Participation and Praxis: A Study of How Participatory Budgeting
Deepens Democracy by Institutionalizing Critical Consciousness

by

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Abstract

Government policies are predicated by certain interests. In a democratic society, these interests are assumed to be those of the people, perhaps as expressed through an elected representative. However, the pervasive influence of elites in conjunction with the decreased competent use of established democratic institutions on the part of the public, point to the need for new institutions and new ways of conceptualizing public interest. This paper posits that participatory budgeting presents such an institution in facilitating a more accurate conception of public interest by empowering an openly accessible, deliberative space. Participatory budgeting has made an impact in some Brazilian cities since 1989, and has been experimented with more recently in Canada, and the United States. Using Paulo Freire's conception of praxis, this paper explores if these processes are a viable and sustainable method for redefining public interest in the eyes of policymakers and the public alike.

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1 Chapter: Introduction

In 1992, the late Robert Dahl published an article explaining what he saw to be a low level of general awareness of politics resulting in an underutilization of democratic institutions. Pointing to an unfamiliarity with the formulation of government policy and a breakdown in community awareness, Dahl states that new forms of education are necessary to support a progressive democracy, even in countries where the formation of democratic institutions are thought to be complete.¹ The modern conception of the public interest, he surmises, is “the total of all the individual interests, which must then be aggregated or integrated according to a justifiable principle like majority”.² However, the insufficiency in common understanding of the implications of policy, compounded with a lack of empathy towards the surrounding community, cause individual interests to not be aligned with local needs. It is for this reason that the article concludes with the call for bold inquiry and judicious experimentation with the goal of improving the competent use of democracy. Specifically, Dahl suggests that established democratic institutions need to be supplemented with new institutions and techniques in order to increase citizen competence.³

With low levels of citizen competence and participation in policy formation, the priorities of government have become overwhelmed by elite interests to the point that claims of democratic identity have become questionable. This commandeering of democratic institutions is legitimized however with the association of economic growth with public interest. The current neoliberal conception of economic growth relies on

¹ Dahl, R. A.. The problem of civic competence. *Journal of Democracy*, 3(4), (1992): 48

² Ibid, 46

³ Ibid, 55

theories of development that function on the global level. By pointing to interests on the more local level that are neglected by this depiction of public interest, the neoliberal conception of public interest can be challenged. This process initiates a dialogue on the meaning of public interest and thus problematizes the legitimation of elite driven hegemony. In order to restore a more competent citizenry, community organizations and academic think tanks develop methods of encouraging critical thinking and consideration of alternative forms of development. One method, which will serve as the subject of this paper, is participatory budgeting. Participatory budgeting seeks to discover a more authentic conception of public interest through engaging a diverse range of perspectives in a deliberative forum in order to reclaim the title of a democratic society.

Developed in Brazil as a method of offsetting corruption and clientelism, participatory budgeting in the advanced capitalist context is posed to address a similar issue. Through the neoliberal construction of public interest, government priorities are predominantly determined by elite interests, which leads to the systematic disregard for democratic maxims of political equality. Though Canada and the United States are thought to be long-standing democracies, in the modern world of transnational finance the democratic nature of these states must be revisited. In order to reconcile government priorities with non-elite interests, popular power must be evoked over the economy in order to restore the vision of political equality that inspired the original demand for the democratic state. To this end, participatory budgeting is useful to broaden the cognitive and institution terrain upon which residents make demands on their government. Through establishing this new terrain a more collaborative sense of public interest can be determined and acted on.

Using Belo Horizonte, Brazil, as a case, Leonardo Avritzer (2006) demonstrates that “when democratic practices are made available to public culture, it is possible to integrate these practices into the decision making level through innovative institutional design”.⁴ With the relatively recent re-democratization of Brazil in 1985, these innovations were embraced through a restructuring of society manifest in the formation of the 1988 Brazilian Constitution. This has allowed for the proliferation of participatory budgeting to take place in over a hundred municipalities across the country. These practices have set new standards for democratic administrations, which have been experimented with in many other countries around the world. The practice of participatory budgeting requires innovative design and the support of the local culture and its institutionalization is dependent on the recognition of the challenge of attaining these requisites. Therefore, it is worth exploring how participatory budgeting can affect public culture in different localities and if it can be sufficiently integrated into the decision making process in different governmental environments.

This paper will explore two cases, Hamilton, Ontario and in Vallejo, California, while using the Belo Horizonte process as a comparison. Despite their situation in three different fiscal frameworks, as well as three different socio-political historical contexts, each case features a substantial participatory budgeting process occurring on the municipal level. The case of Belo Horizonte is useful in showing the impact that participatory budgeting processes can have as well as the persistent challenges that arise over time. The more local cases serve the purpose of showing how participatory

⁴ Avritzer, Leonardo. "New public spheres in Brazil: local democracy and deliberative politics." *International Journal of Urban and Regional Research* 30, no. 3 (2006): 635

processes are, first of all, possible and that they have the capacity to alter conceptualizations of public interest and develop new ways of engaging with the state in these new contexts. As leading scholars in the study of participatory budgeting have stated, its application to new contexts has inspired new innovations which contribute to progressive urban politics around the globe.⁵ In Hamilton and Vallejo, the process was initiated in two distinct ways but the processes are similar in their inclusion of public assemblies, in which a diverse array of participants deliberate on issues they believe should be addressed through a reorientation of government policy.

In order to gain insight about these cases, this study utilizes secondary sources, primary documents as well as primary interviews. In the case of Belo Horizonte, the plethora of theoretical and empirical research conducted on this municipality's participatory budgeting process will be referenced to demonstrate how this process is playing out in a more hospitable environment. For the more recent and local cases, it was possible to conduct interviews with the founders and organizers of the process, as well as the endorsing politicians. Six interviews were conducted overall. These interviews include Norman Kearney, the process founder and primary facilitator of the process in Hamilton, Ward 2; Jason Farr, Councillor of Hamilton, Ward 2; Brian McHattie, Councillor of Hamilton, Ward 1; Dr. Nicholas Kevlahan, a representative of the Durand Neighbourhood in Hamilton; Ginny Browne, the Participatory Budgeting Project Coordinator in Vallejo; and Marti Brown former Councillor and founder of the Vallejo process. These interviewees were selected on the basis of their involvement with the

⁵ Lerner, Josh, and Estair Van Wagner. "Participatory budgeting in Canada: democratic innovations in strategic spaces." *The Transnational Institute New Politics Publications* (2006): 2; Melo, M. A., & Baiocchi, G. Deliberative democracy and local governance: towards a new agenda. *International Journal of Urban and Regional Research*, 30(3), 2006:588

process initial development and implementation in their respective localities. These interviews have helped very much in building arguments on firsthand perspectives and evolving the method of inquiry used throughout this study. Official government legislation and approved budgets from prior years help to elucidate the underlying governance of the status quo and the current responsibilities of different levels of government in the three different fiscal frameworks under research. Utilizing these sources of knowledge has helped to show how participatory budgeting has the potential to form a new understanding of and relationship with economic policy of the state and the challenges involved in the formation of the process itself.

This paper will frame participatory budgeting similar to Brian Wampler and Leonardo Avritzer's (2004) depiction of it as a development of a new political terrain.⁶ The later work of these authors will also be utilized to gain insight to how this ideal has developed in Belo Horizonte. Participatory budgeting processes in these three cases will be assessed for how successfully they broaden the participants understanding of public interest as well as broaden ways that they can transmit this interest to the established state system. Wampler and Avritzer use the concepts from both Dahl and Jürgen Habermas to help demonstrate how the participatory process is a public space that espouses political and social innovation which can offset abuses of power in society.⁷ This paper will elucidate the educative dimension of participatory processes by using Antonio Gramsci's philosophy of praxis, later utilized by Paulo Freire. It is reasoned that a substantial participatory budgeting process must be largely supported and managed by the

6 Wampler, Brian, and Leonardo Avritzer. "Participatory publics: civil society and new institutions in democratic Brazil." *Comparative Politics* 36(1), 2004: 291

7 Ibid, 295

community or an organization independent of the state. Though the processes being researched are completely financed by public funds (and countless hours contributed by volunteers), the management and facilitation must be done within the community in order to foster an open and constructive process. The resulting breakthroughs and points of contention will serve as the units of analysis to demonstrate what impact is being made in the respective cases.

