

Participatory budgeting of Porto Alegre: a discussion in the light of the principle of democratic legitimacy and of the criterion of governance performance

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After ten years of implementation, participatory budgeting (PB) in the city of Porto Alegre, Rio Grande do Sul, Brazil, is today relatively known internationally, especially among city and regional planners and political and social scientists interested in new experiences of democracy at the local level. Papers about it have often been published in international journals and presented in conferences. Scholars and students have made participatory budgeting a subject of research and dissertations. Moreover, it has been considered by many international organizations such as the United Nations, World Bank and Inter-American Development Bank, as an example of the best practice in government decision-making. In addition, many cities from Brazil and the rest of Latin-America, and also cities from Spain, France, and South Africa, among others, have been utilizing the experience of Porto Alegre as a source of inspiration for building some process of participation related to budgetary affairs.

The public image of participatory budgeting offers good reasons for the attention that it has been receiving. First of all, it seems to be a concrete process of participatory democracy, which effectively involve many citizens in public discussion and decision-making. Second, PB seems to have stimulated the flourishing of an active civil society in

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Porto Alegre. Third, it seems to be an effective instrument for promoting better distribution of resources in the city, favoring the worse off part of the population. Fourth, it seems to have improved the performance of the government as a whole in delivering services to the citizens, increasing the efficiency of the public administration. Fifth, it seems to have drastically reduced practices of corruption and clientelism that, as is well known, are widespread in Brazil and Latin America.

How much of this image corresponds to reality is obviously cause for debate. The fact, however, is that there is great agreement among social and political scientists (and also among politicians in Brazil) that participatory budgeting largely explains the enormous success of the leftist Worker's Party (PT) in the city of Porto Alegre and in the state of Rio Grande do Sul. The PT has not only been driving the government of Porto Alegre for almost ten years (it has won three elections for Mayor of this city for three periods of four years, always with different candidates, and successive surveys have showed that the PT governments have been strongly supported by 55% to 75% of the population) but also won the last election for the government of Rio Grande do Sul, which took place on October 26, 1998.

Therefore, it is indispensable that participatory budgeting be submitted to an exhaustive and careful discussion. This essay aims to contribute to this debate, but in a very delimited way. Although it will inevitably refer to the history of the process and to its dynamic, its goal will be neither to describe the process nor to discuss all of its elements.¹ What it will do is to analyze, as an introduction, the process of participatory

¹ Many authors describe the process in detail, such as Andreatta (1995), Navarro (1996), Genro and Souza (1997), Santos (1998), and Fedozzi (1997). These and other authors also discuss very important aspects of participatory budgeting. Abers (1998a) (1998b), for instance, analyzes both the redistributive impacts and the relations between government and civic organizations in the context of the process. Fedozzi makes a

budgeting in the light of both the principle of democracy legitimacy and the criterion of performance of administrative action.

These two issues seem to me absolutely essential in order to better understand this experience, analyze its strength, and examine the possibilities of using similar processes in other local governments and of expanding it to other levels of governments.² The first is, after all, to what extent PB effectively represents an advance in terms of the principle of democratic legitimacy.³ The answer to this question is far from straightforward. There is, as we know, a huge debate about the differences and comparative advantages among representative,⁴ direct, and participatory democracies. Moreover, so far the empirical evidence seems to confirm the ideas that other forms of democracy (different from representative democracy) are either impracticable (because of the size and complexity of modern society) or undesirable (because the practical consequences of these forms are manipulation at best and totalitarianism at worst). In this context, addressing this question is important not only in order to discuss deeply the experience of PB but also in order to

broad approach to trying to understand PB as a process of instituting an authentic citizenship in the city of Porto Alegre. Santos discusses PB as a process of institutional innovation whose aim is to build a redistributive democracy. Navarro analyzes PB in terms of social, administrative and political impacts. Avritzer (forthcoming, 1999) discusses PB in the context of the process of democratization that have been taken place in Latin America since the eighties. Inevitably, many issues analyzed by these authors will be discussed here.

² Evidently, as other works have already said and as I will mention, the process of participatory budgeting cannot be well understood out of the context of the political and social history of Porto Alegre. As a result, any intention of implanting similar process must be aware of the importance of considering social, cultural, and political particularities. PB cannot be just reproduced anywhere. I am convinced, however, that the potential of new institutions of democracy, like PB, to survive in the long run and to be used as a source of inspiration for other experiences depends on the universality of their principles.

³ This principle expresses the idea of self-government of a given community. I mean the more an association is governed by the public deliberation of its members (Cohen: 1997) the more it achieves the principle of democratic legitimacy.

⁴ Bobbio (1987) makes an important distinction between representative democracy (a form of democracy, based on the principle of representation, that is common to all modern democratic states) and parliamentary democracy (a particular sort of representative democracy characterized by the fact that the executive body comes from the parliament). As the parliament is a central institution of representative democracy, however, it is inevitable that the discussion of the latter often focuses on the former.

investigate the possibilities of constructing a more solid theoretical framework for new (and more substantive) forms of democracy.

The second is to what extent the experience of PB is helping (or at least not impeding) to improve the performance of administrative action in the City Hall of Porto Alegre.⁵ The answer to this question is also not straightforward. On the contrary, the general idea established among many influent theorists of the state and planners is that the complexity and specialization of the functions of the modern state are incompatible with the participation and opinion of the laymen. Moreover, one well known strength of representative democracy is precisely that it requires a kind of participation (vote-limited) in political affairs that is compatible, in theory at least, with the insulation of administrative action from the interference of the ordinary people. Therefore, addressing this problem is fundamental in order to investigate the compatibility of new forms of democracy with governmental competence. Needless to say, that this is a crucial practical issue. Cohen and Roger (1995) are absolutely right when they emphasize that state competence is required to sustain confidence in democratic process.

To approach these two broad problems I will discuss, in the first part of this essay, the principles and institutions on which the experience of Porto Alegre is based and which conflicts they pose practically and theoretically for the debate between representative and participatory democracy. In the second part, I will discuss the performance of the government based on (1) financial performance, (2) coverage and quality of (some) service delivery, (3) redistribute performance, and (4) administrative

⁵ As is well known, the analysis of performance of a government is not an easy task. It is always difficult to select the information and to choose the parameters that permit comparisons in order to get a good idea of performance governmental. Here there is an additional problem: it is very hard to identify precisely which

efficiency. My main concern in discussing the governance performance, however, is not just to analyze the outcomes that have been achieved taken in account these indicators, although it will also be done quite briefly. My central focus will be rather to try to understand whether and how the government of Porto Alegre has been able to coordinate participation with technical decision in the process of participatory budgeting. In the third part, I will analyze whether and how, helped by concepts of civil society and public sphere, these two kinds of democracy can be eventually articulated in a conception of radical democracy.

Participatory Democracy versus (or plus) Representative Democracy

Although the process of PB has been changing over time, the key idea on which it is based remains essentially the same: the chronic and inherent precariousness of the relation between voters (citizens) and representatives in a representative democracy inevitably undermines the principle of democratic legitimacy. As a result, to assure legitimacy to the public decisions new institutions of direct or, more precisely, participatory democracy⁶ are needed. How was this idea developed and implemented?

Let me start by making a brief commentary about how the PT had thought to face the problem of democratic legitimacy before it came to power. The PT has never been

impact is due to PB or other actions of the government. Keeping this idea in mind, however, I think it is possible to make an interesting, although preliminary, effort.

⁶ It is important here to differentiate direct from participatory democracy. Although many actors involved in the process see PB as being a direct democracy, it is actually a combination of direct participation in assemblies with instances of representation. It could hardly ever be different. A process of "pure" direct democracy is not feasible today even in small communities as a massive literature on the issue show and as Mansbridge (1983) verifies on her highly interesting analysis of participatory democracy in a workplace community and a small town in the United States. I think that to call PB participatory democracy is appropriate for two reasons: 1) it includes direct participation of the people in a regular basis; and 2) the idea of representation here has a different meaning than that of representative democracy. In the context of participatory democracy the representative is in fact a delegate (Bobbio; 1987): he/she has a binding

exactly a conventional leftist party. Although it had an array of Marxist groups among its founders, the PT was created as an alternative to the traditional leftist view of the communist parties in Brazil.⁷ Moreover, the main sources of members and leaders of the PT were the new movements (new unionism, urban and rural social movements, and grass roots groups linked to the Catholic Church - known in Brazil by the name of “comunidades eclesiais de base”) that became strong in the fight for freedom, better wages, and better quality of life by the end of the seventies and the beginning of the eighties. These movements, which emerged in the struggle against the Brazilian military dictatorship, held democratic values but at the same time, influenced by a diffuse traditional socialist ideology, were highly suspicious of the institutions of representative democracy, especially of the parliament.⁸

This mixed bag of origins and conceptions decisively marked the political project that the PT had in the eighties, particularly after the end of the dictatorship in 1985, when the it started to make an strong effort to define its proposal to the Brazilian society. On

mandate (so the relation between representative and represented is strong) and could be dismissed at any time by decision of a qualified quorum.

⁷ When the PT was born, there were two communist parties in Brazil (Partido Comunista do Brazil and Partido Comunista Brasileiro). The PT kept distance from both and strongly criticized them for their authoritarian tradition. All the Marxist groups that integrated the PT also were critical of the authoritarianism of the communist parties, although the real commitment of these groups to democracy could be questioned. At the beginning of the eighties, all these groups declared themselves Leninist, defenders of the proletariat dictatorship, and so on. The PT was in fact a good school to change the minds of most of these groups.

⁸ To be sure, this position of suspicion of the institutions of representative democracy in Brazil was not only a result of the influence of a diffuse traditional socialist ideology on these movements but also a consequence of a historical practical experience. It is far from a secret that the institutions of representation in Brazil have never worked well, even in periods of democracy. The Brazilian parliament, for instance, before 1964 (when the later dictatorship started) and after 1985 (when the later dictatorship finished) has been marked by many problems that range from habits of corruption and clientelism to strong distortions in the criteria of representation. During the later dictatorship, when the parliament functioned except for brief moments, all these problems were obviously highly aggravated. Further, the parliament has always been associated with the Brazilian tradition of dealing with crises just on the top levels, through compromises among the elite of the country, which has been a way of always putting aside the huge inequality problem that exists in Brazil. So in some measure that suspicion was a rather healthy position. I will come back to this problem later.

the one hand, trying to reconcile socialism and democracy, the PT defended all the catalogue of rights associated with the liberal-democratic tradition of thought.⁹ On the other hand, following a traditional leftist view, the PT tended to equate representative democracy with bourgeois democracy. In consequence, it developed a sort of anti-parliamentary bias and supported a dubious position related to the representative institutions.

