

RELEVANT ACTORS, FORMAL AND INFORMAL POWER STRUCTURES IN SÃO PAULO

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This version May 2004 (06.12.28: due to appear February 2007 by Johns Hopkins) *Draft version* Do not quote

The remodelling of the decision making processes concerning urban planning in the São Paulo Metropolitan Region since the early 1990s are discussed as largely a result of the spread of neo-liberalism in most social and economic sectors in Brazil.

The former prevalence of comprehensive urban planning aimed at supporting economic and social development, was replaced in the late 1970s by less comprehensive, therefore called 'sectoral' planning, to be replaced in its turn in early 1990s by a new approach to spatial organisation according to neo-liberal trends, under the name of 'strategic' planning. This proposition was supported by a discourse, which sought to disqualify the State as a (efficient) provider of collective basic infrastructure and social services. At the same time, it sponsored the spread of institutionalised partnerships between the urban administrations and the private sector or civil society organisations to implement projects even in those sectors that are by constitutional law under public responsibility.

It is undeniable that the previous urban and social policies had induced a very segregated and unequal urban structure in São Paulo, with prevalence of infrastructure and social equipment in the higher income areas, and this begged urgent changes in the spatial policies. We argue that the shifts in the nineties did nothing of that sort and, on the contrary, they were introduced precisely to sustain the same accumulation process, namely, hindered accumulation (Deák, 1988), that has been restraining the development of the Brazilian economy since as far as the colonial period, and in this way contributing to the maintenance of the *status quo*. As a consequence, the privileges of the dominant class - the national elite- take precedence over collective interest.

The institutional and legal frameworks during the 1990s, from the federal through to the municipal level, were set up in the declared purpose of achieving the goals of 'social development' based on the ideological principles henceforth prevailing. In the realm of urban management new laws were enacted, specifically targeted to legitimise new forms of partnership between public administration and private organisations in the implementation of social and urban projects. Additionally, the *local* level rose to the status of most legitimate instance to deal with urban planning and (local) social inequalities, and the participation of civil society was legally guaranteed in the decision making processes of the government bodies of public administration, although the mechanisms of this participation are still far from ensuring equal participation of the 'less favoured groups'.

An assessment of the experience of the last decade can not be construed as having led to any consistent improvement in the social-economic conditions or in the infrastructure provision for the majority of the population of São Paulo, as a result of the ongoing changes in the power structures responsible for the design and implementation of urban projects.

1 The power structures in Brazil resulted from the process of hindered accumulation

The Brazilian economy has been undergoing adjustments since the early 1990s to fulfil the requirements of the international trade and financial transactions, customarily named as *globalisation of the economy*, which in fact, represent at most an increase in the number and value of cross-border economic transactions and not - as is usually implied- a new stage of capitalist development¹. Dupas (2000:14) already

¹ See Deák (1994) for a critical review of the acceptance of '*globalization of the economy*' as a new stage of the capitalist accumulation, also referred to briefly in the Introductory Chapter.

noted, that in a context of a great cross-border mobility of large amounts of capital

"the room for the operation of public policies is drastically reduced", since both the domestic monetary and fiscal policies and government spending are squeezed by the requirements of the inflation control to ensure "the trade competitiveness of the domestic products."

'Economic' arguments like the above are usually adopted to justify the shrinking participation of the State in the provision of social wage and even of basic infrastructure (power generation, telecommunications, roads ...), and implicitly legitimate the enlargement of the market sphere to act as a strong co-partner in alleviating the resulting worsening of an already very unequal social structure. The latter has been part of Brazil's history since the colonial times when the Portuguese Metropolis took up slave labour aimed at achieving tight political and economic control over the colony by preventing the emergence of local social forces to get loose from their command. The maintenance of this socio-economic *status quo* was vividly expressed by the fact that Independence was proclaimed, in 1822, by the heir of the Portuguese throne in view of preserving the previous relations of production and perpetuated a ruling class moulded on the former colonial basis, which implied the prevalence of the external market at the expense of a sovereign national development.

Such is the background of the Brazilian elite society, which, in opposition to a bourgeois society that has as its 'moving principle' the free development of the productive forces, is rooted precisely in the *containment* of the development of home-born production, as an ultimate means of control over the national accumulation process. Deák (1988) argues that the Brazilian social formation can be characterised as an *elite society* exactly for the prevailing over-privileges of a thin ruling class –the elite– which are allowed to take precedence over collective interest, sustained by recurrent re-impositions of a *process of hindered accumulation*². The omission in providing adequate

² For a further assessment of the process of hindered accumulation and the behaviour of the Brazilian elite society,

social policies, the maintenance of low salaries for the great majority of the population, scarce investments in technology and low priority for education at all levels, are some of the major consequences resulting from hindered accumulation.

