sustainability of participatory democracy. As we have seen, this relationship was initially vague and this vagueness was immediately felt in the following PB cycle. In this respect, the main question today is that of guaranteeing that the distribution of resources in the remote areas of a given region has a participatory character similar to that of interregional distribution. Many regions have been divided into micro-regions, some better organized than others. In addition, many of these regions have significant internal differences, both in terms of the scarcity of services and in terms of the social profile of the populations. As I have pointed out, in the remote areas of the regions, people have been reluctant to resort to mechanisms of distribution that ensure the same degree of transparency as that of interregional distribution; but it is also true that in regions that are quite uneven internally, it is difficult to make priority criteria work equitably. One of the possible ways of dealing with this problem is to redesign the regions and increase their number in order to make the basic participation units more homogeneous. This is a very complex solution, since the PB, like any political contract, includes, but also excludes. The included cannot be expected to accept without resistance the deterioration of their inclusion as a requirement for the inclusion of the excluded. The solution to this problem will be the ultimate test to the quality of the participation prompted by the PB. To overcome that resistance it will be necessary to neutralize the two mechanisms employed by societies to trivialize social exclusion: minimizing its extension and blaming the excluded for their own exclusion.

However, as I have suggested, the high degree of transparency required by participatory democracy depends also on the capacity of the structures of delegation and representation (i.e., the Fora of Delegates and the COP councilors) to "return to the base" and on the quality of that "return." No doubt, this is one of the dimensions of the quality of participation that deserves more careful attention. What is at stake is knowing if and to what extent the political culture of participation prompted by the PB has been internalized by its public—both by the citizens and their associations and by the delegates and councilors.⁵⁸

The political culture of participation and solidarity is a countercurrent culture in societies dominated by the possessive and mercantile individualism

that neoliberalism has taken to the point of paroxysm. This political culture cannot therefore be satisfied with its practical reiteration through the institutions of participation, since the latter, in the context of neoliberalism, are always threatened with perversion and decharacterization. In order to maintain and strengthen itself, the culture of participation and solidarity has to be served by an ambitious pedagogical project involving the educational system as a whole, the public services, and above all the third sector that, notwithstanding the increasingly important role it has been playing in the provision of public policies, has used its private nature as a means of defending itself from public control and of refusing the establishment of internal mechanisms of participation.

3. *Particularism, the city as a whole, and strategic planning.* As I have already mentioned, the PB has always been criticized by its opponents for focusing exclusively on local and immediate demands and for not allowing an adequate analysis of the problems of the city as a whole in the long and the medium term. This criticism is also heard today within the PB, which means that, paradoxically, today the city as a whole and its strategic planning have come closer than ever to being part of the political agenda of the PB. This development needs to be intensified, especially in the context of the extreme competition fomented by neoliberalism, not only between states but also between regions and between cities. The City Congresses, the thematic plenaries, and later the regional planning fora constituted important measures to give back Porto Alegre, as a whole body, to the citizens.

There is still a lot to be done in this respect, especially because the city is not a monolithic whole: it is a very differentiated whole internally, and many of the differences have escaped the notice of the PB. From among these we can highlight gender differences (the discrepancy between women's capacity of participation and women's capacity of representation), ethnic differences (black and indigenous issues), age differences (seniors and adolescents), functional differences (the physically and mentally disabled).

4. *Autonomy versus dependence.* As I have already devoted considerable attention to this problem, it will not be detailed here. It is a central question, which is, to some extent, inherent to the political form of the PB—a hybrid public sphere composed of the relative and reciprocal autonomies of society and of the municipal state. It is the contractualized relativity of autonomy that creates the equally contractualized relativity of dependence, and vice-versa. The tension between the autonomy and the dependence of the PB in relation to the municipal government is therefore constitutive of the PB, and thus cannot be decided in favor of one of the sides of the tension. It becomes a real question only when there is a discrepancy between the contractualized tension in the regulated structure of the PB and the tension in the practical life of

