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Social Housing Under The Worker's Party Government: an Analysis of The Private Sector in Brazil

Valesca Lima

Abstract

This article examines the patterns of government intervention in social housing in Brazil to analyse the role of the private sector in the elaboration and implementation of social housing policies during the Workers' Party government. It draws on case study research and I examine areas which impact on the way social housing has been implemented since 2003 to study the concentration of decision power private construction sector has on social housing policy-making, which sets the tone of government intervention on social housing. I argue this was part of the Workers' Party's approach to neoliberal policies in a more moderated style, a type of intervention repeated on numerous occasions under previous administrations. This article concludes by noting the prominent role of the private sector in social housing developments.

Keywords: Housing; Private Sector; Neoliberalism; Social Movements, Brazil

Introduction

An expressive number of academics have dedicated their work to analyse the housing issue in Brazil.¹ At large, there is an undisputed view the state has been unable to deal satisfactorily with the housing problem. Since the creation of the first huge housing programs in the 1950s and 1960s, governments have demonstrated inability to attend low-income population housing needs,² which is the group where the housing deficit is primarily concentrated.³

My analysis in this paper presents the main actors and strategies playing a key role on social housing policy-making in Brazil during Workers' Party governments. I begin with the assumption that the housing issue in Brazil returns to the centre of government political

agenda in 2003 with the election of a Worker's Party candidate, Lula. His administration initiated a process of change in the housing area, such as the creation of the Ministry of Cities, new regulations of the housing sector, in addition to programs with comprehensive scope and national reach. It is noteworthy to mention in this context the creation of the National Housing System in 2005, a system in which municipalities became members to receive federal funds and technical support. In exchange, municipalities had to implement the "architecture of participation" which included the participation of civil society and the private sector in the process of public policy decision-making.⁴

The My Home, My Life Program (*Programa Minha Casa, Minha Vida - PMCMV*) social housing program is considered one of the biggest housing intervention program implemented nationwide. Created in 2009, the PMCMV was devised to address issues associated with the housing deficit and to attend the estimated future housing demand of Brazil until 2023. The PMCMV's main goal is the eradication of precarious housing and cohabitation by providing low-income families with decent housing.

The PMCMV surged as a response to the 2008 economic crisis, which by early 2009 rose to concerning level in Latin America and Brazil as the international crises impacted the national market.⁵ The objective of the program was to stimulate the growing of economic activity. An important part of these incentives was concentrated on infrastructure and construction sector, because the sector has an important role in generating employment and is considered a "strategic partner" of the government. The magnitude of this Brazilian program has pleased the construction sector. Only in 2016, the Federal Government reserved 70 billions reais (€19 bi) from the budget to be directed to the PMCMV program.⁶

At the local level, municipal housing councils decide how funding for social housing is going to be spent through the PMCMV program. Members of local housing councils - which include government officials, NGOs, social movements and representatives of the private sector - must reach consensus on housing priorities. Previous studies demonstrated how these councils are expected to be self-directed and equalitarian but local politics leads to serious power imbalance that undermines the influence and participation of civil society in the process of decision-making. This power imbalance is skewed towards government and the

private sector, which centralise and define the configuration of the housing investments in the country.⁷

Previous research has established the reformist tendencies of the Workers' Party, arguing in favour of social justice. Critics of the Workers' Party, such as Chauí et al. (2006)⁸ suggests that Lula's administration was not exactly leftist or neoliberal, it was something in-between, representing a new political position in terms of the Brazilian political parties history. However, analysis on Workers' Party administrations from Lula's two terms (eight years) in office (2003-2011) to Rousseff's administration (2011-2016), have been comprehensively studied in terms of their liberal neoliberal inclination.⁹ There is a consensus among those authors that particularly in early stages of Lula's presidential term, there was strong evidence of alliances between the Worker's Party and capitalist interests.

Having briefly presented the housing policy scenario and its main actors, I can therefore present the three main components of analysis I use in this paper: (i) the spaces of participatory democracy – in this case, the municipal councils, which are spaces of public policy decision making; (ii) the patterns of state intervention under Worker's Party government policies, and (iii) the influence and intervention of the private section social housing decisionmaking processes. Thus, this paper deals with the following question: What is the extension of the private sector influence on the social housing decisionmaking in Brazil? I focus on the extent to which this key actor in housing councils in a participatory democracy models is associate with the set up and pathways of social housing. This paper contributes to current discussions about new facets of neoliberalism, public policy and political crisis in Latin America.

