

# **DEMOCRATIC PARTICIPATION AND THE MANAGEMENT OF SCARCE RESOURCES. THE CONVERGENCE OF LEFTIST AND NEOLIBERAL APPROACHES IN TIMES OF DISCONTENT WITH THE SOCIAL CONTRACT**

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**ABSTRACT:** Until the 1980s it seemed very unlikely that a leftist political participation approach could be considered a good practice of local government and supported with studies and material by an international institution like the World Bank. But this was exactly what happened with the Participatory Budget of Porto Alegre, Brazil, in the following two decades. Suddenly, neoliberal New Public Management and the call for more direct citizen control of democratic procedures of the new left in Latin America seemed to do the former unthinkable: converge to a common goal of more participation and accountability.

These approaches, as different as they may ideologically and motivationally be considered, share the same root of discontent with the existing social contract(s) shaped in contexts of struggle for scarce resources. While the Participatory Budget was created with the aim to reallocate resources to former excluded citizens (and voters), the interest of (especially European) donor countries to allocate financial resources as well as political desirable outputs in an efficient way led to a convergence of different theoretical conceptions as well as a new connection between the international and the local levels.

The fact that a concept like the Participatory Budget emerged in Brazil, one of the most unjust societies in the world which generated scarcity for a majority of the population in a country of abundant resources, shows that perhaps there are ways and means to interrupt the vicious circle of injustice and scarcity, starting at the local level and supported by national and international structures and interests. Thus, returning to the starting point of former irreconcilable concepts, bottom-up and top-down approaches may meet and shape a new frame of social interaction and build the frame of a new social contract in a new kind of approach.

**KEYWORDS:** democracy, participation, participatory budget, accountability, theory, justice.

## **Introduction**

Until the 1980s it seemed very unlikely that a leftist political participation approach could be considered a good practice of local government and supported with studies and material by an international institution like the World Bank. But this was exactly what happened with the Participatory Budget of Porto Alegre, Brazil, in the following two decades. Suddenly, neoliberal<sup>2</sup> New Public Management approaches and the call for more direct citizen control of democratic procedures of the new left in Latin America seemed to do the former unthinkable: converge to a common goal of more participation and accountability.

Participation, accountability and responsibility are also the keywords of new managerial corporate responsibility and corporate citizenship approaches that are being put in practice by international corporations and to be demanded by scholars and social movements claiming for a new solidarity in economical issues, focusing especially the enterprise's responsibility for the local economy.

Thus, was there finally found a linkage to overcome ideological left-right cleavages? Or are we living in a time of not only economical, but new political theoretical uncertainties?

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<sup>2</sup> I am aware of the problems of definition of the term "neoliberal". It is used here in the sense of efficiency and management oriented approaches to role and performance questions of the state, that are generally linked to free market models of society.

The approach of former irreconcilable ideas suggests that the discussion upon what kind of society we want to live in was reopened, if ever it has stopped being discussed. Capitalist and market-based democracies are being criticized for their lack of more equality and social cohesion, with governments getting alienated of the people they represent and market dogmas fostering selfishness and alienation<sup>3</sup>. Beside new visions criticizing the assumption that capitalist industrialization and modernization leads to development and democracy (and thus to juster societies), the core of the new discourses are, actually, demands of new forms of a social contract, which brings along discussions on what is justice, and, today, what is the meaning of equality in modern pluralistic societies. The influence of the new debate influences development policies as well as practical policy-making processes. This article will focus on two spheres that got connected in the course of it: international development institutions and new participative institutions at the local level, taking as examples The World Bank and UNDP on one hand and the Participatory Budget of Porto Alegre on the other.

### **The discontent with the social contract and new approaches to distribute scarce resources**

What do the Participatory Budget as a new form of democratic participation and New Public Management approaches have in common? As different as these approaches may ideologically be considered according to their roots, they share the same root of discontent with the existing social contract(s) shaped in the national and international contexts of struggle for scarce resources.<sup>4</sup> While the Participatory Budget was created with the aim to reallocate resources to former excluded citizens (and voters) at the local level in Brazil by a leftist Party, the interest of (especially European) donor countries to allocate financial resources as well as political desirable outputs in an efficient way in their development policy led to a convergence of different theoretical conceptions<sup>5</sup>.

The linking pin is be the demand of more transparency and accountability, thus for more public control over the allocation of resources, meaning also another balance of political influence. Why there is a new interest of the people having it, continues varying according to the interest group pushing the theme.

### **The “top-down” approach: managing development internationally – The World Bank and other international development agencies**

World Bank and the UNDP (United Nations Development Program) are the UN's main development arms. To become a member of the World Bank (is to say: of the IBRD<sup>6</sup> - and IDA<sup>7</sup> and the other sub-organizations), a country has first to join the International Monetary Fund

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<sup>3</sup> For a discussion on the importance of civil society to overcome these problems of government and a privatization of public goods see Barber 1998.

<sup>4</sup> That applies to Corporate Social Responsibility approaches as well.

