

A Time of Closure? Participatory Budgeting in Porto Alegre, Brazil, after the Workers' Party Era

TERESA R. MELGAR*

Abstract. Participatory budgeting in Porto Alegre, Brazil, has long been held up as a model of how grassroots social movements, in alliance with a Left party in power, have deepened democracy in a highly clientelistic context. But what happened to this democratic reform when the Partido dos Trabalhadores (Workers' Party, PT), which supported this initiative while it held the mayorship of Porto Alegre for 16 years, lost political power? This article examines the shifting fortunes of the participatory budgeting process following the defeat of the Workers' Party in the 2004 local elections. It explores how and why succeeding local administrations weakened participatory budgeting amid the changing political configuration of Porto Alegre, underscoring the critical role played by considerable executive branch powers in the process. The article concludes by examining what questions this raises for the sustainability of local democratic reforms.

Keywords: participatory budgeting, participatory governance, Workers' Party, Brazil, Porto Alegre

Introduction

In the 1990s, the city of Porto Alegre in Brazil became internationally well known for its participatory budget (PB) process – a series of grassroots assemblies that increasingly reoriented municipal government spending towards services most needed by poor, working-class communities in the urban peripheries. Brought into practice by a powerful alliance between

Teresa R. Melgar is assistant professor at the Department of Sociology of the University of the Philippines – Diliman. Email: tmelgar@ssc.wisc.edu.

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community movements and the leftist Partido dos Trabalhadores (Workers' Party, PT), which held the mayorship of Porto Alegre from 1989 to 2004, the PB was often hailed as generating a deeper, more participatory form of democracy. It was also widely seen as having propelled the Workers' Party to an unprecedented four consecutive mayoralty terms.

However, in the 2004 local elections, the Workers' Party lost the mayorship of Porto Alegre to a coalition of opposition groups; the party lost again in the 2008 and 2012 local elections. In the aftermath of these defeats, a series of centre-right multiparty coalitions held the reins of government, advancing a model of participation and state–society relations that downplays citizenship rights. This shift in state policy took place as the city faced several fiscal crises, prompting the municipal government to embark on traditional austerity measures that slashed the kind of public service provision typically decided upon via participatory budgeting. In the meantime, the Workers' Party in the city had become considerably weaker, its organised constituencies eroded as party activists increasingly took on political and administrative roles at the federal and state government levels.¹ Community organising itself declined; in recent years, popular mobilisation on local issues has been largely spearheaded by urban youth movements with few links to communities or the PB process.

These developments have generated significant challenges to the sustainability of participatory budgeting both institutionally, in terms of the PB as a mechanism for democratising public spending decisions, and socially, in terms of popular participation in its processes.² In this article I examine these challenges, exploring how and why participatory budgeting was substantially diluted in Porto Alegre under non-*petista* administrations after 2004 amid a changing politico-economic context.³ While much has been written about the rise of participatory budgeting in Porto Alegre, few have examined its fate after 2004. Given the iconic status of Porto Alegre in the literature on participatory reforms, the weakening of such processes in the city should hold important insights on these experiments.

I first review the dynamics of the participatory budgeting process, exploring how and why it generated such a significant shift in local politics. I then turn to the 2004 elections, examining how the rise to power of the political opposition significantly constricted the spaces for reform. This has come about as Porto Alegre's non-*petista* administrations have mounted a dual strategy,

¹ Sérgio Baierle, 'Shoot the Citizen, Save the Customer: Participatory Budgeting and Bare Citizenship in Porto Alegre, Brazil', in Kees Koonings and Dirk Kruijt (eds.), *Megacities: The Politics of Urban Exclusion and Violence in the Global South* (London: Zed Books, 2009), pp. 120–40; Paulo Muzzell, 'O PT e a eleição municipal em Porto Alegre', 8 Oct. 2012, available at <http://rsurgente.opsblog.org/2012/10/18/o-pt-e-a-eleicao-municipal-em-porto-alegre/>.

² I am grateful to an anonymous reviewer for this formulation.

³ Members of the Workers' Party are known as *petistas*, from the Portuguese acronym PT.

maintaining rhetorical support for participatory budgeting while depriving it of substantive institutional, political and financial support, thus undermining its influence. Such efforts, I argue, reflect the convergence of broader political processes that redefined the city's politics after 2004: the increased unity of centre and right parties against participatory budgeting; the rising influence of neoliberal frameworks for managing the city's fiscal problems; and state support for a new model of participation that de-emphasises claims-making and citizenship rights.

Porto Alegre's activists have struggled to sustain participatory budgeting. Despite such efforts, the considerable powers of the executive branch in administering and implementing the local budget under Brazil's decentralised set-up proved critical to weakening the PB. Whereas under reformist administrations these powers allowed the local state to vigorously promote participatory budgeting, with the shift to a new government determined to implant a different political project, these very same powers enabled the local state to weaken such initiatives despite resistance from activists. Thus, in the final section of the paper, I examine the broader questions raised by the difficulties of sustaining participatory budgeting. This article is based on interviews, participant observation and archival research conducted in Porto Alegre during an eight-month period of field research in 2006–7. In April 2013, I returned to Porto Alegre for six weeks to conduct follow-up research on these issues.

Experimenting with Participatory Governance

Scholarly work on participatory governance has increasingly moved into a relational, mutually constitutive approach, suggesting how a relatively open state willing to share power with non-traditional political actors and a highly organised civil society politicised around claims for participation and citizenship rights can together generate critical spaces for constructing democratic experiments. Reformers in local government who are seriously committed to open decision-making processes, it is argued, can alter the exercise of state power by enabling hitherto excluded groups to directly shape policy-making and advance policy agendas beyond the purview of more traditional political elites. Organised civil society can deepen such processes, compelling reformist local governments to broaden the scope of issues and levels of decision-making subject to public debate, in the process further strengthening claims to citizenship rights and political equality.⁴

⁴ See, for example, Gianpaolo Baiocchi, Patrick Heller and Marcelo Silva, *Bootstrapping Democracy: Transforming Local Governance and Civil Society in Brazil* (Stanford, CA: Stanford University Press, 2011); Gianpaolo Baiocchi, *Militants and Citizens: The Politics*

But what happens when the same state reformers who provided critical support for such democratic experiments – mobilising the local state precisely to construct participatory governance innovations – lose power themselves? How do incoming administrators treat these institutional reforms, what new dynamics do they unleash in local politics, and how do these processes affect the sustainability of such reforms?

Porto Alegre provides an important test case for further investigating these issues.⁵ Beginning in the late 1980s, as Brazil consolidated its transition to civilian rule, the city became the site of unprecedented efforts to democratise governance. At the heart of these reforms was the PB process. Launched by grassroots activists and the first Workers' Party administration of Mayor Olívio Dutra (1989–92) and based on ideas of participation and citizenship rights that fed earlier community struggles, the PB was the concrete expression of growing grassroots demands to democratise municipal budget-making. For these activists, opening the local budget to popular participation was pivotal for contesting the clientelistic allocation of public goods in the city and the lack of services in its poor communities.⁶

After an initially rocky start as the new administrators were unable to respond adequately to pent-up community demands, the incipient PB eventually made headway. From the 1990s up to the early 2000s, the PB

of Participatory Democracy in Porto Alegre (Stanford, CA: Stanford University Press, 2005); Rebecca Neaera Abers, *Inventing Local Democracy: Grassroots Politics in Brazil* (Boulder, CO: Lynne Rienner, 2000); Patrick Heller, 'Moving the State: The Politics of Democratic Decentralization in Kerala, South Africa and Porto Alegre', *Politics and Society*, 29: 1 (2001), pp. 131–63; and Archon Fung and Erik Olin Wright (eds.), *Deepening Democracy: Institutional Innovations in Empowered Participatory Governance* (London and New York: Verso, 2003).

⁵ See also William Nylen, 'An Enduring Legacy? Popular Participation in the Aftermath of the Participatory Budgets of João Monlevade and Betim', in Gianpaolo Baiocchi (ed.), *Radicals in Power: The Workers' Party (PT) and Experiments in Urban Democracy in Brazil* (London: Zed Books, 2003), pp. 91–112, which examines relatively similar questions for two municipalities in the state of Minas Gerais.

⁶ Although subsequent studies suggest the occasional coexistence of the PB's rights-based approach to public goods with clientelism, most analysts argue that Porto Alegre's 'combative' community movements, which helped launch the PB, seriously envisaged participation in budget-making as a means to reduce clientelism. See Sérgio Baierle, 'The Explosion of Experience: The Emergence of a New Ethical-Political Principle in Popular Movements in Porto Alegre, Brazil', in Evelina Dagnino and Arturo Escobar (eds.), *Cultures of Politics, Politics of Cultures* (Boulder, CO: Westview Press, 1998), pp. 118–41. For studies that explore how clientelism may coexist with the PB, see Goetz Ottmann, *Democracy in the Making: Municipal Reforms, Civil Society and the Brazilian Workers' Party* (New York: Nova Science Publishers, 2009); and Zander Navarro, 'O "orçamento participativo" de Porto Alegre (1989–2002): um conciso comentário crítico', in Leonardo Avritzer and Zander Navarro (eds.), *A inovação democrática no Brasil: o orçamento participativo* (São Paulo: Cortez, 2003), pp. 89–128.

process consistently saw high attendance levels, mobilising thousands of people from grassroots communities: participation had a tangible impact in terms of increased public investment in the peripheries, and Porto Alegre's communities responded enthusiastically to the opportunity to define the budget.⁷

The PB and Democratic Empowerment in Porto Alegre

To understand why the PB became a key reform in Porto Alegre, scholars working from a broadly relational perspective have highlighted the role of associational patterns in civil society,⁸ the institutional design of the PB,⁹ and the administrative capacity and political support of reformist governments for the initiative.¹⁰ But it is also important to re-examine the politico-institutional dynamics of municipal budget-making in Brazil, and how the coming to power of state reformers in Porto Alegre in this particular setting gave momentum to such reforms.¹¹ Doing so allows us to address the question of what happens to the PB when these very same reformers lose power.

