Clientelism or Empowerment?
The Dilemma of State Decentralization for Securing Peace and Development

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For several decades now, state decentralization has been a cornerstone of an exceptionally wide range of policies promoting state reform, more effective service delivery and greater levels of democratization through increased opportunities for citizen participation. Despite their varied and sometimes contradictory policy goals, “bringing the state closer to the people” has become a new mantra policymakers and academics alike that seems to transcend ideology and academic discipline.

Not surprisingly, the empirical evidence on the success of decentralization policies is mixed at best, with several showcase successes (e.g., participatory budgeting in Porto Alegre, Brazil) standing in sharp contrast to a myriad of far less successful experiences (Manor 1999; Oxhorn et al. 2004). In particular, rather than empower citizens, participatory institutions can have the opposite effect by reinforcing traditional clientelistic relations (Oxhorn 2001; Montambeault 2009). This empirical problem is further complicated by the fact that there is no clear consensus on how to actually measure “success” given the often competing goals behind decentralization. For example, even though Porto Alegre’s participatory budget is lauded as a success in terms of citizen participation and local government accountability, it is difficult to determine whether it is the most efficient mechanism for delivery of public goods and services. In fact, it is hard to find studies which compare the relative success of specific reforms in achieving efficiency goals with their success in terms of democratization goals. Most studies either assume that the two goals are incommensurate, or that “legitimacy” or “responsiveness” are synonymous with “efficiency.”

Despite such ambiguities, however, the level of state decentralization will have an important impact on the prospects for achieving both peace and development. This is
because state decentralization is intrinsically a critical aspect of any powersharing arrangements, even if it is not recognized as such. Beyond the lack of conclusive empirical evidence regarding its success and the competing goals associated with it, the fundamental ambiguity regarding state decentralization policies reflects the fact that all such policies involve important issues of distribution, both within the state and among different actors. As a result, the actual impact of decentralization policies (successful or not) will be reflected in changes in how states relate to their respective societies. This process, in turn is a function not only of the nature of the reforms, but also the way in which different actors are able to take advantage of them to further their own interests. For these same reasons, state decentralization can be even more important in postconflict settings than in other cases. In particular, decentralization can help contribute to diffusing conflict by affecting the distribution of power resources across social classes (horizontally) and within the state (vertically) such that prior polarizing dynamics can be attenuated. The key is the potential of decentralizing reforms to redistribute power in a democratic fashion, preventing elite capture and minimizing the ability of elites to use such resources in order to entrench clientelist networks.

The paper is divided into four sections. The first looks at decentralization in terms of distribution, distinguishing between vertical distribution within the state and horizontal distribution among different actors. The second then examines the impact of decentralization in terms of state-society relations, focusing on how decentralization conditions a process characterized as the social construction of citizenship. The next section then briefly contrasts two processes of decentralization in order to illustrate how different decentralization processes affect powersharing: Bolivia’s Popular Participation
Law and participatory budgeting. The final section draws important lessons for designing decentralization policies in postconflict settings.

*Decentralization as a Distributive Mechanism*

State decentralization consists fundamentally of the transfer power by the central state to subnational levels of government (Oxhorn 2004). This can be understood as a vertical transfer that can be understood in terms of three broad types: deconcentration, delegation and devolution (Rondinelli 1981). All three reflect varying levels of power transferred from the center to regional and/or local authorities as a result of reforms in the central state apparatus. Deconcentration reflects the decentralization of policy administration or implementation, while policy continues to be made at the central level. Delegation includes some transfer of decision-making authority, although the central state still reserves control over key aspects of policy. Finally, devolution transfers maximum decision-making authority to subnational governments. By necessity, devolution also is assumed to include a significant level of financial autonomy, through guaranteed fiscal transfers from the central state and/or significant revenue-generating capacity at the level of the subnational governments.

