SEARCHING FOR THE JUST CITY
Debates in urban theory and practice

EDITED BY PETER MARCUSE, JAMES CONNOLLY, JOHANNES NOVY, INGRID OLIVO, CUZ POTTER AND JUSTIN STEIL
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11 Fighting for Just Cities in capitalism’s periphery

Erminia Maricato
Translated by Bruno G. Lobo and Karina Leitão

INTRODUCTION

Given the (temporary?) defeat of socialist utopias at the end of the twentieth century, is it still possible to achieve more justice in cities in the beginning of the twenty-first century?

Given the territorial mobility of capital in the so-called era of globalization, which in its search for locational advantages condemns cities to abandonment and ruin through unemployment, what are the chances of inverting such processes?

Given that the neoliberal ideas that guide the restructuring of capitalist modes of production impose the deregulation and privatization of public services and undermine the welfare state, how can public agencies meet the needs of those that cannot pay market prices for housing, health care, sanitation, and education?

Does a debate on just cities, as proposed in this book, still make sense considering the following and other features of neoliberal globalization, which are urban in nature or which markedly impact the urban context: unemployment or precarious labor relations, territorial fragmentation, interurban competition, the exacerbation of the “city of the spectacle,” and the rise of the “city-state,” the “city-corporation” and the “merchandise city” (Arantes et al. 2000)?

If we consider also that those changes have ground down on societies which have not yet ensured universal social rights (such as rights to social security, health, and education) and most of whose economically active population remains in informal activities, what are the odds of fighting the increasing urban inequality in societies that combine a politically subordinated connection to the post-modern condition with the maintenance of pre-modern relations?

Globalization, like Taylorism and Fordism before it, is creating a new man and a new society by transforming states, markets, labor processes, aesthetics, goods, habits, values, culture, social and individual subjectivity, and the production of space and environmental relationships. Although these transformations impact any society or city in the world—regardless of their being labeled winners, losers, or outsiders—this chapter will focus on the context
of peripheral capitalism, especially in Brazil. The case study will address a social movement that, swimming against the current and aiming to achieve a right to the city, has managed to achieve several victories at local and national levels. These victories were first achieved at the end of the military dictatorship, when left-wing mayors won office through direct elections (in the 1980s), and have continued to the present with President Lula’s second term in office (beginning 2007), during which investments in housing and sanitation were resumed after 25 years of slashing public expenses due to neoliberal structural adjustment policies. The most significant examples of the advances attained during this period have been: (1) the passage in 2001 of the City Statute, a federal law restricting property rights for those properties that do not fulfill their social function, and (2) the creation of the Ministry of the Cities in 2003, which put into practice an ample public participation policy while defining the Ministry’s programs to fight urban injustice.

However, in addition to acknowledging the advances achieved thus far, this study also addresses the limitations of recent efforts in Brazil. Such limitations result from two factors: (1) a renewed submissive political and economic role played by Brazil in the context of “new imperialism” (even while playing the role of an emerging country in international relations) and (2) an unchanged archaic and property-based heritage that has also been renewed under the overpowering effect of global forces. This chapter seeks to highlight the fact that this process takes place together with a strong social and participative dynamic integrated by social movements, political parties, NGOs, professional associations, and unions, which generally restrict themselves to fighting for better living conditions and forget utopias of social change, which would be the route truly capable of ensuring a more Just City.

**THE "Tsunami" OF GLOBALIZATION IN PERIPHERAL COUNTRIES**

Harvey (1989) argues that the restructuring of capitalist modes of production initiated in 1973 strongly affected the asymmetrical relationships between countries through dispossession and industrial relocation. To explain the role of predatory control of finance capital and American hegemony in these changes, Harvey (2003) develops the concept of accumulation by dispossession, which complements and completes the theoretical concept of primitive accumulation. Primitive accumulation involves, *inter alia*, the mercantilization and privatization of land, the violent expulsion of peasants, the slave trade, the misappropriation of assets, the increase of national deficits, and the growth of agribusiness. While accumulation by dispossession maintains many of these processes—perhaps in more radical forms—it also involves new ones, including privatization, bio-piracy and the theft of genetic resources, destruction of natural resources, and patenting of transgenic material. Accumulation by dispossession has been accompanied by the breakdown of the classic division of labor. Producers have relocated entire industries to the periphery in search of cheap labor and flexible environmental laws. These
Peripheral countries have then become exporters of durable goods (Harvey 2003).

Of everything that has already been written on the subject it is only important to highlight one central element: the rise of a neoliberal hegemony through the successful strategy of "capacity building." In Latin America, the policy recipes determined by the Washington Consensus gained importance because this "capacity building" process depended upon the support of multilateral agencies (with the World Bank and the Inter-American Development Bank as two of the most important). These agencies required the implementation of their recipes as conditions for giving loans. Other fundamental agents in the rise of the neoliberal hegemony included well-paid public intellectuals and scholars, especially in economics. The glamour of prestigious foreign universities and intellectuals has been irresistible. With the growing takeover of peripheral countries' institutions by the academic and professional traditions of core capitalist countries, neoliberal policies have created an army of followers around the world, including those in government agencies and central banks.

