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ATC: Of course, the big news from Brazil is the election of Lula. What do you think we can expect to see happen under Lula's presidency?

Baiocchi: I really don't know. If I knew what will happen, I would be living in Brasilia right now, and not here in the U.S. Lula's administration faces three major constraints. First, the dilemma of governance: how to actually run the state? How to manage a capitalist state and make it run efficiently? Second, the dilemma of managing societal demands. Obviously, there are huge populations with needs that will be coming to Lula's door January 2. "We're civil servants, we need a raise," "We're the landless movement, we need land," and so forth. The expectations of all those who supported Lula, and even those that didn't, will be high. But third, of course, are the external constraints – in particular, trying to manage the country under the pressures of the global economy and the IMF. Carrying out its platforms will be obviously much more difficult while trying to meet the conditions imposed by the bail-out loan.

In order to balance the books to carry out social programs, the PT will have to carry out a couple of reforms that are likely to meet some opposition from groups that traditionally have had a lot of voice in Brazilian government. First, there is talk of reforming the national pension system. In Brazil, the pension system is a guarantee of the system of labor laws that was established in the populist 1930s, but it has become deformed to provide a lot of frankly absurd benefits to certain categories of public servants like judges and high-ranking military officials. For instance, unmarried adult daughters of deceased judges can collect monthly pensions in the thousands of dollars. There is also talk of reforming the tax system in Brazil, which is currently quite regressive. In order to carry out these reforms Lula will have to garner a lot of legitimacy and support.

ATC: But the Worker's Party (PT) has had a lot of success running the local government in Porto Alegre. How did it deal with these constraints?

Baiocchi: The PT was able to in some sense do an end-run around the first of these two constraints. On the one hand, the PT has become very good at governance: they know how to run the city, and they have done it well. They've turned out to be able to promise and deliver good governance. But also, they have been able to absorb much of the social conflict through the participatory budgeting. The level of participation in the process has been increasing every year, with over 20,000 people involved in the last budgeting cycle. In some sense, the dilemmas of running the government and balancing social needs have been pushed onto the citizens in this process while creating a lot of legitimacy for redistributive platforms.

ATC: Can these lessons be used at the national level?

Baiocchi: It doesn't seem like it is possible to simply translate these solutions directly to a national level. The participatory budgeting has worked only on the local level. Porto Alegre is not a small city – it has about 1.3 million people. But that might be the limit of the participatory budgeting: experiments on the state level have faced many more challenges as it was scaled-up. Much of the directness of participation at the municipal level is missing in a participatory system as complicated as required for a state-level analogue. So while the model can't be directly copied at the national level, there are plans to implement participatory programs of some sort. In terms of absorbing some of that social conflict and investing it in the hands of citizens, one idea talked about by the PT is the Council of Economic and Social Development, where about 100 representatives from different elements of civil society – labor, capital, civil society, come together each week to meet with and advise the president. This is clearly inspired by Scandinavian corporatist arrangements, and while it is a mediated form of participation, it holds promise to buffer some of the conflict.

ATC: Tell us more about participatory budgeting. How does it work?

Baiocchi: The system has evolved over the years, but the basic structure has several tiers, where citizens participate as individuals and as representatives of organizations. The city is divided into 16 geographic districts. In March of every year, district assemblies, open to all residents, are held. Out of those meetings, the assemblies elect delegates and review the budgeting process. In addition, assemblies are created along thematic lines, such as pavement, schools, or health. Over the next few months, delegates meet in each district or thematic area to familiarize themselves with the technical details of the process, and with the needs of their district or area. Eventually, a second large district meeting is called, for citizens to rank their needs and elect representatives to serve on the Municipal Council of the Budget. That Council will work to reconcile the needs of the districts and thematic areas, and distribute resources based on those needs. Each year the process is reviewed and altered where necessary.

ATC: How effective has the process been? Do you think it has resulted in better – more equitable – budgets?

Baiocchi: There are a number of measures that show the PT has done well in Porto Alegre. Things such as number of streets paved, sewage coverage, and housing assistance have all gone up. Today 98% of all households have running water. The impact on governance, and on a redistributive agenda seems clear. Whether or not improvements would have occurred without the participatory budgeting is hard to say. But, we can also see that the participation in the system has risen dramatically over time, at all levels. This suggests that people think the system is working, and that there are real stakes at hand. I have seen the neighborhood meetings operate, and it is clear that these are real spaces for discussion. I have also seen that the process is open to and capable of taking people who have very little education and training them so that they are competent to understand technical details of the budget, and to participate in discussions about budgeting priorities. There is an enormous amount of training about civic affairs that participants receive by taking part in the process. In addition to improved measures in the area of governance, there has been a dramatic increase in most measures of associational participation.