<sup>5</sup> This kind of conversion of neoliberal and leftist agendas was also noticed by the Brazilian sociologist Luciano Fedozzi, in his work on the history of Participatory Budgeting in Porto Alegre, concerning especially the decentralization of social politics resulting from globalization, productive reorganization and vitalization of the local level (Fedozzi, 2000, p. 18).

<sup>6</sup> International Bank of Reconstruction and Development.

<sup>7</sup> International Development Association.

(IMF)<sup>8</sup>. Those organizations followed the "Washington Consensus", which was essentially a free market model based upon the Chicago School of monetary economics.<sup>9</sup> Whereas the World Bank is influenced by "one-dollar-one-vote", given the constellation of the donors' power and voting shares inside the bank, the UNDP as Development Agency of the United Nations operates a "one-country-one-vote" rule and works closer to the field with representatives in the countries it operates.

For many decades, development focused exclusively on economic growth. That approach was criticized more and more, and with the new focus on poverty reduction of the World Bank, the Millennium Goals of the UN and the Human Development Index (HDI) of the UNDP, a new approach to development was officially introduced in these international organizations.

With the breakdown of Communism in Eastern Europe and the Soviet Union following the Fall of the Wall in Berlin, lots of new players entered the (former western) "development market" (and also the board of the bank, as can be seen below). In African countries the old scheme communism *versus* capitalism former intrinsic to local wars was replaced by a financial run to control over local markets and development models, linked to influence power for donating countries. Thus, the struggle for development aid got tougher. At the same time, donor countries needed new arguments for why development aid should continue been paid with raising internal recession and unemployment.

The World Bank is organized as a cooperative, where the member countries (185 at the time) are shareholders. As the Board of Governors, generally the member countries' ministers of finance or development, meets just once a year, a board of Executive Directors is elected to run the bank's affairs. The five largest shareholders, France, Germany, Japan, the United Kingdom and the United States appoint an executive director, while other member countries are represented by 19 executive directors.

Before November 1, 1992, there were 22 Executive Directors, 17 of whom were elected. In 1992, in view of the large number of new members that had joined the Bank, the number of elected Executive Directors was increased to 19. The two new seats, Russia and a new group around Switzerland, brought the total number of Executive Directors to its present level of 24.

(World Bank - Organization<sup>10</sup>)

In Great Britain the idea of New Public Management promised a new form of efficiency and effectiveness in the public sector in the 1980s. With the change of staff in the 1990s in the World Bank, those ideas spread in this Institution<sup>11</sup>, paralleling the criticism on project's impacts on the environment and demands of sustainable development and participation coming from civil society

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<sup>8</sup> „The IMF has 185 member countries. It is a specialized agency of the United Nations but has its own charter, governing structure, and finances. Its members are represented through a quota system broadly based on their relative size in the global economy.“ (<http://www.imf.org/external/about/overview.htm>, May 17, 2009).

<sup>9</sup> Hopkins 2007:193. For a discussion on the goals and background of the „Washington Consensus“ see Williamson 2004. Williamson criticizes that, differing from the originally purpose, the term became a symbol of neoliberalism in the sense of a minimization of the role of the state. He also states that the consensus was not written as a policy prescription for development, but „a list of policies that I claimed were widely held in Washington to be widely desirable for Latin America as of the date the list was compiled, namely the second half of 1989.“ (p. 1).

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<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:20040580~menuPK:1696997~pagePK:51123644~piPK:329829~theSitePK:29708,00.html> (May 17, 2009)

<sup>11</sup> Personal communication of a World Bank Consultant in February, 2008.

and NGOs.

Beside a stronger focus on poverty reduction in World Bank's policies, the importance of "good" governance, civil society and participation became a new important issue inside the institution and the material produced on this topic got an immense push (Chart 2). The peak of the theme "Participation" was in the year of 1999. Considering a phase of 3 years to define new lines of action and prepare the research, that sudden interest can be led back to the internal changes in the mid-1990s, when the member's constellation and the Executive Directors changed and James D. Wolfensohn took over the Presidency (1995-2005).

In the 1990s, international development aid efforts declined by one-third.<sup>12</sup> With the new countries entering the development aid "market", participation of civil society and good governance were not only being demanded from civil society actors themselves, but also considered a method of effectiveness that could help to argue why which country and which projects received money in the face of scarce resources. Also, it could avoid later compensation costs by the affected population of promoted projects as well as serve as a means of control to reduce corruption, as it is seen up to our days.

**Why is Participatory Monitoring and Evaluation (PM&E) important?**

Participation is increasingly being recognized as being integral to the M&E process, since it offers new ways of assessing and learning from change that are more inclusive, and more responsive to the needs and aspirations of those most directly affected. PM&E is geared towards not only measuring the effectiveness of a project, but also towards building ownership and empowering beneficiaries; building accountability and transparency; and taking corrective actions to improve performance and outcomes. (World Bank, Participatory Monitoring and Evaluation<sup>13</sup>).