To discuss how this process can broaden the social and political context in which democracy is implemented, a mixture of Habermasian political theory and Gramscian philosophy of praxis will be utilized. The notion of the public sphere, as a source of social and political innovation, has been built upon since its original rendition in Habermas's *Structural Transformation of the Public Sphere*. Highlighting the importance of an openly accessible and deliberative *post-bourgeoisie* public sphere, this work depicts society in a similar way as Habermas does, viewing the republican state as “a subsystem specialized for collectively binding decisions” which interacts with a far-flung network of public opinion.⁸ The space provided by participatory budgeting is one that brings a participatory public into being. Converging on the common concern of local government spending, participants deliberate about public interest through an exchange of viewpoints and rational arguments. This public gathers to critique current government policy and spending priorities, which brings about a contrast with current drives of policy, such as privatization and economic growth. Using the philosophy of Gramsci and educational methods of Freire, this space can reveal the influence of elite-orientated decision making vis-a-vis the actual interest of local community. This revelation encourages participants

8 Habermas, J. “Three Normative Theories of Democracy” *Constellations*. 1 no.1 (1994): 9

to think critically about current government decisions and brings about a praxis of public interest by developing a more accurate theory of public interest and acting on it. Freire's emphasis on the educational effects of participation is supported by the writings of deliberative democracy advocates. In the case of participatory budgeting, this public space has the potential to transmit the decisions made in this space into government spending, uniting the deeper theory of democracy with action.

The results of participatory budgets lead to a new basis upon which the government formulates priorities. The emergence of these projects is an expression of the learning experience that takes place within the process. This paper specifically explores how projects emerging from the participatory process are determined and the potential to institutionalize this new approach to budget formulation. The deliberative fashion in which these projects are determined fosters a democratic culture and substantiates a dialogue between community and government. This dialogue is contextualized by the limitations of the funding available; however, it is possible that within these limitations significant learning experiences can take place in featuring both a deliberative forum and consequential results. In the following chapters, the potential of participatory budgeting to take root in the advanced capitalist context will be analyzed. The guiding thesis is that participatory budgeting is able to create a new form of democracy that paradoxically fits within while also broadens current forms of democratic activity.

Despite multiple forms of resistance from the state, participatory budgeting has been able to alter the political administrative system, albeit in small ways. If participants are able to support the institution of the public assemblies in dialogue with the state, it will contribute to the formation of a more democratic culture. This culture is the result of

a praxis characterized by the development of a truer conception of public interest and acting on this theory by entrenching this method of conceptualization. As Habermas states, only the administrative system itself can decisively act, and this may seem to limit the ability of an organized public to influence government policy.⁹ However, beyond the validation of projects, the participatory budgeting process has the result of building capacity and spreading awareness of the need to improve current democratic institutions. As Freire states, praxis is not meant to be divided temporally in terms of a sequential occurrence of reflection and action; rather, critical thought is a sufficient action to constitute praxis.¹⁰ In other words, participatory budgeting is not a revolution of democratic institutions in itself but a means to developing the capacity to do so. By demonstrating a critique of the economic policy of the state, the participatory budget program formulates an alternative set of values upon which to base priorities. Much like the Annual Alternative Budget of the Canadian Centre for Policy Alternatives, participatory budgeting demonstrates a set of economic and social values that can be contrasted with the official budget to generate critical thinking.¹¹ Participatory budgeting offers an educational experience that develops the skills to interact with policy decisions.¹² By giving influence to those who will bear the costs of decisions made, and by limiting the rights and power of absentee influence, participatory budgeting constitutes

9 Ibid

10 Freire, Paulo. (2007) *Pedagogy of the oppressed*. Continuum International Publishing Group: 128

11 Maley Terry. "Participatory Budgeting and the Radical Imagination: In Europe but not in Canada?." *Affinities: A Journal of Radical Theory, Culture, and Action* 4, no. 2, 2010: web

12 Pateman C., (1970), *Participation and democratic theory*. Cambridge University Press., 35

a renewed democratic institution.¹³ The context defined by these new practices has been shown to bolster community efforts to influence government spending.

The challenges of institutionalizing this process in North America will be discussed sequentially in the following chapters, with the final conclusion that participatory budgeting is able to make a significant impact on conceptions of public interest but with an, as of yet, limited ability to sustain an independent standing in relation to the established state apparatus. This ability is contested, especially in the early stages of development, by established authority and preconceptions of public interest based on an elite-orientated methodology. The first chapter will further describe the characteristics of substantial participatory budgeting processes and how it can fit within the existing fiscal-federalist framework of each case being researched. The second chapter will discuss the philosophical and pedagogical value of participatory budgeting and how it represents a significant break from the hegemony of the pro-growth regime. The third chapter will discuss the different ways that participatory budgeting engages a diverse array of the public and is able to maintain its support. The opportunities offered by participatory fora must be made apparent through a well-designed and accessible process as public support is the lifeblood of participatory budgeting. The fourth chapter will explain specific forms of educational progression featured in the process. This educational experience addresses many of the problems that Dahl (1992) points to by building citizen competence, critical capacity, and community cohesion. The fifth chapter outlines the challenge of implementing expenditures outlined in the participatory budget and institutionalizing this method of budgeting overall. Each of these chapters points to

13 Cavanagh, John, and Jerry Mander, eds. (2004). *Alternatives to economic globalization*. Berrett-Koehler Publishers:80

the challenges and opportunities entailed in the development of participatory budgeting and cumulatively demonstrate the significant shift that it can bring about.

This approach to social and political change is admittedly incremental. However, given the current level of democratic culture in North America, attaining a more substantial democracy can be shown to be most likely to develop through stages. These stages involve increasing the critical capacity of the public with regard to policy as well as entrenching a community driven institution that further exudes democratic practices and culture. Therefore, although participatory budgeting in all cases being researched have been found to be insufficient to address problems such as income inequality, unemployment, poverty, and social issues that transpire in the wider community (e.g. racism, sexism, neo-colonialism) it is an underlying argument that the development of deliberative forums demonstrates a way in which these issues can be addressed. This relies heavily on facilitation and design, which this paper will consistently highlight. Nevertheless, forms of hierarchy can arise within or pervade these processes. The scope of this paper is mainly directed at the hierarchical relationship between residents and City Hall, and forms of hierarchy that may arise within the process are only briefly touched on. Also, participant observation did not take place as there was no opportune time to sit-in on the public assemblies in any of the cases in question. Though interviews with organizers, representatives, and councillors was very helpful, such firsthand experience of the process would have allowed for more comprehensive explanation of many of the points made below. Overall, this work has been written so as to demonstrate the massive undertaking and proportionately large payoff that participatory budgeting brings to communities under the yoke of elite interest.

2 Chapter: What is Participatory Budgeting and Where Does It Fit?

The term participatory budgeting has been applied to a wide range of methods of engaging citizens with government spending. This range is characterized by the differing levels of dialogue that are facilitated between participants and with the state in each different type. There is also a range of motivations and purposes that the initiation of participatory budgeting stem from. Though participatory budgeting is understood around the world as a process involving participants directly deciding how to spend a portion of the public budget, there are many cases of more limited processes in which the government is not bound, nor necessarily expected, to act on the decisions made within the process. To refer to these less substantial processes as participatory budgeting runs the risk of not only undermining the joint-decision making formats, but also allows for the misappropriation of a significant concept.

For participatory budgeting to promote a more democratic culture, a substantial process is vital. This substantial form of participatory budgeting is defined by collaborative determination of the appropriate code of conduct, deliberation on the issues the process is meant to address, how these issues are addressed, and resolutions being recognized and implemented collaboratively with the state. Although some governments have initiated and managed forms of participatory budgeting, the most substantial processes have been those which have been managed by an independent group or community organization. The importance of independence is crucial to produce a conceptualization of public interest directly based on community needs and ideas. While pseudo-participation only involves the public in limited ways, participatory budgeting is built on the concept of joint-decision making and shared power. Furthermore,

participatory budgeting builds a popular conviction in involving the community in policy formation process by increasing the critical capacity of the public. These substantive processes have the best chance of liberated level of creativity in the Gramscian sense. Creativity in this sense refers to the modification of government priorities through a collective process.¹⁴ These community driven processes are much more likely to reveal that government priorities are not fixed but are actually the result of a historical process and set of relationships. The transformative potential of participatory budgeting is due to its formulation of the public sphere in which ideas are generated, policy decisions are criticized, and citizen competencies are developed.¹⁵ By supporting a deliberative space, participatory budgeting engages participants in a critical discussion on government policies which may have hitherto been naturalized.

The space created by participatory budgeting is one that can be filled with diverse perspectives and deliberation, the result of which presents a new basis for democracy. Paradoxically, this space both pragmatically fits as well as significantly broadens the existing political terrain. As will be shown, participatory budgeting fits within the current fiscal framework and the structure of representative democracy, and on the other hand empowers unheard voices. The overall effect of this is a more engaged public which are able to grasp the limitations of their situation; as explained by Paulo Freire (2007), “a deepened consciousness of their situation leads people to apprehend that situation as a

14 Gramsci, Antonio. (1971). *Selections from the Prison Notebooks of Antonio Gramsci: Ed. and Transl. by Quintin Hoare and Geoffrey Nowell Smith*. Edited by Geoffrey Nowell-Smith, and Quintin Hoare. International Publishers:340

15 Dryzek, J. S. (2009). Democratization as deliberative capacity building. *Comparative Political Studies*, 42(11), 1383

historical reality susceptible of transformation”.¹⁶ Democratic theorists, including Carole Pateman and Robert Dahl, point to the competence building that is necessary to exercise a meaningful form of democracy. Not only does this new space constitute a place for new conceptualizations of public interest, but one where this new conceptualization stands a chance of having a consequence in terms of new government priorities. Due to the insufficient nature of representative democracy as a vehicle of public influence over the budgeting process, participatory budgeting is necessary to more accurately align these priorities with actual public interest. The participatory process works within the established fiscal framework while also reshaping the existing spending priorities, seeking to attain a sense of development that benefits all.