the PB. That is to say, this tension, as a political question, exists only if civil society, the citizens and community movements yield more of their autonomy than they obtain in government dependence on them. In the last decade there were many signs suggesting that this might be happening. I will name only three: the fact that the regularization of land property, although a structural question—in the sense of being an issue whose resolution affects significantly the pattern of social redistribution—has been incorporated in the PB too slowly and deficiently; the deceleration of the autonomous community movement (popular councils, neighborhood associations, township unions, the UAMPA) and the decline of their legitimacy in so far as they lose the monopoly of the political construction of popular demands; the decisive role the government has always played in the functional management of the PB, in setting the agenda and the political calendar, in creating and diffusing relevant information, in formulating technical criteria and “institutional demands.”

As I have remarked above, these problems have all been identified and their resolution depends on political will. In my opinion, however, the current formulation given to the question of autonomy/dependence does not allow the perception that what is truly at stake in Porto Alegre is not so much the issue of autonomy/dependence but rather the pluralism of political orientations, the freedom with which this pluralism is being manifested, and the way it is either encouraged or repressed. The community movements have never been autonomous in the sense of being a spontaneous generation of society outside the context of the political forces organized at the level of political society and the political system. The hegemony of the PT today, clearly evident in the party sympathies of the public of the PB, represents a new political responsibility for the PT: to guarantee and promote pluralism and tolerance, without which participatory democracy will wither away. In the specific context of Porto Alegre, pluralism and tolerance have to be guaranteed and stimulated within the PT, a political party historically inclined to fractionalism, which the Brazilian right has not yet been able to take advantage of.

5. *The PB and the democratization of the state.* This is perhaps the most complex challenge posed to participatory democracy in Porto Alegre, and I have also referred to it in this chapter. If we ask what has changed in Porto Alegre's civil society in the past twelve years, we cannot but recognize that a lot has changed, both at the material level and at the institutional and cultural level. If, on the other hand, we ask what has changed in the administrative and legal structure of the municipal government, we are forced to acknowledge that there have been few changes, both at the organizational and the cultural level. Consequently, we are forced to conclude that the PB democratized the political state but failed to democratize the administrative state. This

discrepancy will necessarily cause confrontation, especially insofar as the democratic deficit of the administrative state becomes translated—as a result of the strengthening of the PB—into increasing inefficiency, slowness, and insensitivity toward expectations that have been intensified by the democratization of participation. It is not surprising, therefore, that the most recent City Congresses should have identified the democratization of the municipal government as a priority.

The democratization of the administrative state is in itself a political good, and it is especially important for repoliticizing the PB itself. By facing the limits of the democratization of public administration, the PB confronts itself not only with bureaucratic cultures but also with increasingly uneven articulations between the municipal administration and the state administration and between either of these and the federal administration.

This comprehensive political perspective, not only of the city and of the state government as a whole, but also of the country as a whole, will be fundamental to strengthening and focusing the PB as a political project. In the process, the PB will simultaneously gain a greater awareness of its potentialities and limits. In the words of Sérgio Baierle, one of the most lucid experts on the PB, “Porto Alegre is not an oasis in the neoliberal desert” (2001: 3); it suffers the consequences of the macro-policies of structural adjustment imposed at the federal level and it cannot defend itself thoroughly from the new neoliberal common sense, especially from the individualistic, market-oriented, managerial logic by which it is characterized. According to Baierle, it is therefore necessary to examine three sets of questions, all of which are aimed at repoliticizing the PB:

- (1) the need to politicize the experiments of direct community management which rely on the transfer of municipal resources (both financial and material); (2) the need to articulate the public budget with city planning, opening space for a more profound discussion of the municipal finances and public policies; and (3) the need to open space for debating the political perspectives of the PB experiment, both through the critique of “localist boasting” (democratic radicalization in a single city) and the critique of the method of recruiting staff from among the community leaderships and the increasing massification of the experiment (the hiatus between a specialized leadership body and grassroots participants). (Baierle, 2001: 2)

To my mind, the dynamics revealed by participatory democracy in Porto Alegre in the last 13 years gives us no reason to believe that it will not be capable of meeting these challenges.