Within the urban agglomeration, the power structures behind city management and infrastructure provision are also determined by the features of the elite society, contributing in the maintenance of deep and chronic social and urban inequalities. The strengthening of the cross-border economic relations in the last decades of the XXth century had represented no inflexion in this historical process but became merely one of its many movements. Subsequent concentrations of capital and wealth were nothing but the expected outcomes of an ever-excluding economic path that had been once again re-imposed in Brazil during the 1990s, this time ideologically anchored in the spread of the neo-liberal project of the central economies, as discussed briefly in what follows.

2 The Brazilian neo-liberal policies of the 1990s and the effects on the urban institutional framework

From 1960s to around the early 1980s, a time of comprehensive, or development plans, planning rhetoric clearly stated its purpose as supporting economic and social development. It also came accompanied by more detailed instruments of spatial control, such as zoning and building regulations.

In this way, public, or collective interest, was clearly established at the level of spatial organisation and the management of the city. Exactly how close state intervention came to the proclaimed principles in actual practice is another matter –and indeed there always were glaring differences in the level of infrastructure provision, for example, between the São Paulo privileged south-western sector and the half-abandoned

see Deák (1989) and Fernandes (1973). Schiffer (1992) focussed the impact of this process on the Brazilian spatial organization.

periphery. However, these could as yet be seen as mere imperfections –stemming probably from ‘underdevelopment’, or ‘dependency’– of the system which in essence was still oriented towards the goals of collective interest and social equity.

After the ‘Brazilian miracle’ (1968-74), a period of high rates of economic growth, the time of comprehensive planning, whether urban or nation-wide, was over and plans became sectoral, or single-purpose, such as transportation, sewerage, or land use plans. This period was followed by the worst recession in Brazilian history (1981-83) and planning became merely ‘anatomy of poverty’, restricted largely to the elaboration of diagnoses but with little or no proposition due to a general feeling of ‘lack of resources’.

The wave of neo-liberalism ‘reached’ Brazil and held full sway throughout the nineties, when ‘inefficiency’ and ‘bankruptcy’ of the State were declared. The bases of the economic process that followed, equivocally attributed to *globalisation*, is remarkably summed up by Paulo Nogueira Batista Jr.:

"To countries like Brazil, that still carry significant trends of a colonial past, the debate [about the outcomes of globalisation] is always problematic. The ideology of 'globalisation', particularly in its more extreme versions, constitutes a considerable and fallaciously modern reinforcement of the deep-rooted subservience of several sectors of the ruling class of the country, always ready to act as agents of the dominant international interests and to collaborate in a passive and subordinated integration to the international economy. In this context, the 'globalisation' is used as an *alibi* for traditional behaviour of the local elite." (Batista Jr., 1997:44)

According to the position stated above, the Brazilian (elite) society incorporate the neo-liberal discourse to justify new public policies to capture and to attract into the market sphere some sectors that were so far controlled by the State. As already noted, a considerable part of public works were privatised, such as electricity, telephone both fixed and mobile, optical cable or motorways. Urban planning abandoned even sectoral planning and the metropolitan scope to leave the place

to fragmented municipal or even sub-municipal plans focused on 'strategic planning' and based on 'public-private partnership', discussed further below.

New agents -or pressure groups- have emerged to replace or to act as a partner of the public sector in a wide range of social projects and in the supply of urban infrastructure or renovation of specific areas. Such pressure groups are organised in a variety of loosely defined associations, consortia, councils (generally with participation of government bodies), cooperatives and NGO-s of all sorts. Legal instruments were introduced, some of them even changing constitutional edicts, to allow a strengthening of the partnership between public and private sectors, justified by yet another ideological argument pointed out by Batista Jr. (1997:46): namely, the "inevitable downsizing of the State" in the neo-liberal framework. This statement, that eventually turned into a generally accepted credo of the "governmental funding meagerness", was used precisely to justify the State's retraction in its duties to design and implement social policies.

