WHEN DEMOCRACY TAKES ON A SOCIAL SOUL
THE PRACTICE OF ACTIVE CITIZENSHIP IN THE CITY OF PORTO ALEGRE, BRAZIL

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INTRODUCTION

With the redemocratization process in Brazil during the late 1970’s – after the exhaustion of the dictatorial cycle started in the 1964 military coup – leftist political forces, including a relatively broad spectrum of political parties linked to social movements, came to fill in institutional spaces of local power, in an unprecedented way in the country’s history. With the electoral victory of those forces in several city governments since late 70’s, several experiences of social participation in city management have emerged, increasing at early 90’s, with the electoral victory of the Workers’ Party (Partido dos Trabalhadores-PT), winning in several important Brazilian cities.

In 1989, leading a coalition of leftist parties (the Popular Front), PT won the election for the Porto Alegre City Government. That city, with 1.36 million residents, is the capital of Rio Grande do Sul, the southernmost state in Brazil, on the border with Uruguay and Argentina. The so-called ‘Popular Administration’ took office and, in an unprecedented way in Brazilian history, is now in its fourth consecutive term. Since 1989, a public management model based on people’s participation in the making and execution of the Public Budget has been established, especially for selecting priorities for the City’s investment. The so-called “Participatory Budget” (henceforth PB), as that innovation came to be known, has been recognized as a successful experience on popular participation on public management and, as such, has become nationally and internationally renowned. After sixteen consecutive years, Porto Alegre’s participatory model has inspired the establishment of similar forms of public budget management in some 138 large-, middle- or small-size Brazilian cities and towns. As a consequence of this demonstration-effect on the possibilities of engaging citizens with the city’s management, the PB has been encouraging an intense interchange between Porto Alegre and other city governments, as well as private and public institutions, NGOs, researchers, and intellectuals from Brazil and other countries in Latin America, United States, Europe, and Africa.

That recognition has been completed when Porto Alegre’s experience was selected by the United Nations as one of the forty best urban interventions to be presented at the Second

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1 The Workers Party was born in 1980 from the reorganization process ensuing the end of the two-party system created by the military dictatorship. The party was created basically from the convergence of three sectors: (a) the progressive Catholic Church linked to the Liberation Theology; (b) the new Labor Union movement born in São Paulo’s auto industry; (c) and the Marxist-Leninist and Maoist groups, which during the 60s broke up with the Brazilian Communist Party and took up armed struggle against the military dictatorship. Nowadays, the party’s inner spectrum is much broader and complex, hosting religious, social-democrat, socialist-revolutionary, reform democrats and Marxist and Trotskyite groups. PT currently faces an internal impasse, worsened by its election for the Federal Government: two political blocks disagree over its strategy and its policy for alliances.

2 In 2000, 138 city governments had adopted the Participatory Budget in their municipal management. Half of them were PT or other center-left or even conservative party administrations, showing a certain tendency to include the subject of participation on the public agenda.

3 Such as Uruguay, Argentina, Colombia, Mexico, Paraguay, Cuba, Spain, Italy, Portugal, Germany, France, England, the United States and Senegal and Mozambique.
Conference on Human Settlements-Habitat II, held in Instambul. The PB repercussion has caught the attention of multilateral funding institutions, such as the World Bank and the InterAmerican Development Bank, which have recommended the adoption of the management “model” practiced in Porto Alegre to cities in other countries, as a way of promoting social control of public resources and improving effectiveness of government administration.

Seen as a strategy for promotion of citizenship in Brazil, the PB distinguishes itself from the longtime authoritarian tradition typical of Brazilian society, as pointed out by the approach of some of the most important scholars that thought about our social formation (Holanda, 1993; Faoro, 1958; Schwartzman, 1988). It is precisely that duality between political tradition and innovation that gives the PB its importance. That experience that will be briefly examined in this article. Different subjects will be approached: (a) the characteristics of Brazilian urbanization originated from deep changes in the country during the last three decades; (b) Porto Alegre’s urban reality and the action of community actors in the local public sphere; (c) the characteristics of public budgeting in Brazil; and (e) the workings of the PB.