This vertical transfer of power can consist of various kinds of resources. These include authority to decide policies, as well as the economic resources necessary to implement them. This can entail a redistribution of resources from better off jurisdictions within a country, as well as from richer to poorer segments of society. Conversely, decentralization can be a mechanism for preserving inequality and hierarchy. For example, the military government of Augusto Pinochet in Chile implemented extensive decentralizing reforms that transferred responsibility for implementing national policies
to regional and, in particular, municipal governments. In contrast to much of the literature on decentralization which stresses the importance it can have for increasing democratic legitimacy and efficiency by bringing service delivery closer to the end-user, the overriding political goal was to fragment political power and increase state penetration of society in order to better control the opposition and prevent the emergence of another Marxist government (Oxhorn 1995b). Similarly, decentralization in Mexico in the 1990s reinforced clientelist networks at the local level, despite the introduction of new participatory mechanisms explicitly designed to allow for greater levels of democratization and accountability. This is because actual authority and the bulk of the resources associated with decentralization remained at the regional level, where the reigning Institutionalized Revolutionary Party (PRI) used them to strengthen its hold over regional governments as a bulwark against a national transition to democracy (Holzner forthcoming).

This underscores the continued importance of the central state in understanding how decentralization works in practice. As a vertical process of transferring power, it is important to emphasize that the nature of decentralization is conditioned by the role that the central state continues to play along with regional and local governments in an overall system of governance. Privatization—the hiving off of state services to increase competition and/or reduce the size of the state—and “decentralization by default” as a consequence of the state’s incapacity to provide basic services are not considered examples of privatization (Manor 1999; Oxhorn 2004). Such activities are, by definition, external to the state. They are governed solely by economic criteria, even though they are likely to have important political consequences. This is particularly true for cases of
conflict and postconflict, where states (at any level) are likely to lack the capacity (if not political will) to ensure that such services are supplied in as inclusive a fashion as possible. In such cases, privatization and privatization by default are only likely to advantage some groups at the expense of others, either because services are biased toward particular groups (based on race, ethnicity, religion, etc.) or social classes.

The latter point underscores how decentralization inevitably affects state-society relations, the horizontal dimension of power transfer. This is because decentralization directly determines how citizens access the state and its resources. On one extreme, privileged groups are able to take advantage of the reforms to assert their control the subnational state and its resources. This can be explicit, as it was during Chile’s military regime; or de facto as has happened in Mexico or Bolivia in the 1990s, among other cases. At the other extreme, avenues for the participation of disadvantaged groups (whether they be social classes, national ethnic minorities, etc.) can be opened up through decentralization in order to effectively redistribute political, if not economic power. The epitome of this is Porto Alegre’s participatory budgeting process.

This democratizing potential of decentralization is particularly promising for maintaining peace in postconflict societies. It can maximize powersharing at subnational levels, which can have clear benefits in terms of promoting development (Narayan-Parker 2009). At the same time, democratic decentralization can contribute to diffusing national political tensions, particularly when such tensions reflect the geographical concentration of important actors. Rather than viewed as a mechanism for social control and penetration of society by the state, as in Pinochet’s Chile, important distributional issues can be more effectively addressed at the local and regional levels as a way of avoiding
national polarization. The central state continues to play a key role in providing an overarching framework for managing the diversity of localities and interests (Waltzer 1992, 1999), minimizing centrifugal tendencies rather than exacerbating them by requiring that all distributional issues be decided at the pinnacle of political power. It is also important to emphasize that democratic decentralization can be quite effective in countries where there exists only a *minimal consensus* within society regarding the nature of the polity to which they belong. Essentially, it suffices that segments of society recognize that they form part of a larger “public” or nation, even if it is only because societal stalemate and/or international geopolitical realities make this a second best alternative, and renounce violence in pursuing their political ends (Oxhorn 2006). Indeed, it is the lack of a deeper consensus that makes democratic decentralization that much more important for maintaining peace and minimizing disruptive conflict.

Of course, decentralization in practice can be anything but democratic. The distribution of resources to subnational levels of government only invites clientelism and the use of those resources for personal or political gain. Even in authoritarian Chile in the 1980s, local political party elites tried to parlay their political connections into benefits for their followers. This danger can be best understood in terms of competing models of citizenship.