**Citizen involvement in fighting corruption.** Anti-corruption efforts cannot succeed only by actions of a few government agencies. Civil society, the media, Parliament, the judiciary and the private sector must be involved in a participatory way, with full voice and empowerment. Innovative ways of involving the citizenry at the local level, working with their municipalities to improve governance and control corruption, can be very effective - such as in a large project reaching many Indonesian villages, or in the participatory budgeting process in Porto Alegre, Brazil. (World Bank, The Costs of Corruption, April 8, 2004<sup>14</sup>).

Certainly, the new concepts of governance, civil society and participation that were introduced to the World Bank and the development of a new kind of index that considered social issues in a measurement of development were not only a result of a management-oriented approach. The World Bank changed its politics with a shift in the concept of development itself, focusing more on the reduction of poverty.

It is interesting that at almost the same time the "Washington Consensus" was agreed and followed by the World Bank and IMF in their development models, the UNDP index was developed by a Pakistani Economist (former having worked for the World Bank) on the base of the conceptual

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<sup>12</sup> Gleckman 2005, quoted in Hopkins 2007

<sup>13</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTPCENG/0,,contentMDK:20509352~menuPK:410312~pagePK:148956~piPK:216618~theSitePK:410306,00.html> (May 17, 2009)

<sup>14</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20190187~menuPK:34457~pagePK:34370~piPK:34424~theSitePK:4607,00.html> (May 17, 2009)

foundation of the Indian Economist and later Nobel Laureate Amartya Sen with the support of the UNDP Administrator who was a prominent American Businessman.

The Human Development approach arose in part as a result of growing criticism to the leading development approach of the 1980s, which presumed a close link between national economic growth and the expansion of individual human choices. Many, such as Dr. Mahbub ul Haq, the Pakistani economist who played a key role in formulating the human development paradigm, came to recognize the need for an alternative development model (...)

As of 1990, the human development concept was applied to a systematic study of global themes, as published in the yearly global Human Development Reports under the auspice of the UNDP. The work of Amartya Sen and others provided the conceptual foundation for an alternative and broader human development approach defined as a process of enlarging people's choices and enhancing human capabilities (the range of things people can be and do) and freedoms, enabling them to: live a long and healthy life, have access to knowledge and a decent standard of living, and participate in the life of their community and decisions affecting their lives. (UNDP, Origins of the Human Development Approach<sup>15</sup>)

The international development organizations thus complemented the concept of development with social aspects (education, health, citizen participation) as a means of effectiveness and empowerment of the directly affected beneficiaries of the projects without giving up the economical development. The UNDP focused on public programs to reduce poverty and improve the efficiency of governance, whereas the World Bank praised accountability, transparency and participation without giving up the notion of "poverty reduction as a universal 'good' that will result as an automatic by-product of economic growth and macro-economic stability".<sup>16</sup>

### **The "bottom-up" approach: implementing local participation – The Worker's Party Participatory Budget in Porto Alegre**

Normative demands of more participation and dialogue to ensure democratic decision-making (e.g. by *Arendt, Habermas, Barber*) and local grassroots movements gave new leftist parties an anchor for a new vision of what should be a social democracy. That discourse was strengthened after the disaster of totalitarian communism, when the dangers of an all-controlling state became clear.

In Brazil, the Worker's Party (*Partido dos Trabalhadores – PT*) emerged in the context of democratization after a 20-year period of military rule as a new political force uniting a variety of left tendencies. It rooted in worker unions as well as unions of public service and bank clerks, middle class intellectuality, and base communities of the Catholic Church. The Worker's Party defined itself as a socialist party rooting in the Brazilian social movements and was very heterogenous, uniting different "currents" from communist to social-democratic discourses.

In Porto Alegre as well as other cities, the Worker's Party won the important local mayor elections of 1988 with its coalition and started the Participatory Budgeting (PB) process with its coalition some time later to fulfill its promise of citizen involvement demanded especially by local

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<sup>15</sup> <http://hdr.undp.org/en/humandev/origins/> (May 17, 2009)

<sup>16</sup> Vandermoortelle, Jan (from UNDP) (2005). The OECD (Organization for Economic Cooperation and Development) also adopted Participation and Good Governance as topics in the mid-1990s, see OECD 1995.

neighbor movements.<sup>17</sup> The city was divided into 16 regions where people could (co-)decide the priorities of investments. The decision process of the Participatory Budget had a direct component in the form of regional assemblies and an indirect representative component in the Participatory Budgeting Council (PBC) (Conselho do Orçamento Participativo – COP). The latter discussed the final Investment Plan with the communal administration which was then sent for voting in the Local Parliament. Also, a forum of delegates (appointed by the participants) should accompany and control the implementation of decided measures. At government's side, a cabinet of coordination was implemented reporting directly to the mayor, and the planning cabinet was also involved in the process to secure an efficient cooperation.

The PB process started as an idea put in practice by the local government in cooperation with neighbor movements, and was adapted and improved over time, with a yearly cycle of decisions, yearly elected councilors and appointed delegates. In 1994, thematic assemblies were included in the process with the intention to discuss not only regional needs, but also themes that affected the city as a whole, like public transportation, health, and culture. That innovation also had the aim to include more citizens into the process, namely the middle classes that were some kind alienated of the process until then.