The rise of new entities –which have been frequently referred to as 'actors'– that take part in the decision making process of the public policies has occurred mainly at the level of local government, equally new forms of associations, frequently called 'partnerships'. The focus on the local policies represents a shift in the Brazilian institutional framework which started with the Constitution of 1988. This provided for a redistribution of funds and attributions in favour of the municipalities, while also promoting the municipalities –hitherto a part of the federated states– to an entirely new institutional status, namely, to 'constitutional entities', on equal footing with the states and the Federation itself. Thus it represented a change not just in the share of the tax revenues among the Union, the federated states and the municipalities, but it was in fact an all-round turning point and a switch away from a model which prevailed since the 1960s in which the social policies and implementation were nationally centralised. The proposals towards greater decentralisation amounted to a reversal of those policies, led to increased fragmentation of the State apparatus, while being put

forward supported by the ideological pattern of enlarging civil participation and the role of private partnership in the urban decision making process.

The achievement of a deeper influence of private groups in public projects was institutionally backed by federal laws, starting in 1990 with the *Programa Nacional de Desestatização* (National Program of De-Nationalisation)³, followed in 1995 by the *Lei Geral das Concessões*⁴ (General Law of Concessions of public services) and in 1998 by Law 9.636 that legislates about the social organisations (Azevedo, 1999).

Basic infrastructure, such as water supply, sewage system, and public transports are the main public services which fall, by force of the 1988 Constitutional Law within the local administration duties, which can be implemented through concessions to private companies. This law allows the transference of the building or the management of a public service to a private company- or to a consortium of companies-, to be carried out "by its own investment and risk" (Azevedo, 1999:68), against a billing of charges directly to the users.

Although the regulation and quality control of the services provided by the concessionaires remain an obligation of the government administration, "which must act focusing on the collective interest" (Azevedo: 1999:71), the recent evolution of their tariffs leaves obeisance to this rule very much in doubt, as illustrated in *Figure 1*, which shows a steep increase - almost trebling - of the share of the price of public services compared to the household income (which remained stationary) in the main Brazilian metropolitan regions.

The period covered in *Figure 1* corresponds to the concession contracts for electric power distribution and the shift to private capital of some public services such

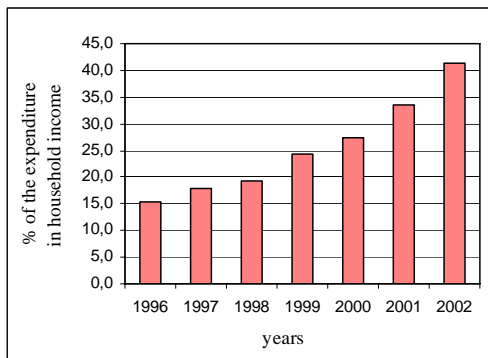


Figure 1. *Brazil: Metropolitan Regions*. Share of spending on public services ⁽¹⁾ in household income⁽²⁾ (1996-2002). *Source*: Dumas, G (2003) Data from IBGE: *Pesquisa de Orçamentos Familiares* (POF) and *Pesquisa Mensal de Emprego* (PME).

⁽¹⁾ Includes tariffs of water and sewage, electricity, telephone, public transport, petrol and taxes.

⁽²⁾ Average of the salaries in the Metropolitan Regions of Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo e Porto Alegre.

³ Federal Law 8.031/90, reformulated by the Law 9.491/97, aimed at allowing the private capital to own the former State companies, the major Brazilian capital goods industries, such as metallurgy and iron industries.

⁴ Federal Law 8.987/95, supplemented by Laws 9.074/95 and 9.648/98.

as telephone (both fixed and mobile), after their discharacterization in the constitutional order as 'essential public utility services', and the whole capital of many formerly public companies were privatised and absorbed mainly by foreign corporations.

The enormous spread of fixed lines and mobile telephones after privatisation is a telling example of the *hindered accumulation* process in Brazil, commanded by the elite and largely supported by foreign capital. If some development of the productive forces is required to maintain a minimum level of domestic accumulation, one of the means to achieve it is to extend infrastructure supply to lower income people and settlements, usually a couple of decades after this utility had become accessible to all in the central countries. Thus in a few years after privatisation fixed telephone lines reached the low income peripheral areas at a very low price, but at much higher rates. The enormous increase of the rates has not only contributed to the rise of the family expenditure with public services as shown in *Figure 1*, but also led to increasing default rates on the payment of the bills. (ESP, 24/07/03)

Simultaneously, a great improvement in digital networks linking the largest Brazilian cities, especially São Paulo, to the main world cities through satellites, optic fibre and cable connections has been implemented (Schiffer, 2002), guaranteeing the country's –and the elite's– 'integration' to the global world economy – and favourable conditions for the headquarters of foreign multinational companies which had heavily increased their share in the ownership of domestic firms in the nineties (see Chapter 2), to settle in.