From an institutional point of view, the key actors involved in Brazil's municipal budget process are the executive branch (*Prefeitura*), which includes the mayor and various municipal departments, and the legislative branch or the City Council (*Câmara de Vereadores*). Historically, however, the executive has enjoyed considerably greater powers over the budget relative to the legislative branch, in what one analyst refers to as 'mayoral domination of municipal agenda setting'.¹² By law, the executive has the prerogative to formulate a budget proposal – composed largely of aggregate figures for revenue and expenditure – to be sent to the City Council for approval. The executive also has the authority to specify investments during the budget year,

⁷ Although Luciano Fedozzi provides a conservative estimate given methodological difficulties in getting an accurate number of PB participants, he still demonstrates the rise in participation. Accordingly, 628 participants attended at least one of two rounds of PB regional assemblies in 1990; in 1991, this figure rose to 3,086; in 1992, it was 6,168; and by 1999, it had increased to 11,726 participants. If the thematic assemblies were included, attendance for 1999 would rise to at least 14,776 participants. Luciano Fedozzi, *Observando o orçamento participativo de Porto Alegre: análise histórica de dados: perfil social e associativo, avaliação e expectativas* (Porto Alegre: Tomo Editorial, 2007), p. 23.

⁸ Marcelo Kunrath Silva, 'Participation by Design: The Experience of Alvorada and Gravataí, Rio Grande do Sul, Brazil', in Baiocchi (ed.), *Radicals in Power*, pp. 113–30.

⁹ Benjamin Goldfrank, 'Urban Experiments in Citizen Participation: Deepening Democracy in Latin America', unpubl. PhD diss., University of California, Berkeley, 2002.

¹⁰ Abers, *Inventing Local Democracy*.

¹¹ Brian Wampler, *Participatory Budgeting in Brazil: Contestation, Cooperation and Accountability* (University Park, PA: Penn State University Press, 2007).

¹² Wampler, *Participatory Budgeting in Brazil*, p. 36.

giving the mayor ample leeway to determine the actual content and direction of investment spending.¹³

Federal Law 4,320, which dates back to March 1964 and has remained in effect, has further strengthened the mayor's powers.¹⁴ For instance, while the legislature can introduce amendments to the mayor's proposed budget, it cannot increase the overall amount and can only reallocate items within the budget.¹⁵ In addition, as Brian Wampler succinctly notes, the mayor 'has a line-item veto, allowing vetoes of any specific amendment' introduced by legislators; the mayor likewise 'does not have to implement any budgetary amendment', and the legislature cannot compel the mayor, through legislation, to spend any resources including new capital investment spending.¹⁶ Finally, the mayor enjoys broad powers over municipal programme implementation.

In sum, the Brazilian institutional structure historically granted strong mayoral powers over the drawing up and execution of the budget, relative to local legislators and a much broader public. Nonetheless, because the executive branch also needs to cultivate support from legislators for its policy agenda – particularly when it does not have the majority in the City Council – a pragmatic mayor is usually compelled to appease legislators by appointing them or their allies to positions in government, or providing infrastructure spending for legislators' electoral bases in local communities – the lifeblood of most clientelist politicians in Brazil.

Prior to the PB, this dynamic largely governed Porto Alegre's patterns of budget execution. The centralisation of decision-making on budget matters in the hands of the mayor and key administrators, coupled with a lack of transparency in implementation, provided them with ample opportunities to shape the budget in ways that served more particularistic interests. Thus, the local government historically prioritised infrastructure spending in the middle-to upper-class districts in the central parts of the city. It typically extended services only to low-income communities where politicians had significant electoral support or from which they sought to mobilise votes during elections.

When it was introduced in the early 1990s, participatory budgeting provoked a huge shift in local political processes precisely because it challenged the clientelistic politics, elite policy agendas and egregious lack of transparency that had shaped decision-making on municipal resources. Although the PB did

¹³ Luciano Fedozzi, *Orçamento participativo: reflexões sobre a experiência de Porto Alegre* (Porto Alegre: Tomo Editorial and Observatório de Políticas Urbanas e Gestão Municipal, 1997), pp. 108–9.

¹⁴ Wampler, *Participatory Budgeting in Brazil*, p. 50.

¹⁵ *Ibid.*, p. 51.

¹⁶ *Ibid.*, pp. 50–1. See also Andrew Nickson, *Local Government in Latin America* (Boulder, CO: Lynne Rienner, 1995), pp. 120–1; and Marcia Ribeiro Dias, *Sob o signo da vontade popular: o orçamento participativo e o dilema da câmara municipal de Porto Alegre* (Belo Horizonte and Rio de Janeiro: Editora UFMG and IUPERJ, 2002), pp. 49–50.

not completely eradicate such dynamics, it did significantly challenge these patterns.¹⁷ With the rise of the PB, the process of drawing up the budget, and in particular the Investment Plan – which contains the municipality’s planned public works projects and other capital investments – was fundamentally recast so that for the first time, it was undertaken with civil society via a series of assemblies all over the city instead of being conducted mainly by the executive branch and municipal technocrats behind closed doors.¹⁸

Until the Workers’ Party lost power in 2004, the PB followed essentially the same design. In a year-long process, grassroots communities in 16 PB regions and participants in six thematic assemblies negotiated and voted on their priorities for specific services, infrastructure or city-wide thematic policy proposals, seeking to employ criteria that combined equity in access to resources, population size and broad community needs.¹⁹ Based on the priorities that emerged from these assemblies – for example, street paving or housing – the Conselho do Orçamento Participativo (Council of Participatory Budgeting, COP), a key representative body in the PB, then hammered out the final Investment Plan in weekly deliberative meetings with municipal department representatives for some three months. Once finalised, the Investment Plan presented the specific projects or services to be undertaken by the government, identified the municipal department responsible and allocated a specific amount.²⁰ The COP also had the opportunity to review

¹⁷ Leonardo Avritzer, ‘Living Under a Democracy: Participation and its Impact on the Living Conditions of the Poor’, *Latin American Research Review*, 45: Special Issue (2010), pp. 166–85.

¹⁸ The World Bank estimates that a ‘historical average of close to 50 per cent’ of the municipal allocation for ‘investments’ has been subject to PB decision-making. To illustrate what this means, from 1993 to 1995 under Mayor Tarso Genro, the municipal government’s annual average total expenditure was approximately Reais\$ 463 million, and of this, an annual average of 14.4 per cent or about R\$ 67 million was allotted to investments. Using World Bank estimates of PB decision-making power, this suggests that the PB directly decided on some 7.2 per cent of total expenditures, or about R\$ 33 million annually. Figures computed from data in Regina Maria Pozzobon, *Os desafios da gestão municipal democrática – Porto Alegre* (São Paulo: Instituto Pólis and Centro Josué de Castro, 1998), p. 23. See also World Bank, *Brazil: Toward a More Inclusive and Effective Participatory Budget in Porto Alegre*, vol. 1: *Main Report (Report No. 40144-BR)* (Washington, DC: World Bank, 2008), pp. 48, 56.

¹⁹ The city was divided into 16 PB regions in 1989 to reflect patterns of popular organisation and mobilisation, replacing the initial delineation of PB regions based on existing administrative divisions. See Baierle, ‘The Explosion of Experience’, pp. 128–9.

²⁰ Unlike the proposed budget, the Investment Plan under all petista administrations was not presented to the City Council for approval, as the authority to draw up the budget and specify investments was, by law, lodged with the executive branch. The innovation introduced by the Workers’ Party administrations was to submit the Investment Plan element to the PB process. As the PB expanded in the 1990s, opposition legislators began demanding to approve the Investment Plan as well; however, this was often rebuffed by petista administrations on legal and constitutional grounds, generating further hostility towards the PB among the opposition. See Luciano Fedozzi, *O poder da aldeia: gênese e*

the executive branch's entire annual budget proposal before it was sent to the City Council for approval, to see whether it had taken PB priorities into account or to examine other budgetary allocations, including those for personnel and maintenance.