**Brazilian Urbanization: a mirror for social inequality**

Brazil – the largest country in Latin America, with a population of 170 million – has historically been a nation with a longtime tradition of political authoritarianism and deep social inequalities. There were very few moments in the country’s history when there were conditions for liberal democracy and Lawful Democratic State – emerged and development with the capitalist mode of production. One of the important aspects of Brazilian state and society’s authoritarian process of formation – since Portuguese colonization – is the deep social inequality, which has became even deeper with the great economic, political and social changes that took place between the 1950’s and 1980’s. During that period, the country went from agrarian-exporting to predominantly urban and industrial, having the eighth national gross product in the world. The population of the cities grew more than 60 million people, being 29 million during the 1980’s alone. Nowadays, urban areas have 80% of the country’s population according to the census 2000. That extraordinary migration – one of the largest in contemporary world – has been fostered by the conservative modernization model generated during the nationalist-developmental period of 1930-1950 and intensified by the military regime established in 1964. Because concentrated land structure in the countryside was maintaind, which was inherited from the colonization model, as well as the domination by oligarchies and personal power from political commanders, urban and industrial modernization, besides improving important social indicators, has promoted concentration of wealth and urban land, selective access to public facilities and services with no precedent in the country. That process turned the areas of capitalist development in Brazil, specially capital and metropolitan areas, into scenarios of inequality, urban segregation, environmental

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4 The 1964 military coup established the first of a series of dictatorships that have characterized Latin America during the 60’s and 70’s (Brazil, Chile, Uruguay, Argentina). The Brazilian dictatorship intensified the process of conservative modernization on a new basis, born from the conjunction between authoritarianism, economic policy based on in income concentration, land structural in the rural areas, state investments in infrastructure, foreign debt and opening the country to foreign capital.
degradation and rising violence, which characterizes the *social apartheid* in which Brazilian society finds itself at the beginning of this century: one of the world’s most unjust nations – according to several UN reports⁵.

That situation of social crisis went on after the 1985 exhaustion of the military-developmentalist regime. Economic crisis and recession in the early 80’s have further deteriorated living conditions for most of the people. Record impoverishment levels, failure in public policies for health, education and funding of popular housing, lack of urban infrastructure and services, degradation of the environment and violence have grown during that decade. Besides the historical-structural factors related to the exclusionary and authoritarian structure of the country’s social formation, the repeated failures in the governments during transition to democracy and in the period after that (opened with the new 1988 Federal Constitution) have contributed to the chronic character of the Brazilian crisis. The democratic and constitutional form of the governments that followed the military regime “has failed to stand as a political institution with minimum credibility to mediate the broader conflicts in society and the interests at stake, just as it has failed to effectively and rationally organize the functioning of the state itself” (Paoli, 1992, Mello, 1993). The continuity of traditional, patronamalist, clientelist practices, with private and/or particularist appropriation of public resources and the adoption of the neoliberal model of financial adjustment by post-dictatorship governments – growing debt, cut in social spending and privatization of public companies and services – has determined a situation of weakness of public power and unprecedented social crisis in Brazilian History.

Mostly in Brazilian metropolis and big cities, that crisis comes with degradation of everyday sociability, and a growing process of “alienated individualization, a syndrome of a fragmented society” (Warren-Sherer, 1993), represented by the loss of values that had so far expressed the *closeness culture* between people and by the absence of “ethical values in management of public assets that prevents the creation of more durable collective outlooks, social and political” (Paoli, 1992). The double crisis, in the state and in the forms of sociability, deepened by globalization and productive restructuring, reveals a new picture in the relationship between federative institutions, in which the weakening of the nation-state tends to be complemented by the reinforcement of local institutions of government, a new phenomenon in Brazil’s history, since the country has historically been governed by state authoritarian centralism.