POSTSCRIPT

On 16 January 2002, the COP approved the alterations to the PB recommended by the Work Group for the Modernization of Participatory Budgeting, the latter thus ceasing its activities. Given the expectations created around the Work Group, the process of reformulating the PB did not have as much participation or depth as had been expected. As I have mentioned above, some of the councilors and delegates contended that a greater amount of time should have been given to debate the proposals of the Work Group conveyed by the GAPLAN. The scanty two-week period given to the councilors to examine the proposals was justified by the executive with the need to initiate the 2002 PB cycle according to the new rules.

The central ideas of the proposals can be summed up in two words: simplification and capacitation. As I have remarked in the conclusion, during a period of twelve years the organs for and the scope of participation have multiplied. If, on the one hand, the densification of participation contributed to differentiating and intensifying the mobilization of the city for the PB, on the other hand, it posed the danger of participatory saturation and of the overlapping between different participatory organs. This saturation was intensified in 1998 with the adoption of the PB at the state level in Rio Grande do Sul, which has come to rival the PB of Porto Alegre in terms of the appeal to participation. Given the strong implantation of the latter, it is not surprising that initially the city of Porto Alegre had a modest participation in the state PB.

To provide an answer to this question, the main change introduced in the beginning of 2002 was the substitution of the two rounds of regional and thematic assemblies by one single round. In fact, participation in the second round had been decreasing, since all the work of prioritizing demands was being done beforehand, mostly in the intermediate meetings, and participation was significant only when there was a particularly conflictive question.

The substitution of the two rounds by a single round has altered the PB cycle.⁵⁹ In the single round, to be held now between April and May, regional and thematic assemblies elect thematic priorities and councilors, and at the same time they define the number of delegates to the Forum of Delegates who will analyze and rank the specific investment demands and follow the execution of the Investment Plan.

It is also in the single round that the executive renders accounts of the execution of the Investment Plan of the previous year. The intermediate meetings that used to be held between the two rounds have now been replaced by preparatory meetings to take place between March and April. Regional and thematic meetings will be held between May and July to elect the delegates (whose number per region and per theme has been established in the single round) and to rank the specific demands, works, and

services in accord with the thematic priorities also established in the single round.

Yet another alteration was the reinstitution of the Municipal Assembly, which had existed in the beginning of the 1990s, under the name of Budgeting Forum (Fórum do Orçamento). The Municipal Assembly is a public act, a "great meeting of the population" whose aim is, according to the Prefeitura, to "install in office the new councilors of the PB and deliver to the government the ranking of works and services." This assembly is held in the first two weeks of July. From here onwards, the new PB cycle is similar to the former one, with one exception. Whereas up until now the Investment Plan was approved only by the COP, according to the new rules it will also have to be approved in the fora of regional and thematic delegates meeting for that purpose in October and November. According to Sérgio Baierle (personal communication, 3 May 2002), the purpose of this alteration is to stimulate continuity in the participation of delegates who up until now tended to demobilize after handing over the priorities in July. This alteration left the COP with no room for maneuver in negotiating the transfer of some resources to specific programs (such as housing and income-generating cooperatives) considered by the regions to be secondary. It remains to be seen whether this negotiation will be able to take place in the regional and thematic fora.

The second leading idea that presided over the changes more recently introduced in the PB is the capacitation of the councilors and delegates. The increasing complexity of the PB and the need to maintain great proximity between the citizens and their representatives has made it imperative to improve the technical and political quality of representation through actions of capacitation. Such capacitation will also be crucial in the creation of an institutional culture capable of overcoming the conflicts and the overlapping of responsibilities between the COP and the other municipal councils, an issue that has not yet been contemplated in the alterations already approved.