In short, the Brazilian legal framework reflects the characteristics of the elite society that stands behind it. On the one hand, this framework is constantly improved –always in the name of the collective interest–, with new additions of social controls, participatory processes and more strict public regulations regarding the provision of the public services. On the other hand, the same laws simultaneously create frequently prerogatives for specific cases, allowing the stronger pressure groups to accomplish their interests.

3 The fragmentation of the urban policies and the rising of social organisations.

A new federal law (2001) called *Estatuto da Cidade* ('Statute of the City')⁵, determined the general jurisdiction of the municipal governments, regarding urban land property rights, land use and enforcement of building regulations. In its general guidelines this Act establishes that "the co-operation between public administration, the private sector and other sectors of society in the urbanisation process, must aim at the service of the social interest" (Art. 2° - III).

Although most clauses leave concrete details open, to be fixed in further regulation within the scope of the municipal *Planos Diretores* ('Master Plans'), two sections of the Statute of the City deal specifically with possible exception from building restrictions. The first (Section IX) grants a burden right to over-build, which means the empowerment of the municipal administration to allow higher building densities than a pre-established floor in specific areas of the city by means of a supplementary payment or other counterpart from the beneficiary. This implies that through the 'urban operations' legal instrument the municipality can overrule their own general urban laws, particularly zoning, in function of local interests, every time the specific area, is proposed approved for it in the *Master Plan*.

The second (Section X) enacts the general rules that allow specific urban interventions based on *consortia* between the public bodies and private enterprises, denominated *operações urbanas consorciadas* ('urban operations in consortium'). This implies in allowing land use or building in disregard of the legal framework based on a project proposal within a specific urban zone proclaimed to be essential to enhance the efficiency of the local existing infrastructure or to prevent

⁵ The Federal Law 10.257/01 *Estatuto da Cidade* is deeper assessed in the Chapter "Institutional changes: Urban governance in São Paulo".

environmental degradation. This makes it possible to virtually any pressure group to legitimate their particular interest in the name of public interest and even tap public funds towards realising them.

Another form of non-governmental association fit to enter into a 'partnership' with public bodies was propitiated by the Federal Law 9637/98⁶, that created and regulated the figure of *social organisations*, saying that it is aimed at

"creating a juridical instrument to allow the transference to non-profit private corporate bodies certain activities that have been performed by the public sector [...] without the submission to the Concession Law" (Azevedo, 1999:72).

Social organisations are restricted to a number of social activities –usually known as the *Third Sector*–, namely, education, scientific research, technological development, protection and conservation of the environment, culture and health. Under the rules established in each individual contract, the public management can transfer to a legally constituted *social organisation* budgetary public revenues, as well as public properties or assets, in the name of ensuring the 'satisfactory performance' of the activities or of the program contracted.

The Non-Governmental Associations (NGOs) under the current law are characterised as non-profit private organisations. Although their legal arrangement can follow one of two possible institutional formats, *social organisations* or *foundations*, according to the ABONG - Brazilian Association of NGOs, only around 5% have the second format. The focus and main actors have changed since the mid-1960s, when the pioneer NGOs were linked to Christian churches, targeted to attend low income groups focusing mainly on education, neighbourhood social movements, and Trade Union demands. Currently there is a great diversity in NGOs objectives and participants, but the major activity is consulting (over 40% of the ABONG associates), followed by popular education and citizenship education (around 14% each),

⁶ The Federal Law 9.637/98, authorizes the federated states and municipalities to create their own regulation as far as they do not explicitly contradict its general terms.

being that over 75% of their funding comes from abroad, through Non-Governmental International Cooperation Agencies (Landim, 1996).

Although there are many NGOs and social organisations earnestly working in poor communities, educational programs, environmental issues, urban conservation, and other relevant issues, the lack of an effective public control over their activities allowed the emergence of some of those organisations that use the law merely to cover up and to perform profitable private activities, oriented to individual rather than to collective interests. This, however, is not a specifically Brazilian problem, as informed in a recent newspaper article quoting the French researcher Guy Sorman:

"Some NGOs use fake scientific fundaments to terrorise naïve persons, presenting over estimated environmental dangers just to obtain grants and donations, mainly from multinational corporations". (FSP, 21/07/02)

The number of *social organisations* has grown in Brazil during the nineties⁷, and the latter now have an expressive share in a large range of social activities, from day nursery for poor children to technical courses or first aid health care assistance, among others. Most of these services are indeed poorly attended by public administration, but the NGOs just scratch the surface of the issues they address, such is the scale of the scarcities involved. Here we encounter again, however, one of the constant features of the Brazilian society, in which the conditions of reproduction of the labour force are kept to minimum, with very little public action is taken to mitigate the effects of the scarcity and of the poor quality in the provision of public services for the low income groups.