The discussed Investment Plans passed the elections without too many alterations although the coalition of the Worker's Party never had a majority in the Legislative. The pressure of the PB was high enough to ensure this.<sup>18</sup>

The PB process was introduced with a discourse of more participation to include former excluded citizens in the decision-making process and therefore be considered in the Investment Plan. Moreover, it ensured more transparency in the process of investment decisions, since the budget was divided according to the voted priorities considering pre-established weights of the real needs of each region (that were also open to discussion).<sup>19</sup> It gave the participating population a feeling of ownership of the process and that there was, finally, a method in which the picture of the traditional unequal investment could be reversed.

Although the the extent of real influence of the participating population over the complete investment budget and the "people's" legitimacy propagated by the government can be discussed, there is no doubt that the Participatory Budget became a platform of citizen involvement in the local political affairs. As such an institution, it enhanced dialog over the real needs of the population and had a learning effect for all participants. Further, it lend legitimacy to governmental decisions of how the city investment was to be applied.<sup>20</sup>

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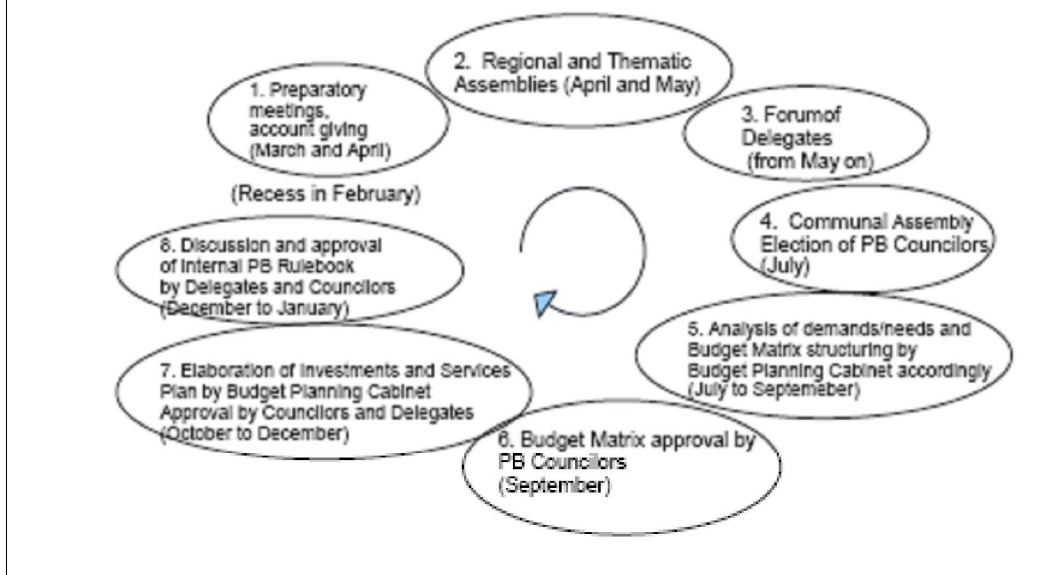
<sup>17</sup> Note that the new Constitution of 1988 gave illiterate persons the right to vote in Brazil, giving a great segment of the poor a political voice they didn't have before. Certainly, that aspect was important for the outcomes of the elections (The PT also won the elections in the city of São Paulo). For a good overview of the history, especially the start of the PB process in Porto Alegre see the work of Fedozzi 2000.

<sup>18</sup> For a good overview how the behavior of Communal Parliamentarians was affected by the Participatory Budget, see the work of Dias 2002.

<sup>19</sup> The weight of needs changed a little during time, but it considered the scarcity of infrastructure in the region, the size of the population, the share of the population in slum areas and the priorities chosen in the region (criteria of 1992, see Fedozzi 2000:125). Criteria were established in the internal rules book (Regimento Interno) of the PB.

<sup>20</sup> Of course, the process was also criticized by local parliamentarians of the opposition, who were used to negotiate the Budget including the overall Investment Plan with the local administration and perceived the new process as a loss of influence.

Chart 1: Participatory Budget Cycle in Porto Alegre



The decision-making process became a new transparency that it never had before and included former excluded people into a process that directly affected their lives.

After four legislative periods, the Worker's Party lost the municipal elections of 2004 and passed the mayor's office to the opposing candidate of the Popular Socialist Party (*Partido Popular Socialista* – PPS) with its coalition. The Participatory Budget was one of the themes of the election campaign, and the challenger promised to keep it running if he won.

The new local government introduced its own strategy of “local solidary governance” (*Governança Solidária Local* - GSL), in which the Participatory Budget should be one of the pieces. Participation, thus, continued being an important topic in the political discourse and local government activities, although the Participatory Budget lost in importance and influence.