In general, we can conclude that there have not been major alterations in the PB, only a few adjustments, with the purpose of simplifying and improving it.

Notes

- 1 During the field research, I interviewed and held meetings with political leaders, both in government and in the opposition, with the leaders of the grassroots movements, and with the participants in the participatory budgeting institutions. The councilors and the delegates of the participatory budgeting kindly allowed me to attend their meetings. Mayors Tarso Genro and Raul Pont generously opened the doors of the Mayoralty for me. I had enlightening

discussions with colleagues at the Federal University of Rio Grande do Sul, in particular, with José Vicente Tavares dos Santos, Sonia Larangeira, Luciano Fedozzi and Zander Navarro. A very special word of thanks to Consuelo Gonçalves and Regina Maria Pozzobon, Sérgio Gregório Baierle and Vera Regina Amaro of CIDADE for their research assistance, and to Maria Paula Meneses for her help in preparing and updating the manuscript. My thanks also to Erik O. Wright for engaging discussions on the topic of participatory democracy. I am grateful to Luciano Brunet for providing precious and detailed information on the latest developments of participatory budgeting. I would also like to thank my Portuguese research assistants at the Center for Social Studies (CES): Lassalet Simões, Nuno Serra, Ana Cristina Santos, and Sílvia Ferreira. The editorial help of Maria Irene Ramalho has, as always, been invaluable.

- 2 See Villas-Bôas, 1999, Carvalho and Felgueiras, 2000, Avritzer, 2002, Carvalho *et al.*, 2002.
- 3 For a comparison with the application of the participatory budget in Barcelona, see Moura (1997). Echevarría (1999) offers a comparative study of Porto Alegre and Córdoba (Argentina). The book edited by Becker (2000) includes several examples of the application of the principles of participatory democracy, both in the American continent and in Europe.
- 4 More concerned with efficiency than with democracy, as early as 1993 the World Bank drew attention to the "early success" of Porto Alegre in light of the three criteria established by the Bank's Urban Management Program: the mobilization of resources to finance the delivery of urban services; the improvement of the financial management of those resources; the organization of municipal institutions to promote greater efficiency and responsiveness in urban service delivery (see Davey, 1993). Since then the World Bank has on several occasions publicized and promoted the Porto Alegre model of urban management and has rewarded the municipality with loan grants.
- 5 Porto Alegre, the capital of the state of Rio Grande do Sul, is frequently visited by local government and grassroots movement leaders from other Brazilian cities to analyze *in loco* the workings of participatory budgeting. The cities where "popular administration" candidates have won the elections have asked Porto Alegre for advice and consultancy. In a few cases, the municipality has assigned one of its cadres to help the implementation of participatory budgeting in neighboring cities.
- 6 Based on Navarro, 1996, and on Oliveira, Pinto, and Torres, 1995.
- 7 Data obtained from IBGE—Instituto Brasileiro de Geografia e Estatística—Census 2000 (<http://www.ibge.gov.br/ibge/estatistica/populacao/censo2000/default.shtm>)
- 8 Data from IBGE and the Health Secretariat of the state of Rio Grande do Sul, corresponding to 1997.
- 9 Data from IBGE (2000 Census).
- 10 According to Tarso Genro, when, by the end of 1988, the PT won the

mayorality of Porto Alegre for the first time, around one thousand community organizations were identified in the city.