Around 40% of the partnerships between civil organisations and public bodies area established at the municipal level (Landim, 1996). This reflects the general assumption that the municipality is more able to deal

⁷ Although there is no official statistics, the number of all non-profit organizations in Brazil, in 2000, is estimated to be over 250.000 through the country, based on several federal registers, according to an ABONG e-mail answer to this question.

with social assistance programs due to closer proximity and deeper knowledge of the main local problems, and to greater facility in engaging and controlling partnership programs. Marques (1999) reckons that the basis of this assumption is an implicit misconception, one which associates decentralisation of social programs to the municipal level with democratisation, for the sole reason that those programs usually imply some popular participation in the decision making process. Effective social control of the provision of public services is, however, far from being achieved, and there is no adequate program of social participation that would take into account the extreme unevenness in formal education and political influence of the diverse income groups, or the disparities in size and in revenue of the municipalities.

The risks associated with the fragmentation of social programs due to their 'municipalization' were also alerted to by Marques (1999:109), who stressed that

"to allow the consolidation of several Brazils through the atomisation of social programs can be an additional factor to destroy the nation. This is because, in spite of all the problems associate with centralisation, there is no doubt that the process of construction of the Brazilian social protection was, simultaneously, a process that allowed the unification, under the right means, of the labour force of the whole country".

In short, the fragmentation of public policies during the 1990s, from the provision of social services to urban development, is nothing else than the maintenance of the hindered accumulation process. This time based on the dispersal of social forces so as to undermine their capacity of organisation, preventing an effective challenge of the hegemony to the national elite, most of it located in São Paulo, the economic heart of the country.

4 Changes within the São Paulo power structures

The São Paulo Metropolitan Region was formally instituted in 1973, composed by 38 municipalities (39 today), and due to the lack of a metropolitan entity endowed with political and economic power it always

fitted rather awkwardly within the three-level administrative structure of the country: the federation, the states and the municipalities. Even so, comprehensive metropolitan plans did have been sponsored from time to time by the metropolitan (public) Planning Enterprise, fitted into the São Paulo state administrative structure. Specific urban plans were also developed until then for the main municipalities of the region, and the basic infrastructure items –water, sewerage, electricity, telecommunications, along with such social services as education and health– were provided by public institutions and companies, albeit at varying levels of coverage and quality of service. This rather precarious planning process lasted until the late 1980s, when those plans were in practice disqualified for good by the new 'constitutional entity' status of the municipalities (1988).

The assessment of the formal and informal present power structures that follows is centred on the municipality of São Paulo, for although there are a few projects based on a *consortium* of municipalities, there is yet as no metropolitan legislation, and focusing on the São Paulo Metropolitan region in terms of decision making processes and partnership projects would imply, in fact, assessing 39 separate municipalities.

Since the early 1990s the main changes in the São Paulo municipal formal structure are related to the adaptation of the local legislation to the higher instances, particularly to the rights and duties established in the Constitution of 1988 and currently to the guidelines of the *Estatuto da Cidade* (Statute of the City) of 2001. Among them, the São Paulo Strategic Master Plan and the 'urban operations' legal instrument are the most relevant regarding the introduction of new approaches and pressure groups – or actors– into the urban decision making process.

Besides the juridical instruments mentioned above, the urban decision making process has also been influenced by informal power structures. Those, comprised by civil society groups, have emerged as outcomes of the effective political (economic) structure, which, in Brazil means the behaviour and the interests of the elite,

throughout a variety of 'pressure groups' and the correspondent reaction of some civil groups trying to mitigate the perverse social effects of the economic 'model' imposed, as discussed below.

Eventually, the changes in the formal or informal power structures in São Paulo were subjected to the usual discontinuities in the political orientation that has been recurrent in this city since late 1980s, when the first Mayor belonging to the Workers Party - PT- (Luiza Erundina, 1988-92) was elected in charge of the local government. Followed by two Mayors belonging to the conservative *Partido Popular Brasileiro* –PPB– (Paulo Maluf, 1993-96 and Celso Pitta, 1997-2000), the Workers' Party re-assumed the municipal government in 2001 with Martha Suplicy. The PT has traditionally a strong social orientation in urban policies, particularly legalising and urbanizing *favelas* land and promoting diversified social housing projects and financing lines. In opposition, PPB favours all sorts of market-oriented public works – especially urban highways or slum clearance– in higher income areas. Although both the general focus and the rhetoric of these two political parties point to quite different goals, the difference in the end result of their administrations is frequently overestimated. In practice and ultimately, the policies of both have had to fit into the neo-liberal framework prevalent in the last decade of the XXth century, which doomed to failure any genuine intent to effectively raise the social conditions of the majority of the municipal population.