What is interesting, however, is that this dubiety never led the PT to sustain the replacement of representative (or bourgeois) democracy by another kind of democracy based on direct participation. Instead, in order to democratize the state further, the PT defended both reforming the institutions of representative democracy and, especially at local level, creating new channels of participation, called popular councils. The essential idea was that through these councils the PT, when in government, would share power with social movements and institutions of civil society. The popular councils would be a space for participation through which the organized population would deliver its demands and, at the same time, check the functioning of the government. In this way, popular councils would be powerful instruments to both democratize the state and change its priorities.

The proposal of popular councils, as is well known, is not new either in political literature or in historical experiments. In fact, in Marxist literature plenty of theories maintain that popular (or workers) councils would be the core element of a new kind of state organization. And in the wave of revolutions of the twentieth-century, most of them

⁹ Obviously, in the PT's conception, the social rights should limit the rights of property. Unlike the Marxist perspective, however, the PT conceived all civil (protection of privacy, inviolability of the person, freedom of religion, though and so on) and political rights (freedom of press, speech, association, assembly, political participation and so on) as fundamental values.

influenced by Marxist ideals, many experiments of popular councils were tried. It is indisputable that these theories and experiments have inspired the PT's idea of popular councils to some extent. In spite of it, however, as I mentioned earlier, the PT conceived the idea of creating popular councils not in a revolutionary situation, but on the contrary, in a context of democratic normality and functioning of all representative institutions. As we shall see later this will make a huge difference.

The proposal of democratizing the state through the creation of popular councils was central in the campaign of 1988, when the PT won the election in many very important cities in Brazil, with Porto Alegre among them. Yet the PT had not (or could not) precisely define how these popular councils would be created, what they would do and how they would work. Moreover, the PT had not thoroughly thought how these councils would fit in the existing administrative structure.¹⁰ The PT had to face these great challenges when already in power.

So, since the first days, the government of the PT in Porto Alegre has aggressively faced the task of creating some participatory mechanism based on the proposal of popular councils. In a context of great difficulties,¹¹ the government, working closely with the popular movement of the city, started to shape the process of participatory budgeting. Some key ideas were at that time developed. The first was that the focus of the process should be the public budget. That was a very important idea, for many reasons. The budget is obviously the central piece of the action of the government. It is through the

¹⁰ It could not be otherwise. In fact, no more than the principles of an institutional innovation can be defined in advance. The real configuration of it can only be fully determined upon implementation.

¹¹ There were many different difficulties. First, the PT of Porto Alegre had no administrative experience at all. Second, the government faced a powerful opposition in its first year. Third, the government was trying to create a new institution that would redefine the power relations in the city without having a clear idea of

budget that the government exercises a major part of its power, defines its priorities, and selects its investments and projects. So if the idea was to share the power with the community, it was required to put the budget in discussion. Further, up to the time when the PT won the election, the popular movement in the city of Porto Alegre had been for a long time demanding that the government should open the "black box" of the budget. Therefore, there was already a sort of pressure for participation in budgetary affairs that must be considered. Moreover, the budget, in Brazil, is famous for being manipulated by governments both to promote relations of clientelism and to favor private interests. Hence, in order to democratize the state and promote citizenship it was essential to eliminate (or drastically reduce) these practices. The second key idea was that the PB should be a universal process of direct participation, open to all citizens of Porto Alegre, instead of being a process involving the leaders of neighboring associations and popular movements.¹² Regional assemblies, and later also thematic assemblies, would be the instrument to make possible the wide participation of the people. A third idea was that the PB would work not in substitution but in parallel to the institutions of representative democracy.¹³

In order to understand how these ideas could be practically implemented it is worth saying a few words about the functioning of the representative democracy in the

how this new institution would function. And, last but not least, the finance situation of City Hall was chaotic (see Verle and Muzzel in Horn: 1994).

¹² That is an important difference, for instance, to the proposal of associative democracy made by Cohen and Rogers (1995). Their idea is that for further democratizing the state a complex process of negotiation among the different social groups should be set up. This process would also function in parallel (the expression is mine) to the institutions of representative democracy, which would have the decision power in the last resort. I would say, however, that a process of participatory democracy at the local level is not incompatible with the idea of associative democracy.

¹³ It could be said that the PT, in fact, had no alternative. Having been elected, it could not just replace the representative institutions. It would have signified the break of the legality and a huge crisis. The argument, although formally true, is not valid; as I mentioned earlier, despite having a dubious position, the PT has always defended a mix of democratic forms.

Municipalities in Brazil. At this level, as in other countries of non-parliamentary form of government, there are two autonomous and separate institutions of representative democracy that make up the state: the executive, which is directed by a mayor and a vice-mayor elected for periods of four years through the system of majority vote (nowadays in cities with more than two hundred thousand voters, as is the case of Porto Alegre, if no party or coalition make more than the absolute majority of the votes in the first round, a second round between the two that obtain more votes takes place); and the legislative (called "Camara Municipal"), which is formed by 33 councilors (called "vereadores"¹⁴) elected for periods of four years through the system of proportional vote. In budgetary affairs, the executive has the prerogative of formulating the budget proposal that should be sent to the legislative branch in order to be discussed, modified and approved. The executive can veto the changes but the veto can be put down by a qualified quorum in the legislative.¹⁵ So the legislature has the formal role of approving of the budget. However, as Santos (1998)¹⁶ rightly noted, although the budget that the legislative body approves has to contain all the monetary amounts of both the revenue side and of the expenditure side, it does not necessarily have to contain all the detailed projects and works that the government intends to carry out. In fact, according to the law and the Brazilian tradition this detailed plan (called plan of investments in Porto Alegre) is a function of the executive.¹⁷

¹⁴ For a practical reason, I will call the councilors "vereadores", whereas in Porto Alegre the word councilor is used for the representatives that are elected in the process of participatory budgeting.

¹⁵ At the end, the executive can eventually contest the legislative decision in the courts.

¹⁶ Although quite brief, Santos makes a shrewd observation about the relations between the executive, the legislature and participatory budgeting.

¹⁷ It works as follow: the legislative approves, for instance, that the government should spend X on pavement and Y on education and that part of it is going to be used for current expenditures and part for investment. The executive defines which streets will be paved and which schools will be built This actually is not an unusual procedure in non-parliamentary democracies.

Participatory budgeting was conceived to fulfill a function precisely in this sphere of action: the formulation of a detailed plan of investments.¹⁸ To put the idea simply: instead of the government alone making the decisions on investments,¹⁹ it will organize a process to share these decisions with the community. Hence, PB was set up by initiative of the executive, together with the organized social movement of the city, to operate in the executive sphere. As the members of this branch in Porto Alegre are used to saying, the process of participatory budgeting was made possible through an unwritten political pact between the government and the community associations. According to this pact, on the one hand the government transfers an important amount of its power to the people who voluntarily participate in an open process of debate and decision. On the other, it is established that all demands and proposals from the population should be channeled toward PB. The process follows rules that are decided by the participants themselves, usually in accord with the government.²⁰ The results of the process are the budget proposal that is sent to the "Camara Municipal" (which, as I said earlier, has the legal prerogative of approving it) and the plan of investment that the government has to carry out.

¹⁸ Gradually, PB has been widening its area of influence. In 1993/1994, it started to participate in decisions concerning current expenditures such as expenditures on services and personnel; however, the scope of participation on these matters is much more constrained.

¹⁹ It is worth mentioning that in the previous period those decisions were made following both technical criteria and clientelist procedures. A mix of the two was obviously very common. Needless to say, many "vereadores" were very active as intermediaries in clientelist relations. The executive needed support of the legislative branch for several important issues. This support was negotiated with the "vereadores" in exchange of work to be done in different parts of the city. The "vereador" who negotiated a project for a given region appeared to the community as the party responsible for bringing the investment. The clientelist relations, however, were not only a practice of the "vereadores". Members of the executive and community leaders were also very active in these relations.

²⁰ All the rules of participatory budgeting are in a little book called "Orçamento Participativo: Regimento Interno" (Prefeitura Municipal de Porto Alegre [PMPA]: 1995). The participants, however, can change these rules every year.

It must be noted, however, that though PB was set up without the direct participation of the legislative body²¹ in order to discuss and decide an issue in the domain of the executive, the latter had always treated budgetary affairs at least partially in conjunction with the former (independently of the often clientelist purpose of this partnership). In addition, it was inevitable that an overlap would happen, since PB decides about part of a whole that the legislature has the constitutional prerogative of deciding. So for the pact to work well the legislature in some way has to agree with it, since this institution, not exactly voluntarily, also have to share an amount of power (which concretely means to lose an amount of power). Put differently, the legislature (a third part) can in theory break the pact between the government and the community, in so far as the "Camara de Vereadores" could approve a budget that is incompatible with the decisions that participatory budgeting (together with the government) makes about investments. This latent source of radical contradiction is a critical element in PB. To further discuss it, let me quickly explain the process of making the budget in the city of Porto Alegre.

²¹ Many "vereadores" - mainly but not only supporters of the government - have participated in the process since the beginning, but as individuals. In my view, the setting up of PB could not be different. In fact, had the executive chosen another way, it would probably not have succeeded, not only because the government was in the minority in the "Camera de Vereadores" (and still is) but also because there was an obvious and radical conflict of both interests and conceptions. The executive branch alone had the intention and the political will to share power with the community and it did so according to the law and through an open process of discussion. Further, as mentioned earlier, on the one hand, the PT had assumed in the campaign a compromise of building an effective mechanism of participation. On the other, there was an intense expectation that it would happen from the popular and social movements of the city that had long been demanding participation. Most of the leaders of these movements, it should be said, were not affiliated with the PT. Many of them were affiliated with other parties - - especially a center left populist party called "Partido Democratico Trabalhista" that opposed the government -, and many were not affiliated with any political party. As I shall argue later, the non-partisan character is a key piece that assures the legitimacy of participatory budgeting.

The whole process of formulating the budget has three very different phases,²² being the first two through the PB mechanism and the third through the legislature. The first, which runs from March to June, is the phase of direct participation of the people in the regional and thematic assemblies. There are sixteen regional assemblies and five thematic assemblies. A huge number of people participate on these assemblies (two big assemblies occur per year in each region and per each theme) and also in small meetings organized by the communities themselves that take place between the two assemblies.²³ During this phase the participants define priorities and choose their representatives (the delegates and the councilors).²⁴ The second phase, which runs from June to December, is the phase in which the representative institutions of PB (the "Forum de Delegados" and the "COP") work, together with the government,²⁵ in order to formulate the budget and the investment plan. A widespread process of negotiation marks this second phase. Based on the priorities defined by the communities (and also on objective criteria that take into account the number of persons benefited by a given work and the level of necessity of

²² For a full description of the process see Navarro (1996), Genro and Souza (1997), Fedozzi (1997) and Santos (1998).

