

Porto Alegre and Direct Democracy: enigma or reality?

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I. Introduction

The access road in to your neighbourhood is terrible shape. You are upset, and so are your neighbours. You demand that city hall does something about it, but their concerns are elsewhere and so nothing gets done. On the contrary, in Porto Alegre, Brazil, your neighbourhood organization gathers up support for the road repair and at a regional meeting you all vote that money should be spent repairing your street, and the next year it happens, the road is paved.

This is somewhat how life is like in Porto Alegre due to of a unique budgeting system developed by the local government in this southern coastal city. While Francis Fukuyama suggested that democracy has likely evolved as far as it can go (Rourke, Hiskes & Zirakzadeh, 1992), the residents of Porto Alegre would challenge that statement; they have a new system of government that has attracted much attention around the world.

This paper will set out to give a brief explanation of the principles of direct democracy, and explain the arguments for and against it. After which will be a study of the situation in Porto Alegre, with an analysis of the problems and benefits. Altogether a conclusion of whether direct democracy in Porto Alegre is effective and beneficial for the residents as a whole will result.

II. Direct Democracy

Direct democracy is “a process by which ordinary voters to some degree control law-making directly by their own votes rather than indirectly through the vote of their

elected representatives” (Esberley & Johnston, 1994, p.348). The concept is also referred to as participatory democracy, and in Porto Alegre it became known as “participatory budgeting”. Direct democracy, while founded in the basic components of democracy, is moderately different from representative democracy. Political thinkers such as John Locke and James Madison envisioned representative democracy. They feared that any other system where the masses were involved too much would result in interference and inefficiencies in government (Rourke, Hiskes & Zirakzadeh, 1992). The example of Porto Alegre may prove them wrong.

Certain preconditions must be met first before an effective system of direct democracy can be established. First of all there must be openness in government and political process. The public must be able to understand what is happening in government, and be aware of what their government does. Secondly, information about the political process and issues at hand must be easily accessible to the entire population. This was often seen as a major stumbling block of direct democracy, but with technological advances it is becoming less of a problem. Finally, there must be an arena where debate and deliberation can occur freely. Again, technology has provided more options in this aspect as well (Esberley & Johnston, 1994, p354)

There are two common tools for implementing direct democracy. The first and most common are referendums. The second are political “initiatives”. The three main types of political initiatives enable the public to: initiate constitutional change, participate directly in law making, and hold elected representatives accountable (Esberley & Johnston, 1994 p.355-356). However in the case of Porto Alegre it will be shown how

they have developed a system rather unlike any known before. Whether it is in fact “pure” direct democracy, or rather more of a “mixed” form is debatable.

Around the world direct democracy is without a doubt expanding and research done by Scarrow (2001) provides statistical confirmation. A major contributing factor to the increase in popularity is globalization, because the masses are feeling increasingly out of touch with the world and with their government. Direct democracy on the other hand brings people together, encourages participation, and builds what Putnam would call *social capital*. Consequently, it counteracts many problems people find with globalization (De Sousa Santos, 1998, p.1). The other main benefit of direct democracy is that politicians working with under this system are often far more responsive to the demands of the general population, as they realize the importance of each vote (Scarrow, 2001, p661). As a result, it is contended is that direct democracy provides is a better system for society as a whole.¹

There are indeed some concerns with direct democracy and many political thinkers who doubt the system. One of the principal problems is that the preconditions can be difficult to meet. Furthermore, so as to meet these conditions it has been questioned whether this in fact makes government less efficient. Actual costs for such a system are also in question and are a cause for apprehension. Education and informing the public can be a difficult and expensive proposition. With these primary concerns in mind, it is questioned whether generally the public is then best served by direct democracy (Esberrey & Johnston, 1994).

¹ Clearly, in a system of direct democracy, the common good is assumed important. Whether this in itself is good, is another whole separate topic for debate.

III. Porto Alegre and the Participatory Budget

Historical Analysis of the Development of Direct Democracy in Porto Alegre

Porto Alegre, a city of 1.3 million people formed what it calls the *participatory budgeting* (PB) process in 1989. The system evolved over the course of implementation, but has remained in place to the present day. PB came to the citizens of Porto Alegre because in 1989 they elected to mayor a member of the Partido dos Trabalhadores (PT) or Workers Party (De Sousa Santos, 1998). The PT was developed in 1980, largely in protest to the military regime ruling the country at that time. The party had many traditional left-wing views, but also maintained unique features. Mainly this was the fact that the party was composed of many smaller groups, made up of neighbourhood coalitions, or groups formed from school or workplace environments. It was these groups that elected delegates to attend larger party meetings (Abers, 1998, p5). The intention of this principle was to ensure connection to the poor and to maintain grassroots development.