The case study, which provides evidence in the paper, is an empirically grounded research into the interaction between social movements' representative and the private sectors in Brazil. It is based on fieldwork conducted in 2014 and 2015 in the city of Maracanaú, a medium-size urban municipality in the Northeast of Brazil, which included archival work, interviews with state officials, social movements members, and representatives of the private sector in the municipal housing council. The case study of a housing council in the municipality of Maracanaú illustrates the contradictions of combining a redistributive and social equity

agenda with a neoliberal model productivity. The analysis revealed a complex structure of power play and the challenges for social movements under progressive governments.

State Intervention in Housing Issues: Poor Solutions For Poor People

In Brazil, most of the interventions in urban centres that aim to address housing issues have a segregationist pattern. The expansion of the population and a long list of failed and localised public housing policies have consequences on the current housing deficit in the country. Since the 1930s, Brazil has adopted a national-developmental model that started during President Vargas' term (1930-1945) and was strengthened during the military regime (1964-85). This development policy was configured by the economic expansion of cities and the development of national industries, along with the boom in occupation of urban centres.¹⁰ During this period, new cities emerged and living standards were extremely low, especially for low-income families.¹¹ Even today, the suburbs are frequently the only place available for low income groups, far away from their jobs and lacking essential public services, such as public schools and adequate transportation.

Looking back at the origins of the state intervention on housing issue, it is stabilised that the period for 1930-1954 (President's Vargas first term in office), shaped housing solutions for many years to come.¹² This is the moment when the Brazilian state started to intervene in the housing production, until then led by the private sector.¹³ The state production of housing for low-income groups was an acknowledgment that the housing issue would not be addressed only through private investment. Because of its nationalistic features, Vargas government stimulated the intervention of the state in the housing area. In fact, the construction industry did not contest this meddling of the government. Large companies from the construction sector were gradually discontinuing investments into production of "rental houses", a sector of intense activity in during the period. On the other hand, the progressive reduction of private investment in housing industry created the perfect conditions for the injection of public resources into the construction sector - a situation still remaining today. From that is possible to infer the development of social housing required the intervention of the state in a sector of economic activity where the presence of the state was indispensable and that it attended the interests of the construction sector.¹⁴

Few and sparse social housing programs were created after Vargas period. Even after the creation of the National Housing Bank (*Banco Nacional de Habitação*) in 1964, which was supposed to assist low-income families with social housing, most of the resources were directed to middle and upper-class families acquiring new homes. This entity was created with the purpose of improving the economy by investing in the building sector and in social housing estates. However, it ended up as an extremely centralized policy within the federal government. After 22 years of existence - marked by reports of corruption and misuse of public resources - the National Housing Bank was closed in 1986. This housing system left a significant legacy of social housing policy models for years, particularly regarding state financing of home ownership.¹⁵

After the closure of the National Housing Bank, Brazilian housing policies collapsed, as the economic crisis plaguing the country in the 80's, a period debt crisis and reverse capital flows from Latin America to the creditor countries, which prevented the execution of any major social housing policies. The focus then changed to local communities and neighbourhood associations, which received training and technical information from state officials on "self-construction" housing. Local associations received a boost and the number of local groups working on social housing networks increased considerably. A number of entities received funding and supervision from government agencies – and in some cases from international NGOs, depending on who was financing the housing project.

The administration of the complex and decentralised housing system, in which the majority of building constructions services are contracted out to the private sector, unavoidably creates conflict and contradictions. Central to the philosophy of neoliberal market approaches is the idea that government should move the provision of services to the private sector. Since the 80's countries in Latin America have been implemented neoliberal reforms under supervision of the IMF (International Monetary Fund). These policies would be implemented to promote greater efficiency and development; and also lead to economic growth.. Adjustment programs were heavily implemented in the 90's and steered a significant debate on programs of economic development and fiscal stabilization. This was a contentious debate that involved politicians aligning themselves with a neoliberal agenda, or supporting a strong role of the state as service provider.¹⁶