Particularly under the first three successive Workers' Party administrations of mayors Olivio Dutra (1989–92), Tarso Genro (1993–6) and Raul Pont (1997–2000), the local government gave strong institutional and political support to the PB, mobilising municipal coordinators to assist and accompany the process in the communities.²¹ Perhaps more importantly, these administrations made substantial efforts to act on the priorities of the PB process. For example, a study by a local non-government organisation, CIDADE, shows that the completion rate of PB projects from 1992 to 1999, which cuts across these three administrations, reached a high annual average of 97 per cent.²²

The Workers' Party administrations supported the PB for ideological, electoral and political reasons, as it eventually came to encapsulate the petista vision of governing with popular participation. But their actual ability to move the initiative forward was facilitated by the mayor's considerable powers in relation to the budget. In the early 1990s, for instance, the Dutra administration decisively wielded its prerogative when it created a new, centralised office, the Gabinete de Planejamento (Planning Office, GAPLAN), directly under the Mayor's Office, giving it full authority to lead in all matters relevant to budget-making and to link up various municipal departments with the PB.²³ In so doing, the Dutra administration sought to ensure that PB investment decisions would indeed be reflected in the budget submitted to the City Council and implemented by municipal departments. In this sense, the centralisation of decision-making authority on budget matters within the executive branch created a virtuous effect: under reformist administrations such as those of the Workers' Party, this enabled the mayor to strongly back participatory budgeting and eventually devolve some of that decision-making authority to its participants.²⁴ This is not to suggest that all four petista

história do orçamento participativo de Porto Alegre (1st edition, Porto Alegre: Tomo Editorial, 2000), p. 130; and Dias, *Sob o signo da vontade popular*, pp. 171–2.

²¹ Marta Harnecker, *Delegando poder en la gente: el presupuesto participativo en Porto Alegre* (Havana: Centro de Investigaciones Memoria Popular Latinoamericana, 1999).

²² Computed from data in CIDADE, 'Execução orçamentária', *De Olho na Cidade* (May 2011), p. 3.

²³ Elizete Menegat, 'Coragem de mudar: fios condutores da participação popular na gestão urbana em Porto Alegre', unpubl. Master's thesis, Universidade Federal do Rio de Janeiro, 1995, p. 143; Abers, *Inventing Local Democracy*, p. 77.

²⁴ See Wampler, *Participatory Budgeting in Brazil*, for a somewhat similar argument concerning the mayorship.

administrations supported the PB equally; as will be discussed later, completion rates of PB projects declined under the fourth Workers' Party administration due to the city's growing fiscal crisis. Rather, the argument here is that the petista administrations' overall commitment to the PB and to implementing its decisions, aided by strong mayoral powers over the budget, helped it become a powerful instrument for grassroots political participation.

Through the PB, grassroots communities began increasingly to exercise their 'voice' in budget allocation, in the process shifting public goods to some of the city's poorest communities. Porto Alegre-based economist Adalmir Marquetti, in a series of studies, has provided evidence of the PB's redistributive effect as it directed more investments to regions that were generally poorer.²⁵ From a political standpoint, however, the Workers' Party reaped important political dividends from the PB's accomplishments as these generated electoral support for the petistas among low-income communities, helping the party secure an unprecedented four consecutive mayoralty terms in the city. The PB also enabled grassroots activists to expand the formal spheres of political decision-making beyond political elites, and challenge the traditional prerogatives exercised by local politicians over municipal spending. For all these reasons, conservative political parties in the city, threatened by the PB's growth as a parallel arena of political decision-making, increasingly opposed participatory budgeting under petista administrations.

Losing the 2004 Elections

In the 2004 elections, however, petista control of the municipal government came to an end: the Workers' Party candidate Raul Pont, who had served as mayor of Porto Alegre from 1997 to 2000, lost to José Fogaça, the candidate of a centre-right opposition coalition led by the Partido Popular Socialista (Popular Socialist Party, PPS) and the Partido Trabalhista Brasileiro (Brazilian Labour Party, PTB). Fogaça gained 51.24 per cent to Pont's 44.86 per cent in the decisive second round of voting.²⁶ Given the centrality of participatory

²⁵ See, for instance, Adalmir Marquetti, 'Orçamento participativo, redistribuição e finanças municipais: a experiência de Porto Alegre entre 1989 e 2004', in Adalmir Marquetti, Geraldo Adriano de Campos and Roberto Pires (eds.), *Democracia participativa e redistribuição: análise de experiências de orçamento participativo* (São Paulo: Xamã Editora, 2008), pp. 31–54; 'Participação e redistribuição: o orçamento participativo em Porto Alegre', in Avritzer and Navarro (eds.), *A inovação democrática no Brasil*, pp. 129–56; and 'Democracia, equidade e eficiência: o caso do orçamento participativo em Porto Alegre', in João Verle and Luciano Brunet (eds.), *Construindo um novo mundo: avaliação da experiência do orçamento participativo em Porto Alegre-Brasil* (Porto Alegre: Guayi, 2002), pp. 210–35.

²⁶ Robson Becker Loeck, 'Comportamento eleitoral em Porto Alegre nas eleições de 2004: o voto nas regiões do orçamento participativo', unpubl. Master's thesis, Universidade Federal de Pelotas, 2008, p. 55.

budgeting to the Workers' Party administrations, the defeat of the petistas in 2004 raised important questions about the sustainability of the PB. How has the rise to power of the political opposition affected participatory budgeting in the city?

Having promised throughout the electoral campaign that he would maintain participatory budgeting as 'the city's accomplishment' (*uma conquista da cidade*), newly elected mayor José Fogaça could not easily backtrack on this pledge. Given the PB's role as a locus of mobilisation for the city's popular movements, any effort to terminate the initiative would have been politically costly. Together with the World Social Forum, participatory budgeting had become the city's most internationally recognised democratic innovation, and the new administration was not likely to risk damaging this legitimacy by eliminating the PB.

Under three successive centre-right administrations since 2004, however, the PB has become the site of unprecedented struggles for control over its direction. While these administrations – the first under Fogaça (2005–8), the second under the re-elected Fogaça (2009–10) and his mid-term successor José Fortunati (2010–12),²⁷ and the third currently under Fortunati (2013–16) – retained the PB formally, most PB activists contend that they nonetheless sought to weaken it, gradually stripping it of its role as a 'public space for deliberation and co-administration of the public budget'.²⁸ The PB activists' grievances are numerous and often strike at the core of the PB process. For example, a persistent complaint has been the low level of government completion of PB projects²⁹ and the reduction of funds allocated for public investments in the budget, a significant part of which is decided through participatory budgeting.

Studies based on government figures by CIDADE, which has closely monitored the PB over the years, show that the Fogaça administration completed only an annual average of 43 per cent of all PB projects in the Investment Plan from 2005 to 2010,³⁰ and only 26 per cent of projects from the top five priority areas identified by the PB – that is, housing, education, social assistance, community road paving and health.³¹ As the rest of this article explains, these delays appear to have been caused by government cuts in the public investment budget, the executive branch's refusal to spend funds

²⁷ José Fortunati, who was then vice-mayor, took over the mayorship when Fogaça decided to run for the governorship of Rio Grande do Sul halfway through his second term.

²⁸ Sérgio Baierle, 'Porto Alegre neoliberal: a decapitação social-capitalista de líderes comunitários e os limites do novo gerencialismo público inclusivo', *Coleção Cadernos da Cidade*, 12: 15 (2009), p. 37, my translation.

²⁹ Interviews with various participatory budgeting activists, Porto Alegre, Jan.–March 2007.

³⁰ Computed from data in CIDADE, 'Execução orçamentária', *De Olho na Cidade* (May 2011), p. 3.

³¹ CIDADE, 'Execução orçamentária', p. 3.

already allocated for PB projects and an overall failure to prioritise participatory budgeting.

This lack of institutional, financial and political support for the PB can, in turn, be linked to three related processes that have been reconfiguring Porto Alegre's political arena since the early 2000s: the increased unity of other political parties against the PB, which is generally seen as having strengthened the electoral appeal of the Workers' Party and further reduced legislators' ability to exercise control over the budget;³² the growing influence of neoliberal frameworks for managing the city's fiscal problems, which in turn can be linked to the increasing reliance of Porto Alegre's post-2004 administrations on World Bank funding and policy prescriptions; and finally, these administrations' active promotion of a new model of participation through the *Governança Solidária Local* (Local Solidary Governance, GSL) programme. I now turn to a brief discussion of these issues, before offering an analysis of the factors that gradually weakened the PB.

Increased Opposition Unity

In his comparative study of participatory processes in Porto Alegre, Montevideo and Caracas, Benjamin Goldfrank suggests that although opposition parties held the majority in the City Council during the first petista administration of Olivio Dutra, they 'failed to act quickly and decisively against the PB',³³ partly because no one anticipated the power it would eventually have, and because most of the opposition parties were too weak to mount any coherent campaign against the initiative.³⁴ However, as attendance at PB assemblies grew, and as the petistas won election after election, opposition legislators became much more hostile to the PB.

In the most comprehensive study so far on this issue, Marcia Ribeiro Dias offers two explanations for their objections: firstly, many opposition legislators felt constrained from introducing amendments to the executive's proposed budget because doing so would likely be electorally and politically costly for them; and secondly, they perceived the PB process as a political mechanism that had further strengthened the powers of the executive branch over the budget, as well as the electoral appeal of the Workers' Party.³⁵

As noted earlier, legislative powers to amend the municipal budget are generally limited in Brazil. Nonetheless, Porto Alegre's legislators, who regained such powers following Brazil's transition to civilian rule, have sought to exercise

³² Dias, *Sob o signo da vontade popular*.