Analyzing the city, it housed a rather unjust society. In distribution of income, the gap between the rich and poor was extreme, just as it was in Brazil as a whole. De Sousa Santos (1998) describes how one third of the residents lived in slums, while “some fifteen families own the urban land available for development” (p. 4). The city itself was facing a severe financial dilemma. When the PT took power, the city was deeply in debt and quickly found that they had no money left over for reinvestment once salaries and basic services were paid for (MOST Clearing House). Consequently their first year in

office was a great challenge. Only minimal funds they could allocate for the PB process and as a result the process attracted little attention. The following year the federal government started increasing transfer payments to the city, therefore with more money now available, participation in PB increased (De Sousa Santos, 1998).

Looking at the people of the city, there was a history of democracy and of an organized civil society. As a result, the concept of the direct democracy was not entirely foreign. However, many of the community organizations of the 1980s were ineffective. They were run by long time leaders focused more on political aims, rather than on distributing information and collecting information about the concerns of residents (Abers, 1998). When the PT was elected they had plans to revolutionize community organizations and participation. The preconditions mentioned in Section I of the paper were for the most part far from being met, nevertheless the party moved ahead with their plans. They desired to create public councils for essentially all government decisions, but this proved too difficult, especially considering the dire financial situation they inherited (Abers, 1998). As a compromise the PT settled on what was called “participatory budgeting” and from this, all citizens of Porto Alegre would have the opportunity to decide on one of the most important aspects of government- how the money would be spent.

The Participatory Budget in the 1990s

The budgeting process involves some rather simple key processes; conversely when the fine details are analyze the process become increasingly complex. There are

three basic principles and three sets of institutions. The principles are: all citizens are entitled to participate, participation is governed by a combination of direct and representative democracy, and government investment is determined by an objective predetermined method. The three different types of institutions are: administrative, community organization, and finally the third institution is intended to establish permanent and effective communication between the first two kinds (De Sousa Santos, 1998, p6). The actual annual system of PB is as such:²

The city is divided into sixteen regions, and five thematic divisions. The regions are usually based on previous neighbourhood coalitions, or if this was not applicable, geographical and social features were used. The thematic divisions were devised several years after PB began, with the intention of focusing on larger citywide issues.

The actual budgeting process essentially revolves around two rounds of major assemblies. Before the first assembly however, preparatory meetings are established early in the calendar year. The aim of these meetings is for people to express their concerns and thus for community members to realize the problems that exist and then to begin thinking about what their major priorities are. These meetings take place without any interference from the municipality.

Then in early April the first assemblies occur. These assemblies are open to any member of the public, but only registered inhabitants of each region are allowed to vote. In these meetings members of the municipal's executive are in attendance. The purpose of these meetings is to review the budget from last year and plan for how works during

² Various explanations of the process have been described in academic and non-academic sources. Some are extremely detailed and often very challenging to follow. Others are far too simplified and miss crucial details. Different sources in some respects contradict other sources. The following explanation is a combination of information retrieved from: Abers (1998), De Sousa Santos (1998) and MOST Clearing House (website)

the current year will be implemented (works for the current year having been decided in the PB process the previous year).

Then from April through to June an intermediate phase occurs. This is in fact an extremely important phase for general public. During this phase, once again, independent community meetings take place. The importance of the meetings comes for the fact that it is here where priority lists are established and voted on by neighbourhoods or by “micro-regions”. Also, in this phase community coordination is most apparent and most important, because the decision made here will be used later by community members to make final rankings for the budget priority list.

The second round of assemblies take place in late June and throughout July. At these meetings each of the sixteen regions elects two councilors and two substitutes for the Municipal Budget Council. In the following months it is this council that decides the given values for what is termed the “general criteria”. This criteria category is later used in the budgeting formula that determines how funds are to be allocated. At these assemblies District Budget Forum members are elected as well. The ratio for the number of people elected has changed with the rise in participation levels, but in 1998 it was determined that one out of every ten people in attendance would be elected to the Forum. And it is during subsequent District Budget Forum meetings where the priority lists of the neighbourhoods and micro-regions are discussed and ordered in to a formal list that will be used in budget calculations as the “need criteria”. The final component of the budget allocation process is the “technical criteria”, which is decided mainly from quantitative data, such as population of the region. *(See Appendix A for a numerical example of the budget allocation process)*

The final note to be made about the process is that the Municipal Budget Council appears to be the one arena that is largely out of the control of the masses, seeing as there are only two members from each region elected. However, there is in fact an effective method for member recall. The District Budget Forum, where a much higher percentage of community member are elected, needs only to hold a meeting and then by a two-thirds majority vote, they can remove a Municipal Budget Council member.³

Public involvement does not end once funds have been allocated. During the next six months before the cycle begins again, the Forum and especially the Council continue to meet. They work with the regions to inform them of the results of the budget process, and they work to further mobilize and encourage community groups. Furthermore, during this time separate community organizations often continue to meet and work with other community organizations to improve their standing in the following budget year (De Sousa Santos, 1998).