The São Paulo Master Plan

The urban plan for São Paulo City, *Plano Diretor Estratégico* (Strategic Master Plan), legally approved in 2001, introduced two important new legal measures into the municipal decision making process, namely the Municipal Participatory Budgeting and the creation of decentralised Sub-administrations. The municipal budget forecast was formatted to take into account the participation of the community, or their civil representatives, in the decision of the public investment priorities. The Sub-administrations were implemented after a municipal law (2002) splitting the city

management into 31 administrative areas, each one ruled by a regional-Mayor and with a certain autonomy to define their own Master Plan with local project proposals and investment priorities. One of their tasks is to set up local plans (with some experimentation in participatory planning and budgeting), while they also take charge of the running of schools, first aid stations, and public space maintenance.

The objectives of a *Master Plan*, as formulated by Villaça (1999:238), should be to

"propose short, medium and long term measures and actions, approved by law, according to a prospective diagnosis for the future socio-economic and spatial organisation of the land use, and of the infrastructure networks development".

This concept, similarly expressed into the 1988 Constitution, was never really put into practice in Brazilian urban plans, which has produced more discourse than projects proposals, due to the behaviour of the elite

"in this case represented by the real estate pressure groups, which ignore the *Master Plan* because it can represent an opportunity for discussing the 'urban problems', whereas they prefer to ignore it [...] supporting anything other than general principles, guidelines or policies, and definitely nothing that could be self-applied" (Villaça, 1999: 240-1).

These are precisely the principles and objectives that form the basis of the so-called *strategic plans* in general, and the current *Strategic Master Plan* of São Paulo is no exception. The latter, in accordance with the national trend, abandoned even sectoral planning and the metropolitan scope to leave the place for fragmented municipal plans focused in the spirit of 'strategic planning' on isolated initiatives taking the form of 'urban operations' and public-private partnerships', which mainly address particular issues within the urban agglomeration raised by narrowly based pressure groups expressing private interests (downtown reclaiming, *Operation Água Espraiada*, *Faria Lima* –big new avenues in place of old streets, rivulets or *favelas*–, neighbourhood preservation and enclosure, and the like).

The attributions of the Sub-administrations are confined to activities within their geographical limits. This legal

determination can generate considerable divergence of policies and actions within the municipality, in an opposite direction not only to municipal but also to metropolitan integration that has been long sought after, particularly if we recall that the São Paulo Metropolitan Region itself is composed of 39 conurbated cities. The fragmentation of the decision making process is strongly felt when each Sub-administrations has to propose and co-ordinate its own Master Plan (under the general propositions of the Municipal Strategic Master Plan) and the related participatory mechanisms. Indeed, the recent experience (at time of writing still unfinished) of drawing those plans has resulted extremely uneven in terms of diagnosis, level of detail, investment propositions, social participation and prospects for each area .

The major arena for the dispute over urban issues has always been the legislative body (city council). The creation of the Sub-administrations came to introduce a new level into this field. Considering the reduced autonomy of these, and the greater capacity of the organised pressure groups to participate and influence the design of those plans, the resulting shift of balance is, once again, very much to the advantage of more powerful and organised interest groups in the decision making process.

'Urban Operations'

'Urban operation' projects, included in the Statute of the City in 2001, had already been developed in São Paulo for over a decade, according to previous municipal rules, in four cases, named after the areas involved: *Faria Lima*, *Água Branca*, *Águas Espraiadas* and *Centro* (historical centre).

According to Section X of the Statute of the City, any municipality can approve a specific law circumscribing an area to be subject of an "urban operation" in accordance of its Master Plan. This legal instrument, formally denominated "urban operations in *consortium*" is defined as:

"the joint actions and measures under the co-ordination of the Municipality, with the participation of the land owners,

inhabitants, users and private investors, with the aim at achieving within an [delimited] area structural urban transformations, social improvements and the environmental valorisation." (Art.32 &1)

To accomplish those goals the Municipality can propose in each "urban operation" the exceptional acceptance of over-rules of its own urban legislation, such as higher rates of built areas, changes in the previous land use, the approval of formerly illegal constructions, among others. The financing of an "urban operation" is obtained by a counterpart -determined in each project- of the local stakeholders and residents and through granting burden rights to over-build by means of buying certificates from the municipality named *Cepac* (Certificates of Additional Building Potential). As a rather thin compensation for the collectivity interests of which were being overlooked, when not squarely hurt in the 'operations', the amount collected from *Cepacs* is earmarked for re-investment in the area as a public counterpart in infrastructure to revitalise the area under the 'urban operation'.