- 11 In the 1982 elections for state governor, won by the conservative party, the PDT received 31.7 per cent of the votes in the city of Porto Alegre and the PT only 3.9 percent. The Rio Grande do Sul elections of 1998 were won by the PT with 50.88 percent of the votes. In 2002, the PT lost the state elections.
- 12 The Organic Law of Porto Alegre states that the budget must be discussed with the population. Recently the Mayorality won a suit of unconstitutionality put against the PB (Sérgio Baierle, personal communication).
- 13 In this section I follow Luciano Fedozzi (1997), who presents the best description of the way the PB works. The Mayorality of Porto Alegre also has a web page describing the way the PB works (<http://www.portoalegre.rs.gov.br/Op/default.htm>).
- 14 The Forum is composed of delegates elected according to a criterion based on the number of participants in each of the Regional and Thematic Assemblies (more on this below).
- 15 The COP is composed of councilors elected in Regional and Thematic Assemblies. It also includes one representative of UAMPA and another of SIMPA (Union of Municipal Workers), as well as two representatives of the Mayorality who have no right of vote.
- 16 In 1989, the first executive of PT started out by dividing the city into five regions. The leaders of community organizations argued that those regions were too large, raised transportation problems regarding meeting attendance, and had no relation whatsoever to any political tradition. In collaboration with those leaders, the decision was then made to have 16 regions. With some small changes, such is today the regional division of Porto Alegre.
- 17 As I shall stress below, in the course of years there have been many changes in the way the PB functions, a fact that highlights the dynamism of the democratic learning process embodied by the PB. At the end of this chapter, I shall give an account of the most recent changes. The most significant one was the substitution of one single *rodada* for two *rodadas* of assemblies.
- 18 For more details on resource allocation criteria see the following section.
- 19 The discussion, revision, and approval, of the Regimento Interno to be in force in the next cycle occur between the months of December and January. The revision of rules is included in the PB's agenda of activities.
- 20 In one of the meetings I attended, the councilors expressed opposition against too many delegates' interventions since they reduced the intervention time of the councilors and because, after all, the "delegates' place is in the regional or thematic fora."
- 21 Occasionally, the delegates, councilors, and community leaders question the figures, arguing that they are outdated, and provide more accurate figures.
- 22 In the 1998 budget, the grades in this criterion ranged from 1 to 5.
- 23 See also Fedozzi (1997: 134) and Utzig (1996: 211–12). The relations between

the party and the executive were then very tense. While the mayor, Olívio Dutra, belonged to the Articulation tendency and the vice-mayor to the New Left tendency, the PT municipal organization was dominated by a more leftist tendency, the Socialist Democracy. The tensions centered on the role of the party in the supervision of the executive and in the nomination of political appointees to the mayor's office, namely the municipal secretaries. While the mayor and the vice-mayor defended the autonomy of the executive against party interference on the basis that, in contrast with the party, they were confronted not only by political issues but also by technical ones for which technically qualified personnel was required, the party defended a decisive intervention of the party in the government since the latter's failures or mistakes would have repercussions on the party as a whole in the following elections. The mayor—a founder of the party and a charismatic leader—and the vice-mayor—a brilliant lawyer, persecuted by the military dictatorship and who had been for a long time a militant of the communist movement—somehow managed to prevail.

- 24 On this subject, see Abers, 1998, 2000.
- 25 The institutional base of the PB was then very embryonic. It consisted of public consultations conducted by the executive in five regions during the month of August (see also Fedozzi, 1997: 134).
- 26 The truth is, however, that as the PB was being consolidated, the Popular Councils gradually yielded to the Regional Fora. Research carried out in 1998 (CIDADE and CRC, 1999) shows a decrease of more than 50 per cent regarding the participation in Popular Councils between 1995 and 1998. As a matter of fact, as we shall see below, the importance given by the communities to participation in the PB ended up affecting participation in other forms of community organization. This is the case of UAMPA, which, although still active, suffered a certain emptying out of its structures. The same could be said of the Popular Councils or Unions of Townships. Increase in participation in religious or cultural groups is, however, noteworthy.
- 27 According to the data of the Prefeitura, citizen participation in the preparation of the PB went from 1,000 participants in 1998 to reach 19,025 in 2000. The first *rodada* of assemblies has always had more participation than the second one. The lesser participation in the second *rodada* may account for the reason that led to the elimination of one of the *rodadas* in 2002. On this subject, see the postscript. On the evolution of the social composition of the PB public, see CIDADE and CRC, 1999: 15–41, and Baiocchi, 2001a.
- 28 The last congress took place on 17–19 October 2003.
- 29 For some of the more leftist tendencies in the PT, the creation of the thematic plenaries was mainly justified by the need to integrate the labor movement in the PB. The choice of themes was supposed to correspond in some way to the different profession-based labor unions. In reality, the interest of the labor unions in the thematic areas has been very moderate.