³³ Goldfrank, 'Making Participation Work in Porto Alegre', in Baiocchi (ed.), *Radicals in Power*, p. 41.

³⁴ Goldfrank, 'Urban Experiments in Citizen Participation' and 'Making Participation Work in Porto Alegre', pp. 27–52.

³⁵ Dias, *Sob o signo da vontade popular*.

them in a bid to wield greater control over local state resources. But under petista administrations in the city, most opposition legislators were apprehensive about introducing budget amendments since they knew that its priorities had emerged from the executive's engagement with the PB process.³⁶ In their view, introducing any amendment that could affect budget allocations for PB priorities would lead them to lose future votes given the tremendous appeal that participatory budgeting had gained, especially among grassroots communities, and PB activists' strategy of mobilising these communities to attend City Council deliberations in order to pressure legislators to approve the proposed budget.³⁷ As noted by Dias, the reluctance of opposition legislators to amend the budget when it bore the imprint of popular participation was perhaps best expressed by Aírto Ferronato, a two-term (1989–96) legislator from the opposition Partido do Movimento Democrático Brasileiro (Party of the Brazilian Democratic Movement, PMDB):

The legislature would feel more inclined to modify the budget when the mayor sends it without having consulted anybody beyond the four or six experts; the legislature would change A, B, C, or D, change almost everything [in the budget]. That is how it works nearly everywhere else in Brazil, without the population knowing what is happening.³⁸

This perception that the PB had stripped legislators of the powers to amend the budget, and thereby the opportunity to claim credit for projects or funding for their electoral bases, is one of the main reasons why opposition legislators became more critical of the PB over the years.³⁹ In clientelistic contexts such as Porto Alegre, this ability to mediate citizens' access to state resources was key to politicians' capture of grassroots electoral support prior to the PB. But as participatory budgeting increasingly eroded this ability, and Workers' Party administrations consistently rebuffed opposition legislators' efforts to obtain public works funding outside of the PB process, opposition forces came to view the PB as a tool that the Workers' Party had manipulated while in power to strengthen the executive's hand on budget matters vis-à-vis the legislature, and enhance the leftist party's electoral appeal.⁴⁰

Thus, beginning with the second Workers' Party administration of Tarso Genro (1993–6), members of the political opposition became much more united around a common goal: to dislodge the Workers' Party from City Hall, which would also, in their view, break its 'tutelage' over the

³⁶ *Ibid.*

³⁷ *Ibid.*

³⁸ Quoted in Dias, *Sob o signo da vontade popular*, p. 119, my translation.

³⁹ Dias, *Sob o signo da vontade popular*. See also Marcus André Melo, 'Democratizing Budgetary Decisions and Execution in Brazil: More Participation or Redesign of Formal Institutions?', in Andrew Selee and Enrique Peruzzotti (eds.), *Participatory Innovation and Representative Democracy in Latin America* (Washington, DC: Woodrow Wilson International Center for Scholars, 2009), pp. 17–39.

⁴⁰ Dias, *Sob o signo da vontade popular*.

PB.⁴¹ Having defeated the Workers' Party in 2004, the new administrations' marked absence of institutional support for participatory budgeting, their rhetoric notwithstanding, suggests consistency with these electoral and political goals. From their vantage point as a coalition of non-petista parties, this would reduce the political appeal of a project that had been critical to the electoral success of their key political adversary, the Workers' Party, over the years. From their vantage point as parties in the legislature, the diminution of the PB would also enable them to reassert control over the direction of municipal spending vis-à-vis a parallel source of popular oversight and decision-making.

In this context, the Porto Alegre case echoes William Nylen's findings on the municipalities of Betim and João Monlevade, where the political opposition proceeded to 'shut down' the PB after dislodging the petistas from the mayorship, criticising the PB as a 'highly partisan', Workers' Party-dominated body that had marginalised the City Council in decision-making over the budget.⁴² Unlike Nylen's cases, however, where PB participants were predominantly Workers' Party members or sympathisers,⁴³ surveys of Porto Alegre's PB over the years suggest that it attracted a much broader constituency not necessarily identified with the Workers' Party.⁴⁴ But this did not prevent opposition parties from attacking the PB as 'uma coisa do PT' (a Workers' Party thing),⁴⁵ suggesting that its powers would be clipped should the opposition eventually win the mayorship, as it did in 2004.

Neoliberalism on the Rise

The post-2004 administrations' efforts to weaken participatory budgeting in Porto Alegre not only drew their energies from the increased unity of centre-right politicians against the PB but were also bolstered by the growing influence of neoliberal frameworks for managing the city's fiscal problems. By the early 2000s, the city faced a serious fiscal crisis again. This was the product, according to economist Adalmir Marquetti, of three converging developments: a reduction of federal and state government transfers to municipal departments; increased salary spending due to the decentralisation of health and education services to the municipalities and the bimonthly

⁴¹ *Ibid.*, pp. 163, 230.

⁴² Nylen, 'An Enduring Legacy?', pp. 91–112. Petista administrations governed Betim in 1993–6 and João Monlevade in 1989–92.

⁴³ *Ibid.*

⁴⁴ See Fedozzi, *Observando o orçamento participativo de Porto Alegre*. See also CIDADE, *Quem é o público do orçamento participativo 2000* (Porto Alegre: Prefeitura Municipal de Porto Alegre and CIDADE, 2002); and *Desobrando o orçamento de Porto Alegre* (Porto Alegre: CIDADE, 2000).

⁴⁵ Interview with Carlos Todeschini, Workers' Party legislator, Porto Alegre City Council, Porto Alegre, 22 Jan. 2007.

adjustment of personnel salaries for inflation;⁴⁶ and finally, the continued deindustrialisation of Porto Alegre, which meant a reduction in locally generated taxes.⁴⁷ The crisis compelled the fourth Workers' Party administration of Tarso Genro and João Verle (2001–4)⁴⁸ to cut spending, reducing PB project completion to an average of only 77 per cent from 2001 to 2004.⁴⁹

But whereas the Genro/Verle administration adopted cost-cutting measures without fundamentally recasting local state policy on the PB, the Fogaça government deepened the cuts, turning to programmes that sought to mobilise civil society and business groups to fund services formerly guaranteed by the local state via the PB, as will be discussed later. These measures were increasingly accompanied by a broader reorientation of state policy, one that downplayed citizenship rights and active state involvement in public service provision, contending that civil society needed to assume some of these responsibilities in light of budgetary constraints. In this context, although this shift in state policy initially took the form of austerity measures, it was increasingly propelled by a much broader neoliberal logic. Indeed, shortly after it assumed office, the Fogaça administration announced that its primary goal would be to generate fiscal surpluses for three consecutive years.⁵⁰ Such austerity measures were aimed at demonstrating fiscal prudence, enabling the city to secure more funding from the World Bank and other international financial institutions, from which it has increasingly sought loans and technical assistance.⁵¹

The non-implementation of most PB projects by municipal departments was one of the most serious consequences of this policy thrust to cut public investments and generate fiscal surpluses. In 2005, for example, some Reais\$ 338.1 million (approximately US\$ 143.7 million) was budgeted for public investments, but only R\$ 109.4 million (approximately US\$ 46.5 million) was actually spent.⁵² The same pattern could be observed in 2006: R\$ 256.6 million (approximately US\$ 120 million) was budgeted for public investments, but only R\$ 121 million (approximately US\$ 56.6 million)

⁴⁶ This policy was implemented by Workers' Party administrations in the city from the early 1990s until its suspension in 2003.

⁴⁷ Marquetti, 'Orçamento participativo, redistribuição e finanças municipais', pp. 31–54.

⁴⁸ João Verle, who was then vice-mayor, took over as mayor of Porto Alegre in 2002 when Tarso Genro gave up the position to run for the governorship of Rio Grande do Sul.

⁴⁹ Computed from data in CIDADE, 'Execução orçamentária', p. 3.

⁵⁰ Sérgio Baierle, 'Governança ou "negociança?"', in *Com Fogaça, Porto Alegre mudou para pior!* (Porto Alegre: Partido dos Trabalhadores de Porto Alegre, 2007), pp. 19–20.

⁵¹ See 'Porto Alegre Awaits Fed Approval for US\$159mn WB, IDB Loans', *Business News Americas*, 16 Oct. 2006, available at http://member.bnamericas.com/news/infrastructure/Porto_Alegre_awaits_fed_approval_for_US*159mn_WB_IDB_loans; and World Bank, *Brazil: Toward a More Inclusive and Effective Participatory Budget*, p. 57.