Practices in Brazil feature a model for collaborative processes, which take place on the level of municipal government. Forms of participatory budgeting have taken place on all levels of government but popular discourse and literature supports participatory budgeting at the municipal level. Participatory processes occurring on the municipal level makes sense due to the proximity of the local government to the participants and how developments initiated by this government affect local residents the most. However, in the United States and Canada, this level of government is also subject to many limitations imposed by state and provincial governments and lack of access to surplus funding making it an ironic site for transformative action. This chapter will outline what participatory budgeting should mean and the importance of treating joint-decision making as a standard. The limitations that challenge the initiation of a participatory budgeting process and how these cases under research have overcome them will also be explained.

16 Freire (2007), 85

Participatory budgeting will then be explained in terms of how it fits within the current fiscal-federalist environment and what it represents politically in terms of democracy.

2.1 Levels of Democracy

The involvement of the public in the budgeting process constitutes a deepening of democracy. Budgeting of public tax money is traditionally viewed as the jurisdiction of elected representatives who, through aggregate and bargaining type processes, exercise authority over the budget. However, the aggregate nature of electoral democracy is not always sufficient to properly express the will of the public. Participatory budgeting exemplifies a shift toward what is referred to as *functional representation*, in which ordinary people are constantly involved in the formation of structures of society that affect them and which they understand by virtue of experiencing them.¹⁷ This relates to Gramsci's claim that society must develop a doctrine that gives respect to the individual consciousness existing within a society of things that it cannot help but have a certain knowledge of.¹⁸ Participatory budgeting deepens democracy in terms of more direct representation in City Council and directly integrates the perspective of citizens into policy formation processes. Involving citizens in the decision making of government priorities helps to discover overlooked issues and foster creative solutions.¹⁹

The drastic break with the status quo that is found in substantial participatory budgeting will be explained, but first the variations which do not successfully reach a new level of involvement and collaboration on the part of the ordinary person will be

17 Pateman (1970), 37

18 Gramsci (1971), 354

19 Baiocchi, Gianpolo. "Performing Democracy in the streets: Participatory Budgeting and Legislative Theatre in Brazil" in *A Boal Companion: Dialogues on theatre and cultural politics*. Routledge, eds. Cohen-Cruz, Jan, and Mady Schutzman. (2005): 79

outlined. Community control over the budget can be viewed as a ceding of power. Therefore, the motive to present a stripped down form of collaboration as participatory budgeting can be associated with the goal of appearing, rather than actually being, more democratic. In an exemplary way of position to ensure the experience of community members is included in the formation of official policy, success is determined by the attaining a new level of influence over the budgetary process.

Archon Fung presents a useful analytical tool to measure the collaborative nature of modern democratic institutions. In agreement with other democratic theorists that modern democratic institutions must be designed to handle the complexity of the voting public, Fung tests how public perspectives are actually translated into policy.²⁰ Using his democracy cube (the diagram below) we can see how different forms of public engagement vary in terms of: who gets to participate; modes of communication; and extent of authority and influence. Though Fung states that increased citizen participation is not necessary on all matters, deficiencies in the ability of modern democratic institutions to guide the formulation of government spending priorities in line with public interest calls for increased public involvement.²¹ To challenge the inherent inequality embedded in capitalism, increased citizen participation is necessary to ensure government policy does not reproduce hierarchies of privilege through economic policy. Participatory budgeting broadens the cube in each dimension, with only the most substantial forms shifting to a co-governing model with self-selecting citizens. By refining the communication method and authority of citizens, deliberation among a voluntary sample

20 Fung, Archon. "Varieties of participation in complex governance." *Public administration review* 66, no. s1 (2006): 67

21 Ibid

Illustration 1 Archon Fung's Democracy Cube

of the public can not only produce creative solutions to issues recognized on the community level but also evoke a level of political efficacy that brings a portion of the economy under community control.

The purpose of these processes is to inform the public on government decisions as well as involve the public in the decision making process, but it is common for governments to stop at the first goal.²² These goals are attained to varying degrees through different forms of public engagement. The least substantial form of public engagement is information sharing. Information sharing does provide the public with the necessary awareness to discuss certain issues in some fashion. This allows for the value, or issues, of proposed policy to be discussed among the public. Those who have the time

²² Fung, 67; Berner, Maureen. "Citizen participation in local government budgeting." *Popular Government* 66, no. 3 (2001): 23.

to take advantage of a disparate mass of information, are then able to discuss issues in an, ideally, educated fashion. However, to use Fung's term, this only amounts to participating as a spectator.²³ In terms of the public sphere, information allows for certain policies to be partially defined by the public but, due to the one way nature of information sharing, this is the extent to which the public has any influence.²⁴ When members of the public do become engaged they must express this through official political channels. Therefore, information-sharing is a minimal stage of participatory democracy.

The next level of public engagement is consultation. Consultation can be described as an opportunity for citizens to respond, thus addressing the one way nature of information sharing. This is a common form of public engagement and is often framed as participatory budgeting.²⁵ Town hall meetings, public hearings, or online platforms are organized to invite input from the general public, but this invitation can be limited to a set of predetermined issues and perhaps even a predetermined set of solutions.²⁶ At times these processes are used as a form of marketing, to simply make the public feel as though they have participated in decision making.²⁷ The most significant distinction between

23 Fung, 68

24 Furthermore, effective deliberation can be mitigated by the misappropriation of language which shrouds the actual thrust of the policy. Examples include "Right to Work Legislation" and the "Patriot Act", which imply that these policies are objectively aligned with the public interest when in fact blatant disempowerment of the public is nested within them. In terms of budgeting, references to "Jobs, Growth, and Long-term Prosperity" stymie the development of a critical discourse and do not invite the public to become engaged.

25 The federal government's annual pre-budget consultation is an example of this. The questions posed are framed by certain assumptions that limit both input and contemplative freedom on the part of participants. Introduced in 2006 by the Harper administration, this form of democratization of the federal budget has received decreased submissions, falling from 7,760 in 2007 to 642 in 2013. A MacLean's article published 1 July, 2014 attributes this decrease in participation to lack of faith in the reception of the process and it becoming dominated by paid lobbyists.

26 Miller, Sally. (2008). *Edible Action Food Activism and Alternative Economics*. Fernwood Publishing: 100

27 Irvin, Renee A., and John Stansbury. "Citizen participation in decision making: is it worth the effort?." *Public administration review* 64, no. 1 (2004): 57

participatory budgeting and consultation is that there is no assurance that responses from the public will be considered and translated into policy.²⁸

Collaboration presents the next step in public engagement in that it allows for participants to define the issues and possible solutions to some extent. These discussions allow for the identification of new spending priorities and changes in the use of surpluses or deficits, potentially demystifying economic policy and conceptualizing alternatives.²⁹ Creative solutions can be reached but participants are still reduced to the status of stakeholder and the eligibility for participation can be limited.³⁰ The state maintains the power of final decision and this form of engagement is best described as an advisory-council model. Similar to consultation, this form of engagement does not constitute an empowered co-government of the budget and conclusions are not translated into policy. Therefore, these *pseudo*-participatory budgeting processes may accomplish the goal of making the public feel informed but not the goal of increased community influence in the decision making process.