In Brazil, the participatory Budget spread to other cities, being implemented by different parties and coalitions, although the Worker's Party continued being involved in most of them. In the State of Rio Grande do Sul, *Olívio Dutra*, former Mayor of Porto Alegre of the Worker's Party won the gubernatorial elections of 1998 and implemented a kind of Participatory Budget in the next political sphere. The project met a lot of difficulties giving pre-existent institutions and complexity, the difficulty to discuss policies in a larger scale and legal problems. With the loss of the next elections the state-level participatory budget project was stopped. At national level, the possibility of a participatory budget process was discussed in the Chamber of Deputies, but never left this stage.

### **The connection**

The Participatory Budget in Porto Alegre was presented as administrative innovation at the HABITAT II Conference on Human Settlements in Istanbul, promoted by the UN in 1996. From then on it was labeled as best practice of governance by UN and World Bank. Thus, the theoretical convergence became also a convergence of palpable policies, uniting the global and local levels.

How did that happen? First, as seen above, the concept of development changed inside the international institutions themselves over time. The economical growth dogma started getting criticized as not being enough to ensure poverty reduction and a decrease in social inequality. With, modernization and industrialization produced new jobs, but also a new kind of poverty concentrated in the urban centers that attracted masses of people without developing the necessary infrastructure to absorb them in a civilized way of life. Of course, that development based on a pre-existent inequality and poverty in the rural areas. In Latin America, for instance, the unequal structures and power balance since colonization can be seen until our days.

With the new world order from the 1990s on, the UN establishing the Millennium Goals, UNDP developing the HID, Climate Changes and Environmental Sustainability questions discussed in Rio 1992, and Non-Governmental-Organizations (NGOs) claiming more governmental responsibility and citizen participation, this topic started to be included to the agenda of the international organizations. UN-Habitat, until 1996 only an agency of less importance in the UN system "with meagre support and an unfocused mandate" to address problems stemming from massive urban growth, increased in importance and focus after the HABITAT II Conference in Istanbul and was elevated to the status of a full fledged program of the UN in 2002.<sup>21</sup> From the Conference on, the idea of the Participatory Budget, where it was presented as one of the innovations of good governance in Brazil, started its career inside the UN agencies. The PB of Porto Alegre is known and propagated as "Pioneer in Participatory Budgeting"<sup>22</sup> and method to fight corruption and "helping people to help themselves"<sup>23</sup>. Participatory Budgeting as method is now being promoted by UN organizations in Africa as a means to foster "good governance" in the sense of less corruption, participation, finance knowledge.<sup>24</sup>

For the first time, it seems, a democratic innovation is being exported by a middle income country not only to poorer developing countries, but also to the self-appointed developed countries.<sup>25</sup>

The interest of the international development organizations in methods of more transparency, accountability and poverty reduction met the new approach in Porto Alegre in a time when the development model was already changing in the international development arena. Also, the transition to democracy in Eastern Europe demanded new approaches to civil society as key actor to democratic development. "Good Governance" was a new key issue to address the challenge of the new millennium, accompanied by citizen participation as means of accountability and transparent decision making processes (Chart 2).

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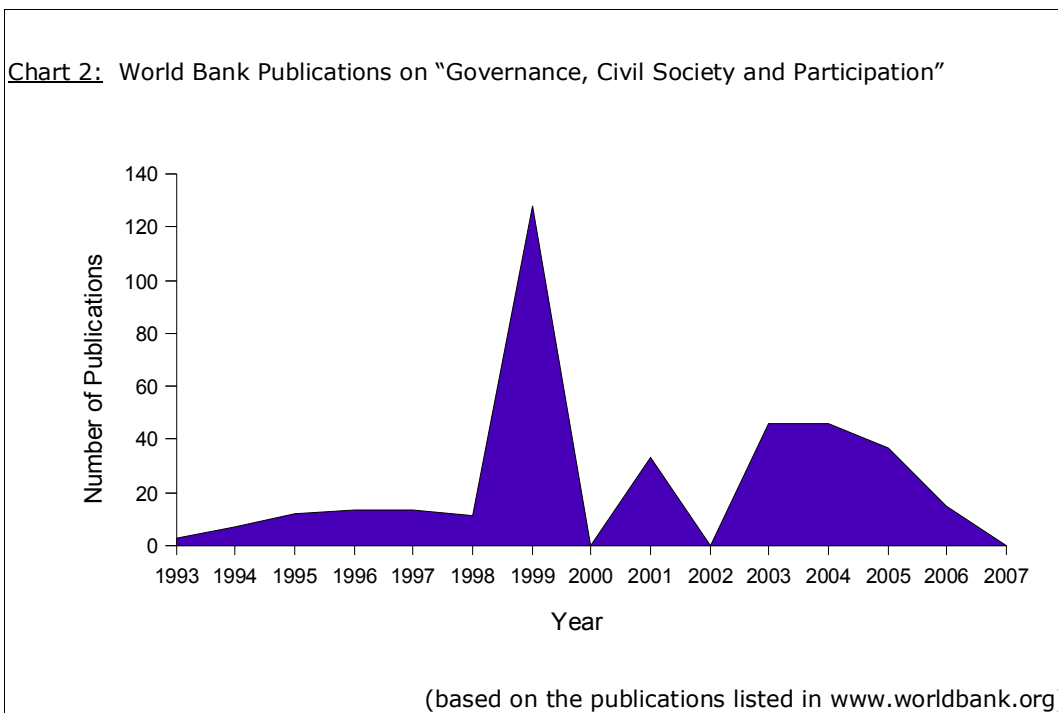
<sup>21</sup> For a brief historical overview see <http://www.unhabitat.org/>