Even though the emphasis on local power might cause a curious situation, with convergence between the “neoliberal” agenda and that of progressive forces to decentralization of social policy, several studies have shown that the changes caused by globalization have been promoting processes of “deindustrialization, demetropolization and deep dissociation between reproduction of capital and the growth of a huge population whose

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⁵ The last UN report demonstrates that in the Human Development Index (HDI), Brazil has come from the 75th position to the 73rd, among 173 countries. The Gini indicator, in turn, points out that Brazil still has one of the greatest gaps between rich and poor. It is above only three sub-Saharan countries: Swaziland, the Central African Republic, and Sierra Leoa. In Brazil, while the poorest 20% get 2.5% of the country’s income, the richest 20% have 63.8%. WHO data about the quality of the health system in 191 countries show Brazil in the 125th position, behind countries with a larger population such as India (*Zero Hora*, Porto Alegre, 6.21.2000, p.32).
skills do not qualify them to enter the new productive system, challenging the paradigms of local management facing the new forms of social exclusion, whose consequences are more serious than those caused by the process of ‘urban despoilment’ seen since the 60’s” (Ribeiro and Santos Junior, 1994). The process of urban despoilment is related to “the extortion that happens through the lack or weakness of services for collective consumption that – together with the access to land and housing – are needed to the subsistence of working classes” (Kovarick, 1979, p.59). The idea of “urban despoilment comes from the realization that industrialization and urbanization that happen in the periphery of advanced capitalism give rise to great collective reproduction needs, but the intervention of the state is not enough to meet them. Public funding is first aimed to the immediate financing of capital accumulation and, when directed to collective consumption, it favors the wealthier strata” (Ribeiro, 1994, p.273-4 In: Ribeiro and Santos Junior, 1994).

Brazilian cities, especially big and middle-size ones, sharply reflect the duality that characterizes Brazilian history. Society is divided between areas of prosperity, modernity and wealth – with life standards that compare to first world countries – and poverty areas in the outskirts of cities, where basic individual and family needs are not met, as well as public policies and urban infrastructure. To this huge social gap corresponds an institutional gap.

In the absence of the social contract and mechanisms of mutual acknowledgement of social actors and negotiation over the several sorts of inequality that structure the dynamics of Brazilian society (social, economic, racial, cultural, and gender-based), there is an increase in illegal and informal forms of survival, as well as the spread of a kind of fragmented sociability based on banalization of violence and the growing involvement of poor youth with drug traffic and organized forms of crime in general6.

**Porto Alegre: urban growth and reproduction of social inequality**

Even though it is considered the Brazilian metropolis with the best standard of living,7 the city of Porto Alegre has not escaped from unequal and chaotic urbanization caused by the socioeconomic transformations in the country. Migration from the state’s rural areas and small towns, specially in search for jobs and income, together with social descent caused by decreasing wages, has caused an expressive rise in the city’s population and its metropolitan area, which includes 22 suburbs and more than 40% of the state’s population.8

Expansion of slums formed by occupation of irregular or illegal areas, public and/or private, is one of the main consequences of the developmental and excluding model that has characterized contemporary Brazilian history. From 1964 on, in Porto Alegre as well as in the other state capitals, the mayors were appointed by the military regime. The dictatorial regime had its policies based on technocratic management, neither recognizing popular actors as subjects with their own rights nor as legitimate interlocutors for negotiating their demands to

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6 Fernando Meirelles’ movie The City of God debates one side of that urban reality, especially in the cities of Rio de Janeiro and São Paulo.
7 According to Atlas da Exclusão Social no Brasil (Pochamnn, M.; Amorim, R. São Paulo: Cortez, 2003), Porto Alegre has kept its lead in life quality among Brazilian metropolis with over a million people. The indexes evaluated were poverty, youth, literacy, schooling, formal employment, violence and social inequality.
8 The state of Rio Grande do Sul’s population is 10,187 million people (IBGE, 2000).
public administration. During that period, the city government has dealt primarily with business interests, making investments in well structured areas of the city, where the residents belonged to social classes and segments with higher political and economic capital, as well as in urban areas whose investment aimed at rising their value and integrating them to the real state market. The city, therefore, has not escaped the deep process of transformation into slums – a phenomenon that shows the social inequalities in Brazilian large cities. In the beginning of the 70’s, the city had 124 slums, representing 11.14% of the population. In the beginning of the 90’s, that number had risen to 249, 33.66% of the population, which is more than 400,000 people living in wooden shacks. The irregular and informal city has grown 9% a year, while the other Porto Alegre, legal and formal, with infrastructure and public services, has grown only 1.9% a year (Municipal Planning Department).