⁵² In this article, all US dollar conversions for 2005 are based on the exchange rate of R\$ 1 = US\$ 0.425; those for 2006, on R\$ 1 = US\$ 0.468.

was spent.⁵³ In both years, this reduced spending on public investments meant either the non-implementation or delay of most PB projects. Meanwhile, to the extent that the Fogaça administration carried out a limited number of PB projects, activists claimed that it ignored the ranking of projects and investment sectors (for example housing) established by the PB. The result, according to one local analyst, was that neighbourhoods that did not prioritise certain investments or projects sometimes ended up receiving more of these resources than those that did.⁵⁴

The Fogaça administration tried to justify its fiscal restraint by pointing to the fiscal problems inherited from the preceding petista administration. Mayor Fogaça often insisted that his administration could not increase public investment spending due to lack of funds.⁵⁵ Yet activists remained sceptical, pointing out patterns in government spending that belied any absence of public funds, suggesting that PB or municipal programme resources were reallocated instead to more politically strategic spending. For example, in contrast to the cuts in PB-mandated projects, actual government spending for 'publicity' in 2005 was seven times more than originally budgeted for, at a total of R\$ 891,000 (approximately US\$ 379,000). In 2006, government spending on publicity reached some R\$ 6.7 million (approximately US\$ 3.14 million), or almost ten times the R\$ 719,000 (approximately US\$ 336,000) spent by the municipal *Secretaria de Acessibilidade e Inclusão Social* (Secretariat for Accessibility and Social Inclusion).⁵⁶ Similar patterns have appeared under the current Fortunati administration: in the first four months of 2011, it was reported to have spent almost R\$ 4.9 million (approximately US\$ 2.6 million) on publicity. In the meantime, projects for the year, including a major mass transportation project, have barely got off the ground.⁵⁷

Activists also complained about the Fogaça administration's general disregard for the PB in public spending decisions: in 2005, for example, PB leaders came out with a series of 'open letters to the people' denouncing the Fogaça administration's 'continuing disrespect for the practice of participatory democracy that has been achieved by the people of Porto Alegre'.⁵⁸ The letter cited the administration's refusal to involve the PB in drafting the *Plano Plurianual* (Multi-Year Plan) for 2006–9, a major policy document that

⁵³ CIDADE, 'Orçamento participativo: o que o governo Fogaça tem feito com os recursos do orçamento?', *De Olho no Orçamento* (May 2007), p. 2.

⁵⁴ Sérgio Baierle, 'Whittling Down the Potential of Participatory Budgeting?', *The Governance Link*, 4 (July 2008), pp. 1–4.

⁵⁵ CIDADE, 'Participação é conquista: faça o OP valer', *De Olho no Orçamento* (May 2007), p. 1. ⁵⁶ CIDADE, 'Orçamento participativo', pp. 2–3.

⁵⁷ Paulo Muzzel, 'Na prefeitura de Porto Alegre, 2011 ainda não começou', *De Olho na Cidade* (May 2011), p. 1.

⁵⁸ Conselheiros(as) e Delegados(as) do Orçamento Participativo, 'Carta aberta à população – II', 28 Oct. 2005, typescript, my translation.

outlines key government revenue and spending thrusts for the next four years, contrary to the practice of previous Workers' Party administrations. The letter also attacked the administration's refusal to consider PB amendments to the proposed *Lei de Diretrizes Orçamentárias* (Law on Budgetary Guidelines, LDO), another major policy document that outlines the government's yearly public spending and revenue generation framework which serves as the basis for drawing up the city's annual budget.

Most importantly, the letter denounced the Fogaça administration for having submitted to the City Council a preliminary Investment Plan for 2006 that ignored the ranking of projects and investment sectors set out by PB assemblies.⁵⁹ Under all previous petista administrations, the Investment Plan, as noted earlier, was put together by government representatives and the Council of Participatory Budgeting based on priorities developed by PB assemblies and the institutional or city-wide plans of the municipal departments. In all previous Workers' Party administrations, the final budgetary allocations for specific investment sectors such as housing and projects (for example, a health centre in a given community) always reflected the priorities defined by the PB.

This unwillingness on the part of the Fogaça administration to recognise PB priorities and to provide crucial budgetary information to PB decision-making bodies was a constant source of tension between community activists and the government throughout Fogaça's six years. Activists also repeatedly criticised the absence of state representatives at PB meetings, underscoring what they claimed was the reduced priority given to participatory budgeting in light of government efforts to create a parallel programme based on a different model of citizen participation, the *Governança Solidária Local* programme.

A New Model of Participation

Launched by the Fogaça administration in late 2005, the GSL programme introduced a new, conflictual element into the tensions between PB activists and the local government, as it has increasingly become the state's central, orienting model for civil society participation in governance. PB activists and local analysts, however, have criticised the programme for promoting a 'depoliticised' vision of participation, for legitimising the retreat of the state from crucial governance tasks, and for the lack of transparency in its implementation.

Proponents claim that the GSL programme seeks to create a network of government, private sector and civil society 'partnerships' in each PB region that will address development problems by pooling resources, sharing

⁵⁹ *Ibid.*

responsibilities and mobilising 'social capital'. Unlike the PB, however, these networks will be engaged not only in 'demanding funds from the state' but also in generating resources for development.⁶⁰ Thus, according to Cezar Busatto, widely considered its main architect, the GSL programme 'can overcome the limits of the municipal budget ... from which arise the fiscal crisis, by mobilising all the social energy, all the human, social, economic, physical resources ... that a community can activate, in a process of co-governance between state and society'.⁶¹ In relation to the PB, Busatto articulates the vision of the GSL programme thus: 'the Governança Solidária Local is an implementing forum, not a deliberative one; it is a network that seeks to create pacts of co-responsibility. In this space, there is no contestation, no voting, no delegate.'⁶²

PB activists, however, criticised precisely this vision of 'depoliticised' participation in which participants only generate resources and implement projects as a sign of 'co-responsibility' in governance, and do not deliberate and decide on broad policy frameworks, which was the hallmark of the PB process. Perhaps not surprisingly, many of these activists denounced the GSL programme from the start, suggesting that it seemed to have been established precisely to replace the PB.⁶³ They also questioned the manner in which the Fogaça administration implemented the programme. In various interviews, PB activists repeatedly complained about the lack of transparency in government efforts to build GSL networks in communities, and the absence of more thorough, city-wide debate about the programme itself. Indeed, in the same open letter cited earlier, PB activists deplored the government's pattern of inviting only politically sympathetic grassroots leaders to community meetings;⁶⁴ leaders of local NGOs such as CIDADE also claimed that they had not been invited.⁶⁵ For some activists, this seemed part of a broader government strategy to supplant PB decision-making structures and processes on the ground with organisational networks that were less autonomous from the local government.⁶⁶

⁶⁰ Prefeitura Municipal de Porto Alegre (PMPA), 'Governança Solidária Local documento-de-referência', no date, typescript.

⁶¹ Cezar Busatto, 'Todos pela Governança Solidária Local', 16 Oct. 2005, p. 3, typescript, my translation.

⁶² CIDADE, 'Como fica o Orçamento Participativo com a Governança Solidária Local (GSL)?', *Boletim CIDADE* (April/May 2005), p. 1, my translation.

⁶³ Interviews with various PB activists, Porto Alegre, Jan.–March 2007.

⁶⁴ Conselheiros(as) e Delegados(as) do Orçamento Participativo, 'Carta aberta à população – II'. In early 2006, an open letter circulated by PB councillors of the Eixo Baltazar region also claimed that they had not been invited by municipal officials to these meetings. See Laura Elisa Machado and Silvio Alexandre, 'Atenção: estão acabando com o OP na Região Eixo Baltazar', typescript, 24 Jan. 2006.

⁶⁵ Interview with Daniela Tolfo, CIDADE staff member, Porto Alegre, 29 Jan. 2007.

⁶⁶ Interviews with various participatory budgeting activists, Porto Alegre, Jan.–March 2007.

Amid these criticisms, the Fogaça government sought to convince PB activists that the GSL programme would not replace but complement participatory budgeting by mobilising more actors and resources to support PB goals.⁶⁷ But given the administration's poor record of implementing PB projects, such assurances could not easily inspire confidence. The wide gap in budgetary allotments for GSL and PB activities seemed to have generated only further scepticism about government commitment to participatory budgeting: in the 2007 municipal budget, for example, only R\$ 39,500 (approximately US\$ 20,000), or about 3 per cent of the total R\$ 1.3 million budget (approximately US\$ 672,000) of the *Secretaria Municipal de Coordenação Política e Governança Local* (Municipal Department for Political Coordination and Local Governance, SMCPL), was allotted to the organisation of the yearly PB cycle of assemblies, which by this time had been assigned to said municipal department, headed by Busatto. Meanwhile, most of the department's funds were allocated to a host of activities apparently in aid of building GSL networks in the PB regions.⁶⁸ For veteran PB activists, this suggested the low priority given to participatory budgeting and the elevation of the GSL programme as the preferred model for participation in governance by the parties in power.⁶⁹

Given the non-implementation of most PB projects, activists have questioned the ways in which these 'partnerships' under the GSL programme seemed to have provided instead a semblance of government responsiveness to popular demands.⁷⁰ A case in point here is the *Fundo Municipal dos Direitos da Criança e do Adolescente* (Municipal Fund for the Rights of Children and Adolescents, FUNCRIANÇA) founded in 1991, which provides funding assistance to non-government and community organisations working on child and youth welfare issues. From 2005 to 2007, it received a yearly average of R\$ 9.06 million (approximately US\$ 4.24 million) in private donations, enabling the government to increase the construction of day-care centres managed by these community organisations. Yet during this same period, the Fogaça administration implemented very few of the PB's demands for low-cost housing, which has long been the PB's top priority for state action. In this context, activists have criticised government's mobilisation

⁶⁷ PMPA, 'Governança local é debatida com conselheiros do OP', typescript, 20 Feb. 2005. Government officials in charge of the GSL programme also repeatedly emphasised this point in various interviews conducted in March 2007.