The Washington Consensus was also assisted in conquering the hearts and minds of these adherents by the tradition in peripheral countries of copying or reproducing policies originating in core countries while considering proposals of indigenous origin extracted from domestic realities and experiences as unworthy. This traditional detachment of ideology (symbols, culture, values, form) from the productive base generates what Roberto Schwarz (2001) describes as "ideas out of place." The detachment between ideology (inspired by core country capitalism) and the urban reality (of peripheral capitalism) is particularly significant in peripheral country urban planning. Planning proposals and urban laws apply only to fragments of the city, while the remainder is beyond state control and does not follow the rule of law. As we will see, the capitalist private market that functions in the legal city excludes the majority of the population.

The inability of the private market to provide an answer to the needs related to housing and urban services is indisputable, especially with regard to cities in capitalism's periphery. However, the recommendation to slash spending on social policies based on the Washington Consensus was strictly complied with and has been one of the decisive factors in the creation of urban conditions since the 1980s. Abstracting away the differences among countries, for more than two decades investments were held back in housing, transportation, and sanitation, while ideas of market efficiency and state-downsizing gained force. However, contrary to what the neoliberal discourse made us believe, states did not become smaller, but were adapted to meet the needs of market growth and financial capital accumulation. As stated by Kurz, market expansion inevitably leads to the growth of the state. Even in core countries social investment expenditures relative to GDP have increased, as revealed by the World Bank (1991). These provide evidence of the ideological and contradictory nature of a neoliberal discourse that attempts to
conceal its true intentions: privatizations and deregulations intended to make room for the growth of transnational conglomerates at any cost.\textsuperscript{10}

In spite of reiterated statements in the mainstream that growth in formal sector employment, including particularly vast populations in China and India, demonstrates that globalization has been socially inclusive, it is impossible to hide globalization's real effect on cities throughout the world, especially in a context of late urbanization. The tragedy resulting from the implementation of neoliberalism in cities of the peripheral world is well described by Mike Davis in \textit{Planet of Slums} (2006).\textsuperscript{11} This chapter illustrates this impact further with data on the Brazilian reality of housing and urban development, which is the basis for the case study below. The data presented herein, interpreted appropriately, may serve also as a general indicator of peripheral capitalism. There are significant differences between cities within the peripheral world and even between cities within Latin America. Brazil is the world’s tenth largest economy (Brazilian Institute for Geography and Statistics (IBGE), but it is also the most unequal country in Latin America and the Caribbean and one of the most unequal countries in the world (World Bank 2006). And, obviously, Brazilian cities reflect this fact. However, structural similarities and determinations related to the international division of labor allow the use of generalizations concerning the peripheral world. In regard to Latin America, similarities are also due to shared Iberian colonial roots, as we will later see.

In Brazil, the impact of neoliberal fiscal adjustments began in 1980 and immediately affected economic growth and unemployment rates. Between 1940 and 1970, the country’s economy grew at 7 percent annually. During the 1980s and 1990s, growth declined to 1.3 and 2.1 percent annually, respectively. These growth rates were not sufficient to incorporate the young population into the labor market. Throughout the 26 years since the early 1980s, unemployment rates have remained high. According to IBGE, in 2006 two of every three workers were unemployed or underemployed. The impact of unemployment on cities is flabbergasting. The lack of work, particularly for males, combined with a lack of mobility in peripheral neighborhoods and slums (favelas), may explain part of the explosive growth in urban violence. While violence was not a central issue for Brazilian cities until the end of the 1970s, it has since become so important that the IBGE claims it started impacting male life expectancy in the 1990s. The annual homicide rate (number of murders per 100,000 inhabitants) increased from 11.7 in 1980 to 27.0 in 2004 (IBGE).

While the Brazilian population grew at an annual rate of 1.9 percent between 1980 and 1991, the population living in slums grew 7.6 percent. In the following decade (1991 to 2000), while the total population grew 1.6 percent, the population living in slums grew 4.2 percent. Slums not only exploded but also, more significantly, strongly densified.\textsuperscript{12} The current condition of public transportation reveals the sacrifices the population in the periphery of cities has to make, especially in the major metropolises. Ticket price increases
have been confining part of the population to immobility, and the lack of regulation has resulted in increased informal, or illegal, transportation services. According to the Ministry of the Cities and the National Association of Public Transportation (ANTP), the number of people using public transportation has been decreasing, together with population mobility. In 2005, 35 percent of commuting activity in metropolitan areas in Brazil was done on foot, 34 percent by public transportation and only 29 percent by car, despite the latter representing the hegemonic matrix of metropolitan urban mobility (ANTP 2005). Although the increased reach of health care services decreased child mortality between 1940 and 2008, the lack of investment in environmental sanitation has brought epidemics like dengue fever and yellow fever back to Brazilian cities. Both reached alarming proportions in some Brazilian cities in 2007 (yellow fever in the Goiânia Region) and 2008 (dengue fever in the metropolitan region of Rio de Janeiro).