The next and most robust level of public engagement is that of joint-decision making or co-governing. This is the much lauded model attributed to Porto Alegre. This form of public engagement involves collective diagnosis of issues, conceptualization of solutions, election of projects, and oversight of implementation. In the cases such as Vallejo and Hamilton, these processes are preceded by the formation of a collaborative steering committee. This steering committee is populated by members of community

28 Fung, 69; Maley (2010): web.

29 Loxley, John. (2003) *Alternative budgets: budgeting as if people mattered*. Fernwood Publishing Co: 71.

30 Babcock, C., Brannan, E., Gupta, P., & Shah, S. (2008, March). "The Right To Participate: Participatory Budgeting & Revenue Generation in Uganda (Draft)". In *Africa Regional Seminar on Participatory Budgeting, Durban, South Africa* (10-14 March): 5.

organizations, endorsing politicians, neighbourhood representatives, and other organizers. After the structure of the process is established, the next stage is a series of public assemblies. It is within the public assemblies, which people attend on a voluntary basis, that the initial diagnosis of priority issues takes place. Through deliberation on these issues and how to address them, a consensus on which issues and proposals the process should focus on is developed. All processes being researched include priority caravans, or site visits, in which participants visit the sites for proposed projects in order to get a firmer idea of the level of need.³¹

Aside from being a forum for deliberation, the public assemblies also elected officers to represent them in negotiation with city officials. There is some variation between process, but officers typically include delegates who meet with city staff to negotiate proposed projects and liaisons who oversee the implementation of projects and any revisions that are necessary. The number of public assemblies also varies, with three occurring in Belo Horizonte in each of its 42 sub-regions on a bi-annual basis, and weekly assemblies occurring, in six designated areas in Vallejo, and eight designated areas across Hamilton. Assembly locations are designed in consideration of the demographic make-up of the community. Delegates are elected to represent the process in correspondence with city officials between assemblies. Through collective determination of priorities and collaboration with professionals to ensure proposals are viable, proposals are narrowed down to a group of possible projects to be deliberated upon in sequential assemblies. The defining feature of this form of participatory

31 Souza, C. Participatory budgeting in Brazilian cities: limits and possibilities in building democratic institutions. *Environment and Urbanization*. 13(1) (2001): 166; interviews with organizers from Vallejo and Hamilton

budgeting is that the process evokes full control over the amount of money in question. In Belo Horizonte, decisions reached in the public assemblies are final and must be implemented with the funds made available.³² Though the official vote to pass the budget takes place in City Hall, in Vallejo, and Hamilton, the participants work with the same understanding that the money is theirs to allocate within the legal constraints of government spending.³³

In order to enforce this decision making authority, Monitoring and Implementation Committees are mandated to oversee projects after projects have been voted on within the participatory process. These committees are populated by the liaisons of the public assemblies and city officials. In Belo Horizonte, the monitoring committees, or *comforcas*, take part in a bidding process for projects and can negotiate adjustments if technical issues arise. Monitoring of projects follows through on the collaborative nature of the process by ensuring that projects are initiated and that modifications are addressed by representatives of the process.³⁴ The committee can also call for a public assembly in order to discuss major delays or modifications to the projects that were voted on. In Vallejo and Hamilton, the recognized Monitoring and Implementation Committees seem to be limited to a slight variation of the original steering committee, despite 3 of the assemblies in Hamilton electing liaisons who were never called to do their job. Three projects in Vallejo were modified after being tentatively approved by City Council, and Hamilton's participatory budget has come under review by the Councillors office and projects have not yet been approved. The collaborative nature of these processes can be

32 Avritzer (2006), 629

33 Wampler, Brian. *Participatory budgeting in Brazil: contestation, cooperation, and accountability*. Penn State Press, 2007:244; interview with process organizers in Vallejo and Hamilton.

34 Avritzer (2006), 629

inferred from the structure of the process itself. The inclusion of public assemblies, budget delegates, and implementation committees is a common feature of the three cases under research. Diagrams explicating the procedure and variance of these process is featured in Appendix B.

At times, politicians have been far more willing to boast the value of participatory budgeting than to follow-through with actual expenditures.³⁵ In response participants have mobilized in mass demonstration to draw attention to the dishonouring of promises made in the budget.³⁶ Though none of cases under research have an empowered Participatory Budgeting Council, with sole discretion and capacity to distribute funds and implement projects such as is found in Porto Alegre, the context of an agreed upon participatory budget allows for politicians and public works employees to be held to account. Participatory budgeting works very much in line with existing institutions of authority but also represents the extension of authority and different procedures for determining priorities. Therefore, there is something significantly new that participatory budgeting could bring to government and it must be determined whether it can fit within the current framework to have a chance of being institutionalized.

2.2 How Participatory Budgeting Fits in the Established Political Terrain

Participatory budgeting commonly occurs on the level of the municipal ward or district. This makes sense due to the fact that the residents of these localities are those whom the municipal councillors are responsible to and those most immediately affected by the spending of municipal funds. Participating on this level helps to establish an applicable knowledge base regarding how government spending works in the local area as well as a

³⁵ Wampler (2007), 245

³⁶ Ibid, 217.

reconsolidation of the community. Both of these features make the municipal budget a useful point of convergence for participants. However, the position of the municipal government varies across the cases of Brazil, the United States, and Canada, creating different terrains which contextualize the institutionalization of participatory budgeting. Collectively these processes demonstrate the potential impact that participatory budgeting can have, as well as the limitations that these processes face even in the most accommodating of environments. This section will discuss how these limitations create a context in each of the three cases and how participatory budgeting has emerged on the municipal level.

Conceptualizing the state as a set of interconnected jurisdictions that stretch from municipalities to world markets, Stephen Clarkson (2001) speaks to how pressure is currently downloaded without a corresponding ceding of access to increased sources of revenue.³⁷ The complex inter-institutional relationship between participatory budgeting and the municipal government will serve as the main scope of this paper. However, to view these institutions in isolation would lead to an incomplete depiction of the dynamics at hand. Fiscal federalism situates the municipal government in a hierarchy that limits the potential range of decisions, as well as the responsibilities that this level of government is charged with. This relationship is a point of comparison between the Brazilian case and the North American cases, due to the Constitutional entrenchment of municipalities as autonomous government entities. Article 158 of the Brazilian Constitution designates what taxes municipalities can institute and the portions of upper-level government taxes which are assigned to municipalities through intergovernmental transfer. Furthermore,

37 Clarkson, S. "The multi-level state: Canada in the semi-periphery of both continentalism and globalization" in *Review of International Political Economy*, 8(3) (2001): 504

participation of the population in the allocation of social welfare is entrenched in Article 204. On the other hand, municipalities in Canada and the United States are not recognized as autonomous governments outside of the state or province. Situated as such, municipalities in these countries are restricted by laws and taxation structures as set out by the state or provincial government much more than their Brazilian counterparts.

As physical and social infrastructure play a pivotal role in the locational decisions of investment for residents and transnational corporations, municipal budgets play a significant role in both national and provincial development plans.³⁸ In Canada and the United States, this has resulted in the municipalities relying on intergovernmental transfers and limited tax revenues³⁹ with which to address the many responsibilities that a city government is charged with. The role of the municipal government has become based on providing a friendly environment for private sector growth and aligning programs with economic performance.⁴⁰ This situation not only determines what resources are available to municipalities, but what goals should dictate their use. This is especially true in the United States, which lacks constitutional provisions for intergovernmental transfers such as Canadian equalization payments. In Brazil, on the other hand, a trend toward decentralization has explicitly encouraged the re-imagining of how to manage local resources on the basis of improving the quality of life.⁴¹

38 Ibid, 518; Kitchen, H. "Municipal taxation needs overhaul says C.D. Howe Institute study", in *Municipal Finance in a New Fiscal Environment*. no. 147, (2000):12; Cohen, M. (2001). The impact of the global economy on cities. *The Challenge of Urban Government: Policies and Practices*, 5.

39 In Canada, the provincial and federal government have claim to almost all tax bases, leaving municipalities to rely on property taxes, user fees, and a portion of the gas tax. This is predominantly the same case for American municipalities with the addition of taxes on resources extraction.

40 Pinnington, E., J. Lerner, and D. Schugurensky. "Participatory budgeting in North America: the case of Guelph, Canada". *Journal of public budgeting, accounting & financial management*, (2009). 21(3): 461.

41 Melo and Baiocchi (2006), 588

Under a regime of deficit reduction, Canadian city governments are given less in terms of intergovernmental transfers and more in terms of responsibilities. In the United States, and California more specifically, the incongruity between revenue and necessary expenses caused Vallejo to claim bankruptcy in 2008. This is the current fiscal environment that municipalities and residents work within and allocation of municipals budgets is legitimized. As Clarkson illustrates: “The ultimate symbol of governmental downloading and buck-passing is the deranged panhandler squatting on a square metre of a downtown sidewalk”.⁴² Such issues represent cracks in the status quo, which can be driven further apart by community organizations representing social movements.⁴³ This current terrain presents both the limits and the urgency involved in the conception of institutions meant to restore public voice over local developments. In each case being researched, participatory budgeting has emerged in a unique way, demonstrating the plausibility of participatory budgeting despite political and financial limitations.