*Decentralization and the Social Construction of Citizenship*

The starting point for my analysis is the concept of civil society, defined as: “the social fabric formed by a multiplicity of self-constituted territorially- and functionally-based units which peacefully coexist and collectively resist subordination to the state, at the same time that they demand inclusion into national political structures (Oxhorn
1995a, 251-2). This definition shifts the focus away from civil society’s normative or cultural content to an emphasis on power relations within a given society. A strong civil society reflects a relative dispersion of political power throughout entire polities. This, in turn, “contributes to the advent of stable democratic regimes supported by already strong, vibrant civil societies whose component elements struggled for democracy in the first place” (Oxhorn 1995a, 253). In societies where political power is more concentrated, civil society is weaker and the prospects for long term democratic stability correspondingly are lower. The focus on self-constituted units as the component parts of civil society highlights the importance of organization in generating political power. In particular, the capacity of subaltern groups to organize themselves autonomously is a key defining characteristic of strong civil societies capable of supporting stable democratic regimes.

The nature of state-civil society relations is reflected in a process that I will refer to as the social construction of citizenship (Oxhorn 2003). Even though there is perhaps greater consensus today than ever before on the normative content of democratic citizenship rights, there is still no consensus for implementing many specific rights of citizenship. In most new democracies, conflicts over basic citizenship rights were central yet unresolved issues in the transition process. The failure of democratic institutions to address these shortcomings after the transition is often the principal source of their fragility. The pressures for expanding citizenship rights that emerge (or fail to emerge) from within civil society, and how those pressures are dealt with by the state, are central to understanding the impact of state decentralization on democracy and peace.
Citizenship reflects which groups participate in their social construction and how. This is best understood in terms of models of citizenship.

Historically, the dominant citizenship model in developing countries has been *citizenship as cooptation*. It was closely associated with industrialization and urbanization, starting early in the 20th century in a number of countries. The cornerstone of citizenship as cooptation was a unique process of *controlled inclusion* (Oxhorn 2003). Controlled inclusion consisted of top-down processes of political and social inclusion in which citizenship rights were segmented, partial and, ultimately, precarious. Rather than substantially alter structures of inequality, it both reflected and reinforced them.

Controlled inclusion was a state project intended to mediate the threat posed by organized subordinate classes through their selective and partial incorporation, severely restricting the scope and autonomy of civil society through policies of state corporatism, clientelism and populist appeals that were made possible by the resources placed at the disposal of political elites as a by-product of rapid economic growth.

Ultimately, controlled inclusion belied the existence of strong civil societies; only select segments of society were allowed to organize and the autonomy of those organizations was seriously compromised. Important social rights of citizenship were often granted in lieu of meaningful political rights, while the authoritarian nature of the regime by definition implied that respect for basic civil rights.

Citizenship as cooptation historically has co-existed with a competing citizenship model, *citizenship as agency*. Citizenship as agency reflects the active role that multiple actors, particularly those representing disadvantaged groups, must play in the social construction of citizenship for democratic governance to realize its full potential for
incorporation. It is synonymous with strong civil societies in Western Europe, where advanced social welfare states can be seen as one of this model of citizenship’s principal achievements.

Today, the dichotomy of citizenship as agency and citizenship as cooptation has lost its centrality to a new model of citizenship: *citizenship as consumption*. Citizens are best understood as *consumers*, spending their votes and often limited economic resources to access what normally would be considered minimal rights of democratic citizenship. This reflects how many recent transitions to democracy represent a new alternative path in the social construction of citizenship: the provision of universal political rights in the absence of universal civil rights and declining social rights. It is a pattern of state-society relations that exacerbates historical problems of inequality and weak civil societies rather than ameliorates them.

These three models have important implications for understanding the relationship between development and democracy in postconflict countries. First, citizenship as consumption is the model that is least likely to produce either sustainable peace or development. This is because it is most likely to exacerbate the underlying conflicts that led to conflict in the first place. Second, while citizenship as cooptation may be seen as the preferable short to medium term alternative in postconflict settings given its association with controlled inclusion, the historical record strongly suggests otherwise. In Latin America, for example, controlled inclusion tended to exacerbate social tensions. The implicit, if not explicit, limits to inclusion became excessively rigid, unable to accommodate the new social pressures created by socioeconomic development or alleviate historical problems of inequality and exclusion. Democracy was viewed
instrumentally, as a means to achieve some other end that would be abandoned when alternative means for achieving those ends emerged. This was true not only for the Right and the Left, but for the region’s more moderate middle classes who decisively backed often violent authoritarian regimes when they felt threatened by the rising political power of the lower classes (Garretón 1989; O’Donnell 1979). Citizenship as agency, however, has the potential to address these issues in a more fluid, less confrontational manner. Rather than ignore conflict, it can channel it into effective institutions for mediation before mounting social tensions threaten (a return to) violence. Two contrasting examples, Bolivia’s Popular Participation Law and participatory budgeting in Porto Alegre are illustrative in this regard.