THE ROOTS OF THE UNJUST CITY: THE LEGACY OF PATRIMONIALISM

The search for social justice in peripheral countries is hindered by factors other than the recent processes triggered by neoliberal globalization. In the case of Latin American countries that went through Iberian colonization, there are two important conditions derived from this colonial relationship. First, the persistent lack of political autonomy and fragility of internal markets has not allowed for inclusive social and economic development within the framework of capitalism. The relationship between international capital and local élites with complementary interests has for centuries resulted in the exportation of wealth, the appropriation of large rural estates and the hindrance of internal market development.

Latin America’s financial dependence due to foreign debt, from time to time, results in submission to policies adopted by international creditors. This has been taking place ever since the independence of our countries. This happened during the “primary exportation model,” and in the second stage during the policy of “import substitution” from the 1950s onward (between the 1930s and the 1950s there was no significant foreign debt, and economic and cultural policies had more autonomy). Foreign debt service, from time to time, becomes such a heavy burden that it leads to crises in the balance of payments, which are generally followed by financial speculation and bankruptcies of banks and companies.

(Tavares 2006: 38)

The image of slum dwellers with cell phones and other electronics (TVs, DVDs) while lacking access to water and sewage systems captures the contradictions produced in countries whose destinies are for the most part decided externally. Market expansion has not only produced consumption
objects but also values and desires. Happiness has been linked to a lifestyle. The merchandise fetish reigns absolutely and, through its narcotic power, induces society to ignore basic social needs that have failed to be made priorities. Economist Maria da Conceicao Tavares labels this process of modernization in which elements of premodernism are retained “conservative modernization” (Tavares and Fiori 1993). It consists of a capitalism in which labor relations are characterized predominantly by informality. The analysis of various other authors (Oliveira 2003; Schwarz 2001) suggest that this capitalism subordinates whole societies, including non-capitalist relations, which, as we will see, is evident in cities.

Second, élites are strongly oligarchic and patrimonial. Patrimonialism, or clientelism, has the following characteristics: (1) personal relationships and exchange of political favors are central to public administrations; (2) the public sphere is regarded as something private and personal; and (3) there is a direct relationship between patrimonial property, political power, and economic power. In such contexts, the application of law is unpredictable when dominant interests are at stake. Progressive laws can result in conservative decisions when applied to the interests of the élites and capital, as courts also are influenced by personal relationships.

This deserves a note to explain the stratagems involving law enforcement with regard to property law in Latin America. When breaking the law (i.e., illegal occupation) becomes the norm and the norm (respecting urban laws) becomes the exception, there arises tension and arbitrary power in enforcing the law, both in court decisions and in urban management. The law is enforced according to the specific circumstance and gives differential treatment to different social classes by maintaining the political relations of submission. Therefore, most of the population that lives in illegal conditions remains dependent on personal relationships based on the exchange of favors. The maintenance of political power—or maintenance of dependence and submission—is the cause of this complex pattern of law enforcement.

One characteristic of conservative modernist capitalism is limited private housing markets that serve only a small portion of the population. In core countries, an average of 80 percent of the population has access to private housing markets, while 20 percent is dependent on public subsidies. In peripheral countries the opposite occurs: private markets have limited reach, are socially exclusive and highly speculative. The real estate market is specialized in producing luxury goods, which are typical from an industry that maintains characteristics of manufacturing. It is estimated that in Latin America as a whole, only 20 to 40 percent of the population have access to housing through formal private markets. As public policies cannot address the needs of the remaining 60 to 80 percent, the deprived population is left on its own. Amongst those excluded from housing markets, one can find blue-collar workers, public servants and bankers.

Salaries are not sufficient to guarantee the reproduction of the labor force. This is a central element in the spatial production of peripheral cities:
urbanization with low wages. Housing is not produced by the private legal market, not even with public policy support. Despite recent reports on urban housing conditions throughout the world, there is no rigorous data quantifying such conditions in peripheral countries (UN-HABITAT 2003; ECLAC 2004). Portions of cities with extents that vary from country to country (in some cases including the majority of the population) are built by the tenants themselves without proper technical knowledge (of engineering or architecture), without proper financing, and without taking into consideration property, planning, laws or building codes. Nevertheless, one cannot argue that the state is absent from such processes, as institutional political relationships are sustained through clientelistic practices maintained by political parties, members of congress, and executive administrations.

Urban residents also turn to environmentally sensitive areas, such as banks of streams, rivers and reservoirs, steep slopes, mangroves, flood areas, and valleys, which are subject to environmental legislation that make them worthless to the formal housing market. Essentially, these areas are all that is left to the vast majority of the population. The consequences of such large invasions include, *inter alia*, the pollution of water sources and reservoirs as well as many casualties due to landslides, floods, and epidemics.

One of the main causes of the housing deficit and price inaccessibility is the retention of land and vacant buildings in the search for higher rents. In some Brazilian cities, including Campo Grande, Goiânia, Cuiabá, and Palmas, the vacant areas served by infrastructure could accommodate more

*Figure 11.1* São Paulo: photo by Helena Galrão Rios
than twice the population of these cities. On the other hand, in the larger metropolises, especially in Rio de Janeiro and São Paulo, the number of vacant buildings in urban areas is increasing, and is rapidly approaching the housing deficit of both cities, as illustrated in Table 11.1. The empty buildings are located in central areas and therefore fully serviced by urban-infrastructure and services at international standards.