In this context the logic is that the state has to intervene in the housing area to reduce economic imbalance and stimulate economic growth by investing on the construction sector. Therefore, the role of the state is to assist the housing markets with land, credit and subsidies, meaning that this role is transformed by reducing its direct production of units, land policy and the determination and coordination of investments. Another important change is the modification of financing institutions to expedite private sector-led projects to foster the financial housing market. The baseline is that the construction sector is fundamental to economic growth and urban development, as government created the legal basis for a permanent availability of financial capital for the private sector. The funding came from national savings, loan housing systems and loans from abroad.¹⁷

In 1994, with the election of Cardoso for the presidency, investments on social housing in national scale resume, with policies focused on low-income groups and facilitation of credit, such as the *Pro-moradia* program and the Residential Leasing Program (*Programa de Arrendamento Residencial - PAR*), which were offered to families earning one-three and three-six times the minimal wage, respectively. PAR adopted a distributive format in which construction companies presented projects to *Caixa Economica Federal*, the national bank responsible for operationalising the program. Municipalities were the local agents responsible for facilitating this process by relaxing urbanistic legislation and offering tax incentives to companies and carrying out infrastructure works to lessen the final cost of the projects, such as.¹⁸ The PAR was applied consistently from 1994 until 2002. Only in the 2000s, social housing policies become an important government policy again, with the creation of the Ministry of Cities, the federal government department responsible for social housing policies. It was created with the objective of strengthening popular participation and providing access to urban equipments. In 2005, the National Housing Council and the National Social Housing Fund were also created. At the local level, all municipalities interested in obtaining funding for social housing had to apply for membership to the national housing system. The creation of a municipal housing council to manage and establish guidelines and criteria for the allocation of resources is mandatory for all members of the system. No local housing council means no federal funding for social housing.

Participation in Social Housing and the My House, My Life Program

As determined in the 1988 Constitution, federal law regulates the urban spaces. The first regulation worth mentioning is the City Statute (*Estatuto das Cidades*) Law 10.257, passed in 2001. This law builds a new legal-urban directive to regulate policies of urban development and access to land in urban centres. It is premised on the idea of the social function of land and democratic city management. Another important instrument for the regulation of the urban space is law 11.888, Free Technical Assistance Program (*Programa de Assitência Técnica Gratuita*) from 2008, which provide low-income families with free technical assistance for housing design and construction. This is a permanent service offered by states and municipalities. While it has been successfully implementing in some municipalities, the proper implementation of the program faces challenges due lack of legal mechanisms and land regulation that allow for the application of this regulation.

As a rule, municipalities coordinate social housing programs through partnership programs funded by federal resources. The new legislation that made local housing councils mandatory had the expected effect. After the new federal housing system, the number of Brazilian municipalities with municipal housing increased from 14% in 2004 to 76% in 2011, according to IBGE.¹⁹

As part of Brazil's program for the Acceleration of Growth (PAC), the Brazilian government launched in 2009 the housing program My House, My Life (*Minha Casa, Minha Vida* – PMCMV). The program is funded by a federal budget and it is now in its third phase (PAC 3), which has included investment of up to R\$210.6 billion over a three period. Before the implementation of this program, mortgages were not available for low-income families, which were left entirely in the hands of the private sector, with only small and targeted investments in housing. Consequently, it is no surprise that favelas and other informal dwellings became a legitimated mass housing in Brazil, considering the working class freedom to build and to increment housing spaces outside the normative planning.²⁰

The PMCMV program is currently the main social housing program and according to official figures, it has the capacity to deliver over four million houses (Cardoso, 2013). At face value, the program has achieved success, but low-income groups (families earning 0-3 times the monthly minimum wage) have been the group to benefit the least from this program.

Despite its national comprehensiveness, the program has been subject to heavy criticism for its housing quality standards. Many buyers complain about the material utilised in the construction and also the location of the houses. This is not very different from complaints during the self-construction housing programs back in the 80s and 90s. Although monthly instalments are low, many buyers are in arrears and may face eviction.²¹

Unfortunately, housing construction under the scheme has been slowpaced, especially considering that only 15% of the contracts are directed low income families. The remaining contracts assist families with income between four and ten times the monthly minimum wage, where demand is smaller but repayment potential is higher. Even if the PMCMV was envisaged as a low cost housing program, the majority of the building companies are not able to take the risk of making only a marginal profit from it, especially when the possibility of compromising on quality standards is at stake, and they need to abide by building regulations.²²

The PMCMV has achieved great impact on the housing market in Brazil and it has the potential to reduce the housing deficit. The main concern is that the program is repeating the same mistakes committed in the past: poor solutions for poor people. Higher income families are still the beneficiary in the scheme and those from low-income groups complain about low-quality houses. The housing deficit in Brazil is concentrated on low-income groups but without a social housing program fully directed to them the housing deficit will not be properly solved. For that reason, social movements fighting for the right to housing have demanded their inclusion in the elaboration and implementation of social housing policies. This inclusion, however, has been compromised by the Workers' Party administration distant relationship with its supporters' base. This situation is further aggravated by the economic crisis that has hit the country since 2014.