Adam Harmes (2007) points to the ideological nature of current methods of decentralization found in the United States and Canada, which are premised on the priority of creating an efficient economic union informed by the neoliberal doctrine. Framed as a neutral campaign for decentralization and economic growth, forms of fiscal federalism being advocated for on the highest level systematically motivate more market-orientated public policies.⁴⁴ The ideologically charged trend towards privatization and deficit reduction would seem to eliminate the possibility of participatory budgeting, regardless of what resources are available. However, the role ideology plays is something

42 Clarkson (2001), 519

43 Cohen, (2001), 8

44 Harmes, Adam. "The political economy of open federalism." *Canadian Journal of Political Science* 40, no. 02 (2007): 418

which divides the literature on participatory budgeting. Though participatory budgeting is strongly associated with the most leftist of political parties, the Workers' Party, Partido de Trabalhadores (PT), it is found that thinkers from all parts of the political spectrum can see value in participatory budgeting.⁴⁵ In their analysis of participatory processes in 2001, Wampler and Avritzer (2004) state that 103 Brazilian cities had initiated participatory budgeting by 2001, 51 of which were not being led by the PT.⁴⁶ What this suggests for Canada and the United States is that for participatory budgeting to succeed, a major ideological shift in the party in power is not necessary. What is necessary is for the tendency towards decentralization of power to be disconnected from the ideological goals underlying it. As pointed out by Harmes, the Conservative campaign to decentralize certain responsibilities to the provinces, while maintaining central control over economic planning, indicates a drive more intended to create a more inviting environment for commerce than empower a stronger federation.⁴⁷ By focusing on the accountability of the municipal government to the local residents, the utilization of current resources through a joint-decision making process can occur in a seemingly ideologically-neutral fashion.

In Belo Horizonte, the number of attendees to the process has lullied in the past due to the Socialist Party of Brazil (PSB) being the predicted winner of the 1998 election.⁴⁸ Reaffirming this trend is the 36% drop in participant turnout since the election of PSB candidate and current Mayor of Belo Horizonte, Marcio Lacerda.⁴⁹ The PSB is not perceived as being as committed to maintaining the participatory process, nor to

45 Souza (2001), 164; Wampler (2007), 217; Avritzer (2006), 633.

46 Wampler, Brian, and Leonardo Avritzer. "Participatory publics: civil society and new institutions in democratic Brazil." *Comparative Politics* (2004): 292.

47 Harmes, Adam (2007), 422

48 Souza (2001), 170; Wampler and Avritzer (2004): 302

49 Participation rate gathered from <http://portalpbh.pbh.gov.br/pbh/>

honouring approved projects and therefore participants act on their belief that their efforts won't be met with respect.⁵⁰ Leaders of the PT have been sure to encourage this belief when elections draw near.⁵¹ Multiple studies enforce this belief, not so much on explicit ideological grounds but on the basis of differing administrative strategies. A study conducted by Deborah Bräutigam (2004) matches pro-poor spending to pro-poor parties gaining power in the municipality.⁵² Wampler (2007) points to how citizens in Belo Horizonte are able to be direct decision makers but only when it is part of the Mayoral vision.⁵³ Wampler also points out that the initial election of the PT was only one manifestation of a larger movement of civil society organizations demanding more involvement in public affairs.⁵⁴ Therefore, one should look beyond party politics to identify politicians' incentives to acknowledge participatory budgeting, though it is important to identify the party that will acknowledge the importance with the most conviction.

In Hamilton and Vallejo, municipal candidates do not run under party banners. There are two participatory budgeting processes being endorsed by elected officials in Hamilton. In Ward 1, Councillor Brian McHattie has endorsed a budgeting advisory committee which involves a small group of community representatives.⁵⁵ These representatives are selected by the Councillor himself and proposed projects are voted upon using an online platform or an in-person polling station. In Ward 2, a substantial joint-decision making process has recently concluded and was lobbied for by a passionate

50 Souza (2001), 170

51 Wampler (2007), 217

52 Bräutigam, D. The People's Budget? Politics, Participation and Pro-poor Policy. *Development Policy Review*, 22(6), (2004): 653.

53 Wampler (2007), 253

54 Ibid, 247

55 Ward 1 Budget Advisory website: <http://forward1.ca/>

member of the community in coordination with Neighbourhood Associations. In Vallejo, participatory budgeting was initially proposed by Councillor Marti Brown, who describes herself as having been in the fiscally conservative majority of the City Council.⁵⁶ The deducible logic in the case of Vallejo is the City Council's desire to be known for something other than the bankruptcy it had declared four years prior and to make the resulting increase in sales tax more palatable to public opinion. In Hamilton, it seems to be more a case of participatory budgeting that was able to develop beyond the management of the endorsing Councillor. Given the recognition of the shortcomings of the allocative wisdom of the neoliberal doctrine, it would seem that the deepening of democracy through participatory forms is not restricted to left leaning groups.

In both cases of Hamilton and Vallejo, support has been expressed from within the City Council. One reason for this can be the basic political interest in re-election. As stated, even the PT in Brazil takes advantage of their reputation as the founding party of participatory budgeting. This speaks to overarching dynamics that public engagement functions within and is at times assisted by. Councillors who have endorsed forms of participatory budgeting can be expected to utilize what credibility they can from being associated with giving more influence to their constituents. However, this was not the case with Marti Brown, who chose not to run for a second term. Of other politicians who were interviewed, the Councillor of Ward 1 in Hamilton Brian McHattie, who is openly planning on running for Mayor, commented on the virtues of the project but suggested it might not be appropriate for an entire city. Councillor Brown on the other hand, who initiated the first city-wide process in the United States, acted out of a sincere

⁵⁶ Interview with Marti Brown, former Councillor of Vallejo

appreciation of what participatory budgeting brings to communities. The basic reason that participatory budgeting receives support from City Council is the recognition of a need or opportunity. In the absence of a visionary Councillor, support for participatory budgeting from politicians seems directly dependent on the recognition and extent of concern for a certain issues, such as an issue of mistrust of the local government, or community demand. As will be elaborated on in the following chapters, community support is vital to sustaining a meaningful participatory budgeting process, though this support may be hampered by a pervasive influence of the status quo.

With evidence that ideology does not play an overly determinative role (though it is highly political), support for participatory processes seems more reliant on a government's interest in bolstering public support and trust. Nevertheless, participatory budgeting constitutes an increased socialization of tax-money expenditure and ceding authority over a traditional domain of City Council. In Vallejo, the Mayor and City Manager were openly critical of the participatory process but projects have been approved.⁵⁷ In Hamilton, the processes became characterized by poor, even contentious, communication between organizers and City Officials, though city staff and elected officials claim to be in favour of the concept.⁵⁸ This conception of participatory budgeting as a shift in power suggests that in order for participatory budgeting processes to sustain a robust form of joint-decision making with local government, it must be

57 Chapin, Brandon Kent. "From the Ashes of Bankruptcy: An Assessment of the Collaborative Nature of the City of Vallejo's Participatory Budgeting Process" PhD diss., California State University, 2013: 6; interview with Marti Brown.

58 Several articles were published in CBC and a local news source, the Hamiltonian. The first press release was published on September 6th, 2012, and implied a collaborative endeavour. Articles published since, especially one published in the Hamilton Spectator on July 30th, 2013 entitled "Disagreement emerges around citizen engagement project" commenting on the poor payment of the process facilitator, have expressed a problematic process and have prompted argumentative responses from the Ward 2 office.

supported by an institution independent of state management. Without this support, processes will most likely be discontinued, allotted decreased financial discretion, or reorganized into a less progressive form.⁵⁹ This has been confirmed by the declared plans for Year 2 in Vallejo and Hamilton. The process in Vallejo was initially managed by the Participatory Budgeting Project. The Participatory Budgeting Project manages projects in Chicago, New York, and San Francisco as well and does so with a model substantial process as their guide. The Hamilton Ward 2 process was managed by a group of community leaders, including representatives of Neighbourhood Associations and community organizations. So, though a substantial participatory process requires increased political interaction between that state and community, it is not dismissed out of hand as a socialist initiative.

The perceived ideological neutrality of participatory budgeting presents, at the very least, the possibility of participatory budgeting receiving support in the context a neoliberal economy overseen by representative democracy. It is interesting to note the mandating of participatory budgeting by the IMF and World Bank in loan taking countries.⁶⁰ The process outlined on the World Bank website greatly resembles the substantial process described above.⁶¹ In Belo Horizonte, participatory budgeting has become a standard practice for all parties hoping to be elected into municipal power.⁶² However, Brazil, and Belo Horizonte more specifically, present a fundamentally different political landscape, encompassing more leftist policies and a more politically engaged culture than the North American cases. Some authors, contrasting different cases within

59 Manley (2012):web

60 Souza (2001), 173; Brautigam (2004), 656; Boulding and Wampler (2010), 125

61 "Participatory Budget Formulation" <<http://web.worldbank.org/>>

62 Wampler (2007), 217

Brazil, have suggested that the presence of a political culture is necessary to support a substantial participatory process.⁶³ In Belo Horizonte, prevalent issues of infrastructure such as access to running water and sewage or road quality are made a priority. In Canada and the United States, basic infrastructure needs have already been met and this causes a corresponding difference in the priorities identified.⁶⁴ Therefore, it is necessary for participatory budgeting in advanced capitalist contexts to focus on new issues and ways to engage the public.⁶⁵

Whether advocated for by a Councillor or community organizations, it would seem the development of participatory budgeting would still be stymied by the lack of funding available due to the subservient position of the municipal government in Canada and the United States. As noted above, Canadian municipalities have little access to revenue and have been subjected to the downloading of responsibilities for providing social services and infrastructure maintenance. Under the Ontario Municipalities Act, Hamilton is required to meet certain standards of public service, reliant on low-levels of property tax, development fees, user fees, and portion of gas tax and intergovernmental transfers. City governments of the United States are also dependent on a small amount of tax revenue being supplemented by an arrangement of ad hoc conditional grants from the federal government.⁶⁶ In California specifically, amendments such as Proposition 13 structure state-municipal relations so that municipalities have access to minimal tax

63 Avritzer (2006), 630; Souza (2001), 176

64 Pinnington et al (2009), 459; Baiocchi, Gianpaolo, and Josh Lerner. "Could Participatory Budgeting Work in the United States?." *The Good Society* 16, no. 1 (2007): 10

65 Lerner and Van Wagner (2006), 3

66 Boadway, Robin W., and Ronald L. Watts. *Fiscal Federalism in Canada, the USA, and Germany*. Queen's University, Institute of Intergovernmental Relations, 2004:5

revenue and can be subjected to new responsibilities at the state's behest.⁶⁷ This legislation thus limits the independence of local government, which suggests a fiscal environment that is not conducive for participatory budgeting on the municipal level.