<sup>22</sup> [http://ww2.unhabitat.org/cdrom/TRANSPARENCY/html/2d\\_7.html](http://ww2.unhabitat.org/cdrom/TRANSPARENCY/html/2d_7.html) The emphasized keywords are accountability, transparency and good urban governance. Actually, Porto Alegre was not the first city to implement a PB process and not the only one to implement it in the legislative period of 1989-1992, but it was the first to do it in such a range and with great success measured on longevity, identity, academic research and fame.

<sup>23</sup> World Development Report 2006 (Weltbank 2005: 84f.).

<sup>24</sup> For instance, with the Radio Program „Africa Good Governance Programme on the Radio Waves“, broadcast simultaneously in all Africa through satellite (<http://siteresources.worldbank.org/CMUDLP/Resources/part5.pdf>) or the UN Habitat book Participatory Budgeting in Africa – A Training Companion, Vol. 1, 2008.

<sup>25</sup> Participatory Budgets were introduced in several European Countries, including the United Kingdom, Spain, Germany, France and Italy. For an overview see Sintomer et al. (2006). The UK Government even released National Strategy Draft concerning Participatory Budgeting in 2008.



Since the beginning of the 1990s, the UN changed its strategy of action, promoting huge international thematic events. Starting with the ECO 92 conference in Rio de Janeiro, topics like population, social issues and women were discussed in conferences over the world, and other actors than just national level governments were incorporated as relevant. But the HABITAT II conference was the first one that included Non-Governmental sectors into the official delegations of the conference, having an own forum (a Partners forum, consisting of representatives of local governments, NGOs, social movements, unions, parliamentarians and academics) (Rolnik, 1996). The definition of local governments as Non-Governmental (in fact: non-national-governmental) sectors or their grouping with non-governmental actors reflects the assumption of government as national in the international forums. In Brazil, government is seen as government, being completely professionalized even at the local level.<sup>26</sup> A Partners forum connecting local government, parliamentarians and NGOs social movements, and academics certainly became a possibility of exchange and identity that influenced the self-image of those actors as fighting for the same cause at the same side.

The interest in new democratic methods to overcome corruption, clientelism and inefficient bureaucracy led to an "export" of the Participatory Budget idea into international development cooperation as well as in the local level of other countries, especially in Europe and Latin America. Former members of Porto Alegre's administration were hired as consultants for *Hugo Chávez* in Venezuela as well as for the World Bank. Often Porto Alegre and Kerala, India, are cited together as best practices for participation and empowerment at the local level.<sup>27</sup>

In Porto Alegre itself, the Participatory Budget was included into another approach after 2005.

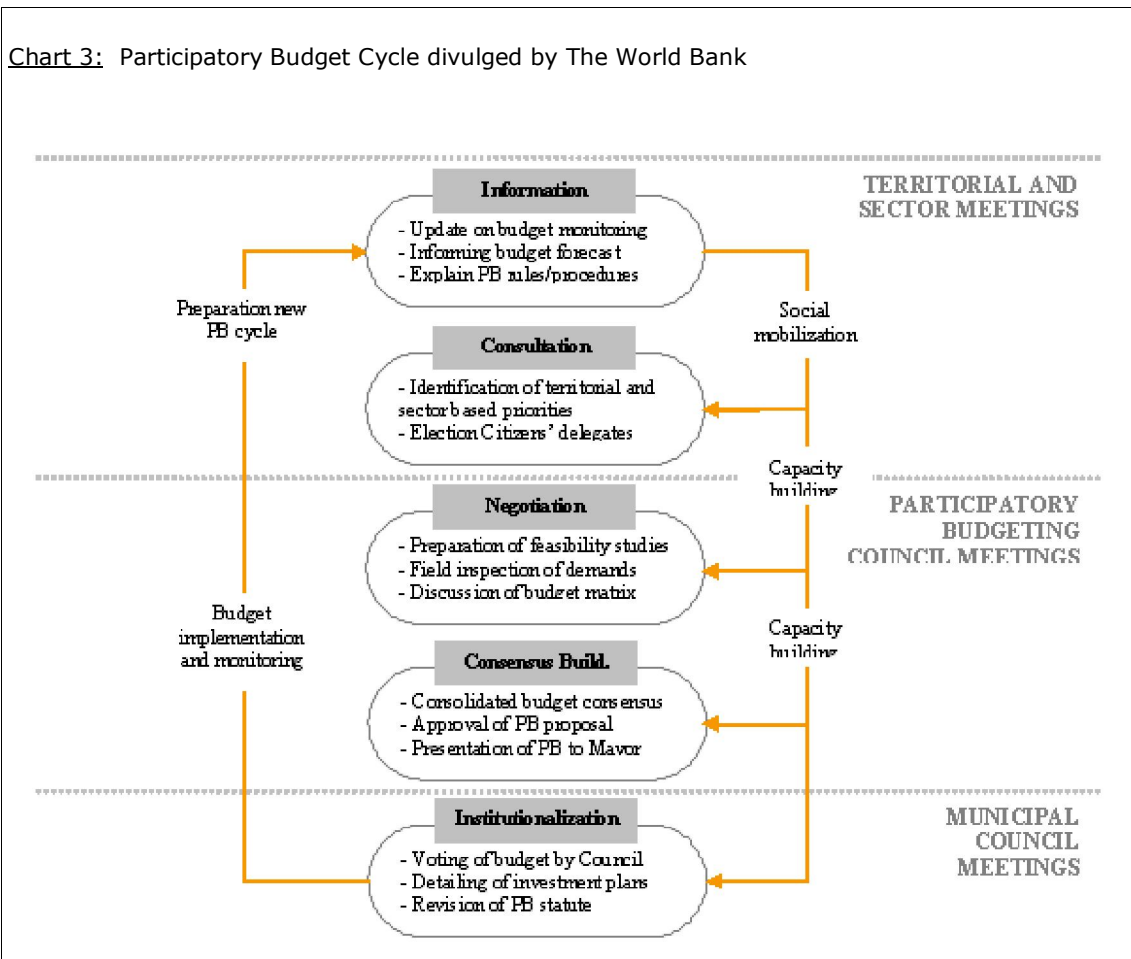
<sup>26</sup> For an overview of the importance and role of municipalities in Brazil see Eaton (2004), for the difference between German and Brazilian municipalities see Krell (2003).