In the next section, I analyse the role of the private sector on housing policies, with particular attention to its power and influence on social housing policy-making.

Social Housing Production And The Private Sector

Starting in the 1980s, national economic systems started to be disarticulated and, consequently, the autonomy of the state was affected, especially in terms of control of social

and economic policies.²³ This was a phenomenon observed in Latin America countries which defined a new pattern of capital accumulation and redefined the role of the state. Housing policies were deeply affected, as state resources were cut and a process of reduction of the role of the state was taking place. This changes affected virtually all economic and social areas. Regarding housing policies, its fundamental premise is that the market is, par excellence, capable to guarantee an efficient housing production and delivery. Therefore, the state should improve the operating conditions of markets and gradually abandon public direct housing production. This discourse fitted perfectly with the austerity economic policies proposed by the multilateral organizations at a time when the periphery was facing the adjustments in the productive, financial, political-ideological and social fields. The Brazilian state than became a facilitator, via financial operations.²⁴

Those reforms had the explicit aim at strength the financial system.²⁵ Since this period, the construction sector in Brazil became an important player in housing policies, especially in the Worker's Party political economic program in 2003. Accordingly, the annual housing financing raised by 31.09% between 2003-2008, in a particular moment where companies aggregated international investments and moved to housing production focused on lowincome groups.²⁶ Despite a record economic growth in 2007 and 2008, the onset of the global financial crisis severely hit Brazil in September 2008, as international demand for Brazil's commodity-based exports dropped and external credit withered. The initial expectation was that Brazil could circumvent the crises since some macroeconomic fundamentals was considered good at the time.²⁷ With the onset the crisis in 2008, many constructions companies dreaded the reduction of capital flows to the economy, the decrease of credit supply, and it's the negative impact of consumer and investment spending.²⁸ The solution for the increasing economic uncertainty of the period was centred in the housing sector, an economic strategy that attended the interests of the private sector, banks, and construction companies. Thus, the PMCMV was a solution created to attend the demands of the construction sector and the interests of the international capital, which had heavily invested Brazilian companies.

The PMCMV was created as a countercyclical policy articulated to the Program of Growth Acceleration (PAC). This program attend two major demands at the same time: on

one hand, from the point of housing needs, the program would reduce the housing deficit, while, on the other hand, satisfying the interests of the private sector. In terms of resource allocation, there is great incentive to real estate, construction companies and banks. The incentives are both direct (via funding to support construction costs and subsidies private businesses); and indirectly through loans to individuals to guarantee the demand. In addition, the real estate industry also benefit from tax exemption. For example, states and municipalities are expected to give away public land to construction companies to reduce construction costs (ministerial ordinance nº 164, 12th April 2013). They also exempted from CSLL, PIS /Pasep, IRPJ, Cofins, among others taxes.

The PMCMV was evaluated by the private sector as the most suitable model to boost housing production, safeguarding a leading role in the industry.²⁹ Considering this program is strongly dependent on the private sector, it contradicts the main principles of the National Housing System, which foresee that funding for social housing should be concentrated on social housing provision. However, a great part of this funding was spent on housing projects already under way and on complementary constructions, such as the urbanisation of settlements and infrastructure projects around those areas. Oliveira³⁰ highlights how this practice countervail resolutions adopted by the National Housing Fund and reveal the influence of the private sector on housing developments. Rolnik and Nakano have criticised this model by stating that merely implementing efficient job creation policies and boosting the construction sector does not necessarily result in a good housing policy.³¹

Also, research shows the confluence of the Workers' Party and the private sector's interests in at least three different aspects of social housing policy: 1. the first term of the Workers' Party administration developed a regulatory framework for the real estate market, promoting housing investments; 2. the elaboration of an infrastructure investment agenda in the second term resulted in a partnership program that incorporated the private sector (construction companies in particular) as one of the main agents of economic growth; and 3. a comprehensive social housing program was developed, a long-standing demand of the private sector *and* housing movements.³² A combination of the above turned the private sector into the main protagonist of economic growth policies and research shows that the

great autonomy of the private sector increases the pressure to lift credit limits. This can, in turn, distort the social purposes of social housing programs.