²³ In 1995, more than fourteen thousand persons and in 1997, more than seventeen thousand persons attended the regional and thematic assemblies. It is estimated that the number of yearly participants in all meetings related to the process (including many organized by communities themselves) is in fact much greater. More than one thousand entities and neighborhood associations are involved in the process of mobilizing the population (source: PMPA).

²⁴ The delegates are elected according to the number of participants in the assemblies. Each year the number of delegates ranges from eight hundred to one thousand. They make up the "Forum de Delegados" (the Delegate Forum) and their main function is to keep the communities informed and to coordinate the negotiation process within regions and thematic structures. The councilors are elected in the number of two per each region and each thematic structure. They make up the core representative institution of participatory budgeting, called "Conselho Municipal do Plano de Governo e Orçamento" (COP, the Municipal Council of Government Plan and Budget). Their function is to coordinate the negotiations among regions and thematic structures, and to discuss and approve the budget proposal and the investment plan. Both the delegates and the councilors are elected for a period of one year and can be reelected for one more period. As mentioned earlier, they have a binding-mandate and can be dismissed at any time by a qualified quorum. They cannot have any political job in the government.

²⁵ Two bodies of the government work closely with PB: the "Coordenação de Relações com a Comunidade" (CRC, the Community Relations Coordination) and the "Gabinete de Planejamento"

urban infra-structure in a given region) the government makes up a first piece of the budget proposal. This piece is then submitted to the judgment of the actors of the process. An intense discussion between the government and the councilors, among the councilors themselves, among the councilors and delegates, and among these two (and the government) and the communities takes place. Out of these debates new proposals are formulated. By the end of September, the "COP" votes the budget proposal that is then sent by the executive to the legislature. From September to December, the negotiation process continues, now concentrating on the investment plan.

Meanwhile, in October, the "Camara de Vereadores" starts to discuss the budget proposal. Here a double process occurs. On the one hand, there is also an intense negotiation among legislature, councilors and government. On the other, there is a strong and open pressure from the government and councilors, supported by the communities, upon the "Camara de Vereadores." The aim of the former (through negotiation and pressure) is obviously to keep the budget as close as possible to the proposal defined by participatory budgeting. The aim of the "vereadores" is to introduce emendations that can, eventually, significantly change this proposal.²⁶ So far, though highly tense moments have happened, these complex political relations have usually resulted in changes that do not affect the general structure of the budget proposal, since they are compatible with the decisions of PB.

I think that by now, however, it has already become clear that the creation and functioning of participatory budgeting has strongly impacted the institutions of

(GAPLAN, the Planning Cabinet). All other departments of the government, however, participate intensely in the process.

representative democracy in the city of Porto Alegre, both on the executive and on the legislative branches, although in very different ways and degrees. With the executive body the conflicts are above all of an administrative nature ²⁷; this does not mean, however, that political conflict between the executive and PB has not occurred. In fact it has taken place with increasing frequency, whereas PB has become stronger and more conscious of its autonomy. Nevertheless, these political conflicts have happened in a context of general cooperation that comes from mutual understanding regarding to the principles of participatory democracy.

Evidently, the conflicts between the legislature and PB are much more of a political and even institutional nature. Between the legislative body and PB there are both conflicts of power and legitimacy.²⁸ The conflict of power is expressed by the struggle for competencies and for controlling resources. An important expression of this struggle is the already mentioned process of discussing and voting on the budget in the legislature every year. Another is the issue of the legalization of participatory budgeting. Originally a proposal launched by members of the executive and communities leaders, the idea of legalizing PB has recently become a flag in the hands of the extreme opponents of the

²⁶ Evidently, this statement is quite schematic. There are sharp different positions within the legislature, depending not only on partisans' relations but also on communities' relations. Nevertheless, I think it is adequate to contrast the behavior not of persons but of the different institutions.

²⁷ I will return to the impacts of PB on the administrative action later.

²⁸ I have got this idea, that there are conflicts of power and legitimacy from Santos (1998: 503), but I have changed its meaning. Santos uses the much stronger expression "duality of power and duality of legitimacy", which seems to me quite exaggerated. Duality of power and legitimacy implies that one of these two institutions (Legislature and PB) must, ultimately, prevail over the other, that is to say, they cannot be effectively combined in the long-term perspective. I think that this is not the case. Although all the problems, they have already been existing for ten years. Moreover, I think they can be accommodated together practically and theoretically.

process within the legislature.²⁹ They have set up some very detailed proposals that have no other intention than to sharply reduce the scope of participatory budgeting.

The conflict of legitimacy is expressed by the struggle for public support and exposes the tensions between two very different conceptions of democracy that result in contrasting democratic institutions. On the one hand, the legitimacy of representative democracy is based on regular elections every four years, on the autonomy of the representatives, and on party competition. On the other, the legitimacy of participatory democracy is based on direct and voluntary participation, on a binding-mandate, and on competition (and negotiation) among communities and popular leaders. On the one hand is the legitimacy that comes from the weak (through the vote) participation of all.³⁰ On the other is the legitimacy that comes from the strong (direct) participation of some.³¹ On

²⁹ So far, no specific municipal law supports PB, although it is written in the "Lei Orgânica do Município" (the Municipal Constitution) that the budget has to be formulated with the participation of the citizens of Porto Alegre. As Fedozzi (1997) says, the issue of the legalization of PB has been quite polemical even within the government. The first proposal to legalize PB was made by a PT's "vereador" (Clovis Ilgenfritz) who had already occupied an important position in the government. Many members of the government and many councilors and delegates have supported this proposal. Nevertheless, in October 1994, the government decided not to carry on a process of legalization because it would strongly tie up PB. From that period onward, the government has held the same position. Meanwhile, "vereadores" of the opposition have pushed the debate on this issue. It should be stressed, however, that this change in the position of some strong opponents of citizen participation means not only that they want to approve a law restricting PB but also that they can no longer propose the simple elimination of the process. Put in other words, it means that they have realized that acknowledging its legitimacy is a starting point for trying to modify PB.

³⁰ In Brazil, unfortunately, the vote is still mandatory. In any case, many more people would always just vote than go to assemblies and meetings, in spite of the fact that the electoral turnout has decreased in many Western democracies where the vote is voluntary. As Mansbridge (1983) shows in her analysis of town meetings in New England, USA, even in very small communities many people do not go to assemblies, for many different reasons. Some do not have time. Some do not like the conflicts that are inherent in politics. Some believe that participation would not result in anything. Others just do not have the will to go and so on. The disposition of the people, however, is not static. As Abers (1998a) points out in her discussion of PB, many people can change their minds when they see that the process has legitimacy and is effective.

³¹ The right of participation in the assemblies in PB is universal but, obviously, not mandatory. Taking this into account, the level of participation in PB is very high and has been increasing as the figures show. It is not impossible that in the future the number of participants could be even greater. In any case, there is no doubt that the participants in meetings and popular assemblies will always be the minority of the society, as mentioned in note 29. It should be considered, however, that this large and active minority has powerful networks within society and, in fact, expresses the interests and opinions of a much larger part of the population.

the one hand is the predictability that comes from professional politics. On the other is the uncertainty that comes from social activism.

Which is the best way of organizing a polity in order to achieve a more substantial democracy? It is my opinion that the experience of Porto Alegre has shown that, in spite of the permanent and deep conflicts between the institutions of representative (especially the parliament) and participatory democracy, the answer to this question should not necessarily be either one or another. Moreover, it has shown that precisely the tensions between these different kinds of democratic institutions can make the democracy richer.

To support this statement let me further develop the argument. Conflicts between powers are not unusual even in a context of conventional representative democracy. On the contrary, conflict between the executive and the legislature are almost the rule when the opposition dominates the latter³². Many institutional crises arise from the struggle between these powers. In this sense, it is interesting to note that for the last ten years (the period of functioning of PB) there has not been any institutional crisis in the city of Porto Alegre, in spite the facts that there is a more complex situation that results from the existence of PB and that the municipal parliament has always been dominated by the opposition (and is far from being docile to the executive).

It is true that the legislature in Porto Alegre, not voluntarily, has lost power with the introduction of participatory democracy. It must be noted, however, that the loss of

³² When the government dominates it is not unusual, even in advanced democracies, that the parliament becomes subordinated to the executive. This is truer, for instance, in Latin America. It has certainly not been by accident that in the last couple of years in three different countries (Peru, Argentina and Brazil), the parliaments have changed the rules of the game to permit presidential reelection with the explicit objective of favoring the eventual owners of the presidential power. By the way, the literature on political science contains a great deal of discussion about the issue of subordination of the parliament to the executive. In his powerful analysis of what he called the decadence of the parliamentarism in the Weimar Republic of Germany, in 1923, Carl Schmitt (1985), said that the parliament becomes a mere façade insofar as decisions are adopted behind closed doors by small committees and by the bureaucracy of the executive.

power by the legislature has not made the executive stronger. In fact, both institutions have lost power to, let me say, a third part. But this third part, participatory budgeting, is not a state institution; it is in fact an institution of mediation between the society and the state. It works outside of the state and its function is precisely to organize the demands of society and to canalize them to the state institutions. Therefore, although participatory budgeting overlaps competencies and struggles for power, it has not only a different source of legitimacy but also a different function and space within society. Further, though the executive and legislative bodies have lost power,³³ they have not lost legitimacy.³⁴ Actually, the wide process of consultation and popular negotiation that precedes the formal definition and the execution of the projects assure much more legitimacy to the decisions and to the institutions that have made them. Put differently, participatory budgeting makes a bridge that reduces the gap between the society and the state institutions, and in consequence the whole decision-making process becomes more legitimate, and more transparent as well.

Certainly, it is not by chance that the political outcomes of participatory budgeting in the city of Porto Alegre, as all the literature about it has already noted, have been, on the one hand, the affirmation of a very active and conscious citizenship,³⁵ and on the other, increasing discussion and transparency in the treatment of public affairs. The

³³ And in fact, even the parliament preserves great power. It maintains all the regular functions of the parliaments, even those related to budgetary affairs. As I mentioned earlier, the legislature in Porto Alegre is still the institution that has the legal power to approve the budget. That it uses this power with discretion, although unwillingly sometimes, is not just a consequence of the pressure and of the negotiation promoted by the executive, and delegates and councilors of PB. It is also a result of the acknowledgement of both the social strength of the demands that make up the budget proposal and the legitimacy of the process. Otherwise, the opposition, being the majority, would have strong reason to make great changes.

³⁴ Regarding the parliament, this statement would surely be contested at the first sign, whereas it has opposed the process of participatory democracy. Nevertheless, there is no consistent evidence that the parliament has less legitimacy today that it had ten years ago. On the contrary, the institution itself and its members are prestigious in the city and the elections for "vereadores" are always highly competitive.

activity of participatory budgeting has made both the executive and the legislative bodies more accountable resulting in a sharp reduction of the relationships of corruption and clientelism.