<sup>27</sup> See, for instance, the World Development Report for 2006 (Weltbank 2005:84f).

The new administration wanted to implement its own principles of participative solidary politics. In 2008, the Participatory Budget was object of an extensive analysis conducted by the Brazilian Department of The Sustainable Development Unity for Latin America and the Caribbean of the World Bank (Relatório nº 40144 - BR) This report was requested by the new government of Porto Alegre at the World Bank, as mentioned in the first page. The main questions that should be answered were:

- 1) How to ameliorate the “quality of participation” of the PB
- 2) How to reinforce the relation between the PB and the local fiscal administration
- 3) How to develop a capacity of the PB to control the budget implementation
- 4) How to develop a more coherent system of social control in the city, ameliorating the communication between the PB and other participative forums
- 5) Which are the social and fiscal impacts of the PB

Thus, the process of cooperation between the international level in form of the World Bank and the local level in Porto Alegre led from export of the Participatory Budget model to a controlling of this model in the terms of effectiveness and inclusion defined as affirmed in the report's title. This change took place with the new administration of Porto Alegre, which was interested in the effectiveness concept pursued by the World Bank. The real outcomes of this influence will have to be evaluated in the next years.



## Conclusion

The fact that a concept like the Participatory Budget emerged in Brazil, one of the most unjust societies in the world which generated scarcity for a majority of the population in a country of abundant resources, shows that perhaps there are ways and means to interrupt the vicious circle of injustice and scarcity<sup>28</sup>, starting at the local level and supported by national and international interests and structures.

In a context of globalization and decentralization questioning the power of national states, the local level was the arena where new experiences were made. In a time when there seemed only to be a dichotomy between state or market, the Participatory Budget offered a new vision being a governance model as well as a model for a new role of the state, helping to empower citizens instead of just acting on their behalf.<sup>29</sup>

That does not mean that the Participatory Budget is a perfect model. In practice, it cannot suddenly change the power relations between informed and uninformed, rich and poor, governing and governed people. It also will not change the logic of economical development, political party interests or elite interests continuing having a huge weight in decisions. But it is a real experience. Different from theoretical ideological models, that implies to deal with the reality we have as a starting point. In Brazil and over the world, it is a reality of high inequality and poverty rates. In this context, the Participatory Budget is a valuable method to get citizens into the decision making process, where there is a soil of citizenship organization, interest in politics and politicians interested in citizen participation.

The World Bank's approach changed in the past three decades from economical growth oriented to poverty reduction, but the importance of economical development continues to be the leading idea of how to achieve this goal. Civil society involvement is seen as a means of control to overcome the problems of corruption and other costs and wastes than a goal in itself. The question of the roots of corruption is not discussed in this context. Nevertheless, with the insertion of the Participatory Budget in its official publications the World Bank became a multiplicator of the idea and a platform of information on the topic. It could improve its image as development financial institution and use the concept to follow its own goals of transparency and accountability.

In Porto Alegre, the Participatory Budget itself offered a room for investments preferences of the participants as well as for an exchange of information on the city and its behalf. It included citizens into the decision-making process, giving them more political and informational power than they had before. It did not become the public space where policies could be discussed as originally thought due to legal and institutional constraints. With its own aims of transparency and accountability, it got also a method of more public control and information on politicians' actions.