ATC: What makes people participate in such high numbers? There is much lamenting about the decline of civil society, of civic participation, in the U.S. – like in Robert Putnam’s book, *Bowling Alone*. We are given all kinds of theories about why participation is down: people are too busy, too cynical about the system, don’t have the training and education needed to participate in certain kinds of organizations, and so on. I’m sure Brazilians are busy too. How can it be that 16,000 people find time to participate in this?

Baiocchi: It’s true that you hear many of the same things in Brazil. People tell you that they are too busy, that they don’t have time. The difference here is that there are real stakes at hand in this system - the redistributive agenda of the participatory budgeting. I am not arguing that those from Porto Alegre are just more virtuous, or more civic-minded. Participation will happen if people know it will really lead to results. I don’t think people will participate just for the sake of participating, but when there is a real struggle at hand.

ATC: How far can the PT take this? Can participatory budgeting lead to real economic or social change in the city?

Baiocchi: There are two big paradoxes that the system faces. First, is the limit of the local. There is of course only so much that a municipal government can do. But also, with the rise of participatory budgeting and focus on municipal politics in Porto Alegre, there has been a decline in forms of contentious politics such as protests, strikes, and land invasions. There has been a weakening of social movements of the kind that would be capable of making larger societal demands, such as a movement against the IMF and World Bank. There are many problems that can’t be solved on the local level.

The second issue is the silence that exists on certain issues. The budgeting process is excellent at dealing with certain issues, but others are put to the side. For example, issues of race are usually shunted to the side, as issues of culture. Porto Alegre is a fairly homogenous city, but there is still a population of 5 or 6 percent that identifies as black. The budgeting system has been good at increasing the participation of blacks and increasing resources to the areas they live in, but race as an issue is not really directly addressed.

ATC: What about cities that are not so homogeneous? Can this participatory budgeting experiment work elsewhere?

Baiocchi: There is somewhat of a growing municipal democracy social movement, and quite a number of other cities in Brazil have adopted the project in very different contexts. This will allow us to watch these projects and learn to what degree is Porto Alegre an exceptional city. There is a lot of academic interest in it right now and but what I think all the research will show, given other kinds of success stories, is that neither homogeneity nor history of social movements are necessarily hard constraints. It is also spreading internationally – for example, some cities in South Africa, such as Durban, have adopted this. The participatory system of Montevideo and in a dozen cities in the Philippines are also very influenced by PT-style participatory governance.

ATC: And the WSF?

I think this last edition of the WSF has really consolidated it as an international movement that will continue to meet from here on out. I think it will continue to grow, and its offshoot in the North will continue to pressure international agencies. I also think this edition consolidated the fact that there is increasing ideological diversity within the WSF and is clearly not exclusively an international meeting of leftists, for example, though it is a place where leftists do come and meet.

One interesting dynamic to watch in the future will be the relationship between leftist parties and the movements that participate in the WSF. Naomi Klein wrote a piece shortly after the WSF criticizing its dominance by the “great men from political parties” and other US-based activists have also in the past criticized the presence of party activists at the WSF. I don’t quite understand how these critics think the WSF came into being – or how they think that participatory democracy “happens” in instances like the PB (which they all approve of). There is this naïve vision that somehow radical participatory democracy by its very virtues and beauty develops and grows without political parties and driving political projects. Or perhaps it is because the US does not have mass political parties that are democratic and represent the interests of the underprivileged, no such party can exist. The fact is that participatory budgeting is part of a political project of social transformation that is carried out by a political party with the institutional resources and know-how to do so. The WSF is made possible by this same political party and the administration it governs with the input of its citizenry. This is not to say that the PT controls the WSF or any of its meetings.

Of course, this relationship is not without contradictions. At the Asian Social Forum there were big conflicts over the role of the CPI-M in it. At the next WSF in Porto Alegre it will be interesting to see whether Lula will receive the same warm welcome, as by then he will have to have made a number of pragmatic decisions that will likely be pretty far from the agenda of many anti-globalization activists. His choice of cabinet members in economic matters, for instance, was quite conservative and has been criticized from PT’s left. It has been applauded by business magazines.

ATC: Speaking of which, Lula’s visit to Davos, how was it received by grassroots movements in Brazil?

I don’t necessarily have a sense from all movements in Brazil, but my sense is that while some prominent figures like João Pedro Stedille, head of the MST (the landless movement), were critical of Lula’s decision, my impression is that many more activists were sympathetic to his decision, not as “Lula head of the PT going to Davos”, but as “Lula, Brazil’s president addressing world leaders on behalf of the Global South.” Of course, this is still a “honeymoon period” between Lula and social movements.