It is sure that the combination of representative and participatory democracy makes the political process much more complex and conflictive. In some sense, the stability of the political process becomes also more fragile. At the same time, however, by articulating different sorts of legitimacy and by creating new mechanisms to control and induce the functioning of the state institutions, this combination makes the polity closer to an ideal of democracy in which the distance between rulers and ruled, inherent to modernity, does not become an abyss that can never be crossed. Shortly, the way to achieve a more substantial (or radical) democracy is neither just to ameliorate the representative institutions nor to introduce a pure participatory democracy, as proposed by the old conception of the popular (workers) councils. In the first case, the precariousness of the relation between citizens and representatives will never be reduced. In the second, the temptation to confound the society and the state will undermine the democratic process and the idea of autonomous participation itself.

In the last part of this essay I will argue that what is needed nowadays is precisely a democratic theory that can articulate coherently these two different forms of democracy. It is my view that the concepts of civil society (Cohen and Arato: 1997) and of public sphere (Habermas: 1989) are central in order to do so, because they make it possible to develop a more subtle conception of radical democracy, in which the fundamental space of popular participation is located not in the state but within society.

³⁵ And this is not restricted to the participants of PB. Related to participatory budgeting, a wider process of debate on public affairs has been taking place in the city.

Let me first discuss, however, the performance of the government of Porto Alegre in the context of the experience of participatory budgeting.

Participatory Budgeting and Governance Performance

The idea that the PT had when it came to power was not only that participatory democracy could enhance the legitimacy of the decisions of the government, though this was for sure the essential motivation to set up PB. It also had the idea that participatory democracy could improve the performance of the government, in so far as it would help to identify the real priorities of society and to make the government more transparent. Even though this is an idea usually supported by defenders of participatory mechanisms, it is widely contested both in the more accepted modern theories of democracy and in the predominant view of planning. Moreover, there is a widespread notion that the only form of democracy that can be compatible with the specialization (bureaucratization) of the functions of the state that are needed in complex societies is representative democracy.

Actually, in Western societies representative democracy and bureaucratization are associated phenomena. At the beginning of the century, Weber already observed that the process of building the modern state was being characterized by the simultaneous development of (representative) mass democracy and of bureaucratization. As he clearly puts it (1946: 224): "Bureaucracy inevitably accompanies modern mass democracy in contrast to the democratic self-government of small homogenous units." So the size and complexity of the modern society required that the state should be organized in a much more specialized and efficient way. The logical consequence was the progress of

bureaucratization of the state. The form of democracy that was compatible with this process was representative democracy, because it implies a more limited popular participation in public affairs and the transformation of the professionalization of the sphere of politics.

To be sure, popular participation did occur and was sometimes of large scale in the mass democracies that existed in many European countries in the first decades of the twentieth-century. It was a time of social agitation, revolutionary ideals, and strong socialist parties that were the channel of political expression for workers and other popular segments of society. Nevertheless, the process of transforming politics into a professional activity that accompanied the bureaucratization of the state was already in course. Michels (19..) showed later that a process of bureaucratization was developing into the socialist (or social democrat) parties themselves. Gradually but implacably, the separation between the rulers (the professionals whose main activity in society was in some way politics) and the ruled (the masses) was becoming greater within these parties. So, even institutions that were originally conceived as democratic collective actors, with the aim of organizing the participation of the ordinary people in politics, could not resist the course of progressive specialization that was taking place, resulting in exclusion of the rank and file from the decision-making process. The conclusion was inevitable: governance of complex institutions -- and especially of the most complex of all, the state -- that are characteristic of industrialized societies, requires a level of bureaucratization that cannot be easily reconciled with widespread participation. As Pateman (1970: 02) points out, "either organization [bureaucratization], which in the twenty century seemed

indispensable, or democracy [understood as the rule of the people by means of maximum participation],³⁶ but not both".³⁷

Put bluntly, these two phenomena -- bureaucratization and representative democracy -- have developed together in the twentieth-century. Moreover, there is a sort of elective affinity between them, they are interconnected processes, and the interplay between them is the subject of much discussion in the contemporary theories of democracy. In addition, the need for growing specialization of the functions of the state has been used to support, practically and theoretically, the idea that broad popular participation in public affairs and good governance are incompatible in industrialized societies. To some extent, the strength of representative democracy is precisely that it is compatible, although not without conflict, with a state organized on professional bases, (and also with a market economy) and, at the same time, it preserves a link with the idea of self-government of the people, insofar as it is based on universal (though weak) participation of the members of society.³⁸

³⁶ The expressions in brackets are mine.

³⁷ The downfall of the mass democratic regimes and the ascendancy of fascism and nazism that took place in some countries in the twenties and thirties (both supported by movements that had become stronger by means of mass manipulation [Pateman: 1970]), on the one hand, and the authoritarian and highly bureaucratic state that was being built as a result of the Soviet revolution, on the other, created the climate for the dissemination of a still more "realist" view of democracy. This view was that wide popular participation should be avoided not only because it is difficult to reconcile with good governance but also because it results in totalitarianism, either from the right or from the left.

³⁸ I am aware that I am in some sense simplifying things. For sure, the space reserved for popular participation is not uniform both in the different theories of representative democracy and in the different democratic countries. In addition, the broad catalogue of rights that usually exist in regimes of representative democracy, theoretically, allows great public debate and popular mobilization in order to influence the decision-making process. Further, the institutional arrangements that have been set up in the different developed democratic countries show in fact a great variety of levels of influence of society (through organized groups) on public affairs (I am thinking here especially in the neo-corporatist arrangements of West Europe [see Berger: 1981]). However, none of this invalidates the basic assumption that the mechanisms of representative democracy end up favoring the double faces of weak popular participation and of the transformation of politics into a professional activity. Furthermore, the sharp and increasing separation between voters (citizens) and representatives (the professional politicians) that characterizes representative democracy has been a fuel for further bureaucratizing the state, that is, for further diminishing the influence of society on public affairs. In my view, it is not simple coincidence that

On the other hand, the field of planning was expanded in the forties and fifties largely based on the idea that the bureaucratic state, that is to say, the state understood as an apparatus structured on a basis of technical knowledge, was the agent to formulate and to implement public policies. In the context of this rather technocratic view, the state, whether local or national, should be insulated not only from the influence of the ordinary people and civil groups of society but also from the political parties and politicians. As Friedmann (1998: 19) quoting Tugwell points out, planners had the mission of dealing with all "the vested, corporate interests that usually prevail" and of rising "above the hubbub of politics" in order to discover and implement "the broad interests of the people in a long-term future perspective". A developed or, at the local level, master plan, guided by "the rational comprehensive model of planning" (Sanyal: 1999) were the instruments to practically implement this conception.

It is true that many important changes have occurred in the field of planning since that time. According to Friedman (1998) and Sanyal (1999), a major turning point took place in the turbulent years of the sixties when, as a result of widespread social struggles, politics started to be intensely incorporated into planning.³⁹ At that time, a number of social planners, led by Paul Davidoff, began to sharply criticize the technocratic perspective of planning and (Friedman, 1998: 19) "turned from being advocates of a presumptive public interest to advocates of the disempowered sectors of our cities...." In sequence, other and diversified approaches (influenced by Habermas and Foucault,

the trend of the democratic representative regimes everywhere, as has been observed by many scholars, has been a gradual but incessant reduction of public participation (even through voting). Neither is it a coincidence that the realist (or elitist) theories of democracy have become so widespread since Schumpeter's (1962) famous book was published.

³⁹ In some cases, to such an extent that planners "lost the ability to differentiate between the two" (Sanyal: 1999), that is to say, between planning and politics.

among others) that both are critical to the technocratic view and try to incorporate social actors into planning have been developed.⁴⁰

I would say, however, that although these are all important theoretical changes, the predominant view of planning is still very skeptical of the possibility of reconciling good governance and a real process of popular participation.⁴¹ As Sanyal (1999) notes, there is a great mismatch between the new theories that conceive planning as a more dialogical process among social, economic, and political actors and the activity of the practitioners of planning, which are still relying upon the techniques based on the rational comprehensive model of planning.⁴² Indeed, if we look at what is going on in the field of planning at local, regional, national, and even international levels, despite huge differences of capabilities among regions in the world, the dominant practice is still strongly influenced by a technocratic perspective.

Obviously, the difficulties that have been posed for the possibilities of implementing participatory democracy in the context of the sharp differentiation between

⁴⁰ From the seventies onward, with the dissemination of the Neoliberal ideology, planning has started to be intensely criticized from the outside of its field. Identified with the state and with government intervention, the idea of planning itself has been under attack (Sanyal: 1999). Needless to say, from the Neoliberal perspective the essential idea is neither to advocate for the disempowered nor to incorporate social actors in the process of decision making, but rather to drastically reduce the scope of the state in favor of the competitive market economy. Neoliberalism supports social participation in voluntary groups within society as long as it does not result both in pressures for expanding the state and in interventions that affect the efficiency of the market economy. In other words, Neoliberalism supports social participation as long as it does not become a political activity.

⁴¹ This emphasis on a real process of participation is quite important due to the fact that, recently, it has become the fashion to talk about participatory mechanisms. International organizations such as World Bank and International Development Bank like to use what is called "demand-driven" projects, especially in social programs. In these kinds of projects, supposedly, the community makes the choice among many different alternatives. However, as Tandler and Serrano (1999) show in their analyses of the social funds in Brazil, participatory mechanisms are frequently used not as a process of sharing power but rather as a process of legitimating decisions made by someone else. As they put it (1999: 42): "Many association officers and other community members reported, frequently without rancor and sometimes even with pride, how others had made the choice for them or had strongly urged a particular choice."

⁴² It is neither the aim of this essay nor has the author the background to deeply discuss the causes of this mismatch. My guess, however, is that while the conventional technocratic view has developed tools that

state and society that characterizes modernity are not just the result of a technocratic view of planning or of a elitist idea of democracy. Unequivocally, the fact that there has been a growing sophistication of the functions of the state and that the decision making process requires always more information and specialized knowledge makes it much harder to combine wide popular participation and good government. Nevertheless, so far the experience of Porto Alegre has shown that participatory democracy not necessarily is an obstacle to efficiency and that in some cases it can even be a factor in improving the government's performance. As I shall show, in the last ten years that this process has been carried out, the government of Porto Alegre has been doing well in many areas, both when compared with the preceding period and with other local governments in Brazil.

Let me start by considering the financial performance. In this period, the government has been able to transform a situation of chaos into a situation of sustainable equilibrium. In 1989, the total revenue of the city of Porto Alegre was barely enough to cover the payroll and was much less than the total expenditures. So in that very first year of the PT's government, it ran a quite sizable fiscal deficit. From 1990 onwards, as the figure 1.0 shows, the total revenue has been constantly slightly higher than the total expenditure, which means that the government has been running a fiscal surplus for almost ten years, in spite of the fact that on average the capital expenditure related to the total expenditure has significantly increased. This change has been possible both because of the sustainable growth of the revenue and the relative reduction of the current expenditure.

give technical confidence and the systematization of the activity of planning, these new theories still lack the capabilities to do so.