The expelling of the slum population – sent to eradication programs in distant areas with no infrastructure – that was carried out violently by the city government, was one of the management forms used during that period. At the same time, the dictatorial regime tried to co-opt parts of the communities through clientelist policies aimed at neutralizing protest movements and using them in the electoral process.

The rise of new popular actors in the local public sphere

Notwithstanding the offensive character of the authoritarian regime’s policies, in the second half of the 1970’s, in a national scenario of advancement of struggles for redemocratization of the country, the movement of the Resident’s Associations of Porto Alegre established itself, gradually, as a public space for the development of practices of autonomous organization of the popular classes for claiming their rights of access to urban land, public facilities and services. In the 1980’s context of transition to democracy, a fairly open, complex, and critical society has emerged in Brazil, where new social actors, representing popular strata, wage-earning middle class groups, and civil institutions, started carrying out collective actions in the public sphere, expressing a new political culture based on citizenship rights.

One of the important moments of the new autonomous and independent stance of a significant part of the Resident’s Associations that work in the city was the taking over and redemocratization of the Federação Rio-grandense de Associações Comunitárias e Amigos de Bairros-FRACAB (State Federation of Neighborhood Associations), in 1977. Founded in the 50’s to protect the rights of local communities al over the state, the organization spent the military period under the political and financial influence of the state government. With the victory of the democratic opposition in the election for the FRACAB leadership, the organization came to strengthen the segments of the social movements that acted in their everyday struggle based on the notion of citizenship rights and not through favors by the political power. “The organization’s headquarters became a reference point, were opportunities for meetings were created, experiences exchanged, solidarity networks were built among social movements and between those and the rest of society that identify with their proposals and promises for change. Professionals, progressive technicians, students, churches, labor unions, illegal parties’ militants and opposition politicians used to meet at FRACAB, a place for political debate and unified actions in a context in which, besides the much proclaimed redemocratization, there still were political arrests and persecution” (Menegat, 1995, p.95-6).
Thus, at late 70’s and early 80’s, an important part of Porto Alegre’s popular movements started developing forms of resistance to authoritarian practices and acquiescence to institutionalized public power. In response to the unequal distribution and use of urban land and the selective appropriation of resources in infrastructure and services, community actors have emerged in the public sphere\(^9\) that adopted practices of challenging the state offices. In 1983, the **União das Associações de Moradores de Porto Alegre** – UAMPA (Union of Residents’s Association of Porto Alegre was established, coming to join FRACAB’s efforts.

The movement for urban demands, organized around the problem of land property, lack of urban infrastructure and services (such as housing, basic sanitation, pavement, education, transportation, leisure, etc), as well as political autonomy and independence of the resident’s associations, started to challenge the state. Those actions were guided by a discourse that, on the one hand, demanded recognition of universal rights to citizenship and, on the other hand, rose against the stigma that usually linked “excluded” residents of slums to the condition of criminals. As the residents of **União**, an illegal settlement in the north area of the city, used to say when they were fighting for land ownership in 1982:

> We are not criminal bums as many people think. On the contrary, we are construction workers, industry workers, store workers. With a low salary, we work hard to make it for food money. For all that, we think we are entitled to a piece of land (*open letter to the population*. Menegat, 1995, p.82).

The discourse favoring the rights, adopted by that part of low-income residents of Porto Alegre and its incorporation to the local public sphere represented a qualitative leap towards overcoming paternalistic practices (*the ‘asking for it’*) and/or clientelist (favor exchange) traditionally present in the relationship between popular classes and the executive and legislative powers in Brazil, what does not mean those practices were eliminated from community movements. Street barricades, resident’s meetings, petitions, gathering in front of the city hall, open letters to the population, denunciation on the media, collective voluntary construction works were some of the main tactics used by communities to resist in their places of residence in order to have their rights recognized. That mobilization was carried out mainly by the population in areas of poor housing, living in irregular or illegal situation, even though there were also demands in well structured areas of the city.