⁶⁸ Computed using the 2007 exchange rate of R\$ 1 = US\$ 0.515 from data in PMPA, 'Orçamento 2007' (Porto Alegre: Gabinete de Programação Orçamentária, PMPA, 2006), available at http://proweb.procempa.com.br/pmpa/prefpoa/gpo/usu_doc/orcamento_2007.pdf.

⁶⁹ Centro de Assessoria Multiprofissional, 'Orçamento participativo perde espaço na Prefeitura de Porto Alegre', *Jornal Vento Sul* (March 2007), pp. 14–15.

⁷⁰ Baierle, 'Porto Alegre neoliberal', p. 37.

of private funds through these 'partnerships', suggesting that by providing a semblance of state action in communities, they enabled the Fogaça administration to evade further accountability for unmet PB demands.⁷¹

In the meantime, government efforts to stimulate business participation in such 'partnerships' seem to have ended up amplifying business groups' voices, enabling them to significantly shape broader state policy in the city. In recent years, state actions concerning the use of contested public spaces have increasingly prioritised business and commercial interests over those of low-income groups. In several controversial decisions, the local government approved the construction of high-end shopping malls on state-owned land and public space, forcibly relocating poor families and other affected sectors from these areas to make way for these projects. A case in point here is the construction of Barra Shopping Sul, a shopping and residential complex in Cristal, one of the PB regions, which led to the relocation of hundreds of poor families from the affected area. Activists have denounced such decisions, pointing out the way in which they not only disregarded long-standing community demands for housing but also reflected the resurgent influence of business interests on local state policy.

As the Fogaça administration came to a close, local analysts advanced more comprehensive critiques of the GSL programme, illuminating why it has remained controversial to PB supporters. Sérgio Baierle, for example, argues that the GSL programme represents government's latest attempt to 'privatise' poverty reduction efforts, based on neoliberal ideas that envisage the retreat of the state from crucial governance tasks.⁷² During its six years, the Fogaça administration increasingly tapped civil society groups to provide various social services, such as community kitchens, that used to be funded through the PB, while cutting state resources for these services. It also compelled community organisations, which increasingly managed these services, to find alternative sources of support from philanthropic groups and NGOs, purportedly as a manifestation of 'solidarity' and 'co-responsibility' in governance.⁷³ In this context, critics such as Baierle argue that the GSL programme simply continues this approach to 'depoliticise' the understanding of poverty, divorcing it from broader processes of claims-making that had been pioneered by participatory budgeting, removing the onus of responsibility from the state for poverty reduction and making it the responsibility of poor communities, who are then expected to mobilise resources from within civil society.⁷⁴

⁷¹ *Ibid.*, pp. 27, 33, 37.

⁷² Baierle, 'Porto Alegre neoliberal'.

⁷³ Sérgio Baierle, 'Urban Struggles in Porto Alegre: Between Political Revolution and Transformism', *Cadernos da Cidade* (2004/5), pp. 1–46.

⁷⁴ Baierle, 'Urban Struggles in Porto Alegre' and 'Porto Alegre neoliberal'.

As Baierle succinctly puts it: ‘Certain social programs ... which were already embraced as citizens’ rights are [now] to rely on the goodwill of others.’⁷⁵

Under Fogaça’s successor, mayor José Fortunati, who was re-elected in 2012, the GSL programme has remained a core component of government, its principle of ‘co-responsibility’ and mobilisation of private resources via ‘partnerships’ orienting government’s approach to civil society participation in governance. Like the Fogaça administration, Fortunati has vowed to support participatory budgeting, and some PB activists have expressed a ‘wait and see’ attitude, willing to give his new administration a chance to prove its commitment. Others are more sceptical, however, as the new administration has retained Cezar Busatto, the key architect of the GSL programme, to oversee the PB process.⁷⁶ Although Busatto has acknowledged the huge backlog of PB projects in an unusually candid official report,⁷⁷ it is not particularly clear how the Fortunati administration intends to remedy this problem, given that it ended 2012 with a fiscal deficit.⁷⁸ The Fortunati administration also cobbles together an even broader coalition of centre-right political parties with varying attitudes to the PB, thus potentially making it more difficult to generate coherent political support for participatory budgeting.⁷⁹ Mayor Fortunati has certainly embraced the discourse of participation in governance; what remains to be seen is whether this will translate into more substantive institutional commitments to carry out PB decisions.

Mayorality Powers and the Weakening of the PB

If the post-2004 administrations’ lack of support for the PB can be better understood in light of these trends in Porto Alegre, a key question

⁷⁵ Baierle, ‘Urban Struggles in Porto Alegre’, p. 39. For studies that explore similar debates in Brazil and elsewhere, see Evelina Dagnino, ‘Citizenship in Latin America: An Introduction’, *Latin American Perspectives*, 30: 2 (March 2003), pp. 3–17; Evelina Dagnino, Alberto Olvera and Adolfo Panfilchi (eds.), *A disputa pela construção democrática na América Latina* (São Paulo: Editora Paz e Terra, 2006); and Julia Paley, *Marketing Democracy: Power and Social Movements in Post-Dictatorship Chile* (Berkeley, CA: University of California Press, 2001).

⁷⁶ Interviews with various participatory budgeting activists, Porto Alegre, April–May 2013.

⁷⁷ Fernanda Bastos, ‘Demandas atrasadas chegam a 858 na Capital’, *Jornal do Comércio*, 14 Sep. 2010, available at <http://jcrs.uol.com.br/site/noticia.php?codn=40092>.

⁷⁸ Paulo Muzzell, ‘Prefeitura: Fortunati fecha 2012 no vermelho’, *Sul 21*, 5 April 2013, available at www.sul21.com.br/jornal/2013/04/prefeitura-fortunati-fecha-2012-no-vermelho/.

⁷⁹ The coalition that supported Fortunati’s campaign for the mayorship is composed of nine parties, mainly on the centre-right, including the Partido Democrático Trabalhista (Democratic Labour Party, PDT), Partido do Movimento Democrático Brasileiro (Party of the Brazilian Democratic Movement, PMDB) and Partido Trabalhista Brasileiro (Brazilian Labour Party, PTB).

remains: what factors enabled them to confidently pursue such policy? How was it possible to marginalise the PB when only a decade ago, PB activists could seriously contest petista administrations and at times even get them to reverse their policy directions?

One possible explanation is the brittleness of civil society that allowed PB activists and community organisations to be easily co-opted, intimidated or persuaded to return to the clientelist mode of dealing with the state. But in interviews and written statements, PB activists constantly referred to their rights as citizens to participate in state decision-making processes, to the practices of participatory democracy that had been established which the post-2004 administrations needed to respect, and to their determination to stop this 'effort to dismantle' the mechanisms of popular empowerment represented by participatory budgeting in Porto Alegre.⁸⁰ Although community mobilisations on these issues appear to have declined,⁸¹ PB leaders and NGO activists have continued to resist such efforts to whittle down the PB, engaging the international arena in recent years to bring attention to these concerns.⁸² All this suggests that the PB generated critical awareness of democratic rights among civil society groups, who, while not immune to experiencing periods of demobilisation, nonetheless do not seem as prone to acquiesce easily to these state efforts.

Instead of such predominantly civil society factors, I suggest that it was the considerable powers and authority enjoyed by the executive branch over local state resources and programme implementation that was pivotal in explaining why Porto Alegre's post-2004 administrations were able to marginalise the PB. As noted earlier, Brazilian mayors wield broad administrative and executive powers over budget and municipal programme implementation. Local chief executives enjoy wide-ranging prerogatives about what programmes to fund, strengthen or even cut from approved city budgets.⁸³ Indeed, 'Brazilian budgets are not binding. The Executive can choose to spend or not spend resources on any item included in the budget.'⁸⁴ This has important implications for PB initiatives because such powers enable mayors who are

⁸⁰ *Conselheiros(as) e Delegados(as) do Orçamento Participativo*, 'Carta aberta à população,' 21 July 2005 and 28 Oct. 2005, typescript; and 'Chegou o momento de o povo dizer um basta ao desmonte do controle social de Porto Alegre,' no date, typescript, my translation.

⁸¹ Baierle, 'Shoot the Citizen', pp. 120–40.

⁸² In October 2007, for instance, Porto Alegre-based NGOs organised an international conference on 'The Future of Participatory Democracy: Technical Fix or Popular Sovereignty?' to discuss the problems faced by participatory budgeting and other similar reforms. This has led to the formation of an international civil society network on these issues. CIDADE is a local NGO that serves as a contact organisation for this network.

⁸³ Melo, 'Democratizing Budgetary Decisions', p. 29.