Porto Alegre City Hall
Revenues and Expenditures - US\$
Values in R\$ Converted to US\$ by December 1998 Exchange Rate⁴³

PERIOD	GLOBAL REVENUES	TAXES REVENUES	SUS REVENUES	NON SUS REVENUES	GLOBAL EXPENDITURES	INVESTMENT EXPENDITURES	SUS EXPENDITURES	NON SUS EXPENDITURES
1989	200.181.879,79	73.912.522,77	0,00	200.181.879,79	228.187.444,90	4.225.511,38	0,00	228.187.444,90
1990	278.048.713,85	98.923.349,40	0,00	278.048.713,85	262.144.731,85	17.595.775,73	0,00	262.144.731,85
1991	301.288.051,79	120.025.833,42	0,00	301.288.051,79	303.266.499,16	34.013.845,16	0,00	303.266.499,16
1992	327.954.847,74	117.107.825,92	0,00	327.954.847,74	300.445.982,29	46.769.153,24	0,00	300.445.982,29
1993	321.458.062,37	99.364.815,44	0,00	321.458.062,37	290.224.402,62	25.508.119,69	0,00	290.224.402,62
1994	374.279.337,11	120.256.316,12	0,00	374.279.337,11	373.144.266,52	64.970.884,50	0,00	373.144.266,52
1995	426.539.466,57	159.731.345,99	0,00	426.539.466,57	412.618.336,25	35.419.180,02	0,00	412.618.336,25
1996	505.746.019,29	173.824.506,38	69.187.151,34	436.558.867,95	498.378.914,49	34.663.287,89	62.414.876,41	435.964.038,09
1997	672.992.095,81	188.085.353,23	229.177.004,38	443.815.091,43	672.035.488,59	22.906.596,11	236.901.663,64	435.133.824,96
1998	727.043.208,84	196.759.552,25	226.861.387,68	500.181.821,16	706.572.262,90	44.502.197,93	230.575.374,19	475.996.888,72

Figure 1.0 (Source: Prefeitura Municipal de Porto Alegre)

As the table 1.0 shows, from 1989 to 1998, the revenue of the City Hall of Porto Alegre has increased two and half times in real terms. In part this astonishing growth is explained by the decentralization process that has taken place in Brazil in the years that followed the promulgation of the new Brazilian Federal Constitution in 1988. On the other hand, however, it is explained by the strong effort made by the Municipal government itself.⁴⁴ This effort has had two major components. The first and most important is a sequence of fiscal reforms that started in 1989 and have continued for the

⁴³ In 1996 the health system of Porto Alegre changed substantially. In that time the Municipal Government started to be the coordinator of the system as a whole. As a result the transference of money from the national government to the local government regarding to health expenditure has increased.

⁴⁴ To be sure, although there has been transference of resources to the Municipality due to the decentralization process, there has also been an even greater transference of duties and services. Therefore, though the decentralization process helps to partially explain the growth of the revenue, it does not help to explain the fiscal equilibrium, due to the fact that the government has spent substantially more on new

next years.⁴⁵ The second is a process of modernization that has been made within the financial department of the City Hall, which has immensely improved the administrative fiscal capacity of the government. On the side of the expenditure, is an austere and tight fiscal administration and a strong commitment to keeping the public spending under control which explains why the government has been able to handle a relative reduction of current expenditure (even though it has substantially grown in absolute terms) and an affordable increase of capital expenditure.

Porto Alegre City Hall
Revenues and Expenditures
Values in US\$ Millions

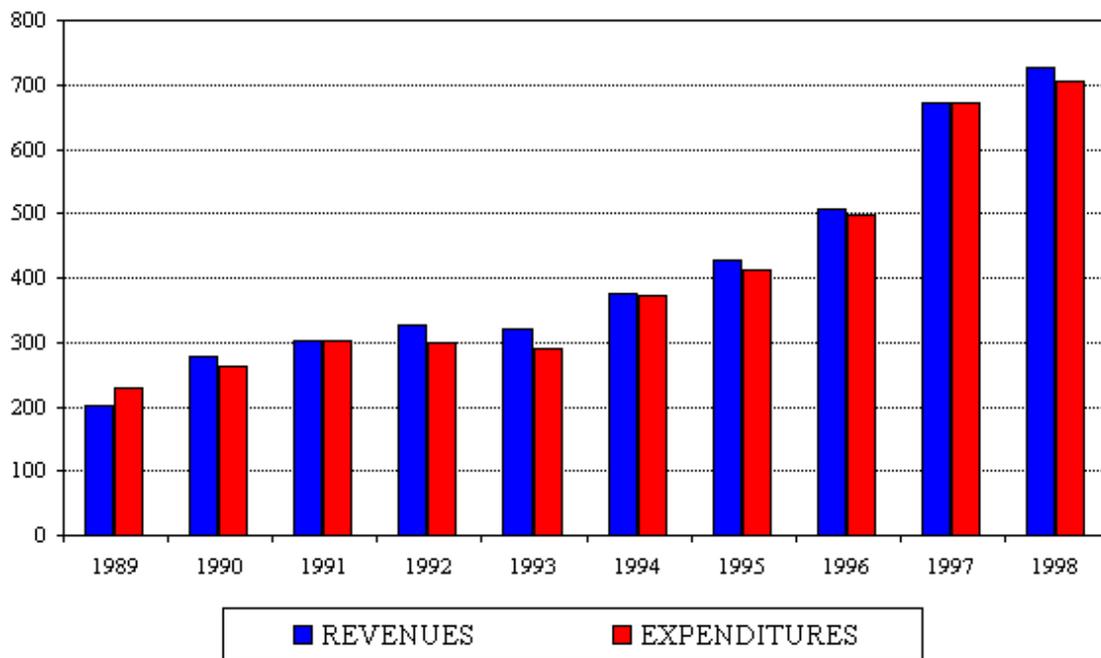


Table 1.0 (Source: Prefeitura Municipal de Porto Alegre)

activities. It is not just a coincidence that the situation of the large majority of the municipalities in Brazil nowadays is one of drastic fiscal crisis.

⁴⁵ It is not the aim of this essay to discuss the process of fiscal reform that has been implemented in the city of Porto Alegre. Suffice it to say that these reforms have modified all the local taxes (the most important are the property tax [IPTU] and the service tax [ISS]) and have had the purpose of both increasing the

Here it is worth saying that although the cleaning up of the financial situation of a city hall is not unusual in Brazil, the capacity for maintaining a good performance in the long run is quite uncommon (even in other and possibly more developed countries). Indeed, it is possible to count with the two hands the Brazilian cities and states that have not experienced at least one major financial crisis in the last ten years. So it is indisputable that the financial performance of the government of Porto Alegre, in a context of participatory democracy, has been a case of success.

Switching to analyzing service delivery, we also see that some important progress has been made in practically all the areas in which the government operates, both in terms of coverage and quality. If we take, for instance, water supply it can be seen that the number of households that are served has increased from 400 thousand in 1990 to 485 thousand in 1996. Nowadays, 99% of the households of the city are served by the water system. If we take the sewerage system, it can be seen that the growth was even greater. The percentage of the population served by the sewerage system has increased from 46% in 1989 to 74% in 1995.⁴⁶ From 1989 to 1996, the PT' administrations alone have installed 900 km of sewerage system while all the previous administration had built approximately 1.100 km (Navarro, 1996, quoting *O Estado de São Paulo*, São Paulo, March 17, 1996). In regards to the service of trash collection, the rate of served households has increased from 94% (ninety-four percent) in 1991 to 100% (hundred

revenue and making the taxes progressive. For more on this see Horn (1994) and Augustin Filho in Genro (1997).

⁴⁶ Source: Departamento Municipal de Águas e Esgotos (DMAE: 1997). The DMAE has estimated that with the investments that have been made in the last couple of years, 85% of the population would be served by the sewerage system by the end of 1998. It is worth mentioning, however, that the rate of secondary treatment of sewerage in the city is much lesser. The DMAE has estimated that with the conclusion of the new stations of sewage treatment that have been under construction the rate of secondary treatment would be 40% (forty percent), which in any case is quite high given Brazilian parameters.

percent) in 1996.⁴⁷ Related to the field of education, the investments that have been made by the government have allowed more than double the total number of enrollments between 1989 and 1995, along with an important upgrade in quality.⁴⁸ Another item that has improved substantially is street paving in the suburbs, which generally brings along basic urban infrastructure such as drainage and sanitation. The government has built on average 25 to 30 km per year of new streets, above all, in the poorest regions of the city.⁴⁹

It would be tedious and needless to carry on with this description in the context of this article. Suffice it to mention that the information available shows that important advances have also been achieved in other areas such as public transportation, health, culture, and environment.⁵⁰ On the other hand, the expansion and improvements in service delivery in Porto Alegre can also be verified by considering indicators of the quality of life. It is highly probable, to say the least, that the fact that Porto Alegre has been considered for consecutive years the Brazilian city with the best quality of life by the most influential Brazilian business journal (Santos: 1998), *Exame*, is closely related to the expansion and improvement of the service delivery in the city. It is true that some important indicators utilized by *Exame*, such as quality of higher education and post graduation, airports, and restaurants are not dependent on the action of the local

⁴⁷ Source: Departamento Municipal de Limpeza Urbana (DMLU: 1997). According to DMLU, in 1997 the rate of household served by the service of selective trash collection was of 97% (ninety-seven percent).

⁴⁸ Source: Secretaria Municipal da Educação (SMED: 1997).

⁴⁹ Source: Secretaria Municipal de Obras e Viação (SMOV) and Gabinete do Planejamento (Gaplan).

⁵⁰ An area in which the outcomes are less expressive, although it is very important and has been prioritized by participatory budgeting, is housing. There are many reasons for that. First of all, in the first years of the nineties there was no financial support from the federal government for housing programs. Second, there are many legal problems (related to the land issue) that generally slow down housing programs that target poor people. Third, in the past (in Brazil as a whole) the housing sector was one of the most affected by clientelist practices and, as result, has been harder to reform. And last but not least, in spite of its efforts, the government has not been able to modernize and qualify the housing department of the City Hall with the speed that is needed.

government. But others such as life expectancy, child mortality,⁵¹ sewage, and literacy are unequivocally dependent on the action of the municipal government.⁵² Therefore, it is not too much to say that the performance of the government in service delivery during the last ten years has also been good.

Regarding redistributive effects, the composition of the budgets and of the investment plans in the last ten years has shown that an important transference of resources to the poorer sectors has been made. PB has mainly prioritized street pavement, housing, and sewage and drainage, with education and health following. The large majority of these investments have been implemented in regions of the city that had not had any (or very limited) urban infrastructure. Moreover, a substantial amount of resources in culture and leisure, for instance, is spent on the poor suburbs of the city.