Despite these limitations, even when the financing of participatory budgeting is not mandated by the Constitution, as it is in Brazil, and with intergovernmental transfers under increasing demand, viable funds can be found within the current fiscal framework. Participatory budgeting processes in Hamilton and Vallejo oversee much smaller portions of the municipal budget than Brazilian cities but sufficient financing has been identified. The municipal budget is, basically, divided into an operational budget and a capital budget. Because the operational budget is essentially fixed, a portion of the capital budget provides the financing of a participatory process.⁶⁸ This limits the type of projects that can currently be officially approved, as projects requiring maintenance by city staff have impacts on the operating budget.⁶⁹ Still, the capital budget, in its currently proposed use for one time expenditures on local developments and infrastructure maintenance, presents a funding source that can be allocated through a participatory process.

As was instituted in Brazil's 1988 Constitution, transfers are made to municipalities for the specific purpose of participatory budgeting. The participatory budgeting process in Belo Horizonte was initiated in 1993, the same year as the intergovernmental transfers were fully phased in.⁷⁰ This was also the same year that the

67 Ross, Jean. (2012) "Restoring Elected Officials' Ability to Raise Revenues Would Increase Transparency, Accountability". Referenced February, 10, 2014:web

68 Kitchen, H. Canadian municipalities: Fiscal Trends and sustainability. *Canadian Tax Journal*, 50(1), (2002):161

69 This limitation is one of the issues obstructing the official approval of projects voted in by the participatory process in Hamilton <<http://www.cbc.ca/news/canada/hamilton/news/conflict-and-snags-dog-hamilton-citizen-budget-experiment-1.2480838>>

70 Souza (2001), 163, 182

PT won the mayoral election. This demonstrates how political will and available resources can lead to a world renowned participatory budgeting process. Belo Horizonte is also located in the richer south-eastern region of Brazil and has access the large amounts of tax revenue and human development compared to the average Brazilian city on top of the federal transfers.⁷¹ However, along with this affluence comes a correspondingly high level of established commitments of city money and city staff that came about from successive mayoral programs such as public health and scholarship programs.⁷² This leads to participatory budgeting occupying a decreasing share of the municipal capital budget, considering inflation and the municipal government's ability to receive hundreds of millions of new funding resources for urban development.

In Belo Horizonte, funds are disseminated to the city's nine regions. Fifty percent of these funds is distributed based on the Urban Quality of Living Index (a composite index of 38 indicators comparing number of inhabitant to 10 different variables including education, health, infrastructure, housing, availability of goods, public services) in order to identify the most deprived areas and the other fifty percent is distributed evenly among the regions.⁷³ In the two rounds of public assemblies, negotiations take place in the 42 sub-regions. Each of these sub-regions has their own public assemblies and Monitoring and Implementation Committee, to oversee their portion of the transfer.⁷⁴ A reported 130 million reais/\$61.3 million (Canadian) has been allocated to Belo Horizonte for participatory budgeting in 2014. This amount is indicated by official information on the

71 Souza (2001), 165; Wampler (2007), 219

72 Ibid

73 Avritzer (2006), 629

74 Wampler (2007), 222

Belo Horizonte government website, but it has been noted by Wampler (2007) that the amount budgeted often differs from the amount actually allocated.^{75 76}

Vallejo is the first city-wide process to be initiated in North America. Where many participatory budgets allocate the discretionary budgets of the Aldermen or Councillors overseeing wards or districts, the Vallejo process accesses a portion of the city-wide budget. This means that the process must come from the capital budget of the entire municipal budget which is overseen by the Mayor and six elected officials. In 2008, Vallejo City Council was forced to file for bankruptcy. Part of the recovery was a 1% increase in sales tax for ten years to increase municipal revenues, referred to as Measure B. The Measure B increase in sales tax was approved on November 8, 2011 and gave Councillor Brown an opportunity to implement the participatory process she had been promoting since her election in 2009. In 2011, Vallejo City Council voted upon a motion to allocate 50% of the revenue raised from Measure B through a participatory budgeting process.⁷⁷ The Mayor and City Manager advocated different priorities for the Measure B money and actively tried to dissuade the majority of Council from moving forward with participatory budgeting.⁷⁸ At the same meeting as the vote, the City Manager presented a 65 slide presentation on how the sales tax revenue could be allocated in the traditional manner to the recognized needs of crime prevention, road repair, economic development, and replenishing their reserves.⁷⁹

75 Ibid, 251

76 This seems to also have occurred in Vallejo, which indicates \$4.84 million being allocated to the 2013 process, as oppose to the allocated amount of approximately 3.4 million, in the Adopted Budget of 2012/2013.

77 Interview with Marti Brown

78 Ibid

79 Ibid

The argument was also put forward the participatory budgeting was not the originally stated purpose of the Measure B money, suggesting a legal constraint.⁸⁰ Despite the arguments of the Mayor and City Manager, Councillors decided to allocate 30% towards a participatory allocation. The process was run by the Participatory Budgeting Project and cost 200,000 of the \$3.4 million, resulting in \$3.2 million to be allocated with the public. The second year of these processes is set to be run by city staff, financed by the operating budget of the city, and the process will allocate \$2.4 million of the Measure B revenue. In the recovery from bankruptcy, City Council has already identified a series of needs they have given priority to. Nevertheless, sufficient funding to support a participatory budgeting process has been attained.

In Hamilton, the two Wards practicing forms of participatory budgeting are financed by the discretionary budget of their respective Councillor. These discretionary budgets are a result of a new taxation scheme referred to as Area Rating Special Capital Re-Investment Reserve (Area Rated Dollars). The disbursement of Area Rated Dollars was approved in 2011 as a way to compensate for the tax shift that occurred due to amalgamation in 2001. This fund was meant to address the dissonance between tax rates and service levels between the urban and rural areas. Councillors of Wards 1 through 8, which cover the area of the former City of Hamilton, were mandated to identify infrastructure priorities in their districts and use this fund as a discretionary budget. This fund amounted to \$13.4 million of which Ward 1 and Ward 2 received \$1.4 and \$1.5 million respectively. After being phased in for four years, the Councillor of Ward 1 allocated \$1.5 million of his \$1.6 million Area Rated Dollars. The process in Ward 2 is

⁸⁰ Chapin (2012), 6

financed by one million dollars of Councillor Jason Farr's Area Rated Dollars with the assistance of a budget advisory committee. The process itself was budgeted to cost fifty thousand dollars with the remainder being allocated to elected projects. The second year of the process in Ward 2 will be run by a new external facilitator hired by the steering committee, and the funding will remain at the one million dollar level.