The case of **Respeito** township is significant. Threatened with removal by the city government in 1979, the residents promoted several forms of public protest in the city. Taking banners in front of the city hall, they read a document with the following:

> “We want you to see us and to know who we are. We are demanding our rights. Our parents and grandparents built this land: we want a piece of it. (...) We built this country and this Palace where you live with our work, and we do not have a place to stay. What we are asking of you is something called Justice. This land is ours, and we will stay here. We are not asking for favors. We are demanding a

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\(^9\)The concept of public sphere takes us to a third societal arena, placed between the state and the market, that works as a societal *locus* for the generation and structuring of legitimate power. For a discussion on that category in the field of democratic theories, see Habermas(1989) and Benhabib, Seyla In: Calhoun, Craig (ed.) (1992).
right. These people are united and will not give up” (ZH, 6.22.79:33 apud Guareschi).

Acting in the resident’s associations or commissions, as well as in FRACAB or UAMPA, and counting on new activists that stood out in the struggle, that movement has developed, in some more mobilized areas of the city, practices of integration between townships that started to articulate a broad and plural spectrum of voluntary associations (neighborhood associations, mother’s clubs, associations of parents and teachers, religious, sports and cultural institutions, etc.) acting in the same physical space in the city. In the early 80’s, solidarity developed from the concrete struggle of the residents identified by their belonging to the working classes and by demanding urban improvements in the same regional space produced new forms of community self-organization, giving rise to the so-called Regional Articulations, the township associations, and the Popular Councils. Those regional institutions emerged specially in areas of high concentration of poor housing, which have built higher levels of organization and mobilization among residents. Established by the social, cultural and territorial identity of the residents themselves, those organizations became the geopolitical basis on which the decentralized system of the participatory budgeting would be built, after the electoral victory of the Popular Front a decade later, in 1989.

Before describing the mechanism of PB from 1989 on, a few words should be said about the practice of public budgeting in Brazil, for the reader to know the historical background of the innovation promoted by the PB in Porto Alegre.

Characteristics of public budgeting in Brazil

As it is known, public budget is the modern state’s core management tool. Representing part of the social contract, it expresses, on the one hand, which forms and which amount of national income is channeled to manage the country (through tax collection) and, on the other hand, how those resources are distributed and who benefits from them in society, through public spending. In the budget, most of the citizen’s rights and duties are present, as well as the political and economic interests of social groups that fight over scarce resources. That is why, usually in countries with a sound democratic life, public budget’s making and approval is one of the main moments of govern institutions, whether they are executive or legislative.

In Brazil, however, that fundamental tool has never been taken seriously enough, reflecting, on the contrary, the practices of patrimonialist tradition of the Brazilian State management (that is, having no limits between “public” and “private”, private appropriation of public resources, policy of clienteles, personal power, etc). For that reason, the budget in Brazil is, on the one hand, a “fiction” that demonstrates the permanent duality between a formal country and a real one; and, on the other hand, a special tool for clientelist access to public resources through “bargaining” processes – whether it is an exchange of favors between the state powers (executive, legislative and judiciary) or as distribution of public resources by govern institutions through particular criteria, related to personal and/or private interests. It is not a coincidence that, in 1993, the scandal involving the joint commission of
the congress responsible for analyzing the national budget, known as “the budget mafia”\(^{10}\) came to light. In 2001, another scandal involving influence peddling between members of the three powers of the Republic has resulted in the embezzlement by a judge of around US$ 85 million that should go to the construction of the new headquarters of the São Paulo State Labor Court.

Within Brazilian public management, the process of making and implementing the budget in different levels of executive power has its procedures controlled almost totally by technobureaucrats. Data are known only to a small number of technicians from management agencies or high officials from the government policy. Due to generalized ignorance about what a budget is and how it works, even within the legislative and executive political environment, it is called the black box of public administrations, in an analogy with the aircraft’s instrument, that shows the impossibility of access and absence of transparency to those who are not close to power and/or are not “knowledgeable” in the matter. Thus, a process such as the PB, in trying to change those practices, making the public budget transparent and accessible and democratizing the decision about it, had to become an important innovation in Brazilian public management.