⁸⁴ Brian Wampler, 'Private Executives, Legislative Brokers and Participatory Publics: Building Democracy in Brazil', unpubl. PhD diss, University of Texas at Austin, 2000, p. 255 n. 275.

not fully committed to these processes to disregard their budget decisions. Moreover, as Wampler points out, the mayor can choose *not* to spend on any new capital investments, which is precisely the object of most PB discussions;⁸⁵ indeed, mayors enjoy such strong discretionary authority over capital investments that they ‘must be willing to spend scarce resources on projects selected by citizens’ for PB initiatives to succeed.⁸⁶

These same powers were as instrumental to the watering down of the PB in the last decade as they were useful to petista governments in building this initiative. But the context and agenda for deploying these powers have significantly changed. Backed by a centre-right coalition, the city’s post-2004 administrations prioritised a different model of participation via the GSL programme, seeking to reorient popular politics away from the rights-based, claims-making processes pioneered by the PB and the Workers’ Party, while apparently trying to reinvigorate clientelist ties with local communities. Yet these administrations could also not just ‘shut down’⁸⁷ the PB given its broad legitimacy. The alternative was to reduce institutional, political, financial and administrative support for the PB, a strategy that has proven conducive to these administrations’ neoliberal stance of cutting public investments to address the city’s fiscal problems. In this context, the city’s post-2004 administrations have found in the broad framework of strong mayoralty powers the means to cut funding and administrative support for PB projects, reduce government participation in PB meetings and cease providing crucial budget information to activists. If these administrations have not been spending on public investments or implementing PB projects, it is because the executive branch enjoys the powers and discretionary authority to do so, marshalling them in ways that have reduced the PB’s political effectiveness as a source of popular decision-making and advanced a new politico-economic agenda.

Meanwhile, both the Fogaça and Fortunati administrations’ legislative allies, who have constituted the majority in the City Council, are not likely to check such mayoralty powers because a much weaker PB is useful to conservative politics. Indeed, clipping the powers of the PB would create more room for these legislators to influence the budget or negotiate projects for their electoral bases, unlike the relatively transparent mechanisms that participatory budgeting institutionalised for accessing such resources. Conversely, the minority status of Workers’ Party legislators under these administrations, in addition to the mayor’s considerable prerogatives over budget implementation, has prevented them from mustering greater legislative opposition. As one analyst notes, legislators typically need to forge majority coalitions in order for

⁸⁵ Wampler, *Participatory Budgeting in Brazil*, p. 35.

⁸⁶ *Ibid.*, p. 36.

⁸⁷ Nylen, ‘An Enduring Legacy?’, p. 92.

legislative efforts against mayoral initiatives to succeed,⁸⁸ and defending the PB is not an issue that Porto Alegre's centre-right legislators would likely embrace with the Workers' Party.

Significantly, these dynamics have played out in a context where the Workers' Party itself in Porto Alegre has become considerably weaker, its ties to communities and other constituencies eroded by the recruitment of activists to party and political offices over the years. Indeed, most analysts suggest that the party has not been able to recover from its successive mayoralty defeats in the city.⁸⁹ In the 2012 elections, for instance, the Workers' Party candidate for mayor, Adão Villaverde, gained only 9.6 per cent of the vote.⁹⁰ This was the worst result in the party's history since 1988, when Olivia Dutra won the mayorship with 41 per cent of the vote,⁹¹ suggesting significantly diminished popular support for the party. Petista presence in the legislature, the Câmara de Vereadores, has likewise declined since 2004: from a relatively high 12 seats in 1997,⁹² the Workers' Party obtained only seven seats in 2008. In the recent 2012 elections, this was further reduced to five out of 36 seats,⁹³ suggesting once more the overall weakening of the Workers' Party in the city. In this context, the PB's marginalisation has benefited too from the diminished capacity of petistas to generate a strong countervailing force. Although the Workers' Party tried to publicise problems faced by the PB under the Fogaça administration,⁹⁴ it has not been able to muster sustained popular and legislative engagement on these issues.

⁸⁸ Wampler, *Participatory Budgeting in Brazil*, p. 51.

⁸⁹ See, for instance, Daniel Chavez, 'Sub-Municipal Decentralisation at the Crossroads: The Transition from Participatory Budgeting to Local Solidary Governance in Porto Alegre, Brazil,' in Victoria Beard, Chris Silver and Faranak Miraftab (eds.), *Decentralization and the Planning Process* (London: Routledge, 2007); and Baierle, 'Shoot the Citizen', pp. 120–40.

⁹⁰ Márcio Luiz, 'Após derrota histórica em Porto Alegre, PT projeta mudanças', *Gr, Rio Grande do Sul, Eleições 2012*, 8 Oct. 2012, available at <http://g1.globo.com/rs/rio-grande-do-sul/eleicoes/2012/noticia/2012/10/apos-derrota-historica-em-porto-alegre-pt-projeta-mudancas.html>.

⁹¹ Manoel Caetano de Araújo Passos and Maria Izabel Noll, *Cadernos de ciência política: eleições municipais em Porto Alegre (1947–1992)* (Porto Alegre: Núcleo de Pesquisa e Documentação da Política Rio-Grandense e Política Comparada no Cone Sul da América Latina, 1996).

⁹² Dias, *Sob o signo da vontade popular*, p. 156.

⁹³ Luiz, 'Após derrota histórica'.

⁹⁴ See, for instance, PT, Porto Alegre, Diretório Municipal, Bancada de Vereadores, 'Prefeitura distorce processo do Orçamento Participativo', 14 May 2009, available at http://ptpoa.com.br/txt.php?id_txt=1345; 'Adeli questiona ausência de Fogaça nas reuniões do orçamento participativo', 11 May 2007, available at http://ptpoa.com.br/txt.php?id_txt=435; 'Orçamento participativo agoniza em Porto Alegre', 6 April 2009, available at http://ptpoa.com.br/txt.php?id_txt=1282; and 'Lideranças pedem mais transparência e interatividade no Orçamento Participativo', 14 May 2010, available at http://ptpoa.com.br/txt.php?id_txt=1613.

The reduced centrality of the PB to government planning has, in turn, affected the character of participatory budgeting. Certainly, PB regions have continued to hold their assemblies, prioritising needs and demands. But the low level of government completion of PB projects has threatened to further diminish community support for participatory budgeting. In various follow-up interviews I conducted in 2013, PB activists persistently cited the lack of progress in project completion as a key factor accounting for the *desgaste*, or mounting grassroots frustration with the PB, discouraging sustained participation in the process. Some of its most seasoned activists have also begun to distance themselves from the PB, disappointed by what they see as its *esvaziamento*, or ‘hollowing out’, preferring instead to channel their energies into other local participatory venues. While other veteran and newer activists have remained in the PB, seeking to maximise its spaces to improve their communities and influence public spending policies, many acknowledge the PB’s need for serious reforms if it is to vigorously accomplish this vital role. For them, such reforms include the strengthening of community activists’ abilities to engage government in policy debates and substantive state commitment to carrying out PB decisions.⁹⁵

Conclusion: Sustaining Democratic Reforms

The impact of Porto Alegre’s change in administration on the PB raises broader questions about the sustainability of such democratic reforms. Although the PB drew its legitimacy from broad grassroots support, the implementation of the initiative itself and its budget priorities largely depended on the political, administrative and financial commitment of the mayor and the executive branch of government. While the Workers’ Party was at the helm of the city government, this did not prove problematic as petista administrations institutionally supported the PB despite occasional disagreements with community activists.

Since the Workers’ Party’s lost control of City Hall in 2004, however, the absence of a strong political commitment by the Fogaça and Fortunati administrations to carry out public spending decisions reached by local communities has stymied even such long-standing innovations as participatory budgeting. The mayor’s considerable authority over state resources and programme implementation has enabled City Hall to make the PB a shell of its former self. Ironically, it was these same powers that enabled previous petista administrations to open up the municipal budget to popular participation, thereby strengthening civil society’s role in shaping public priorities. Without

⁹⁵ Interviews with various participatory budgeting activists, Porto Alegre, April–May 2013.

a supportive administration, civil society groups find these same executive powers a stumbling block to continued reform.

This, in turn, raises important questions about the sustainability of participatory budgeting from an institutional and social vantage point. As an institutional mechanism for democratising public spending decisions, how does the broader politico-institutional context affect its durability? Previous studies on this issue have focused largely on factors that have created opportunities to advance participatory budgeting, including variations in the degree of national decentralisation and institutionalisation of traditional parties at the local level;⁹⁶ the willingness of mayors to devolve genuine decision-making authority to citizens;⁹⁷ and the arrival in power of state reformers able to wield the increased municipal powers granted them by a decentralised environment in order to democratise policy-making.⁹⁸ But as I have shown, this politico-institutional environment cuts both ways: it can explain not only the emergence but also the diminution of participatory innovations once the administration that supported them is no longer in power.

The scope of mayoralty powers and the character of executive–legislative relations, in particular, may be crucial in determining whether such local programmes will survive the loss of state allies. Particularly where reforms such as participatory budgeting have been perceived as instrumental to reducing legislators’ decision-making power or capacity for intermediation between their electoral bases and the local state, a new administration’s efforts to whittle them down by mobilising mayoralty prerogatives over the budget are likely to enjoy backing from such political elites, thereby increasing the probability that these efforts will succeed.