Participatory State Decentralization in Bolivia and Brazil

Two of the most important experiments in participatory state decentralization are the Popular Participation Law (PPL) in Bolivia and Porto Alegre’s experiment with participatory budgeting (PB) in Brazil. While the latter was a success in terms of establishing a citizenship as agency model, the Bolivian experience has been much more problematic, at least during its first decade.

Bolivia’s Popular Participation Law

A radical decentralization of the Bolivian state in 1994 completely reorganized Bolivia’s political landscape was around 311 municipal governments, the majority of which were not only new, but were erected precisely in those areas where the state had been most noticeably absent. Of the 311 municipalities recognized by the PPL, 187 were new.

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1 This section draws on (Oxhorn 2001).
2 Of the 311 municipalities recognized by the PPL, 187 were new.
investment. Under a new revenue sharing scheme, *co-participation*, the state would double the percentage of its revenues that it shared with municipal governments to 20 percent. The result was a windfall for the new city governments and many of the old ones as well. For the 42 percent of Bolivians who lived in rural areas, mostly members of indigenous communities, the state had dramatically “arrived”—and with unprecedented amounts of money to be spent locally.

Each municipality would be governed by an elected city council and mayor. To ensure that the new resources would actually benefit the community, over 16,000 *Territorial Base Organizations* (TBO) were legally recognized by mid-1997 (Galindo Soza 1998, 241). The TBOs were considered the authentic representatives of the interests of Bolivian civil society and many were the traditional organizations through which indigenous communities had historically governed themselves. The TBOs would establish community priorities through local participatory planning exercises associated with the elaboration of an *Annual Operating Program* (AOP) in each municipality. The TBOs would also select members for a new institution that would represent community interests at the level of the city government: *Vigilance Committees* (VC). The VCs would articulate and represent community priorities in AOP processes. They would also exercise oversight on portion of municipal budgets financed through co-participation.

The PPL ultimately sought to ensure governmental accountability and transparency by creating a hybrid form of democracy, incorporating Western traditions of representative democracy with local, indigenous traditions of community self-government—“individual liberty with communitarian symbiosis” (Secretaría Nacional de Participación Popular 1997, 10). In one fell swoop, the PPL offered institutional solutions
for addressing many of the problems plaguing Bolivia, from weak state to the
development of a multi-ethnic society. Despite some notable local successes, the PPL
failed to live up to expectations for generating citizenship as agency. Instead, it helped
usher in a prolonged period of political instability. Several factors help explain this
failure.

First, the PPL was conceived and designed with virtually no input from civil
society (Grindle 2000). Then-President Gonzalo Sánchez de Lozado was actively
involved, working closely with his key advisors. Even his Vice President at the time,
Víctor Hugo Cárdenas, who was one of the most prominent political leaders of
indigenous descent in Latin America, played almost no role.

Second, the decision to base PPL participation on TBOs meant that functionally-
based organizations were deliberately excluded. Ironically, this decision excluded the
principal actor in Bolivian civil society advocating decentralization: civic committees.
The rest of Bolivian civil society was relatively silent on the matter. Civic committees
had become increasingly important as an alternative to Bolivia’s corrupt political party
system; they were largely urban and often had close ties to business groups, which were
all sources of distrust among the PPL’s architects.

Having excluded the principal groups demanding decentralization from the PPL
framework, the PPL’s ultimate success was dependent on sectors of civil society that had
not participated in its elaboration and that were historically suspicious of the Bolivian
state. The Government had to win over public opinion once the law was already in place
in the face of a very effective opposition campaign against the “damned laws” that was
able to mobilize substantial support from a variety of sources, including political parties,
functional organizations (especially organized labor) and non-governmental organizations. Repression of protesters further clouded the legitimacy of the PPL when it was being implemented (Van Cott 2000).