- 30 The set of rules and criteria that regulate the way the PB works—the Regimento Interno, including general criteria for the distribution of resources as well as technical criteria—amounts today to a volume of 60 pages.
- 31 It went from 24,232 enrolled students in 1989 to a total of 51,476 students in 1999. This also implied a significant increase of the number of schools. (Data obtained from SMED [Secretaria Municipal da Educação (Municipal Secretary of Education)]).
- 32 According to the data of IBGE (2000), the average family income in Porto Alegre is the equivalent of six minimum wages.
- 33 In the COP elected in 2000, 30 per cent were women; the percentage would be lower if we were to consider only the effective councilors.
- 34 They are considered “2nd-level” organizations because they are constituted by the grassroots movements, neighborhood associations, and so on, that are considered to be base organizations or 1st-level organizations.
- 35 As I have already said, participation in the PB via Internet has recently become possible (gathering information and submitting suggestions and demands). The Internet also gives you access to the PB’s investment plan every year and allows you to check all the works completed since 1990. At any rate, according to the information gathered by the survey of 1998, 70 per cent of those elected to the PB (delegates and councilors) think that the available information is adequate (CIDADE and CRC, 1999: 12, 65).
- 36 This concern is still in place, since, although the 1998 data show that 74 per cent of the elected acknowledge the openness of the choice of delegates, about 21 per cent of the elected councilors and 14 per cent of the elected delegates think that the choice depends on nomination (CIDADE and CRC, 1999: 91).
- 37 According to the 1998 data (CIDADE and CRC, 1999: 12), in 1998 56.4 per cent of the elected councilors and 40.9 per cent of the elected delegates usually enroll themselves to speak “always” or “almost always” at these meetings.
- 38 On the government’s initiative, in the Regimento Interno voted on in 1999 and to be implemented in 2000, the paragraph mentioning the government’s veto was suppressed. The government’s argument was that such a paragraph was useless, since the decision process constructed during all those years had rendered it obsolete. Thus, not only did the veto become a remote possibility, but its being contemplated by the Regimento Interno became a mere excuse for the attacks of those opposed to the PB. I owe this piece of information to Luciano Brunet. It is, however, significant that the new municipal executive, elected in 2000, again included the possibility of the veto in the PB’s Internal Rules (article 13, paragraphs 2, 3, and 4).
- 39 Four members are elected as effective, and four as substitutes.
- 40 For 2002, the government foresaw that this would fall to 8 per cent given the increase in current (non-investment) expenditures.
- 41 In the 1998 survey, this is 58.5 per cent (CIDADE and CRC, 1999: 63). This tendency continued in the 2000 survey, where the percentage of the people