**HOW PORTO ALEGRE’S PUBLIC BUDGETING WORKS**

**Actors and participation structure**

The structure of the PB is formed basically by three types of institutions that mediate relations between the city government and the residents: (a) city government administrative units dedicated specially to the technical-political process of budget discussion with the residents, like the *Gabinete de Planejamento* (Planning Office) and the *Coordenação de Relações com as Comunidades* (Community Relations Coordination); (b) community organizations, independent from the City Administration, formed mainly by regional organizations – residents’ association, mother’s clubs, Popular Councils, Regional Articulations, township associations and others – which mobilize residents and select investment priorities in each of the 16 regions where the PB is decentralized; and (c) permanent institutions for community participation, such as the Public Budget Council, Regional and Theme-oriented Assemblies and Regional and Theme-oriented Forums, made up by PB representatives – charged with procedures related to facilitation of co-management of public resources and the executive’s rendering of accounts over budget resources allocation.

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\(^{10}\) The 1993 federal budgetary bill has received more than 72,000 amendments from congressmen. According the Congress Committee in charge of investigating the budget scandal, the stealing of funds has reached 64%. The process resulted in the discharge and/or resignation of 7 congressmen. However, so far, besides some restraints to individual amendments, there has not been any significant change in the form of making the national budget, which lacks transparency and debate with society. Besides, breaking the principle of annuality has become common, with continued delays in voting the budget.
Figure 1 shows the PB’s structure.
Figure 1 shows the PB’s working organization chart

SOURCE: Fedozzi (1997)
LEGEND: GAPLAN - Gabinete De Planejamento (Planning Office); ASSEPLAS - Assessorias de Planejamento (Planning Advisories); CRC - Coordenação de Relações com a Comunidade (Community Relations Coordination); CROP - Coordenadores Regionais do Orçamento Participativo (Participatory Budgeting Regional Coordinators); CT - Coordenadores Temáticos (Theme Coordinators); FASCOM - Fórum dos Assessores Comunitários (Community Advisors Forum)
The participation process

The process of participation takes place in three stages, and according to two modes: regional and theme-oriented. Regional Assemblies and Theme-oriented Assemblies are concomitant and follow the same dynamics, differing as to the character of the agenda under discussion: regional demands, in the first case, and specific subjects related to the whole of the sixteen regions, in the second.

The Public Budgeting’s annual cycle is developed in three stages: (1) 16 Regional Assemblies and 6 Theme-oriented Assemblies; (2) building institutions for participation, such as the Public Budget Council and the Forum of Delegates; (3) discussion of the budget approval of Investment Plan by the residents in the Public Budget Council.

First Stage: The regional and theme-oriented meetings take place in two official rounds and one intermediate round.

In the first round of meetings (March through April), the executive renders accounts on the previous year’s Investment Plan and presents the Investment Plan approved for the current year. Between the first and second rounds of official meetings, from March to June, the so-called intermediate meetings happen, organized by the population. In these meetings, the demands selected in each of the institutions or organized groups (such as, Resident’s Association, Mother’s Clubs, Sports and Cultural Centers, Housing Cooperatives, Labor Unions, Non-government Organizations, etc.), the participants rank priorities through negotiation and voting processes. Then, priority lists are brought into discussion and approved in meetings in all the region and Theme-oriented Meeting. In those intermediate meetings, three priority sectors are chosen, ranked by importance (e.g. 1st – sanitation, 2nd – pavement, and 3rd – health), and the works proposed in each investment sector are ranked (e.g. basic sanitation: 1st, Esmeralda township, 2nd, Triângulo township, 3rd, Pinhal township, etc.).

In the second round of Regional and Theme-oriented Assemblies, during June and July, the executive presents the main points of the tax and revenue policy and the spending policy that should guide the making of next year’s budget, as well as criteria for distribution of investment resources. Community representatives present priority demands approved in the intermediary meetings to the resident’s assembly and the executive; (c) representatives to the Public Budget Council are elected, being two members and two substitutes in each region or theme-oriented meeting.

Second stage: The institutions for community participation are formed: the Participatory Budget Council – the main deliberation body – and the Forums of Delegates, with advisory and inspection character. The election of the members of the two institutions happens through the presentation of two tickets, the representatives being elected proportionally to the votes received by each of those. Elections are open to the participation of all residents above

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11 Transportation and Circulation; Education and Leisure; Culture; Health and Social Welfare; Economic Development and Taxation; City Organization and Urban Development.
12 From 2002 on, the dynamic of assemblies that make up this first round was altered to one only annual round. The city government chose to make this stage simpler. However, during the months of March and April, communities carry out meetings in neighborhoods and regions to prepare the official assemblies that will take place together with the city, after June. This article chose to describe things as they were during most of the PB’s history.
sixteen. There is no nomination of representatives by institution and the mandate is revocable by the Regional or Thematic Assembly.