While vacant housing stock languishes in the central areas of Brazilian metropolises, the lower-income suburbs continue to expand horizontally. The expansion is based on a model with serious consequences for a nation with limited resources. While they display a lack of environmental sustainability similar to that of sprawling U.S. suburbs, the peripheries of Brazilian cities (and Latin American cities more generally) are more problematic because they are not subject to the same extensive infrastructure investment and because the household automobile ownership rates are much lower. The dispute over rent from land and urban property is therefore central in promoting urban injustice in Latin America.\(^{16}\)

**TOWARDS URBAN JUSTICE: THE SOCIAL MOVEMENT FOR URBAN REFORM**

Moving in a direction opposite from the neoliberal dynamics described above, a social movement called “Urban Reform” was created in Brazil. The movement united social movements (housing, transportation, sanitation), professional associations (architects, lawyers, planners, social workers, engineers), unions, universities and research centers, NGOs, members of the Catholic Church (with the return of the religious movement Liberation Theology), and public servants, as well as mayors and progressive senators. At the time the new Brazilian constitution was being enacted (1987) after the end of the military dictatorship, these social movements came together to form the Forum for Urban Reform with the purpose of providing a common platform for

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**Table 11.1 Brazilian municipalities with many vacant buildings**

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Total buildings</th>
<th>Total vacant</th>
<th>Percent vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>São Paulo (SP)</td>
<td>3,554,820</td>
<td>515,030</td>
<td>14.5</td>
</tr>
<tr>
<td>Rio de Janeiro (RJ)</td>
<td>2,129,131</td>
<td>266,074</td>
<td>12.5</td>
</tr>
<tr>
<td>Salvador (BA)</td>
<td>768,010</td>
<td>98,326</td>
<td>12.8</td>
</tr>
<tr>
<td>Belo Horizonte (MG)</td>
<td>735,280</td>
<td>91,983</td>
<td>12.5</td>
</tr>
<tr>
<td>Fortaleza (CE)</td>
<td>617,881</td>
<td>81,930</td>
<td>13.3</td>
</tr>
<tr>
<td>Brasília (DF)</td>
<td>631,191</td>
<td>72,404</td>
<td>11.5</td>
</tr>
<tr>
<td>Curitiba (PR)</td>
<td>542,310</td>
<td>58,880</td>
<td>10.9</td>
</tr>
<tr>
<td>Manaus (AM)</td>
<td>386,511</td>
<td>51,988</td>
<td>13.5</td>
</tr>
<tr>
<td>Pôrto Alegre (RS)</td>
<td>503,536</td>
<td>46,214</td>
<td>9.2</td>
</tr>
<tr>
<td>Guarulhos (SP)</td>
<td>336,440</td>
<td>43,087</td>
<td>12.8</td>
</tr>
</tbody>
</table>

their fragmentary claims, including public participation in land use decisions and planning policies as well as a newly defined right to the city. The right to the city in this case refers to opposing illegal, segregated, distant urban peripheries that lack infrastructure, services, and urban amenities. Housing movements, consistently the majority in the Forum, started focusing on location and reflecting on the necessity of longer term strategies, such as reforming Brazilian property law.

This movement grew along with the general social demand for political freedom. In spite of the arrest of union leaders, important strikes in the industrial regions of ABC in the metropolitan region of São Paulo at the end of the 1970s and the beginning of the 1980s symbolized a strong questioning of the military régime. The Workers’ Party (Partido dos Trabalhadores, or PT) was created in the 1980s, providing a platform for urban and rural movements and bringing together social movements as well as Catholics and former guerrilla fighters. In the same period, the Central Workers’ Union (Central Única do Trabalhador, or CUT) and the Center for Popular Movements (Central de Movimentos Populares, or CMP) were also created.

The election of progressive mayors at the beginning of the 1980s initiated the urban reform movement’s experience with local government (outside of the state capitals). Programs for urban development and land regularization as well as programs to urbanize peripheral neighborhoods became more
participatory, incorporating local residents into public administrations’ decision-making processes. This dynamic gained a new energy with the election of left-leaning mayors in state capitals, including São Paulo and Pôrto Alegre. Pôrto Alegre’s participatory budgeting may have been the most significant experience to date of social control over local public resources.\(^{18}\)

A new period in Brazilian politics started in the late 1980s with the end of the dictatorship and the return to direct elections in the capitals (1985) and the presidency (1989). In 1987 a new National Assembly formed to develop a new constitution. It is during the campaign to influence the content of this constitution that urban movements gathered as the Forum for Urban Reform. Two of the most significant achievements were the inclusion of a Popular Initiative Amendment\(^{19}\) and the inclusion of the social function of property and the social function of the city in the 1988 Brazilian Constitution.

The Popular Initiative Amendment, which was signed by more than 160,000 voters from around the country, was presented to the National Assembly in 1987 by six civil society organizations. For the first time in the history of Brazil, the Federal Constitution included a section dedicated to cities, but its application was dependent on federal regulation. The debate initiated by the National Congress and by the regaining of democratic freedoms allowed for the National Forum for Urban Reform to take place, gathering together the most important urban social movements throughout the country.