As an important partner of the government in housing policies, legislation requires the private sector should be present in municipal housing councils and dynamically participate in its activities. Their presence in housing councils is key for social movements, which could then speak directly to the companies interested in submitting housing projects. They could address community's housing needs and take into consideration their claims. But despite having a representation on the national housing council and in municipal councils, the private sector is largely absent player at the local level and I show evidence of that in the next section.

Private Sector Intervention in Social Housing, The PMCMV Program And A Municipal Housing Council

A major demand from housing movements is for provision of affordable housing to low-income groups. However, the influence of the private sector pushes for housing policies directed to the middle-upper classes – mainly because of their repayment capacity.³³ In this context, social movements for housing are competing against two strong political forces. The first is the powerful and influential private sector, which has the power to delineate housing production; the second is the state, which is politically and economically aligned with the private sector.

The political force of the private sector in the area of housing dates from the first big social housing projects in the 1950s and 1960s, but it has developed new characteristics since the 80's and specially in the 2000's with implementation of participatory democracy, the creation of the national housing system and the opening of housing councils. Their influence has also been expanded by the inclusion of business representatives in the political sphere, such as their inclusion in national councils and the creation in 2005 of the National Industrial Development Council (*Conselho Nacional de Desenvolvimento Industrial*), which was officially the channel of negotiation between the government and business sectors. It was created to assure the private sector that a left-wing government was not going to be a “disaster”, as the sector was apprehensive about Lula’s government, which according to some would adopt a more radical political attitude.³⁴

A look at the history of state intervention on housing shows that the role of the state in providing housing – a constitutional right – has been transferred to the market. Research on the topic has consistently demonstrated that, over the years, the state relocated a significant portion of the decision-making power on housing issues to the private market.³⁵ This model has privileged the construction companies in the main, with the guarantee of maximum return to investors and banks, as most of the current housing policies in Brazil are centred on the medium-high income groups.

PMCMV and the private sector

An important but absent player in the Maracanaú housing council - the municipality where I conducted fieldwork - are private sector representatives. They are members of the council but not elected like other council members representing social movements. According to the social housing legislation, the participation of the private sector is required because they are considered “strategic partners of social housing policies”.³⁶ However, the municipal housing council rules of procedure do not determine a number of seats for representatives of the private sector. From attendance lists I observed that in each term there was at least one representative from the national bank and one from building companies. I also observed that in the 2013-2014 building companies were not in the list of council members – apparently for lack of interest.

The private sector has a role in issues regarding social housing policy but I have found that they do not actively participate in the housing council. The reason for that is they have different access points and consequently better access to senior officials. They prefer to deal only with them, as council members have stated in interviews. In practice, they do not have a direct involvement in the council; rather, they use government officials as representatives of their interests in housing policies. Document analysis on attendance lists showed representatives of the private sector did not attend meeting in 2013; and in previous years, they rarely attended meetings.

A possible explanation for the lack of participation of representatives of the private sector in council meetings it is so to avoid dealing with communities’ demands. As explained in previous sections, the private sector became the main protagonist of housing policies, and

new housing projects depend on their capability and interest in proposing new housing developments. In council meetings they will be challenged and pressured, so they prefer to deal with public officials only, thus using government officials as their representatives in the housing council. It would make sense for them to attend council meetings, so they would push items of their interest into the council's agenda, but their close connections to government representatives saves them the trouble to attend. In other words, they do not attend meetings because they do not need to.

The above was confirmed when I looked at the way information on new housing developments are presented at the housing council. Public officials are in charge of presenting the projects and council members are expected to approve new projects. Demands coming from council representatives are not necessarily embedded in proposals coming from the private companies, but a middle ground needs to be reached, otherwise new housing projects will not be approved. New social housing projects should consider human needs, but in practice they take into account market interests. In this context, social housing has to be profitable for the private sector too. To compensate the lack of participation of developers, public officials sustain and defend projects proposed by the private sector during council meetings. This distorted logic put into question the capability of social movements' representatives in the housing council to influence the outcomes of housing policies.