The connection of such an approach, initially of leftist politics, with the international

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<sup>28</sup> Leaving the traditional linear assumption that scarcity leads to injustice because of the struggle for resources, the basic assumption in this article is that injustice produced by economical inequality generates scarcity in the sense of poverty and exclusion, which intensifies injustice in a circular way.

<sup>29</sup> Thus, it could be a possible way to a strong democracy built upon meeting spaces for political dialog as Barber discusses in the referred literature.

development policies with their own interests or definitions of development, leads to a new process of mutual influences with changing weights of power of political actors and ideas. If the originally impulse to democratic innovation in form of the Participatory Budget was bottom-up, from local over global to other localities, the influence changed to top-down again, but on a new information and learning process level. Still, the interest behind the terms transparency and accountability vary according to the ideas and aims followed. The importance of a debate of meanings and aims should not be forgotten. What is "quality of participation"? "Capacity of control"? "Social control"? Which are the aims of citizen participation fostered by different political actors? Those are questions still to be discussed, in an empirical as well as in a normative way, to get new theoretical guidelines for practical political actions.

THEUER, Daniela. Democratic participation and the management of scarce resources. The convergence of leftist and neoliberal approaches in times of discontent with the social contract.

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**RESUMO:** Até a década de 1980 parecia muito improvável que uma política participativa de esquerda pudesse ser considerada uma boa prática de governança local e contar com o apoio de uma instituição internacional como o Banco Mundial. Mas foi exatamente isto que ocorreu com o Orçamento Participativo de Porto Alegre nas duas décadas seguintes: a idéia neoliberal do *New Public Management* e o projeto de controle cidadão da democracia da nova esquerda na América Latina convergiram para um objetivo em comum de mais participação social e responsividade na política.

Por diferentes que possam ser considerados ideologicamente, estas abordagens dividem um descontentamento com o contrato social existente, que está inserido em um contexto de recursos escassos. Enquanto o Orçamento Participativo foi criado com o objetivo de realocar recursos para cidadãos (e eleitores) excluídos até então, o interesse de países credores (especialmente europeus) no contexto internacional em alocar os recursos financeiros assim como resultados políticos para eles desejáveis de uma forma eficiente levou a uma convergência de conceitos teóricos diversos assim como a uma nova conexão entre o nível local e o internacional.

O fato de um novo modelo como o Orçamento Participativo ter surgido no Brasil, uma das sociedades mais injustas no mundo, que gerou escassez para uma maioria da população em um país de recursos abundantes, mostra que talvez existam meios e caminhos para interromper o círculo vicioso de injusta e escassez, partindo de um contexto local e amparados por estruturas internacionais com interesses semelhantes. Assim, voltando ao ponto de partida de conceitos até então irreconciliáveis, abordagens de baixo para cima e de cima para baixo talvez estejam encontrando pontos em comum para forjar um novo paradigma de interação social, que pode futuramente levar a um novo contrato social em sua nova abordagem.

**PALAVRAS-CHAVE:** democracia, participação, controle social, Orçamento Participativo, teoria, justiça.

**RÉSUMÉ:** *Jusqu'aux années 1980, il semble très peu probable que d'une politique participative de la gauche pourrait être considéré comme une bonne pratique en matière de gouvernance locale et pourrait compter sur le soutien d'une institution internationale comme la Banque mondiale. Mais c'est exactement ce qui s'est passé avec le budget participatif de Porto Alegre, au Brésil, dans les deux décennies suivantes : l'idée de La nouvelle gestion publique néolibérale et le projet de contrôle par Le citoyen de la démocratie, par la nouvelle gauche en Amérique latine ont convergé vers un objectif commun d'une plus grande participation et La réactivité de la politique sociale.*

*Aussi différentes que peut être vu en termes idéologiques, ces approches ont une insatisfaction avec le contrat social existant, qui est insere dans un contexte de ressources limitées. Alors que le «Budget Participatif» a été créé afin de réaffecter les ressources pour lês citoyens (et électeurs) exclus jusque-là, l'intérêt des pays créanciers (en particulier européens) dans le*

*contexte international dans l'allocation des ressources financières, ainsi que les résultats des politiques qu'ils voulait, conduit à une convergence de plusieurs concepts théoriques ainsi que d'une nouvelle connexion entre le local et international.*

*Le fait qu'un concept comme le budget participatif surgi au Brésil, une des sociétés les plus injustes du monde, qui a conduit à une majorité de pénurie de la population dans un pays doté de ressources abondantes, montre que peut-être il ya des façons et des moyens de briser le cercle vicieux de l'injustice et de privation, fondé sur un contexte local et soutenue par des structures internationales ayant des intérêts similaires.*

*Donc, retour au point de départ de concepts jusqu'alors inconciliables, les approches de bas en haut et de haut en bas peut être trouver un terrain commun de forger un nouveau paradigme d'interaction sociale, ce qui peut éventuellement déboucher sur un nouveau contrat social dans son nouveau approche.*

**MOTS-CLÉS:** *démocratie, la participation, le contrôle social, de la budgétisation participative, la théorie, la justice.*

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