**Third Stage:** With the inauguration of the new councilors and delegates, (July-August) the detailing of the budget and the Investment Plan gets started. While the executive works, in August, to adapt the resident’s demands to its own and creates the budget proposal in its larger economic aggregates, (revenue and expenditure), the PB Council discusses criteria for the distribution of investment resources between regions, defines the calendar for meetings and approves its Internal Regulation.

The procedures at the Participatory Budget Council have basically two stages: (1) discussion of revenue and expenditure items (which have no specified works to which they are assigned) until the Budget Bill is sent to the city council (September 30th); and (b) making of the Investment Plan, which is part of a detailed list of works and activities selected by the PB Council.

The PB Council, as it follows the debates over the budget bill in the legislature, until its approval on November 30th, holds its sessions between September and December, in order to detail the works and investment projects. The discussion over the investments is delimited by the general revenue and expenditure estimates with payroll and other items being estimated by the executive, including mandatory expenditure and those established by law, as the constitutional percentages for education and health. The executive takes part in the choice of investments through *Gabinete de Planejamento*-GAPLAN (Planning Office) and the presence of city agencies during the Council’s meetings, presenting proposals for works and project of general interest, multi-regional scope or even works which the city government, upon technical evaluation, finds necessary to a certain region. The Council debates the total amount of resources for investment in the city budget. There is no previous limit for the executive in the debate of that kind of resource. The Investment Plan, thus, includes works and actions coming from regional and theme-oriented demands and works/activities that aim at several regions or even “the city as a whole.” At the end of the process, the Investment Plan is published and becomes the basic document for community representatives’ supervision and the rendering of accounts made by the executive.

**Method for the distribution of investment resources**

The distribution of investment resources follows a method of participatory planning that starts with the selection of priorities by the Regional or Theme-oriented meetings and culminates with the approval, by the Budget Council, of an investment plan detailing works and activities by investment sector, region and the city as a whole. The methodology has been built during the process in order to solve the classic dilemma between “suppressed demand versus scarce resources”.

The distribution method for investment resources is as follows: first, the regions and theme-oriented meetings define the three priority sectors, which guide the making of the budgetary proposal regarding global resource allocation, as well as rank the works and activities selected by communities in each of the investment sector indicated by them as we have seen above. When regional and theme-oriented priorities are defined, the resource and
investment distribution between them is based on objective and universal criteria defined by the Budget Council, which apply to every investment sector. Those criteria are:

(1) Lack of service or urban infrastructure in each region;

(2) Total population in each of the Participatory Budget’s region;

(3) Priorities chosen by the region regarding the investment sectors it has defined.

Each of the criteria receives a value, from 1 to 3, directly proportional to the importance given by the Budget Council. The “lack of service or urban infrastructure in each region” criterion has always received the maximum value (3), expressing the will to practice distributive justice through the PB. Besides, within each criterion, grades are given from 1 to 4, in a directly proportional way: (a) To what extent the region lacks the investment item in question. Thus, the more the region is lacking, the higher the grade it will get on that criterion; (2) To region’s population, that is, the bigger the region’s total population, the higher the grade it will receive in the resource distribution for each investment sector; (3) To the priority attributed by the communities to the investment item chosen in each region. That is, the higher the priority is for the sector demand indicated by the region (e.g., sanitation), the higher the region’s grade will be for that investment sector. Finally, the grade received by each budget region in the internal ranking for each criterion is multiplied by the value of the criterion, thus providing a punctuation that determines the percentage of resources the region will get for each investment item. That resource percentage indicates the quantum of works that the region is entitled to. Within that amount, the works to be realized are selected from the rank of works made by the residents in each investment item during the “intermediate meetings” described above.