Two comments must be made here, however, given the complexity of the issue. The first is related to the possibility that, though PB results in transference of resources to the poorer, it ends up excluding the very poorest of the city. This issue is raised by Abers (1998a: 54), who says that, although extreme cases have not occurred in Porto Alegre, problems of inequality do exist due to the fact that "While those who participate generally represent poor sectors of the population, most often they are not the poorest." She adds that "The very poorest inhabitants of Porto Alegre...rarely participate" because this group of people "have the least amount of time do to so" and on the whole they are less able to organize themselves in order to fight for resources. In consequence, PB can

⁵¹ The life expectancy in Porto Alegre has increased from 66.4 years in 1991 to 71.4 in 1997. The rate of child mortality for each 1000 children that were born alive has decreased from 21.3 in 1991 to 15.6 in 1997. Source: Secretaria Municipal de Saúde - Equipe de Informação em Saúde (SMS/CVS- CEDIS).

⁵² It is true that this performance of the city of Porto Alegre must be partially a consequence of an historical condition of better quality in the south of Brazil. In any case, it should be noted that Porto Alegre has performed the best, even when compared with other southern cities, such as the internationally acclaimed capital city of Paraná, Curitiba.

make an unbalanced distribution of resources that favors the poor "not-so-poor" and better organized to the detriment of the very poorest and completely disorganized sector of the population.

The government and community leaders since the beginning of the process have in fact identified this possibility. To face it, they have long discussed rules for a fairer distribution among the regions of the city. Nowadays, the investments are distributed according to three criteria: 1) the total population of the region; 2) the deficiency of a given kind of infrastructure in the region; 3) the priority given by each region to a given infrastructure category.⁵³ A quite complex process of calculation based on these criteria is made in order to define the amount of money that goes to each region and to each category of infrastructure. The important thing, however, is that through this system the distribution of resources among regions does not depend on the level of mobilization of them. To put it simply: there is an objective mechanism to avoid discrimination against the less organized (and some times poorer) regions. Nevertheless, the problem persists because there are great differences of wealth and organizational capacity within each of the sixteen regions, some of them quite large. To face the inequality issue at this level, the councilors and especially the government have recommended the adoption of criteria for the distribution of resources within the regions.⁵⁴ So far, few of them have followed this recommendation. It is worth mentioning, however, that there has also been a permanent political intervention of the government, supported by community leaders, to

⁵³ The categories are sewage, drainage, housing, education, street pavement, and so on. For more on this see "Orçamento Participativo. Regimento Interno" (PMPA: 1995).

⁵⁴ In order to facilitate the process, some regions were subdivided in micro-regions.

reduce the incidence of inequality problems.⁵⁵ One of the methods used in order to do so is to stimulate and create conditions for new and poorer sectors of the population to begin to participate in the process of PB. On the other hand, as Abers (1998a) stresses, a culture of "negotiated solidarity" has been formed among popular leaders who often support demands of other very poor and disorganized communities.⁵⁶

The second comment is related to the possibility that PB results in a pattern of fragmented regional investments that jeopardize the urban performance of the city. Although there is no systematic and written analysis of this hypothesis, it is frequently mentioned by some critics of PB in debates and in the press. And this is, in my opinion, a real problem. It can in fact happen that a decision-making process based on popular participation ends up by distributing resources in a way that makes it difficult to invest in works that do not interest just to one region but a larger part of or even the whole city (like large avenues, or the cleaning up of the river), in sectors in which the needs seem less concrete (like culture), or in small but very important parts of the city (like the center). In consequence, for taking too much care of the immediate demands, the pattern of investment defined through participatory mechanisms can affect the urban development of the city, making it less attractive to new private investments, damaging its general performance, and compromising its long-term future perspective. It can but does not necessarily have to happen, as the case of Porto Alegre shows.

Actually, the PT's government has also long been aware of the fragmenting possibility. Interestingly, however, instead of keeping part of the budget out of the control

⁵⁵ Needless to say, the problem of inequality being an essential political issue, political will is always required in order to minimize it.

⁵⁶ In spite of the fact that this behavior is not always disinterested. It can be motivated by the hope that some reciprocity can take place in the future.

of PB, in order to face these broader and some times less immediate needs based on "technical" criteria, the government, and also many community leaders, have pushed to both introduce this approach into the process itself and to create other mechanisms of participation that can stimulate a discussion that does not focus on the regions. The thematic assemblies set up in 1994 were an outcome of this effort. They were conceived precisely for involving other segments of the community (such as professionals, unions activists, academics, cultural and environmentalist movements) and bringing new sensibilities and demands to PB. Another outcome is the "Cidade Constituinte" (Constituent City), a parallel process of participation and negotiation among popular associations and civil entities that takes place each two or three years and that focus on the long-term perspective of the city. It is an open question to what extent these efforts have had a real effect in including investments related to urban performance into the municipal budget. It is possible that so far these other spaces of participation (thematic assemblies and constituent city) have not functioned as well as the regional assemblies, as Abers (1998a) and Fedozzi (1997) have noted, and that urban performance investments have been included into the budgets mainly as a result of the heavy influence of the point of view of the executive body in the process.⁵⁷ The fact, however, is that PB has approved

⁵⁷ It is indisputable that it is much easier to implement participation on issues of immediate interest for the communities than on issues of long-term future perspective. The latter requires broad information, more knowledge of the subjects in debate, and an idea of the public interest. The option made by the government of Porto Alegre (of pushing the discussion of complex matters through participatory democracy) is a difficult one and takes a great deal of time. I am fully convinced, however, that it is the right option, insofar as it exposes both the government and the communities and civil associations and their leaders to a wide process of debate that forces the actors to build arguments that have to consider the interests of the others and of society as a whole (that is to say, the public interest). I will argue in sequence that it is precisely in this context (of a public sphere [Habermas: 1989]) that a more appropriate notion of public interest can emerge. On the other hand, it is appropriate that the point of view of the government has had a special weight in the process. It has been elected by the majority of the citizens and it has to be sensible to a wide range of demands. This is an example of what I mean by the interplay between representative and participatory institutions. Interestingly enough, however, important governmental proposals have already been defeated by the councilors of PB and the government has respected the decisions.

budget proposals that always contain investments that are of the interest of city as a whole, avoiding in large measure the danger of a too fragmented pattern of investments. So, in conclusion to this point I would say that regarding redistributive performance, though facing harsh difficulties, the government of Porto Alegre has also been successful.

Concerning administrative efficiency⁵⁸, it is much harder to grasp the situation, because of the lack of data to make comparative analyses and of the differences of performance among the departments of the government. At first glance, however, there are some evidences that the performance has not been as good as in the other criteria already analyzed. Some important progresses has been made (for example, a relative reduction in the number of employees that are in bureaucratic functions nowadays compared with 10 years ago), due to the implementation of a process of technological modernization and managerial alterations. But it seems that the advances that have been achieved in service delivery are due to the fact that the government has been able to increase inputs, (spending more money for contracting more employees and more services of firms, for instance) rather than to gains in efficiency.

On the whole, however, this weaker performance in terms of administrative efficiency is not a consequence of the existence of PB. It is true that PB can cause some kind of inefficiency. For instance, in 1996 a consultant contracted by the government verified that the average price of some works in Porto Alegre (street pavement and drainage) was higher than international prices for the same works. Part of the reason for this fact was the unusual irregular topography of the city.⁵⁹ The other part was that the

⁵⁸ By administrative efficiency I mean simply the capacity of increasing the outputs per unit of inputs, instead of increasing the outputs by increasing the quantity of inputs.

⁵⁹ In addition, the major part of these kinds of works has been made in the regions inhabited by the poor, mainly hillsides and flood lands.

PB's decisions related to these works were making difficult to have gains of scale.⁶⁰ Most often, the inefficiencies have nothing to do with PB, but rather are the result of the administrative and political action of the government. For instance, the eventual low productivity of the employees in a given department is essentially a consequence of methods of management and of organization of the process of work, or of low investment for job training, or of the use of inadequate (or old) technology, and so on. In any case, it is regarding administrative efficiency that the results that have been achieved by the government of Porto Alegre are less impressive.

Taking all the criteria in consideration, however, in spite of the many problems and limitations, it is incontestably that the performance of the PT's government in Porto Alegre has been very good, among the best in the spectrum of the governments of great cities in Brazil. How has it been possible? How can good governance be articulated with broad participation of the layman in public affairs? How can the stimulation of the demands of the communities be compatible with keeping the finance situation in good shape? Obviously, there is no easy answer for these questions. I think, however, that some preliminarily hypotheses can be advanced.

- 1) The divide between technical and political decision⁶¹ in terms of the allocation of public resources is more complex than it seems at the first glance. How, based on technical criteria, can the choice be made between spending more money on viaducts

⁶⁰ For example, the cost per km² tends to be cheaper for paving one street of 500 (five hundred) meters than for paving five streets of 100 (hundred) meters each one. To minimize this problem, the government has proposed some technical criteria such as a minimum length. As far as I know, the COP has accepted at least part of these criteria.

⁶¹ What I mean here by technical decision is the decision mainly based on specialized technical knowledge. What I mean by political decision is the decision mainly based on the will of the actors. Of course, the political decision can and should consider technical knowledge and information.

on basic urban infrastructure? Is it more appropriate to invest more on housing or in public transportation? The method used in Porto Alegre has largely transferred these decisions from the technical body and professional politicians to the communities of the city. In this sense, the needs of these communities have become the essential element for defining the allocation of public resources. It would be wrong, however, to imagine that the make up of the budget in Porto Alegre is just a collection of the preferences of the different regions of the city and of different segments of the population. In fact, what happens is a process of social planning supported by an open negotiation among different actors. In this process a dialogue among the specialized knowledge of technicians, the opinions of the politicians, and the needs and opinions of society takes place and through this dialogue these actors influence and are influenced by the others.⁶² The result has usually been a well-balanced budget that strongly incorporates the demands of the disempowered people and has been far from prejudicial to the long-term perspective of the city. Probably, although it is true that specialized knowledge has become increasingly important, the discourse on the impossibilities of having popular participation in the context of the bureaucratization of the state has in fact been greatly exaggerated as a consequence of both a technocratic bias and an elitist view of democracy. There is in fact a space, located out of the state, from where the participation of society can strongly influence the functioning of the state and that is not incompatible with professional administration.