Hamilton has recently increased development fees to generate new revenue and receives support from the province to fund necessary services like crime prevention. Therefore, funds are more available than in Vallejo but priorities are still determined for the public rather than with them. Dr. Nicholas Kevlahan speaks to the different uses participatory budgeting has made of the capital budget in stating, “it's not that there's no money to fund infrastructure it's that spending was not aligned with what residents wanted. So it's not so much a question of not enough money it's that the priorities were wrong”.⁸¹ Councillor McHattie speaks to the difference his budget advisory committee has made to the decision making process, despite him feeling fairly well-connected with community priorities. In the first year that the Area Rated Dollars were made available, Councillor McHattie allocated \$300,000 to public art, however public art has not been brought up by the committee. The Councillor explains participatory budgeting as a double-edged sword. He states:

The reason six other councillors still haven't done this, aside from Councillor Farr and I, is that you are aware of priorities that you want to work on, but it may not be the community's priorities, so that's the interesting part of this. So I allocated 300,000.00 for public art the first year, and 200,000.00 for sidewalks, cause I'm big into walkability.[...] But public art wasn't something anybody else suggested on their own. I don't know why that was [sic].⁸²

81 Interview with Dr. Nicholas Kevlahan, Durand Neighbourhood Representative, Hamilton

82 Interview with Brian McHattie, Current Councillor of Ward 1, Hamilton

This is how participatory budgeting fits pragmatically within the established structure but is able to push to new limits at the same time. The outcomes of the processes from Hamilton and Vallejo are featured in Appendix A. By directly involving the public in the allocation of municipal funding, participants can focus on learning the technical aspects of how this financing is traditionally used, as well as their ability to redirect it. Further details concerning how PB can be established within the preexisting fiscal framework will be elaborated on in the fifth chapter. For now, it suffices to recognize how PB can fit into the existing use of municipal budgets, albeit an opportunity contextualized by many limitations. Even within these limitations, participatory budgeting in all three cases have had identifiable successes that indicate serious shifts in authority over how public money is spent and who is involved in the process. What is also important, aside from the material gains, is the extension of decision making power and resulting institutionalization of new democratic practices.⁸³

2.3 Conclusion

Dahl, Fung, and John Dryzek all advocate for the supplementation of traditional democratic institutions with new institutions and techniques which are able to inform individuals and facilitate deliberation.⁸⁴ None of these authors suggests that these institutions would replace the established system of representation, but rather that it would complement them and allow for a more consistent and informed public voice. Traditions of democratic associations and organized civil society are found to be significant determinants for the establishment of participatory budgeting in Brazilian

83 Souza (2001), 180

84 Dahl (1992), 54; Fung (2006), 66; Dryzek (2009), 1389.

cities.⁸⁵ It is possible that participatory budgeting can be both a result of and a contributor to the formation of a democratic culture.⁸⁶ The cycle is based on the creation of space for deliberation and consensus, in which the public gathers to collectively conceptualize the public interest in terms of government spending. The institutionalization of this participatory public helps to build a new level of public scrutiny over government spending and the feelings of political efficacy in the community.

Upon reviewing Fung's democracy cube, we can see how participatory budgeting creates a space for more citizens to have more influence over the budgeting process. This increased involvement of a voluntary group of the public in the process of identifying spending priorities in a deliberative fashion, even without direct authority, presents a new institution that effectively deepens democracy. This deepening of democracy is found to pragmatically fit within the current fiscal-federalist framework, as well as the larger capitalist ideological context overseen by elected representatives. At the same time, participatory budgeting constitutes a broadening of the political terrain and increased community control over government expenditures. This has two readily identifiable interrelated impacts. The first is the increased inclusion of perspectives, as will be shown, alters the public perception of public interest and how it is to be attained. The second is the formalization of a deliberative democratic space to determine spending priorities. In attaining these two goals, the deliberative approach seeks to reinstate the founding democratic ideal of government through empowering citizens to take part in the formation of the laws and policies by which they are governed.⁸⁷

85 Souza (2001), 176; Avritzer (2006), 630; Wampler (2007), 247

86 Pateman (1970), 35; Avritzer (2006): 633

87 Healy, Paul. "Rethinking deliberative democracy: From deliberative discourse to transformative

A neighbourhood representative explains participatory budgeting as “giving an opportunity to these residents to actually set priorities and spend money and I think the key point there is that you're giving them decision making power and money spending power rather than just saying we'll consult and we'll consider your comments when we make a decision”.⁸⁸ The Constitutional entrenchment of participatory processes in Brazil ensures that substantial processes are hosted by the state.⁸⁹ In the advanced capitalist context of Canada and the United States however, due to the experimental nature of participatory budgeting, establishing the joint-decision making model as the standard form is itself the challenge at hand.⁹⁰ A substantial participatory budgeting process that shifts power over a portion of the municipal capital budget requires organized public support. Even in Brazil, ensuring the implementation of all projects that have been voted in has required pressure from budget delegates.⁹¹ Nevertheless, participatory budgeting in Belo Horizonte has been attributed with the ability to subvert the influence of corrupt and clientelistic practices over resource allocation, an issue which has been prevalent in Brazil.⁹² Within the advanced capitalist context, participatory process are obstructed by a myriad of constraints including the business friendly fixation of modern public management, limited funding, and the absence of active political culture. Despite these barriers, participatory budgeting has found financing and support due to cracks in the

dialogue." *Philosophy & Social Criticism* 37, no. 3 (2011): 297.

88 Interview with Dr. Nicholas Kevlahan

89 Wampler (2007), 249

90 Manley (2012), web

91 Wampler (2007), 177

92 Wampler and Avritzer (2004), 300; Avritzer (2006), 633

current neoliberal hegemony, namely decreasing trust in representative democracy and neglected public services that result from the prevailing institutional terrain.⁹³

It would seem that the institutionalization of participatory budgeting process, and the shift in government spending it can entail, is admittedly complicated, but not impossible. There exists a dual challenge between which the participatory budgeting process must balance. This dual challenge is characterized by the limited jurisdiction of the state and the need to push new limits to win the hearts and minds of participants. To receive the support of the state, and attain access to public funds, participatory budgeting must situate itself within the current fiscal framework. At the same time, participatory budgeting must entail open discussion and empowered decision making of the public and demand the recognition by the state. Attaining this balance is the very challenge at hand as the process seeks to deepen democracy and address the many issues of inequality created by the pathologies of a neoliberal hegemony. Though the current possibilities are limited by the financing that is available and the experimental nature of these new institutions working in collaboration with City Council, if the substantial processes can establish public support, the potential is truly endless. This chapter has demonstrated how a substantial form of participatory budgeting can find a place within the limitations of the advanced capitalist context of Canada and the United States. The goal of the following chapters is to explain how such public engagement can broaden the political terrain by problematizing and overcoming these limitations.

93 Lerner and Van Wagner (2006), 14

3 Chapter: Pedagogy of Public Interest

In his online blog, senior Canadian civil servant and academic Alex Himelfarb explains how the Harper administration has been able to cut social services and narrow government responsibility through pro-growth rhetoric and foreclosing venues of public deliberation.⁹⁴ In what amounts to a eulogy of the progressive state, he describes how the hollowing-out of civil society has made it more difficult for citizens to recognize their common interests in relation to government policy and ultimately hold their representatives to account. Without debate, Himelfarb states, the danger is that the Canadian public will “sleep walk into a Canada we would not have chosen”.⁹⁵ The research compiled in this thesis has been conducted as an exploration of participatory budgeting as a viable way to develop a more accurate conceptualization of public interest and democratic basis for government spending priorities are determined. In other words, this research seeks to verify if participatory budgeting is an effective and sustainable way to wake the public up.

Though the disregard for democracy is a historical problem, contemporary government policy is largely guided by the neoliberal doctrine. Gramsci (1971) states how such ideologies “organize human masses and create the terrain on which [people] move [and] acquire consciousness of their position”.⁹⁶ Reduced to human capital, the role of the perspective of citizens is coerced outside of the political realm.⁹⁷ Urban development, for example, is often assessed on the basis of economic rather than social

94 Himelfarb, Alex. "Going, Going, Gone: Dismantling the Progressive State." *Alex's Blog*. April 17, 2012: web

95 Ibid

96 Gramsci, Antonio. (1971):377

97 Melucci, Alberto, and Leonardo Avritzer. "Complexity, cultural pluralism and democracy: collective action in the public space." *Social Science Information* 39, no. 4 (2000): 511

value as the role of government is defined by a pro-growth regime.⁹⁸ Also, economic deficit reduction, legitimized by its fabricated association with growth, leads to cuts in social services leaving people who are unable to provide for themselves to toil away in segments of society termed undesirable. A sophisticated plethora of complex policies, laws, and rhetoric, acts as a barrier between citizens and their ability to maintain functional democracy.⁹⁹ These barriers impose suppression and limitations on the mentalities of common individuals and on democratic institutions. Overcoming these limitations requires the reunion of the theory of democracy with practice.

Gramsci's philosophy of praxis discusses how the common individual can become aware of the limitations of their current situation and develop the will to overcome these limitations. This will to overcome is dependent on the capacity for critical consciousness. Freire continues Gramsci's pursuit in *Pedagogy of the Oppressed*, specifically in his discussion on *conscientização*. In this text, Freire finds that formerly oppressed individuals can develop a critical consciousness through certain forms of deliberative education. This type of education takes place within substantial forms of participatory democracy. This educational experience brings about a new relationship with the state and enshrines the right of political participation with a new normative basis for democracy.¹⁰⁰ This new basis is the result of the distinction between existing government priorities and the priorities emerging from the participatory process. Aside from new priorities, a new way of conceptualizing priorities is discovered through this process. By developing a substantial participatory process, the budgetary process begins to be

98 Melo and Baiocchi (2006), 591

99 Dahl (1992): 53

100 Habermas(1994), 2

formulated with and not for the public. The concept of with and not for is crucial to the restoration of trust that Freire points to as key to any meaningful social innovation.¹⁰¹

Improvements are necessary not only on the part of government institutions but also on the part of the individual who must develop a sense of motivation and political efficacy in order to bolster the will to demand more of these institutions. These improvements are not able to be attained through the established electoral model of democracy as Carole Pateman (1970) portrays voting as a process which leaves individuals “much as it found them”.¹⁰² This chapter will explain the theoretical value of participatory budgeting and how it can foster a critical consciousness in an era of deregulation, privatization of the commons, and naturalization of inequality. This chapter will also emphasize the importance of collaborative and community driven processes. It will be concluded that participatory budgeting contributes to the breakdown of economic barriers to political equality and the development of a liberated formation of public interest.