The current São Paulo *Strategic Master Plan* proposes nine new 'urban operations', defining these as being a set of proposals for areas delimited by municipal law with the purpose of creating public space and dealing with the main local problems, such as demand for public transport, infrastructure, and social housing.

Extensive academic research and numerous surveys have been conducted to assess the earlier urban operations, particularly the *Faria Lima* and *Águas Espraiadas*⁸, and all of them concluded that those areas went through a manifold price increase and real estate valorisation after public improvements in local infrastructure and private investment in higher standard buildings, leading locally to a vigorous gentrification process.

⁸ For the first case, see Campos-Pereira (2002) and Bella (1998), and for the second, Fix (2001).

Actions of civil society groups

The informal power structures in São Paulo, composed of organised groups of 'civil society', as pointed out earlier, stem from the behaviour of the national elite that by systematically preventing the adequate design of social and urban policies aimed at the collective interest/benefit, thereby open a space for manoeuvre of their own. In other words, 'civil society' organised groups do not feel represented by the governmental bodies in specific matters and are allowed to act on their own initiative. This is expressed by the emergence of particular pressure groups, both like non-institutionalised philanthropy, social movements or even individual efforts aimed at achieving a less unequal society, but also of middle and higher income groups that form their own informal organisations simply to promote their own interest, such as neighbourhood associations who want to preserve or to improve their neighbourhoods, or yet to protect themselves against violence, which has been increasing *pari passu* with the spread of neoliberal policies since the 1990s.

In respect to the first of the afore-mentioned groups, although the amplitude of the actions and the diversity of partnerships in São Paulo is boundless, two emblematic examples may illustrate them. First, the creation of community centres in the periphery of São Paulo, organised with the aid of the Catholic Church and involving the local people of these very poor and violent areas. Their demands to the municipality bodies concern all sort of local improvements, such as child care and schooling, technical courses and youth or elderly assistance. The second regards the biggest São Paulo *favela* Heliópolis, where over 80 000 people live. It has received aid from volunteers working with organised local groups to improve the area in a variety of actions, such as the development of a child chorus, implementation of sport grounds and street lighting.

As to the second group, informal actions bidding to influence the urban decision making process emerging from upper income associations are often related to the improvement of the environmental conditions of a

particular neighbourhood, as a few examples below may illustrate:

- Façade renewal of historical buildings located downtown through mutual help involving university students and small shop owners, under the supervision of the municipality and a group linked to the *Programa Ação Local* (Local Action Program). This initiative of the *Associação Viva o Centro* (an NGO) was created in 1997, aimed at organising the downtown community as 'caretakers' of the historical centre and to act mobilising the neighbourhood or denouncing any irregularity such as illegal commerce or land use, etc.
- Parks and traffic improvements and land use control in a middle income area in the South-western region of the city were performed by a neighbourhood association, named *Sajape (Sociedade Amigos dos Jardins Petrópolis e dos Estados)*. The main objectives is to implement green area projects and appealing to the formal institutions for improving the living conditions of a neighbourhood of about 6 500 people.
- Inhabitants living in one of the most wealthy surroundings of São Paulo protest against the official approval of a luxurious high-rise building above legally allowed maximum height.
- High middle-class groups increasing their own private security, with the use of security equipment, such as cameras and local telephone network, and even private police of a size comparable, when added together, to the municipal and São Paulo State police forces together.

Regarding the environment protection or conservation of historical assets, some social organisations or NGOs have acted as powerful pressure groups to induce the public sector to deal with these issues. The funding of restoration of historical buildings and monuments, comes mainly from private companies but always in association with the public administration. Some of the recent examples in São Paulo, are the rehabilitation of the *Estação da Luz* railway station, the conversion of another railway station into a concert hall, the *Sala São Paulo*, and several former bank headquarters converted

to cultural exhibition centres, all of them situated in the downtown area.