The key to successfully overcoming this problem inevitably became the availability of co-participation funds. As the intellectual author of the PPL and first National Secretary for Popular Participation, Carlos Hugo Molina, candidly explained, “the fundamental success for the consolidation of popular participation was the existence of resources. The people linked popular participation directly with resources” (personal interview, Santa Cruz, 7/15/99). Within four months of the law’s promulgation, particularly in rural areas, more resources had arrived than in the previous three years combined, and in many cases it was the first time they had received any resources from the state. Indeed, according to Molina, a central aspect of the government’s campaign to raise support for the PPL was to publicize how much money was arriving to local governments so that people would have an incentive to start exercising some control over its expenditure. Not surprisingly, one reason for the rapid legalization of so many TBOs was their desire to gain access to these resources—and in many instances it reflected the desire of political parties to get those TBOs most closely tied to them recognized so they could gain access as well (Booth et al. 1997, 23-4). This fundamental contradiction of attempting to legitimate institutional reforms embodying citizenship as agency through recourse to a model of citizenship as cooptation only served to heighten the suspicions of poor, marginalized groups that already were fearful of state efforts to equate narrow political interests with the public good.
The decision to limit PPL participation to territorial organizations also raised serious questions regarding the representation of marginal groups and their manipulation by political elites. Demographics and migration from depressed rural areas meant that many TBOs were stagnant, moribund organizations that had lost their appeal to local inhabitants (Booth et al. 1997, 76). The sudden influx of central government resources gave them new life, but they often were soon dominated by local political elites and political party representatives. In other cases, organizations were formed in order to channel funds, without any real connection to society. Such organizations were characterized as being “imposed, artificial” (personal interview, Ana María Lema, Santa Cruz, 7/15/99). These problems are particularly acute in urban areas (Programa de Las Naciones Unidas Para el Desarrollo (PNUD) 1998).

More generally, there was little effort to mobilize citizen participation to get people to actually involve themselves in local politics (Booth et al. 1997, 86). This was particularly true for the young (Programa de Las Naciones Unidas Para el Desarrollo (PNUD) 1998).³

In contrast, the most dynamic organizations were often functional organizations, particularly committees formed to secure irrigation and potable water. The reason for the dynamism of such committees is that they had something concrete to offer their members. Successful committees often did not disband once irrigation or potable water were obtained for their members, and have shown the capacity to move into other areas

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³ This changed dramatically during the protests that later wracked Bolivia and ended Sánchez de Lozado’s second presidential term in 2003, underscoring the PPL’s inability to create new mechanisms for inclusion.
of activity related to community development. Women’s organizations were similarly
excluded, with significant declines in female participation in municipal governance.

These problems have been compounded by the actual way in which participatory
budgeting and the vigilance committees function in practice. In terms of participatory
planning, “participation” by TBOs generally has been limited to setting priorities for
expenditures and making demands, rather than actually participating in the planning
process (Archondo 1997; Vargas R. 1998; Booth et al. 1997). This was partly due to the
fact that the planning process was not designed for more active inputs from civil society.
But it also reflects past patterns of a more paternalistic (and sometimes conflictual)
relationship between the state and civil society in which civil society looked to the state
to resolve its problems.

The problem of limited participation is compounded by a lack of synchronization
between the priorities established by the participatory budgeting process and actual
municipal budgets. In 2000, only 23% of the projects funded by municipal governments
originated through participatory budgeting processes. 4 Yet actually making it into the
city’s budget is insufficient because budgeted programs frequently are not implemented.
A study by Porcel and Thévoz of 151 municipal governments (1998, 103-14) found only
slightly more than 50 percent of budgets were actually executed.