Despite constant pressure from the Forum for Urban Reform, the urban section of the Federal Constitution was only regulated 13 years later by the National Congress in the City Statute (O Estatuto da Cidade, Federal Law n.10.257/2001). This law provided a legal platform for dealing with the urban question. From a legal point of view the change was profound: the law enacted the social function of property.\(^{20}\)

It instituted, in accordance with master plans, penalties for unoccupied or underused buildings. It also introduced new public planning instruments and restructured existing instruments that had been fragmented and disconnected. Changes instituted by the new law include: mandatory master plans for municipalities with more than 20,000 inhabitants, compulsory transportation plans for cities with more than 500,000 inhabitants, and mandatory reports on the environmental and neighborhood impacts of large developments. Public participation was also made compulsory in the elaboration of planning documents and policies. There were also juridical instruments for land and housing regularization (since it concerns single properties up to an area of 250 m\(^2\)). Through these and other changes, the City Statute has institutionalized the urban sphere in a country where, as previously shown, radical laissez-faire capitalism is combined with an exaggerated bureaucracy applied in a discretionary way that is dependent on relations of favor and power.

A long list of the National Movement for Reform’s significant victories proceeds from the first experiences in democratic municipalities at the beginning of the 1980s and the subsequent expansion and organization of urban social movements, including land occupation in cities. With the election of
Luiz Inácio Lula da Silva ("Lula") in 2002, the Ministry of Cities was created to respond to the demands of the social movements. The creation of this new ministry also symbolizes the advent of a new phase of institutionalizing social demands specific to the country’s urban conditions. A summary of the most important social advances since 1987 is found in Table 11.2.

The creation of the Ministry of Cities and the opening up of various councils to public participation were the determining factors in guaranteeing the main advances listed in Table 11.2 after 2003. From its inception, the Ministry was staffed by a team of professionals with unique backgrounds:

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
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<tbody>
<tr>
<td>1987</td>
<td>Constitutional Amendment by popular initiative subscribed to by six entities of civil society; Creation of the National Forum for Urban Reform formed by entities of civil society.</td>
</tr>
<tr>
<td>1988</td>
<td>Enactment of the Federal Constitution with two sections focused on urban issues, a first in Brazilian history.</td>
</tr>
<tr>
<td>1991</td>
<td>Introduction of a bill on a national fund of public housing as an initiative of civil society subscribed to by one million voters (passed into law in the Federal Chamber as National Fund of Housing of Social Interest in 2005).</td>
</tr>
<tr>
<td>2001</td>
<td>Enactment of “The city statute,” a federal law which amends the Federal Constitution of 1988 to specifically uphold the social function of property.</td>
</tr>
<tr>
<td>2003</td>
<td>Creation of the Ministry of Cities; National Conference of Cities held—originated from a process involving 3400 municipalities in all states of the Brazilian federation. More than 2500 elected delegates attended the conference in order to debate the “National Policy of Urban Development” (other conferences took place between 2005 and 2007).</td>
</tr>
<tr>
<td>2004</td>
<td>Creation of a National Council of Cities to consult the Ministry of Cities; Creation of the National Program of Regularization of Urban Land Property.</td>
</tr>
<tr>
<td>2005</td>
<td>Approval of the Federal law of the National Fund of Housing of Social Interest—created a fund for connecting council activities with social participation, which conditioned the transfer of federal resources to local and state Councils for the creation of Housing plans and other programs. The National Campaign for Participative Master Plans was launched in the same year calling for the elaboration of such plans for all Brazilian cities with more than 20,000 inhabitants.</td>
</tr>
<tr>
<td>2007</td>
<td>Lula’s administration launched the Program for the Acceleration of Growth (PAC, or “Programa de Aceleração do Crescimento”) resuming investments in housing and sanitation abandoned for 25 years. The plan of Keynesian influence proposed a series of public works aimed at renovating part of the infrastructure focused on production (ports, railways, highways, electrical plants) as well as social and housing infrastructure. Between 2007 and 2010 R$106 billion will be spent in housing and R$40 billion will be spent in housing and sanitation.</td>
</tr>
</tbody>
</table>
the majority had academic positions; almost all were active militants in left-wing parties (the majority from the PT) or from social movements and labor unions; and the vast majority had previously held jobs in innovative local and regional administrations. Lula chose as minister Olivio Dutra, the former governor of the state of Rio Grande do Sul and former mayor of the city of Pôrto Alegre, where the experience with participatory budgeting was acclaimed and where the first meetings of the World Social Forum took place. However in 2005, two-and-a-half years after its creation, the Ministry of Cities changed direction. Internal disputes in the PT and alliances aimed at guaranteeing majorities in the National Congress led the government to award the Ministry of Cities to a party with a conservative and clientelistic profile. Some of the previous team left the federal government and some continued trying to implement the programs already defined. But the change interrupted the transformative momentum that had originally defined the public agency as a builder of federal policies on urban development.

THE LIMITS OF PARTICIPATORY POLITICS: PROBLEMS PERSIST

In spite of advances in fighting poverty and promoting social policies in sectors of the administration retained by the left, one is compelled to recognize that the impact on the broader economy and politics has been limited. The neoliberal model persists with little change.