The participatory budgeting process has been forced to adapt to changes over the past decade, but it has continued to function and to remain very popular. As evidence of this a PT candidate has won the mayoralty with a growing margin of victory in each election since participatory budgeting was first implemented. Also the number of people involved in the meetings rose steadily through the 1990s, to where now more that 20,000 people are involved each year.

Positive Aspects to Participatory Budgeting

³ Council members have been removed in the past, so while recall is often seen as ineffective, this system appears to function. See Abers (1998) p. 10-11 for an example of the recall process in action.

Since PB was initiated, the most indisputable benefit to the city of Porto Alegre is reduction in overall poverty, and significantly improved living conditions for the poorest citizens. Some examples of these successes include improvements in basic services, specifically water and sewage. Whereas 49% of households were serviced in 1989, by the end of 1996, 98% had water and 85% had sewer service. And while urbanization of slums has also occurred, under PB, housing for residents of the slums has been provided, rather than the people simply being pushed further away from the city as had occurred in the past. (The reader should know this paper was published on the Internet) A final example of this success is the enrollment in elementary and secondary schools, which more than doubled since the PT came to power. Some have questioned whether these advances would have been made regardless of PB as the federal government increased transfers to the city during the early 1990s. However, at the same time, the city also had more funds because the level of tax compliance increased under PB, since people were more willing to contribute when they knew they had influence as to where taxes would be spent (De Sousa Santos, 1998).

The financial benefits did not simply go to the lower classes. The middle class experienced many benefits under the system. While they did not participate in the first few years, in time they became more involved in the process. Many in the middle class supported the policy as they found financial benefits as well. With ever increasing budget of the city, businesses that involved the middle class, such as construction, experienced a large boom (Abers, 1998, p. 6). Many other businesses also experienced indirect benefits. Those employed in the tourist industry were pleased and were able to expand because the environment and overall appearance of the city improved significantly.

Greater equality and financial success were not the only positive aspects. PB resulted in phenomenal growth of neighbourhood organizations and general community involvement. Best of all, the poorest neighbourhoods experienced the largest gains in community involvement (Abers, 1998). This would impress Putnam, as from his research the lower classes have the most difficult time mobilizing. Furthermore mobilization of the general population under PB is a self-supporting process, so it can be expected to continue. Mobilization began after the first year of PB, when very small numbers of people attended the Assemblies. However, those that did attend largely got what everything they wanted (Abers, 1998, p7). What would happen then is something as such: you and your neighbours saw that a close by neighbourhood got their access road paved, and as such your neighbourhood organized themselves so that their demands would be heard in the following year.

The system did not simply expose pragmatism. There were two major developments from growth in neighbourhood organizations. Eventually different organizations started working together for larger goals involving several neighbourhoods, or even an entire region. There were also examples of groups from very different social classes working together. It is here where Putnam would be most impressed as this is a textbook example of bridging social capital expansion in action. Yet, community groups went even further than simply working together for the PB process, many groups went on to work on other projects outside of the PB realm. An example of this is the Extremo Sol region that put together a sustainable development plan for their district, and this plan was later presented to the municipal government (Abers, 1998, p11). Here is a working example of the benefits of strong social capital.

Problems with Participatory Budgeting

One of the first concerns of the participants of the PB process is that the public members who are elected to the District Budget Forum and the Municipal Budget Council are unpaid. The motivation behind this was to ensure that these positions did not become politicized, but as the basic situation improved in Porto Alegre increasingly the public has been increasingly disturbed by this problem (Cassen, 1998). Similarly, the public has expressed concern because along with not getting paid, many feel they are simply doing the work of the councilors, who are paid monthly wages significantly over the Brazilian average wage. Further to this De Sousa Santos (1998) suggests that Participatory Budgeting only works due its disruptive nature, because it contrasts the old “clientist-patrimonialist system” (p. 32). Therefore, it is questioned whether in the future, when the political system and the economy stabilize, will “participatory citizens” develop to replace to general public participation? This would remove true public involvement and result in simply another level of government, and consequently the very inefficiencies that Locke and Madison had feared. A final problem with the public decision-making process is that unlike paid elected members, community members tend to focus simply on very short-term goals. The concern is that long-term goals and planning have not occurred as a result and the city will find major problem in the future as a result. While the PB tried to respond to this by the creation of the thematic council, which was intended to review citywide concerns, so far discussion and decisions in this

council have mainly reverted back to individual district concerns (De Sousa Santos, 1998).