If TBOs are the foundation upon which the PPL rests, then the VCs are its central
pillars. Creating 311 VCs proved to be a slow process. By December 1995, only 163 had
been formed, so the Government issued a decree stating VCs had to be formed by
December 31 in order to be eligible for co-participation funds. “In 15 days all the

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4 A subsequent reform increased this to 45 percent. See (Galindo Soza 2004, 112-3)
political parties that governed municipalities created Vigilance Committees” (Ardaya Salinas 1998, 25). Aside from raising questions about the representativity of the VCs (Ardaya Salinas 1998), this underscores a noticeable lack of social recognition of the role VCs potentially can play in empowering civil society. Institutionally, they were created by the state and lacked social legitimacy. The result is that the relationship between VCs and the communities they were supposed to represent is a formal one: “the base makes demands, but does not support” the VCs (Maydana 2004, 204)

Not surprisingly, VCs are only rarely able to fulfill their oversight role (Maydana 2004; Guzmán Boutier 1998; Booth et al. 1997). In a study of 11 VCs, only two were functioning, with important qualifications in both cases. Their task is only made more difficult by the confusion over the actual role of the VCs, particularly regarding the exercise of social control over the expenditure of co-participation funds. Moreover, VCs depend on the municipal government for vital information, and the local government often simply refuses to provide it. This can create a vicious circle of distrust and conflict between municipal governments and the organizations empowered by the PPL.

Far from creating a model of citizenship as agency, the PPL has fallen victim to many of the worst aspects of the old model of citizenship as cooptation. In a social atmosphere already characterized by high levels of distrust and skepticism toward the state, the continued existence of the PPL belies a strong civil society. Instead, as the political instability of Bolivia over the past few years dramatically demonstrates, social control and participation are increasingly following a logic of “civil society versus the state” (Maydana 2004, 235).
Participatory Budgeting in Porto Alegre

Participatory budgeting (PB) was first initiated in 1989 in Porto Alegre, a medium-sized (population 1.2 million) city in southern Brazil. While far less ambitious than the PPL in Bolivia, it similarly sought to create new institutions for realizing citizenship as agency at the local level, but with considerably greater success. Indeed, its resounding success led to the adoption of similar programs in over 100 cities in Brazil, as well as many others throughout the world.\(^5\)

In sharp contrast to the insulated, largely secretive process through which the PPL was designed, PB in Brazil was made possible by the 1988 Constitution that was crafted with considerable input from civil society. The new constitution made PB possible by granting greater authority to local governments to design new policymaking processes and recognizing the legitimacy of participatory institutions (Wampler and Avritzer 2004). Rather than mandate a single institutional design for the entire country, Brazil’s 1988 Constitution facilitated local experimentation, and Porto Alegre took up the challenge.

Several local factors heavily influenced the direction new reforms would take in Porto Alegre. Porto Alegre had enjoyed a particularly vibrant civil society, which grew in opposition to Brazil’s military dictatorship (1964-1985). This experience was ultimately eclipsed by the 1986 electoral victory of the Democratic Labor Party (PDT), a leftwing populist party that demobilized civil society in order to re-impose a more traditional clientelistic government. The initial proposal for some form of participatory budgeting

\(^5\) Although the challenges posed by PB in Porto Alegre were much less daunting than those posed by the PPL, it is important to note that the PPL failed at the local level, given the central government’s ability to fiat in radical changes. The same national level dynamics (corruption, excessive political party influence and pervasive clientelism) also were very much a potential threat to the success of PB in Porto Alegre.
actually originated within civil society, in large part to allow civil society organizations to renew their own sagging legitimacy in the face of the pervasive clientelism of the PDT government. (Avritzer 2002; Baiocchi 2002; Wampler and Avritzer 2004).

The leftwing Worker’s Party (PT) won the 1988 municipal elections, in large part because of public repudiation of the PDT. It had yet to become established as a strong party in Porto Alegre. Despite divisions within the PT (Goldfrank 2003), the party ultimately decided to make PB the cornerstone of its municipal policies (Baiocchi 2002; Avritzer 2002). Central to this decision were the close relations between the PT and the various civil society actors demanding greater popular participation in municipal government. Indeed, this combination of party commitment and close ties to autonomous (albeit sympathetic) social movements proved key to the success of PB (Heller 2001).

Despite these favorable circumstances, PB got off to a rocky start. Participation was initially relatively low and actually declined during its first two years (Goldfrank 2003). The PT responded by working with civil society organizations, negotiating and perfecting the institutions of PB. Funding levels were actually increased along with the scope of PB, so that by the late 1990s 100 percent of all discretionary municipal expenditures were decided through PB (Wampler and Avritzer 2004, 307). Deliberate efforts were also made to encourage local participants to think beyond their immediate communities and PB effectively began to address city-wide concerns (Baiocchi 2002).