Thus, particularly in municipal contexts where the executive branch holds considerable powers, how can these democratic innovations be made less dependent on the political will and institutional commitment of the administration in power? What mechanisms might be built into them that will help ensure their integrity and continuity even with a shift in local administration? How, in other words, might they be consolidated such that they become less vulnerable to electoral outcomes? In highly competitive electoral systems, reformist local governments supportive of such innovations are bound to be challenged by other forces, and it behoves activists and their state allies to explore how such reforms may be more firmly secured from the shifting winds of electoral politics.

⁹⁶ See Goldfrank, ‘Urban Experiments in Citizen Participation’.

⁹⁷ See Wampler, *Participatory Budgeting in Brazil*.

⁹⁸ See Abers, *Inventing Local Democracy*; and Fedozzi, *O poder da aldeia*.

In this light, studies on the implications of the institutional design of participatory innovations for their long-term sustainability following a change in administration suggest promising insights.⁹⁹ In a comparison of different participatory institutions, Brazilian political sociologist Leonardo Avritzer, for instance, has argued that in cases where civil society is strong but state actors are divided over participatory processes, a legally institutionalised ‘power-sharing’ design that provides sanctions for non-cooperative local administrations will more likely sustain the democratising or redistributive impact of participatory innovations than the ‘bottom-up’ participatory design represented by Porto Alegre’s PB, which requires both supportive civil society and state actors. Avritzer gives the interesting example of São Paulo’s health councils, where a legally institutionalised ‘power-sharing’ set-up had less grassroots participation but enabled civil society representatives to ‘share decision-making with state actors’ on health policy.¹⁰⁰ Because this ‘power-sharing’ design is accordingly less dependent on the political will of state actors and provides more legal and political prerogatives to civil society compared to ‘bottom-up’ participatory designs, it is ‘more difficult to disempower’ where state actors do not support popular participation.¹⁰¹ Further investigations into what institutional designs may be more effective under particular political configurations could advance the debate on how to sustain participatory innovations amid inhospitable local administrations.

The sustainability of these participatory reforms, however, should be analysed not only institutionally, but also socially, in terms of those who participate in them. Previous studies suggest that the majority of Porto Alegre’s PB participants take part in the process to advance some community demand, even as further engagement tends to politicise them, generating notions of citizenship and participatory democracy that sustain their involvement in the process.¹⁰² Indeed, grassroots participation in the PB rose precisely during the early to mid-1990s, when government implementation of PB demands was also consistently high.¹⁰³ In this context, tangible results are clearly critical

⁹⁹ See Leonardo Avritzer, *Participatory Institutions in Democratic Brazil* (Washington, DC: Woodrow Wilson Center Press, 2009); and Merilee Grindle, *Going Local: Decentralization, Democratization and the Promise of Good Governance* (Princeton, NJ: Princeton University Press, 2007). For studies that engage with issues of institutional design but address other questions, such as its impact on the quality of participation, see Daniel Chavez, ‘Montevideo: From Popular Participation to Good Governance’, in Daniel Chavez and Benjamin Goldfrank (eds.), *The Left in the City: Participatory Governments in Latin America* (London: Latin America Bureau, 2004), pp. 67–101; Goldfrank, ‘Urban Experiments in Citizen Participation’; and Baiocchi et al., *Bootstrapping Democracy*.

¹⁰⁰ Avritzer, *Participatory Institutions in Democratic Brazil*, p. 71. ¹⁰¹ *Ibid.*, p. 132.

¹⁰² See, for instance, Fedozzi, *Observando o orçamento participativo de Porto Alegre*.

¹⁰³ Marquetti, ‘Orçamento participativo, redistribuição e finanças municipais’, pp. 50–2.

to the sustainability of participatory budgeting, and as PB projects receive less priority from Porto Alegre's post-2004 administrations, grassroots participation in the PB itself may significantly decline.

But the Porto Alegre experience also raises important questions about the extent to which the PB has produced an 'enduring legacy'¹⁰⁴ of political capacities and citizenship practices within and beyond the PB. Will the legacy of participatory budgeting be sufficient to sustain democratisation efforts in the city despite its marginalisation from budget making? Will local activists who have been mobilised by the PB remain a cohesive force against clientelism and unaccountable governance? In light of the weakening of the Workers' Party, which historically supported the initiative, can PB activists sustain their claims for socially inclusionary policies and spending priorities?

The answers are not straightforward. On the one hand, several community activists who were mobilised by the PB have been recruited into government over the years, raising fears of state co-optation and grassroots demobilisation.¹⁰⁵ Many community groups, increasingly contracted by these administrations to manage local services such as literacy programmes and day-care centres, are said to have become less autonomous, often too 'intimidated' to protest against state policies lest they lose these 'partnerships' with government.¹⁰⁶ Grassroots mobilisation around PB issues has also declined, suggesting that the lack of institutional support for participatory budgeting may have eroded local solidarities.

At the same time, NGO activists and many veteran PB leaders have clearly persisted in their efforts, demanding the implementation of PB priorities, monitoring government actions on the budget and insisting on government accountability and transparency in municipal programmes, despite the difficulties posed by the constriction of participatory spaces in government. They have continued to document and publicise unaccountable practices in municipal spending, sustaining their vigilance often amid government indifference. Finally, they have remained vocal critics of these administrations' efforts to roll back citizenship rights already won by the city's poor, exploring strategies to consolidate a countervailing force through local and international solidarity-building. In the face of the seeming determination of Porto Alegre's post-2004 governments to consolidate a city model that prioritises business interests in the use of public spaces, PB activists have

¹⁰⁴ Nylan, 'An Enduring Legacy?', p. 91.

¹⁰⁵ Daniel Chavez, 'The Watering Down of Participatory Budgeting and People Power in Brazil', *Participatory Learning and Action*, 58 (June 2008), p. 59, available at <http://pubs.iiied.org/pdfs/Go2859.pdf>.

¹⁰⁶ Baierle, 'Shoot the Citizen', pp. 133-4.

insisted on more socially inclusionary policies, rearticulating long-standing PB demands such as decent housing for the city's low-income and homeless population.

In this sense, the PB's legacy of politicisation around democratic deepening and citizenship rights has remained a powerful mobilising element in local civil society. This supports Nylen's findings that activism could persist in other venues, despite the termination of participatory reforms in João Monlevade and Betim, two municipalities that experienced setbacks similar to Porto Alegre's. In both cases, Nylen argues that local-level political activism did not 'dry up' despite the end of such programmes.¹⁰⁷ But whether the legacy of participatory budgeting will be enduring enough to reinvigorate the PB in Porto Alegre under a more propitious political environment can only be ascertained in time.

Spanish and Portuguese abstracts

Spanish abstract. El presupuesto participativo en Porto Alegre, Brasil, se le ha visto desde tiempo atrás como un modelo de cómo los movimientos sociales de base, en alianza con un partido de izquierda en el poder, han profundizado la democracia en un contexto altamente clientelista. Pero ¿qué pasó con esta reforma democrática cuando el Partido de los Trabajadores (PT), que apoyó tal iniciativa cuando ocupó la alcaldía de Porto Alegre por 16 años, perdió el poder? Este artículo examina las cambiantes fortunas del proceso de presupuesto participativo tras la derrota del PT en las elecciones locales de 2004. Explora cómo y por qué las administraciones locales que le sucedieron debilitaron el presupuesto participativo al interior de la cambiante configuración política de Porto Alegre, al mismo tiempo que enfatiza el papel crítico jugado por los extensos poderes de la rama ejecutiva. El artículo concluye preguntándose acerca de la sostenibilidad de las reformas democráticas locales.

Spanish keywords: presupuesto participativo, gobierno participativo, Partido de los Trabajadores, Brasil, Porto Alegre

Portuguese abstract. O Orçamento Participativo em Porto Alegre, Brasil, há muito tempo tem sido visto como um modelo pelo qual movimentos sociais de base, em aliança com partidos de esquerda no poder, têm aprofundado a democracia em um contexto altamente clientelista. Mas o que aconteceu com esta reforma democrática quando o Partido dos Trabalhadores (PT), que apoiou esta iniciativa durante os dezesseis anos que esteve na prefeitura de Porto Alegre, perdeu seu poder político? Este artigo examina as mudanças de rumo do Orçamento Participativo após a derrota do PT nas eleições de 2004. Explora ainda como e por que as administrações locais subsequentes enfraqueceram o Orçamento Participativo em meio à mudança na

¹⁰⁷ Nylen, 'An Enduring Legacy?'. See also See Baiocchi et al., *Bootstrapping Democracy*, pp. 90–3, for the subsequent reintroduction of the PB in João Monlevade with the return to power of the Workers' Party in 1996.

configuração política de Porto Alegre, ressaltando o papel fundamental desempenhado por agências do poder executivo neste processo. O artigo conclui examinando quais são as questões levantadas para a sustentação de reformas democráticas locais.

Portuguese keywords: Orçamento Participativo, governança participativa, Partido dos Trabalhadores, Brasil, Porto Alegre