Among the examples of projects for urban renewal, powerful social organisations, such as *Associação Viva o Centro* and *Centro Vivo*, are active in trying to revitalise the historical centre of São Paulo within an 'urban operation' proposal (*Operação Urbana Centro*). The former congregates multinational banks and large Brazilian corporations, while the other gathers popular movements for dwellings. The *Associação Paulista Viva* and *Movimento Colméia*, are aimed at improving the two main secondary centres of São Paulo, at the *Paulista Avenue* and *Nova Faria Lima Avenue*. The latter was already object of the *Urban Operation Faria Lima*, and currently a group of executives formed the *Movimento Colméia*, and proposed to the municipality a new form of partnership. This means their financial collaboration to a proposal elaborated by the group to improve the area by planting trees in the central area of the Faria Lima Avenue and by constructing a road link to the Berrini Avenue, a major location for headquarters of big national and foreign companies. This partnership is quite unique since part of the works will be within the former area of the Faria Lima Urban Operation, which means *Cepacs* can be sold by the municipality to raise funds towards the required public investment, while the investment and some real estate areas for the new zone to be renewed will be donated by members of the *Movimento Colméia*.

Besides private capital and social organisations, other relevant partners in the decision making process related to the spatial organisation of São Paulo –and also of many other Latin American cities– are multilateral development banks. In fact, the major funding agency for urban conservation projects in Brazil is the Inter-American Development Bank – IADB. The operational framework of this bank, in theory, covers all aspects related to social and economic development. Since 1995, the IADB has been applying an institutional resolution that allows up to 5% of its capital to be earmarked for direct financing to the private sector, without demanding the previously required governmental guarantees (IADB, 2001). At the same time, the IADB not

only extended the customary credit line for public works in infrastructure, but also introduced loan contracts for historical centre conservation projects that can be taken on simultaneously by the public and private sector. Recently the São Paulo municipality signed a large funding agreement with IADB to revitalise the historical centre, which also involves private enterprises and social organisations.

Conclusions

Since the 1990s, formal partnerships between the public sector and the private capital, social organisations, or NGOs have been encouraged in the Brazilian laws and plans, according to general neo-liberal policies, and justified as being a more 'participatory approach' to the achievement of the 'collective interest'. Local governments, including São Paulo, also implemented a large number of new partnerships oriented to the social or urban issues, in the name of a chronic tight budgets and resources to design, implement and manage the urban development.

In fact, the introduction of these new 'partners' in the decision making processes does not represent a real shift in the Brazilian socio-economic process. They are, rather, new attempts of legitimating that process, which, set in the colonial times determines until nowadays the peculiarity of the Brazilian society, which behaves as an elite society rather than bourgeois. Here the mediation of the interests of the dominant class through the figure of public interest taken care by a neutral bureaucracy has always been seriously impaired by the structural –and deliberate– weakness of the state apparatus and constant direct interference in its workings by specific pressure groups, or even individual members of the elite.

Urban planning and administration have also reflected this peculiarity over time, and the current shift in the share of resources and responsibilities among the three governmental spheres shows a shying away from development plans in favour of 'strategic planning' within municipal limits, or split even further within sub-municipal boundaries. In the case of São Paulo it was

accomplished in the beginning of the 2000s with the subdivision of the municipality into 31 Sub-administrations with autonomy to design their own Master Plan as far as they are in accordance to the guidelines of the Municipal Strategic Master Plan.

Most of the federal legislation, concerning urban policies, is sent to the local administrations to be complemented with specific detail, justified by the idea that they are the more adequate instance to deal with and legislate about their own problems. This is only a partial truth, for although it is true that the municipal, or even sub-municipal, administration should be able to handle their local development constraints easier, it is also true that it frequently goes into an ideological discourse merely as an excuse for the withdrawal of the various levels national Government from addressing social and urban problems.

What remains a matter to assess is whether the greater participation of non-governmental participants, such as civil society groups, social organisations, neighbourhood associations, NGOs, etc.) in the power structures dealing with urban management and policies, or the provision of social needs, particularly within the municipalities, has resulted in any improvement for a substantial part of the population. There is no evidence whatsoever to allow an affirmative answer to this question, although it is also true that most new forms of social organisation or of public-private agreement have so far had so short periods of life and so severely restricted boundaries, that any attempts at assessing their outcomes is seriously impaired, especially when confronted with the extremely deep-rooted inequalities in the Brazilian society which requires large scale -and long term- improvements.

The question that ultimately remains, therefore, is whether a broader participatory process in the power structures with the inclusion of new pressure groups -or actors- will enlarge in such a way that can overwhelm the elite pressure groups and re-orient the domestic accumulation leading to a unrestrained process? Or, the hindrances of the Brazilian accumulation can be removed exclusively by the elite that had imposed it for such a long period? For the last supposition to become

true it would be necessary that the elite at last realises that the hindered accumulation is not sustainable any more due to very low subsistence level of the labour force, readily observed in everyday urban life or in the numbers of increasing unemployment, violence rates, and population living in slums and *favelas*. And certainly those social outcomes will not be fended off with private security forces, armoured cars or towering walls.

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