- 2) Interestingly, the reduction of the decision power of the techno-bureaucracy has stimulated the flourishing of its virtues. Contrary to common belief, in the context of

⁶² It is just naïve populism, in my view, to think that the opinions of the layman are always right. It is technocratic bias to think that technical opinions cannot be contested. And it is prejudice to think that

PB the bureaucracy has become more insulated from the pressure of politicians and even from the pressure of private interests, in spite of the fact that it is more exposed to society. The reason is simple: there are clear and public rules that must be followed in the process of making up the budget. The different proposals and interests, in order to prevail, should participate in the game according to its rules. Therefore, the technicians have more autonomy and independence to operate in technical matters and in give technical opinions. At the same time, the contact between technicians and communities required by PB has brought to the planning process a fundamental element that is often missing: the knowledge not only of the preferences of the people but also of the dynamic of the interplay among social actors. In consequence, the planning process acquires a better sense of reality. Moreover, the growing accountability that comes from PB has helped to redefine the way in which many sectors of the civil servants behave. They have become more accountable and, as a result, more dedicated and more flexible to the relations with society.

- 3) The sharing of power and decisions and the increased transparency that happen in the context of PB have helped to establish trust among potentially competing interests (Cohen and Rogers: 1996) and to create a climate of cooperation and mutual respect between state and society. Therefore, all the actors have become more responsible to both the political process and to the decisions adopted. It is interesting to note, for instance, that regarding finance management, PB has been not an obstacle but a stimulus to avoid deficits that would certainly lead to crises. This is so because the trust that exists among the actors makes it possible, for instance, to reduce the demands of society to a size that fits the budget instead of increasing the budget to a

ordinary people cannot understand technical arguments or the supposedly broad opinion of politicians.

size that fits the demands. Further, by showing constantly the budget figures, a requirement of the process, the government has stimulated a sense of responsibility on the part of the population that more actively participates in the process. This part has known both the capabilities and the limits of the government to invest and has learned that overinvestment would result in crises and less capability to invest in the future. Therefore, it is possible, even though hard, to discuss with this population what can and what cannot be done. In addition, it is possible, though still hard, to discuss and to get support for both improving the revenue and cutting the expenditures when one or both of these measures are needed.

- 4) In fact, a mechanism of social governance makes it possible to interject into the political process greater consideration of the public interest (Mansbridge: 1996). Put better, it makes possible the emergence of a more appropriate notion of public interest. The technocratic idea that the state is the guardian of the public interest has been undermined by the failures of the state and by the implacable criticism that actually the interests of the bureaucracy have captured the state. This fact has increasingly given place to the idea that there is no such thing as public interest but just the diversity of the pluralist private interests of society. As a result, the political process becomes essentially a struggle for power among competing private interests in which the stronger and more capable, ultimately, prevail. To face up to this idea, a notion of the public interest that cannot be confounded with the interest of the state bureaucracy is needed. It can come only from a process of public and open debate on public affairs in which the state must be exposed to society (in order to be inducted and controlled), and the actors of society (in order to legitimate their own demands

and points of view) must take into account not only what is best for themselves but also what is best for the others and for the whole. An institution like PB can result in good governance precisely because it creates a dynamic in which this less tangible but also more reasonable notion of public interest can come to reality.

- 5) Last but not least, the performance of the government of Porto Alegre has been good because it has also implemented, so to speak, the fundamentals of a good administrative practice. As Tandler (1997) shows, good government depends on the combination of many different variables but it cannot work well with lack of political will and administrative capacity. Had the government of Porto Alegre not been able to keep the financial situation in healthy condition, to motivate the employees of the municipality, and to improve its managerial capacity and increase the quality of the services, for sure it would not have succeeded. Briefly, it would be naïve to think that it is just participation that has led to the outcomes that we saw earlier. PB is responsible neither for all the successes nor for all the failures of the Porto Alegre's government. Furthermore, PB is neither a warrantee nor a magical solution. What the analysis of PB actually shows is that broad participation is not incompatible with and can eventually help the achievement of good governance.

Radical Democracy, Civil Society and Public Sphere

It seems that by combining institutions of participatory and of representative democracy and by demonstrating the possibility of reconciling broad participation and good governance performance, at least at the local level, the experience of Porto Alegre provides insights for the formulation of a conception of radical democracy that is both

feasible and desirable. The main goal of this third part is to discuss further this hypothesis.

It is indisputable that in representative democracies the relationship between citizens and the state is one of unavoidable precariousness. The first modern thinkers on democracy have already noted this critical problem. In his book *The Social Contract* Rousseau (1950), for instance, exposes a very negative view of the institution of representation. He goes as far as to say that sovereignty cannot at all be represented and, furthermore, that people lose their freedom at the moment they allow themselves to be represented. Obviously, as Cole (1950: xxxiii) says, "we must take into account all the circumstances of Rousseau's time", insofar as he was writing this book in a period where the institutions of modern representative democracy had not yet been developed.⁶³ However, the inalienable character of sovereignty is a matter of principle for Rousseau, and this is the reason why, in the context of his view, the only possible solution to assure that the sovereignty of the people is preserved is a political system based on direct democracy.⁶⁴

But even contemporary authors fully convinced of the vitality of the representative institutions, like Klingemann and Fuchs, acknowledge the fragility of the relationship between citizens and the state in a context of representative democracy. As they (1995: 02) clearly put it:

The precariousness of the relationship between citizens and the state lies in this essential feature of representation. Representative government inevitably establishes distance between the rulers

⁶³ Cohen (1986) also notes that Rousseau's view becomes less categorical when other of his works are taken into consideration.

⁶⁴ Being aware that this system was not viable in a context of the large states, Rousseau's ideal was a society of city-states, "made up of small, peasant proprietors" (Pateman: 1970).

and the ruled, implying the possibility that this distance may attain such proportions that it would be difficult to continue to speak of democracy.

In fact, this distance has not diminished with the development of modern representative democracy. The facts that the state has become increasingly more complex over the last two centuries – and especially in the twentieth-century -- and that the institutions created to mediate the relation between society and state -- namely parties and parliaments -- have become bureaucratic apparatus themselves, have resulted in a sharper separation between ruled and rulers, sometimes to the point where is not easy to speak of democracy (understood as an association governed by the public deliberation of its members).

It seems that even in the most advanced systems of representative democracy, the division of functions that was originally conceived to reduce in some way the gap between state and society has faced insurmountable problems. According to this division, the entities of civil society should transmit to the parties the demands of the different groups; the parties should take into account these demands when they formulate their programs; and the state should transform the parties' programs into policies and implement them (Berger, 1981: 09). The failure of this scheme gave place to the corporatist arrangements that dominated the politics of many Western European countries in the fifties, sixties, and seventies. In the context of the corporatist structures, certain functions which had previously been attributions of the parties and of the states were taken over by groups of society, especially labor unions and business associations (Berger, 1981: 10).⁶⁵ The corporatist arrangements, however, in spite of their

⁶⁵ In Offe's (1981: 143) view, what gave rise to corporatist structures was above all "the failures of political parties to perform as agents of the 'formation of the political will of the people'."

functionality to incorporate the interest of key collective actors (workers and business)⁶⁶, have usually not resulted in more control of the society over the state. On the whole, they have marked a step further in the bureaucratization of the organizations of society. Evidently, the crises of the corporatist structures that took place almost everywhere -- as a result of the changes in the organization of the economy, of the weakening of the labor unions, and of the dissemination of the neoliberal ideology -- in the eighties and early nineties have not led to any advance in terms of democracy.

In countries of less developed representative institutions, the fragility of the relationship between ruled and rulers is obviously much deeper. In Brazil, for instance, the weakness of the party system and of the parliament -- which at the national level is formed based on strong distortions of the criteria of representation⁶⁷-- along with the already mentioned problems of corruption and clientelism have long contributed to undermine the legitimacy of the representative institutions. The context of sharp social inequality that has long persisted is an additional and essential element that contributes to undermine the legitimacy of the polity.

Nevertheless, it would be insufficient to analyze the institutions of representative democracy based just on the precariousness of the relationship between society and state that is inherent to this kind of regime. An adequate judgement must take into account the fact that democratic representative institutions have been decisive in permitting minimum participation in politics (through vote) for all the citizens, in guaranteeing plurality of political opinion and power rotation (through the party system), and in assuring the emergence of a civil society (through the broad catalogue of civil and political rights that

⁶⁶ Though, as Offe (1981) notes, the interests of these actors are incorporated in an unequal way.

normally exist in a representative democratic regime), which is indispensable both in influencing the decisions of the state and in resisting power abuses. In fact, Cohen and Arato (1997: 414) seem to be right when they say that there is a kind of "'elective affinity' between the fundamental rights and the modern representative, democratic politics". Therefore, we have before us a political regime that, though it has a trait of chronic illegitimacy, can not be simply put aside from the point of view of a radical conception of democracy.

In modernity, society has irrevocably been split into two differentiated and specialized spheres -- the state and the economy. In this context, the organization of the polity requires a complex set of institutions that must be based on representation, which separates citizens and the state posing in this way limits to democratization. No matter how long the process of democratization goes, it will always be marked by this irrevocable separation. That is the reason why in order to break the limits to democratization, a core idea that is subjacent to all the projects of political emancipation is that in some way a re-merge of society and state could be made, or better, a reabsorption of state into society could take place, for promoting the approximation between ruled and rulers.

This core idea is essentially a mistake, as Cohen and Arato (1997) have shown. The ideal of a process of dedifferentiation of society, the state, and the economy is not viable and is inspired by an antimodernist bias. The outcome of a project whose aim is to reabsorb the state by the society would probably be the opposite of what is desired, that is to say, would be the absorption of the society by the state. It is not just coincidence that

⁶⁷ At the national level, the votes of the citizens of some states end up having more value than those of the citizens of other states.

the attempts to make reality the socialist ideal, the most influential radical project of the twentieth-century, have resulted in a complete elimination of the autonomous organizations of society.

The central ideas of a viable contemporaneous project of radical democracy should be the development of a diversified, powerful, and politicized civil society and the reconstruction of new public spaces through which this civil society can effectively participate, influence, induct, and control the public affairs. In their seminal work on the concept of civil society, Cohen and Arato (1997) provide a very interesting perspective for rethinking the democratic project of society. Based on a systematic theoretical reconstruction of the concept, they hold that civil society should be conceived as a third realm, differentiated from the state and from the economy. In this three-part model, civil society would be the terrain par excellence for further democratizing the society.

Key actors of the civil society in Cohen and Aratos' view, are the new social movements. Their goal, however, should not be to prefigure a polity in which they will replace the state institutions. Instead, their goal must be to stay out of the state, as autonomous social actors, whose aim is to fight the defense of the rights, for the expansion of the spaces of political participation, and for the influence of the other two realms, the state and the economy. In this sense, though sharing the same normative principles, Cohen and Arato sharply distinguish their project from that of the radical democrats. Instead of less, they propose more structural differentiation. As they (1997: 19) put it, "... we locate the genesis of democratic legitimacy and the chances for direct participation not in some idealized, dedifferentiated polity but within a highly differentiated model of civil society itself."