The private sector facilitated access to public officials illustrates the different ways of participation in the housing council. For them, access to a government official is informally facilitated. The reality for SMOs members is quite different: they are constantly struggling for access to information.

This distortion of housing priorities clashes directly with the demands of the popular sectors and also exposes the incompatibility of purpose of social housing policies with the business model of housing production. This reconciliation seems unlikely, as the interests of entrepreneurs have a significant influence (and to some extent, determine) public investment in housing. The public for which these policies are supposed to be directed do not benefit from it properly, to the detriment of the social function of housing policy.³⁷

Donaghy investigated the relationship between the private sector and government in a city in São Paulo. She found that the close connections between the private sector and the local government privilege the interests of the private sector.³⁸ She confirmed this by observing how those two generally agree on issues and form a strong voting bloc in the municipal council. She also found that the private sector has always favoured big scale projects rather than the ones that would satisfy demands for affordable housing to the poor. In this particular council in São Paulo, representatives of the private sector take the time to attend the council meetings because social movements and other entities from civil society present a permanent challenge to government/private sector plans. In terms of the council I am studying, there is less resistance and representatives do not feel the need to attend meetings, as government representatives have been able to influence housing policies in such a way as to benefit private business. Another important finding was that differently from councils in Donaghy's case study, social movements' representatives were not able to form as strong voting bloc to pressure government and builders to attend their housing demands.

Also relevant to the issue of private sector involvement with social housing is the MCMV-E (*Minha Casa Minha Vida – Entidades*). It was created five months after the launch of the PMCMV, as a result of the pressure from social movements. Compared to the main program, MCMV-E is a much smaller umbrella program in which only families with monthly income up to three times the monthly minimal wage can be attended. The MCMV-E represents only 3% of the total PMCMV projects and consists on allocation of public resources to social housing that are managed by civil society entities.³⁹

The MCMV-E has been acclaimed as a victory by housing movements. The backbone of MCMV-E lies in the idea of participation as a form of popular organization. This participation happens at two levels: through direct transfer of federal resources to the implementation of housing projects and the participation of the beneficiary families, selected and organized by the movements.⁴⁰ This sub-program recognised that social movements are also partners in implementing of social housing policies and not just the private sector.⁴¹ However, recent studies have pointed to the contradictions of the Worker's Party housing policy where the self-managed model versus the private model are two confliction models of housing production. While the private sector emphasizes efficiency and large scale housing projects,

MCMV-E is focused on the idea of civil society capacity for self-management, connect to popular participation and accountability.⁴² The relationship between MCMVE and the private is complex, but differently from what happens in local council, housing movements engaged with MCMV-E projects make decisions regarding the implementation and construction. Compared to the PMCMV, entities involved with MCMV-E have assumed a leading role in the production of the housing units.

Housing movements in this context of the housing council are competing for power and influence against two strong political actors. One actor is the private sector, which is seen as the main instrument for economic growth and is in the position of being able to create maximum leverage on housing policies, whilst social movements are competing against a strong network of interests composed of political elites and the business sector. The other actor is government, represented by political elites and public officials, which are expected to promote the strength of housing councils, but are not interested in keeping social movements and the private sector at the same discussion table, so they may end up listening to only one side.

The network created at the federal level and amplified at the local level intensifies the consequences of keeping the fundamental decision-making power in the hands of a sector who are not interested in promoting local councils. With a strong power imbalance in housing council, the way it operates may legitimise a housing policy that does not take into consideration local demands, but one that might prioritise housing projects designed according to the interests of private companies.

Social movements are aware of this power imbalance. This has led to a sense of frustration experienced by social movements and especially by Workers' Party militants. In the next section, I discuss the reactions of social movements to this and the contractions of the social housing policy implemented by the Workers' Party.