The Program for Acceleration of Growth (Programa de Aceleração do Crescimento, or PAC), a development of Lula’s second term, proposes a set of public works that follow a Keynesian plan. Though the plan revives investments in sectors that have been paralyzed since the beginning of the 1980s, like social and economic infrastructure (sanitation, energy, logistics) and housing, it is necessary to highlight the continuing dominance of finance capital. One example of this overwhelming dominance is the draining of public resources into the financial system through interest payments on public debt (both internal and external). The Brazilian Central Bank, whose president, appointed by Lula, was previously Boston Bank’s president, set interest rates in Brazil among the world’s highest over the majority of recent years. As a result, the Brazilian federal budget for 2007 dedicated 30.59 percent (R$237 billion) of all public resources to make interest and principal payments on public debt. Such allocations of public resources constrain public spending. The same budget allocated only R$40 billion for health care, R$20 billion for education, and R$18 billion for the Family Scholarship program, the country’s most comprehensive social program. Considering the impact that social policies have on income distribution and internal market strengthening, one wonders how many lives could be improved if these resources were addressing social needs. Instead, the majority of these resources end up in the hands of national and international banks.

Because of the low capacity for investment, the PAC allocates R$106 billion to housing over four years (2007–2010). Most of the funds are projected
to be used in the private housing market because they come primarily from the private and quasi-private sectors. Only R$10.1 billion of the R$106 billion come from the Total Budget of the Union (Orcamento Geral da Uniao, or OGU). Even considering the subsidies from other sources, such as the Time of Service Security Fund (FGTS), there is a lack of public subsidy for housing given that 84 percent of the housing deficit is concentrated in households with income levels below three times the minimum wage (approximately US$645 per month in 2007).25

The ambiguity of government policies, which arises from the combination of maintaining the interests of finance capital while fighting poverty, is also present in the agrarian reform program. The government provides moderate support for agrarian reform: the fact that it does not use the police to repress land occupations already represents a difference to some militants. However, at the same time, it fails to address the interests of the agricultural industry and rural landowners. Under globalization, Brazil has become an exporter of commodities, including cellulose, grains, meat, ethanol, and mineral products. This role has combined with the need to address financial commitments (debt service) to strongly impact Brazilian territory. Consequences of the capitalist expansion sponsored by large corporations and banks involved in agribusiness include the deforestation of the Amazon Region and the conversion of large, unproductive rural properties into international corporate properties. Despite the government’s intention, it is impossible to combine policies of family agriculture and programs of land distribution for members of the Landless Movement (Movimento dos Sem-Terra, or MST) without confronting the interests of agribusiness and rural landowners, whose properties are in most cases of questionable origin.

In politics, two issues are particularly worth noticing. The first concerns the formation of coalitions to achieve governability, a universal phenomenon that is not just typical of Brazil or other peripheral countries. When ruling progressive parties form alliances with conservative parties and supporters of clientelism, they strengthen the premodern aspects of institutional relations. By trying to aggregate "buyable" votes into a political base, the government becomes hostage to a trade off in which the cost of having legislative support is loss of control over government appointments and parts of the federal budget. Public investments come to be decided according to the logic of financing electoral campaigns.

The PT has followed a similar trajectory. As it became more focused on electoral campaigns during the 1990s, the party increasingly moved away from the social movements and intellectuals that were at its origins. The logic of electoral contest demanded that the party’s leaders build an internal bureaucracy disconnected from the party base and that they adopt a hitherto nonexistent pragmatism in order to secure sources of financing capable of meeting the challenges and interests at stake. This change became explicit in 2005, when top members of the party were accused of using illegal methods to buy votes in the legislature. This reorientation of the PT has left a void
in Brazilian politics that is slowly leading to a restructuring of political organizations on the left, but it is still too early to predict how the restructuring will play out.

The second notable political issue directly relates to the theme of this paper: urban social movements in their struggle for more just cities. The "participation fever" that has swept public agencies, NGOs, political parties, and social movements is present not only in Brazil. From the World Bank to Via Campesina (International Peasant Movement), the word of the day is participation. As the Brazilian philosopher Paulo Arantes states: "The political sphere has never been so full and at the same time so empty." While it is true that such movements are concerned with important issues such as gender, race, environmental sustainability, sanitation, and housing, they are simultaneously fragmented and divided, treating parts as the whole and ignoring concerns for the future of society. Such movements have abandoned the search for alternative social change, despite the fact that there is no future for society if we sustain the same production and consumption patterns of the last 150 years.

Lula's government has promoted 40 national, municipally organized conferences focused on issues including youth, racial equality, elderly rights, cultural policies, women's rights, disabled rights, and rights for children and teens. Since 2003, approximately two million people have attended these conferences. On average, 1500 delegates participated in each of the three National Conferences on Cities (2003, 2005, 2007). These were preceded by local and state conferences focused on discussing a foundation for building public policies and fighting for more just cities. The conferences elected the City Council, a consultative body composed of representatives of different social groups that advises the Minister of Cities. There is no doubt that this process contributed to the expansion of the debate on cities and the addition of members to existing social movements. However, the premodern forces previously discussed affect the implementation of participation in governmental spaces.