The end result of PB has been “a profound transformation of civil society itself” (Baiocchi 2002, 23). The level of public participation has continually increased, from just 976 in 1990 to 26,807 in 2000 (Wampler and Avritzer 2004, 302). In contrast to the PPL, participation is open to all. A deliberate decision was made not to base participation
exclusively on prior membership in any organization, often inviting people to participate for the first time. Moreover, the number of social organizations has increased markedly as a result of the PB process. Conservative estimates suggest that the number of neighborhood organizations increased from 180 in 1986 to 540 in 1998 (Baiocchi 2002, 25). Ultimately, PB has become an example of how “civil society organizations challenge old practices, such as clientelism and patronage, while simultaneously offering concrete alternatives” (Wampler and Avritzer 2004, 291).

Most significantly, growing levels of participation and organization tend to concentrate in poorer areas, and people with lower incomes and levels of education tend to predominate in the PB process. This, plus the fact that municipal expenditures have been deliberately redistributed toward poorer areas of the city, underscores the empowerment PB offers for disadvantaged groups. More precisely, citizens can see how their collective activities contribute to policymaking in positive ways, creating a potentially virtuous circle of growing civil society strength, dispersion of economic and political power and more inclusive democratic governance.

*Toward Citizenship as Agency through Democratic Decentralization*

Not surprisingly, corruption and the capturing of the state by elite groups are closely associated with conflict (Narayan-Parker 2009). State decentralization as a process of power distribution can either exacerbate this problem in postconflict settings or contribute toward its amelioration. The experience of Participatory Budgeting in Porto Alegre suggests the direction to take. Political will, while necessary, is not sufficient for achieving citizenship as agency. This was the goal of the people who designed the PPL, but in cutting themselves off from civil society, the institutions they boldly created could
not live up to their own promise. The exclusionary, top-down means they chose made it all but impossible to achieve the more inclusionary, bottom-up vision of democracy that guided their efforts. Rather than creating cumulative processes through which citizen participation and the autonomous organization of civil society would increase, the opposite took place as initial skepticism toward the state was exacerbated, both by how the PPL was implemented and by its own limits that reflected elite visions and (mis)understandings more than the needs and aspirations of Bolivian citizens.

It is also important to recognize that the contradiction at the core of the PPL ultimately proved fatal in terms of strengthening civil society and creating citizenship as agency. Overshadowing the PPL’s lofty pretensions was the inescapable presence of important elements of citizenship as cooptation in the form of co-participation revenues and the lack of any effective mechanisms for ensuring that the public good would ultimately prevail. This contrasts sharply with the experience of PB in Porto Alegre. Working with civil society, a clear and powerful alternative to citizenship as either cooptation or consumption was created, literally from the bottom-up. The interchange between the PT as a political party, civil society and the local state created a process that strengthened civil society and the quality of citizenship.

It is important not to exaggerate the success of PB in Porto Alegre. It is clearly the most successful example out of more than 100 similar experiments, in a country with over 5000 city governments. However important it is for the citizens of Porto Alegre, PB still controls just 10-15 percent of municipal expenditures amounting to a meager per capita level of just over $200 (Wampler and Avritzer 2004, 307). While it is unquestionably an important right of citizenship for people to actually decide where a
school will be built, more fundamental decisions about school staffing and curriculum, for example, are made elsewhere. The ultimate challenge is to “scale-up” PB in the determination of national policies, and/or further decentralize decision-making authority to local governments so that larger issues can be addressed.

Yet the insights Porto Alegre offers have important implications for sustaining peace and development in postconflict settings. Rather than centralize power or distribute it in ways that may exacerbate societal inequalities that led to conflict in the first instance, the localization of decision-making can help achieve at least local consensus and thereby help diffuse national polarizing dynamics. However important PP was in Porto Alegre, in many ways the process it embodies of civil society working with the state is even a greater imperative for postconflict settings where problems of legitimacy and social exclusion are often much more significant. In other words, the very immensity of the challenge of achieving both peace and development are the best justification of democratic decentralization policies in postconflict settings.

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