1 Decision Power And Popular Participation

The Workers' Party government forged a new relationship with the private sector, since its attempts to maintain power rely on economic growth and high levels of employment which implies the creation of partnerships with the business sector.⁴³ As an initially highly ideological

political party that moved towards the centre and became a moderate left-wing government, the Workers' Party implemented a series of developmentalist and neoliberal policies. In order to take and retain power and political support, the Workers' Party had to continue to appeal to the masses and at the same time assure the economic elite that they would respect their interests as well.⁴⁴ In practice, this means that the Brazilian growth model has been led by the economic elites in a post-neoliberal capitalist model that centres efforts on reducing extreme poverty (through cash transfer programs and job creation) while promoting the agenda of industrial elites, considered by some essential for economic growth and development. This is done through maintaining an effective tax credit system that subsidises big business in the state.⁴⁵

When elected in 2003, Lula publically promised to keep social movements close to his administration by including them in decision-making process. It was indeed implemented through the creation of local councils and the allocation of funding for them. However, despite having a seat in councils, in special municipal housing councils, social movements were not given real decision-power, once the power lies on the hands of the private sector. In Rousseff's administration, this situation did not change much: social movements and civil society continue without or little decision-power, especially because Rousseff moved towards openly neoliberal policies.⁴⁶

As the Worker's Party administration evolved, social movements continued excluded from the high spheres of decision-power. Although those groups have showed willingness to take part in process of formulating public policy, it is possible to observe the disconnection between the Workers' Party "architecture of participation" and the unequal level of influence the private sector has on decision-making. The creation and implementation of spaces of participation were not enough to overcome the traditional rent-seeking employed by Brazilian elites, and, as a consequence, many councils became spaces for dialogue and discussion, but not decision-making. Dagnino and Teixeira⁴⁷ show, for example, that 58% of the national councils are consultative only and not deliberative (some councils are advisory only, meaning their decisions do not necessarily need to be taken into account, they exist in an advisory capacity).

It is possible to see some advances in the broadening of spaces of participation and discussion on matters that concern citizens. Nevertheless, the promotion of popular participation is not associated with tangible changes in the way those spaces function.

Conclusion

The Workers' Party trajectory is controversial because despite some advances in the social domain, there has been no significant attempt to reform the political system or challenge the ideological hegemony of neoliberalism. Many Workers' Party supporters - and adversaries - criticise the pro-corporate development strategy implemented in the last ten years. While supporters highlight the economic growth in the first three terms of the Workers' Party administration (which saw a reduction in extreme poverty and the implementation of models of democratic and participatory government), Lula and Rousseff's governments based their political power strategy on a partnership with big business on the one hand and the expansion of social policies for low income groups on the other. This balance, too fragile to withstand the dispute for power and influence, shifted towards economic elites, who, as in the example of the private companies, are not interested in engaging in negotiations for decision-making power with citizens.

The changes in housing policy making are important for two reasons. First, they reveal that a political party in power – one with a solid social program and a growing economy - is capable of reducing inequality and poverty by promoting consistent social gains, which includes access to better quality social services and decent housing. Secondly, while social gains can be observed, those changes did not result in a wider sharing of wealth and power. The Workers' Party promoted in a decade a combination of poverty reduction and economic growth policies. However, the party was unable to maintain a sustainable growth – in part due to the global uncertainty of the markets – and it was unable to hold on to its electoral support base. As a consequence, the housing sector has also been affected, first by the strong intervention of private sector in the process of decision-making, and second, by the several economic and political crisis that affect Brazil since Rousseff's impeachment in May 2016.

In the context of the PMCMV, it is not the central or local governments that determine which type of housing development will be implemented. The role of municipalities became

one of making information on housing demands available and to help to identify families who fit the scope of the program. The state has also to facilitate housing production through tax relief and the relaxation of planning legislation. In summary, the main promoter of social housing is no longer the government sector but the private sector.

Furthermore, the economic crisis that started in 2014 and the severe political crisis in 2016 only adds to increasing uncertainty about investments on social housing policies and the application of resources in the sector. For now, it is possible to observe the return of neoliberal public policies, with cuts on social spending and attempts to privatize key social services.

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Notes

1. Valença, *Poor politics - poor housing*, 391; Valença, *The trajectory of social housing*; Bonduki, “Origens da Habitação Social”, 711; Bonduki, *Housing Policies and Politics*, 70; Bonduki, *Urban and Housing Policy*, 176; Rolnik, *A cidade e a lei*, 101-144 and Cardoso, *Minha Casa, Minha Vida*, 7.
2. Maricato, *Brasil, Cidades*; Azevedo and Andrade, *Habitação e poder*, Azevedo, “Política de Habitação Popular”; Cardoso and Aragão, *Do fim do BNH*, 17.
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