The country's main urban movements voluntarily constrain themselves within the institutional and governmental agenda. Some have evolved into an oligarchic model with the same leaders over time who enjoy personal control over local bases and close connections with specific members of Congress. This reproduces the phenomenon of electoral obligation, and in some cases, their own members run for election. Strategies of personal survival—reinforced by high unemployment rates—also form part of the relationship between leaders and political bases. Instead of increasing democracy and subordinating the state, the struggle to amplify the control of social movements over the government is led by the particularistic claims of their bases and not with the objective of building policies based on universal rights. One cannot say that this situation is prevalent at the federal level. There is, nevertheless, a strong movement that seeks to change the regulations that originally led to such participatory processes.
Of all the constraints on the struggle for a more Just City that have been discussed, the most important is the resistance to the application of the City Statute. The law interferes with interests that form an essential part of the Brazilian society, as previously mentioned. Real property has always been connected to political and economic power. And as discussed earlier, the rule of law is also subject to power relations. While this is true throughout the world, in societies as unequal as Brazil, local circumstances are even more important in the application of laws. At the same time, the City Statute is an inherently difficult law to implement. The instruments related to the social role of property and the public capture of increases in property values are subordinated to the City Master Plan, as mentioned above. That implies that City Councils have to make decisions on the implementation of public instruments aimed at limiting the increase of property prices in urban areas. Deputy mayors, however, tend to be close to landowners and developers, and local authorities have a tradition of personal and family appropriation of rents from land and real estate. For this reason, the City Statute has to date had a larger impact on the discourse of planners and lawyers than on policies of urban inclusion. The excitement the City Statute engendered when it was passed captivated many social movements that had been prioritizing the fight in the legal arena. However, following passage, the élite used multiple strategies, like the one described next, to stop or to at least postpone the enforcement of the “social function of property” in Brazilian cities.

The 1988 Constitution was vague when addressing the enforcement of the social function of property, and enforcement was postponed until a specific law was passed to regulate it: the City Statute, which was enacted 13 years after the 1988 Constitution. In turn, the City Statute passed in 2000 displaced the enforcement of its mechanisms onto master plans, in compliance with the Constitution. Most of the master plans drafted after 2001 resulted in vague and general texts that deferred the enforcement of the City Statute’s mechanisms to municipal laws. However, to this date, these municipal laws have rarely been passed.

The law is the result of a long struggle and serves as a reference for social movements that have put many of their hopes for achieving the right to housing and the right to the city into the law’s success. This is illustrated by the current mobilizations in several Brazilian cities supporting Master Plans that, through public participation, include instruments defined in the City Statute. In São Paulo, social movements constituted in 2006 a Front for the Support of the Master Plan (Frente em Defesa do Plano Director) enacted in 2004, in reaction to the mayor and city council’s desire to exclude the advances of 2004 in addressing the interests of the real estate industry. After winning the dispute for the Brazilian Constitution in 1988, after the enactment of the City Statute in 2001, and also after the development of participatory master plans in 2004, the implementation of the social function of property is about to begin.
In conclusion, the enforcement of the legal concept of the social function of property, which is central to guaranteeing social justice in Brazilian cities, has apparently advanced with the enactment of the City Statute in 2001. Although social movements—and also urban planners and lawyers—have celebrated the achievement of a legal framework that restrains property rights, the resistance to its implementation shows that the fight has barely started.

The creation of the Ministry of Cities in 2003 has also been celebrated by social movements as a great victory. However, its command was transferred from a left-wing to a right-wing orientation in 2005. Given all the considerations made at the beginning of this text, we can state that it is impossible to separate the fight for more just cities in Brazil from the more general fight against subordination to the interests of financial capitalism and patrimonial interests, which are being renewed with globalization.

NOTES

1 Thanks to Cuz Potter for his careful editing and review of this chapter.
2 See the pessimistic thoughts of Perry Anderson (2000, 2007).
3 Referring to Guy Debord’s concept of the “Society of the Spectacle” (Debord 1992), we could say that the “city of the spectacle” is dominated by the image, the appearance. It is the city of the monologue, of passivity, of the true alienation factory.
5 This statement was made by Peter Marcuse during a talk given in the Graduate Program at the School of Architecture at the University of São Paulo in May 1998. In fact, as we will see, productive restructuring also impacts spaces which apparently have not yet been reached by capitalist relationships.
6 This statement is derived from Harvey (2003).
7 Arrighi (1997) proposes the classification of peripheral and semi-peripheral countries. In this article, no distinction is made between the periphery and semi-periphery of capitalism. Other categories can be found in “mainstream” literature (e.g., low- and middle-income countries; less-developed regions and least-developed countries; emerging and poor countries). One cannot ignore that globalization promotes simultaneously, at the planetary scale, the deepening of interdependency, differentiation, and homogenization. Nevertheless, the core–periphery approach remains consistent and offers us an efficient methodological resource, especially when considering the cities.
"The more market economy increased structurally, by encompassing the entire social production system and by becoming the universal way of life, the more the activities of the State needed to be increased. We are, therefore, face to face with an unequivocally reciprocal relationship" (Kurz 1997: 96).

The aggressiveness and the disregard for ethics by some transnational corporations can be verified in the documentary movies "The Corporation" (2004, directed by J. Abbott, M. Achbar, and J. Bakan) and "Le monde selon Monsanto," whose director has written a book version (Robin 2008).