CONCLUSION: democratic public sphere and construction of citizenship

The historical genesis of the PB is to be found, in its latent form, in the social practice and political culture of the several local actors, such as communities’ association movements and progressive parties that were active in the local public sphere, specially from mid-1970’s on. Those actions have shown a new era in the organization of popular classes, characterized by the rise in social capital they accumulated and revealed by the process of quantitative and qualitative broadening of the community associativism, as well as the formation of a new critic civic culture. The unprecedented victory of the socialist left in the state capital’s government, after 220 years of history, has pushed the leaders of the Popular Front, as well as the members of community movements, to rethink their discourses and reassess their strategies and practices before a very complex reality that rejects simplifying and dogmatic

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13 According to Putnam, who has developed a classical study on development conditions in modern Italy, “the concept of social capital is related to characteristics of social organization, such as confidence, rules and systems, which contribute to improving society’s effectiveness, facilitating coordinated actions” (1993, p.177). Quoting Coleman, the author argues: “just as other forms of capital, social capital is productive, allowing the accomplishment of certain objectives that would be unreachable without it (...). For instance, a group whose members show reliability and trust each other is able to accomplish much more than another one that does not have that. See Coleman (1990) and Putnam (1993).
formulas, shared by the leaders who took state functions for the first time. However, the PB was built with practice. When it had been structured at the end of the first term, it became an institution whose model had not been predetermined or imagined by any actor of the process, whether from the government or the participating civil society.

After sixteen consecutive years, it seems that the PB has been playing an important role in promoting citizenship in Brazil and that is exactly why it has been adopted by a growing number of cities, and even states. That innovation regarding city management has been providing, on one hand, the reversion of priorities for public investment, integrating the social segments historically excluded as active subjects in the decision-making process for public management. The socioeconomic profile of participants, mostly low-income and low-education ones, as well as the priority investments in sanitation, housing, pavement, education, health, and transportation in popular townships (around 2,500 works, or US$ 450 million), reveal the character of redistribution and social inclusion of the PB system, amidst a national reality of dismantling of public policies, which worsens the process of social exclusion.

On the other hand, the importance of political rationalizing carried out by the PB is clear, contrary to the authoritarian-patrimonialist tradition of Brazilian society. Establishing an institutional mediation according to universal and foreseeable rules of participation and an objective and transparent decision method for allocation of public resources through objective and impersonal criteria for selecting community demands, the PB facilitates the constitution of a democratic public sphere that favors accountability, creating concrete obstacles for personal/private use of resources by officials, as well as preventing the traditional favor exchange that characterizes the clientelist phenomenon in the country’s history.

That process, which can be summarized as the creation of an active public sphere of co-management of city public funds, expresses itself through a power-sharing system where rules for participation and distribution of investment resources are built in a procedural and argumentative way, within the institutional interaction that occurs between the executive officials and communities of civil society.

That procedural dynamics of shared regulation establishes a form of legitimating and validating political decisions, which depends on the way the several actors relate to each other within the transparent criteria of distributive justice, built along the interaction between authorities and community representatives. Its operating dynamics makes the participants think about the themes, incorporating them to their discourse on demands during public forums, which tends to preserve public interests as the basis for state management and guiding principle of the res publica, preventing the use of non-transparent and illegitimate relationships between society segments and the state, typical practices of the patrimonialist model of exercising power in Brazil.

The entanglement of civil, political and social rights, formed within the learning provided by the OP through participatory practice, has been filling local politics with a new movement, potentially opposed to social exclusion in the country. The involvement of the population usually deprived of decision power seems to be an essential element to government practice in this new century, facing the deep problems with the (irreplaceable) classic representative democracy, such as: civil apathy, the media spectacle in politics, distancing
between those who govern and those who are governed, and the disbelief in the effectiveness of democracy and a civilized way of solving society’s impasses and conflicts.

The continuity of fourth consecutive terms by the Popular Administration in Porto Alegre is due, among other important aspects, to the virtuous circle formed by a strategy that combined the redistribution element in public policies, focusing on investments and public services for low-income populations, with a policy of universal improvement of services and urban infra-structure, extended to the city as a whole, thus winning approval by the majority of the population so far. Nevertheless, local PB experiences now under way in Brazil are varied and, as it is widely known, social participation and decentralization per se do not mean more democracy and more social justice

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14 Until the next municipal election, in October 2004, a great challenge will be faced by the participatory experience led by PT, since the party will be seeking the hard goal of a fifth consecutive term at Porto Alegre City Government.


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*(Translated by Roberto Cataldo Costa)*