- interviewed who claimed to have benefited from the PB’s works or services was 60.1 per cent (PMPA-CIDADE, 2002: 57).
- 42 Effectiveness of decisions has increased in the past few years. According to the *Correio do Povo*, of April 29, 1996, of all the public works planned for 1995, 95 per cent were in progress or completed by April 1996. There were, however, delays in some works planned for in the 1995 Investment Plan and throughout the first quarter of 1997 the councilors of the COP criticized the executive for the delays. The same happened in the first quarter of 1998.
- 43 At the end of the year, a statement of account rendering is published and distributed among the fora of delegates and the general population. For the past years, account rendering has become more sophisticated, including a photographic show in a public space, organized according to thematic axes. It is customary for the mayor and several teams of secretaries to go to places where people gather more frequently, and distribute the publication of account rendering. This publication is available as well on the Internet.
- 44 This information is also available through the Internet.
- 45 According to the PB’s statements of account rendering, in 1997 Porto Alegre may have lost 16.69 million *Reais* because of the Kandir Law.
- 46 In the words of one of the councilors interviewed about the PB’s reformulation in 2001: “the PB must be reformulated first as regards the increase of the amount of expenditures to be distributed according to it. The amount we deal with is very small and the problems are many” (*De Olho no Orçamento*, 11 October 2001, 3).
- 47 About the same time, but by initiative of the cooperative movement itself, housing cooperatives were designated as self-managed housing cooperatives. The objective of the semantic politics was to distinguish low-income popular cooperatives from corporation cooperatives.
- 48 At the time, a nearby city, Gravataí, also governed by the PT, had made “excessive” and highly polemical concessions (tax incentives, infrastructure, and so on) to General Motors, interested in installing a plant in the city.
- 49 On the tense relations between the PB experiment and the mass media in Porto Alegre, see Genro and Souza, 1997: 36–41.
- 50 The adopted system ended up avoiding the payment of extra hours. The work of PB officers gathers points for future promotions.
- 51 The conflict has been ignited by the parties that oppose the Popular Front, that is, by the majoritarian parties in the Chamber of Deputies. But among the non-PT forces we can identify different stances, some parties being totally opposed to the PB and others assuming a more conciliatory position (trying to co-opt rather than eliminate the PB). More on this below.
- 52 In the 2000 elections for the Câmara de Vereadores of Porto Alegre, the Popular Front won twelve of the 33 seats. Of these, ten belong to the PT.
- 53 In fact, the political staff of the Prefeitura is well aware of this and has lately experimented with combining participation with contractualization in various

areas, both in the social and the economic fields. In the social field, we should highlight community kindergartens, which result from partnerships between the executive and non-profit local organizations. In the economic field, I would emphasize the creation of the Community Credit Institution (Instituição Comunitária de Crédito), designed to encourage micro-credit.

- 54 In an interview given in 2001 to the Brazilian newspaper *O Estado de São Paulo*, one expert of the World Bank Institute recognized the merits of the PB, pointing out that it is "one of the most positive and innovative administrative experiments in Latin America [...] because it demystifies the model of government and the management of public resources. It is a modern form because it transforms representative democracies into participatory democracies" (5 March 2001: A7). In the same interview the information was given that the World Bank had translated Tarso Genro's book on participatory budgeting into Spanish, there being a great demand for it in Latin America. When asked if the PB is a program of parties of the Left, the interviewee answered, significantly, that "There is no ideological origin. Participatory budgeting is only a good model of government, of decision and consensus. It is not a political form of government, it is a technique of decision-making."
- 55 The councils have varying degrees of activity and intervention. Some of the most active are the Municipal Council for the Rights of Children and Adolescents, the Municipal Council of Health (the oldest one, predating the establishment of the PB), the Municipal Council of Social Welfare, the Municipal Council of Education, the Municipal Council of Science and Technology, the Municipal Council of Urban and Environmental Development, and the Municipal Council of Historical and Cultural Heritage.
- 56 I agree with Luciano Brunet when he states that the PB is the "carro-chefe" ("lead car") of the participatory system set up in Porto Alegre (personal communication, November 2001).
- 57 This question has been debated throughout this text and has earned the attention of various authors in recent times. See, for example, Abers 2000; Dias 2000; and Baiocchi 2001a.
- 58 The survey conducted by PMPA and CIDADE indicates that 77.4 per cent of the people who participate in the entities of the PB have been doing so for more than ten years, suggesting that the expectations brought into the mobilization for the PB have not been frustrated. This survey also points to a strong correlation between the participation in the entities of the PB and nomination as councilors and delegates (2002: 50, 53).
- 59 For more information, consult the PB web page, at <http://www.portoalegre.rs.gov.br/Op/default.htm>.

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