The quantitative data used by Mike Davis should have been more rigorous. However, one cannot disagree with the general orientation of the critiques present in the text. This comment is detailed in this author's postscript to the Portuguese edition of Mike Davis' book.

According to Jordan and Simioni (2003), the housing deficit in Latin America and the Caribbean went from 38 million in 1990 to 45 million in 2000.


Francisco de Oliveira (2003) puts in check the definition of informality in the productive restructuring context, observing that informal workers are a capitalist workforce and that the goods and services provided by large corporations, such as those in the telecommunications industry, incorporate the low-income population into the consumer market. According to the author, no one is excluded.

In more recent years Chile (1990s), Mexico, and Brazil (after 2000) have been experiencing a real estate boom, whose impact on production and on the consumer market still await more conclusive analyses.

An extensive bibliography on urban land in Latin America can be found in the publications and website of the Lincoln Institute of Land Policy.

The ABC Region is constituted by the municipalities of Santo André, São Bernardo, São Caetano, and Diadema, among others. It is located in the Metropolitan Region of São Paulo, an area where Fordist industry was installed in the 1950s and where strong workers' unions changed the political history of the country in the 1980s. This region has been impacted by the process of restructuring capitalist production in the 1990s.

The members of the Participatory Budgeting Council were chosen in direct elections in order to debate and decide City Hall's investment priorities. The City Council, which is legally responsible for approving the Municipal Budget, were constrained to accept the decisions of this kind of "Popular Assembly."

The 1988 Brazilian Constitution established the possibility of introducing bills through public initiative to the National Congress if they are signed by 1 percent of the nation's voters.

According to the second paragraph of article 182 of the Brazilian Constitution: "Urban property achieves its social function when it meets the essential city organization requirements set forth in the Master Plan."

The financial resources for PAC Housing come from the private market (Brazilian System of Savings and Loans, or SBPE) or private savings (39 percent), a semi-public fund, an employment fund created through salary contributions (35 percent), funding from states and municipalities (17 percent) and the federal budget (9 percent). Source: www.brasil.gov.br/pac.

The author of this paper was invited by Lula to be part of the transition team that created various administrative units, including the Ministry of Cities. Afterward, the author stayed on in the administration as Deputy Minister until 2005.

Besides the urban issues mentioned, it is worth recognizing that some of the social policies developed by Lula's government are impacting, though lightly, the income distribution in Brazil. The Family Scholarship Program (Bolsa
Fighting for Just Cities in capitalism's periphery

De Familia was intended to guarantee a minimum allowance to the poorest 40% of the population, and was able to assist 11 million families (about 25% of the population) in 2007. Between 2002 and 2007 about 20 million people left income categories E and D (E = USD149.60 and D = USD285.10 average monthly income in 2007) and started to be classified as C (C = USD552.70 average monthly income in 2007), based on the categories defined by the "Brazilian Criterion," according to the Brazilian Association of Investigation Companies and the Brazilian Institute of Geography and Statistics. Between 2003 and 2007, 9.7 million Brazilians escaped poverty. The minimum wage (approximately USD215 in 2007) saw a real increase of 32% in the same period (Federal Government 2008). (These figures reflect the exchange rate on 31 December 2007, when one Real corresponded to USD 0.5646.)

24 Between 1978 and 2007, public debt quintupled despite payments of USD $262 billion more than the value of all loans (Rede Jubileu Sul/Brazil, 2nd edn, 2008). Part of the interest payments were due to Brazil's risk rating, which is defined by international agencies that penalize poor, indebted countries but failed to recognize the risk of the bubble in the US housing market.

25 Although the subsidies are fairly insignificant, the federal government is implementing the largest slum upgrading program in its history. Ultimately, this is unlikely to have a significant impact in the total number of slum inhabitants.

26 This statement was made by Paulo Arantes during a talk given in the Post-Graduate Program at the School of Architecture at the University of Sào Paulo in August 2008.

27 It is possible to note the beginning of new types of urban movements that have begun without being swallowed by the institutional space. The majority of social movements that have opposed such trends are rural and not urban. In spite of the difficulties, the Landless Movement (MST) continues to make the effort, claiming immediate needs and arguing over a strategic project that takes into account cultural, environmental, ideological, economic, and political issues. The movement is careful to renew its leaders and organization, democratically discusses each step, and above all maintains its independence despite support from public resources and international donations. The movement's emphasis on education, contrary to common sense, reveals the essential role occupied by education and communication. This is why the movement has been criminalized by the conservative media and judicial system. Between 2000 and 2005, 223 peasants, union members, lawyers, and religious people connected to the movement were murdered.

28 These statements are based on the experience of the author as Secretary of Housing and Urban Development in the City of Sào Paulo in the first PT administration of the city (1989–1992), as well as the provision of consulting services to several Brazilian and foreign cities.

REFERENCES


Kurz, R. (1997) *Os últimos combates*, Petrópolis: Vozes. (This book is a Portuguese version of various articles written by the German philosopher, co-founder, and editor of *EXIT! Magazine*, Kritik und Krise der Warengeellschaft.)