However, in the context of this sharper differentiation a decisive element is the function of mediation among the different realms of the three-part model, civil society, state, and society. The reason is plain: the existence of effective institutions of mediation is indispensable to permit the influence of the civil society in the other realms. If these institutions do not exist or are weak, it is inevitable that the differentiation will result in an increasing loss of control of the society over the state and the economy. In consequence, we can have a situation in which there is an autonomous civil society that, nonetheless, is not able to impel further the democratization of the state and economy. Moreover, the ineffectiveness of the function of mediation can eventually discourage the political activity of the civil society and the passivity of the citizens regarding public affairs. This picture, incidentally, is not uncommon in many Western democratic countries. These countries have sometimes quite strong and developed civil societies. Nevertheless, the political activity has declined and the representative democratic institutions have increasingly diminished the density of the normative democratic values. Put otherwise, the democratic character of the representative institutions has increasingly become formal.

Political mediation is a function that depends on the existence of a public sphere. The concept of public sphere, elaborated essentially by Habermas (1989) as is well known, refers to a space that is located out of the state, in which the private actors of society reunite and interact with the aim of debating and convincing each other through a rational argumentative discourse.⁶⁸ Although the public sphere is a private space of

⁶⁸ The appearance of the modern public sphere was a phenomenon associated with the emergence of the bourgeois liberal-democratic society. According to Habermas, this public sphere deserves the label bourgeois because it was in fact a space reserved for the owners of private property. It deserves the label democratic both because the owners of private property participate in the public sphere as equal citizens

private individuals, its subject is the public interest. It is in the political public sphere⁶⁹ that a public opinion is formed in order to influence the state to meet the needs of society. The central institution that reflects the influence of a developed bourgeois liberal-democratic political public sphere is the parliament. In *The Structural Transformation of the Public Sphere* Habermas depicts the process that results in the simultaneous crises of the liberal state and of the bourgeois public sphere.

Although, as I mentioned earlier, it is not the aim of this article to further discuss the Habermas's approach to the concept of public sphere (and neither the Cohen and Arato's approach to the concept of civil society), this brief detour to bring in the concepts of public sphere and of civil society was necessary to point out an issue that seems crucial. In my view a politicized civil society and a truly inclusive public sphere⁷⁰ are central aspects for formulating a renewed and contemporaneous project of radical democracy. Civil society is vital for creating an active and participatory citizenship. Public sphere is essential for establishing a link between society and state.

It is precisely in the public sphere that the idea of participatory democracy acquires great relevance.⁷¹ Given the strong bureaucratization of the political parties and

and because the accesses to the public sphere, theoretically, were universal, that is to say, it was an inclusive sphere. Needless to say that this sphere was absolutely non-inclusive for the majority of society, which were non-bourgeois. However, it is not my intention in the limits of this paper, to discuss deeply all the aspects of the concept of public sphere as conceived by Habermas. My intention is merely to recuperate the fundamental idea of the existence of a public space that is not located within the state. As Habermas (1989: 141) puts it, "The bourgeois public sphere evolved in the tension-charged field between state and society. But it did so in such a way that it remained itself a part of the private realm."

⁶⁹ Habermas discusses the emergence of the literary public sphere and of the political public sphere. A wide range of different institutions made up these two public spheres. My interest here is only the political one.

⁷⁰ Which concretely means a public sphere with a marked plebeian character.

⁷¹ In my view, the approach of Cohen and Arato regarding participatory democracy is not correct. They are right when they say that the core problematic of democratic theory should shift away from speculative models of organizing the polity. But they are wrong when they minimize the importance of new institutions of participatory democracy, whose normative principles can be established imaginatively. These institutions should and in my view must not be part of the state. The space per excellence of participatory democracy in a complex and modern society is located out of the state. Cohen and Arato seem to overvalue

of the parliament, new institutions of political mediation are needed. These new institutions, located out of the state sphere, would be vehicles of the expression of the public opinion and of the demands of society, and would combine participation of representatives of civil associations with direct participation of the people.⁷² Therefore, participatory democracy becomes a central element of a viable conception of radical democracy.⁷³ Here, however, the place of participation switches from the terrain of the state to the terrain of society. The state would continue to be mainly the space of representative, formal democracy. Civil society would be the space of a varied set of voluntary organizations and social movements. The public sphere would be the space through which the demands of society would be manifested with the explicit objective of influencing, inducting and controlling the state. In the context of this conception, strong popular participation can be accommodated with the complexity that is characteristic of modernity. In other words, strong popular participation can occur and decisively exercise influence in the public affairs without being incompatible both with specialization of functions and representative institutions.

I believe that to large extent the strength of the experience of Porto Alegre comes from the fact that the participatory budgeting was set up as an institution of participatory democracy to function in a public but non-state space. PB is neither a social movement nor a state organization. PB is in fact an institution of a new public space in which

the permeability of the parliament, for instance, to be effectively influenced by society. The existence of rights and of an autonomous civil society, although fundamental, is not enough to influence and control the state decisions (including the decisions of the parliament).

⁷² Evidently, the public sphere would not be limited to institutions of direct, popular participation. A much more varied set of political and, especially cultural institution must exist. Central among them would be public institutions of press and media controlled neither by the state nor by economic groups.

⁷³ Participatory democracy, as I mentioned above, includes direct participation but these two forms of democracy are not the same. The former requires representation, although the representation here is linked

citizens, organized and mobilized by entities of the civil society, meet with the municipal government in order to debate and influence decisions on public matters.

By being an institution of participatory democracy located in the public space, the functioning of PB can be accommodated with the functioning of the institutions of representative democracy. However, as mentioned earlier, the relation between these two different kinds of institutions will always be tense and conflicting. Struggles for competencies and power will surely take place. Nevertheless, as long as the functions of the public sphere (participatory democracy) are of an influencing, inducting, and controlling nature, and those of the state (representative democracy) are of a last resort decision-making, they can be articulated in a virtuous way. The eventual losses that come from the inevitable conflicts will be largely compensated by the substantial gains of legitimacy.

On the other hand, for being located in the public sphere, participatory budgeting can also be accommodated with specialized administration. Obviously, conflicts will also emerge from the dialogue and disputes between the demands of the people and the opinions based on technical knowledge. But here too there is space for a virtuous articulation. Some technical criteria to orient the definitions can and must be adopted and, at the same time, the planning process can incorporate the priorities of the population. In this context, the losses resulting from eventual inefficiencies can be greatly compensated by the gains in accountability, trust, and approximation with the needs of the society.

So far the viability and positive outcomes of this process of radical democracy are quite evident, as showed earlier and other works have already remarked. It has not only

to a binding-mandate. Evidently, especially at national level forms of associative democracy would also be needed.

permitted the active involvement of a large part of society in the decision-making process but also stimulated the emergence of a multifarious and politicized civil society.⁷⁴ There had been quite important social movements and civic organizations before 1989 in Porto Alegre, when PB was created. But, as Abers (1998a: 52, 53) notes, under PB, "the empowerment of civil society occurs in a multitude of ways", resulting in "Tens of thousands of people ... engaged in collective action and political debate." In consequence, a more conscious citizenship has been formed.

The empowerment of the civil society and its expression through the new public space has helped to change the state institutions. Both the executive and the legislative bodies have become more accountable. This is not a little achievement in a country like Brazil, where process of clientelism and corruption are continuously reproduced by the dominant political culture. The separation between the state institutions and society obviously persists. However, the decision-making process, preceded by a strong popular negotiation, has augmented its legitimacy.

At the same time, the disempowered sectors of the city have entered into the political process to actively pursue its historical demands. In consequence, a fairer distribution of public resources has taken place at local level.

However, in a process like PB there are not only a variety of problems (some of them mentioned earlier) but also a varied sort of risks. I would like to mention briefly three of them that seem to me more important at this very moment.

⁷⁴ It is important noting that the existence of a varied and politicized civil society partially depends on the nature of the state institutions and of the governments. State institutions and governments that are more permeable to the demands of society and that facilitated participation can decisively help the flourishing of a civil society with these characteristics. This leads to the essential problem of the political projects of the political parties. The central concern of all the political parties is obviously power. However, the ways they conceive how power is legitimated can differ. This is an issue which matters substantially in my view.

The first is the risk of becoming a process manipulated by the state, above all, by the executive branch. As we saw, the rule of the executive has been fundamental to both the setting up and the functioning of participatory budget. At the same time, the proximity of the popular leaders with the state and the permanent contact that they have with executive authorities can recreate the space for relationships of dependence and of manipulation.⁷⁵ The existence of clear and public rules, open debate, and the empowerment of civil society are obstacles to this possibility. Nonetheless, historical evidence and the Brazilian political culture make it far from completely unlikely.

The second is the risk of an opposing position to PB which may become predominant in the parliament and, as a result, a very limiting legislation regulating the process may be approved. Nowadays it is clear that part of the "vereadores" that are against popular participation want to eliminate PB through the approval of a law that in fact signified its destruction.⁷⁶ The existence of a broad support to PB in society is an obstacle to this possibility but it is not a guarantee.

⁷⁵ In Fedozzi's view, some signals of manipulation have already been revealed, although he does not use the word manipulation. He (1997: 194) says, for instance, that the fact that some popular leaders have changed their position regarding the issue of the legalization of PB shows lack of autonomy of the popular movement in its relation with the executive body. I do think that some attempts from the executive to manipulate the process have probably taken place. It would be uncommon otherwise. I do not agree, however, with the point made by Fedozzi. I think that popular leaders have changed their mind because there is a true threat in the proposal of legalizing PB. Fedozzi gives central importance to the issue of the legalization of PB. According to him (1997: 189, 190, 191, 192, 193), the consolidation of the process of democratization requires the legalization of the rights. Further, the non-existence of a law regulating PB makes it more malleable to the will of the government and of the party in charge of the government. It is true that an important characteristic of the democratic regimes is the legalization of the rights. But PB is not a right. It is made possible by a new right (the right of participating in the formulation of the budget, which is already guaranteed by the Municipal Constitution), but it is in fact a new institution that is located out of the state. I do not think, in this context, that a more cautious position regarding this issue, highly polarized by party interest, is a wrong position. On the other hand, law regulating non-state institutions, like unions for instance, could also be a very good instrument for both control and manipulation. The examples are everywhere.

⁷⁶ Evidently, that is not the intention of the all "vereadores" to legalize the process. The idea of regulating PB is politically legitimate and there are good arguments supporting it.

The third risk is the possibility that an anti-parliamentary position become stronger among members of the executive and popular and civic leaders, as a result of a sharp polarization of the political process. This would imply getting back to the old idea of replacing, instead of combining, representative by participatory democracy. This hypothesis would surely results in institutional crisis and, in my view, also in the destruction of PB.

There is no recipe to avoid these risks. It decisively depends on the ideas and on the actions of the political and social actors. The hope is that the institutions forged in PB and the density of the democratic values in the political culture of the actors have already become consolidated enough to further push the democratization process.

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