A separate problem is that of education. The public must be continually educated about the budgets and the issues facing the city. The failure of the PT's attempts at getting public participation in the creation of a city Master Plan illustrates this problem. Citizens were not informed adequately in regards to what the project was, how it would affect their lives, and few explanations of technical terms were given. Consequently, "initial interest by neighbourhood delegates soon petered out, and the participatory process was dominated by more educated representatives of sectoral organization, nongovernmental organizations, and business groups" (Abers, 1998, p. 15).

The final problem is related to the constant vigilance necessary by government and neighbourhood organizations. This is necessary to ensure that PB does not become out of the reach of public. The issue is that this requires the municipal government remain flexible, that they must adopt changes to the PB process as the surrounding political environment changes. Flexibility in government though is not is often difficult to achieve and maintain. Nevertheless, to date, the PT has been able to work with circumstance. For example, as mentioned, the PB changed the ratio for the number of people elected to the District Budget Forum as the number of participant increased. Overall, the underlying problem then is that the municipal government must remain closely involved in the process and as such the politicization of participatory budgeting puts the whole system at risk (Abers, 1998).

IV. Conclusion

From the discussion in Section II, in regards to direct democracy, it is quite likely that the Participatory Budgeting process in Porto Alegre is in fact not “pure” direct democracy. PB does not allow citizens to freely vote on every single issue. They do not even have full control over the budgeting process. However, collectively they have significant influence on where taxes will be spent. In addition, the effective system of electing delegates from a ratio of people in attendance, in combination with recall, is an effective compromise for the nearly impossible condition of allowing *every* citizen to vote on each issue.

Classifications aside, the main question at hand is whether PB is effective and good for the people and city of Porto Alegre? Undoubtedly, the answer is yes. The massive progress made by the poor in Porto Alegre provides indisputable evidence for this stance. The considerable mobilization of citizens is an even more encouraging aspect. Furthermore, the public will continue to reap benefits of this system because citizens now have the power and ability to work together for common goals.

The only real negatives to PB are in the long-term and as such the arguments are weak. Much can change in the future situation. More importantly, the negatives all come down to the attitudes and will of the general population and of the government; this should not be a problem because PB is self-sustaining. The people may have changing interests as the city advances economically, but it is unlikely they will do anything that will give back the power they have been granted. By the same token, while the question of government involvement has been considered a possible negative, government, like

the public, want to retain power, so it is also unlikely the municipal government will do anything that would jeopardize their chances of reelection. Consequently, it is the best interest of the government to do what is best for PB as well, and therefore participatory budgeting will continue for the foreseeable future.

APPENDIX A

Excerpt from De Sousa Santos (1998) journal article:

“An example may illustrate how the general criteria are translated into a quantified allocation of resources. In 1997, the relative priority given by the sixteen regions to the street pavement determined the inclusion in the Investment Plan of a global expenditure item for street pavement corresponding to 20 kilometers (20,000 meters) of streets to be paved. The distribution of this amount by the different regions was the result of the application of the criteria, their weight, and the grade of the region in each one of them. Let us analyze the case of two contrasting regions: the Extremo Sul, a region with 0.21% need of pavement, and the Centro, with 0.14%. Concerning the need criterion, which carried a general weight of 3, the Extremo Sul had the highest grade (4) and accordingly got 12 points (3 x 4), while Centro, with the lowest grade (1), got 3 points (3 x 1). Concerning the criterion of total population, which carried the general weight of 2, the Extremo Sul, with a population of 20,647 inhabitants, had the lowest grade (1) and hence got 2 points (2 x 1), while the Centro, with a much bigger population (293,193 inhabitants), had the highest grade (4) and hence got 8 points (2 x 4). Finally, concerning the criterion of the priority given by the region, which carried a general weight of 3, the Extremo Sul gave the highest priority to pavement and, accordingly, had the highest grade (4) and thus got 12 points (3 x 4), while the Centro gave a very low priority to pavement and thus had the lowest grade (0) and consequently no points (3 x 0). As a result, the total sum of points of the Extremo Sul in the item of street pavement was 26 points (12 + 2 + 12), while the Centro’s total sum was 11 points (3 + 8 + 0). Since the global number of points for all regions was 262 points, the Extremo Sul received 9.9% of the investment, that is, 1,985 meters of street pavement, while the Centro received only 4.2% of the investment or 840 meters of pavement.”

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