3.1 Theoretical Underpinnings of Participatory Praxis

The issue that participatory processes (should) seek to solve is what Gramsci calls the non-critical consciousness, which produces conditions of moral and political passivity.¹⁰³ Methods by which this critical consciousness can be fostered have been developed by Freire. The Porto Alegre process is said to have been designed by politicians and educators basing their approach directly on Freire's model of liberation education.¹⁰⁴ Using Freire's problem-posing educational process, the value of participatory budgeting

101 Freire (2007), 60

102 Pateman (1970), 30

103 Gramsci (1971), 333

104 Baiocchi (2005), 82

can be explained as a method of awakening an unengaged public. Freire states “one of the gravest obstacles to the achievement of liberation is that oppressive reality absorbs those within it and thereby acts to submerge human beings' consciousness”.¹⁰⁵ By entering into a communal process, it is possible to discover the internalized oppressor within oneself and conceptualize a truer understanding and willingness to act in favour of public interest.¹⁰⁶ Gramsci, Dahl, and Freire are all explicitly aligned in their efforts to formulate a new conceptualization of the public interest, which in turn informs a robust and sustained desire to achieve it.¹⁰⁷

Since the 1980s, cities have been increasingly encouraged to function like good businesses by increasing economic opportunities, stimulating private sector growth and aligning government policy with economic growth strategies. Strategies are implemented through the federalist system in order to create hegemony of pro-growth policy. Within the context of economic growth, the importance of programs geared towards social inclusion, equity, or popular participation is reduced.¹⁰⁸ This trend continues today as federal transfers to provinces are linked to economic development goals, and responsibilities of the province are defined around tax competition and creating business-friendly environments.¹⁰⁹ The increasing economic role of cities causes a tendency towards deregulation and cuts to public services causing a state's democratic identity to be called into question. The resulting weakness of democracy allows for authoritarian disregard for public institutions by an economic hegemony, which is legitimized by a

105 Freire (2007), 51

106 Ibid, 48

107 Gramsci (1971), 360; Dahl (1992), 46; Freire (2007), 51

108 Lerner and Van Wagner (2006), 3

109 Harmes (2007), 433

symbolic, uncritical and narrow version of public interest.¹¹⁰ What is worse is the environmental, or place-based, education that pervades the individual consciousness and establishes an ethico-political form which perpetuates suppression and inequality.¹¹¹ This priority of creating a better regulatory environment for business has come with the sacrifice of the democratic and empowered nature of society for people. More recent studies have shown that voters do not believe that their desires influence an elected officials' decision more than party discipline or industry.¹¹² Therefore, although the fight for a more equitable social model must “occupy the traditional terrains of struggle[...] new weapons are required”.¹¹³

Himelfarb's analogy of sleepwalking points to the ingrained subservience to market-orientated imperatives that have commandeered the democratic empowerment of an independent public. Currently, established democratic institutions serve to reinforce that there is no alternative to neoliberalism. Tragically, the Harper administration is not the only political elite to blame. As the conception of the public interest seems cordoned off by the dictates of a business friendly environment, even supposed left-leaning parties are pulled towards the centre, leaving public services and social spending as abandoned beacons of a forgotten morality. Within the pro-growth regime, economic policy is framed as politically neutral and based on an objective national interest. Josh Lerner

110 Albo, Gregory. "Neoliberalism, the State, and the Left: A Canadian Perspective." *Monthly Review* – *New York* - 54, no.1 (2002):50

111 Gramsci (1971), 367

112 The Samara Institute conducted a series of studies in 2012 entitled “Who's the Boss” and “Lost in Translation” to determine what the public's assessment of their elected representatives' performance in the House of Commons. Members of Parliament were found to receive a failing grade in terms of satisfactory performance and to be viewed as being more likely to vote and speak to concerns along party lines rather than with the sentiment of their constituents. Another study conducted by the Polaris Institute concludes that industrial lobbyists are met with upwards of 400% more than lobbyists for community or environmental conservation organizations.

113 Loxley (2003), 55

(2006) points out that without opportunities to collaborate in a more horizontal fashion, hierarchies are consolidated in which politicians are viewed as decision-makers, government staff are viewed as service providers, and residents are mere consumers.¹¹⁴ Rather than thriving cities, this strategy has resulted in the deterioration of living standards, social infrastructure, and unequal access to the benefits of what development is taking place.¹¹⁵ The hegemonic position of this economic model is reinforced by the lack of opportunities for dialogue.¹¹⁶ This economic hegemony both effectively disenfranchises the public, and even worse, convinces them not to care.¹¹⁷ Lacking the capacity to question or even realize this limitation eliminates a crucial part of a functioning democracy, the sovereignty of the public.

This loss of sovereignty entails the purely economic coming to characterize the ethical and political understanding of the self and one's means to pursuing freedom.¹¹⁸ Takis Fotopoulos, founder of the inclusive democracy movement, grieves how “*market values* of competitiveness and individualism have replaced the *community values* of solidarity and co-operation, transforming human beings into passive citizens and consumers” (original emphasis).¹¹⁹ Once a structure, such as the neoliberal model of political economy, becomes naturalized, it is no longer felt as an external force.¹²⁰ This is what Freire (2007), following Gramsci's principles, calls *internalization*.¹²¹ Such internalization leads to the constant reproduction and perpetuation of the status quo, in

114 Lerner and Van Wagner (2006), 15

115 Ibid, 4; Albo (2002), 49

116 Pateman (1970), 50

117 Gramsci (1971), 244; Freire (2007), 63; Loxley (2003), 54

118 Gramsci (1971), 366

119 Fotopoulos, Takis. "The multidimensional crisis and inclusive democracy." *The International Journal of Inclusive Democracy* (2005): web

120 Gramsci (1971), 367

121 Freire (2007), 45, 65

the current case neoliberalism, through the naturalization of inequality and an indifference to unconsultative public policy.¹²² It is the very banality of oppression that obscures an ideological enclosure and limitation of freedom, which constitutes the largest injustice and threat to the survival of meaningful democracy. This results in a place-based educational experience which causes the individual to accept their own dehumanization, causing a detrimental blow to the spirit of democracy and wide spread civic disengagement.

Subsumed by the myth of free market's superior allocative wisdom which enshrines private interest as the bringer of progress, modern liberal democracies fail to produce citizens with the ability and will to identify their interest independent of the state.¹²³ William Nylen (2002) points to how though some analysts judge civic disengagement to represent a level of public contentment, this analysis does not take into account how certain voices are systematically silenced through the narrowing of citizen engagement.¹²⁴ With governments donning the *Golden Straitjacket*¹²⁵ of neoliberalism "political choices are narrowed to Pepsi or Coke".¹²⁶ Some democratic theorists may be satisfied with this level of democracy. Theorists such as Joseph Schumpeter (2013) view democracy as a *method* by which citizens select individuals in competition for leadership.¹²⁷ In his seminal text *Capitalism, Socialism, and Democracy*, Schumpeter

122 Cavanagh and Mander (2004), 32

123 Dahl (1992), 48

124 Nylen, William R. "Testing the empowerment thesis: the participatory budget in Belo Horizonte and Betim, Brazil." *Comparative Politics* (2002):129

125 Thomas Friedman termed free market capitalism to be the defining characteristic of modern globalization and coined the term Golden Straitjacket in his book *The Lexus and the olive tree: Understanding globalization*, published in 2000.

126 McNally, David. "Another world is possible: Globalisation and anti-capitalism." *Capital & Class* 94 (2002): 196

127 Schumpeter, J. A. (2013). *Capitalism, socialism and democracy*. Routledge: 93

explains that individuals and their conception of the common good are the “beacon light of policy” as their elect representatives to carry out their will.¹²⁸ Schumpeter shamelessly glorifies the power of industry to influence the citizen's “concepts of beauty and justice and his spiritual ambitions”.¹²⁹ He continues that economic reasoning influences citizens not by “destroying their freedom of choice but by shaping the choosing mentalities and by narrowing the list of possibilities from which to choose”.¹³⁰ This narrowing entails a predetermined range of public opinion that constitutes democracy's current subservience to economic reasoning.

Schumpeter draws criticism from democratic theorists looking for a more active and complex conception of democracy. Leonard Avritzer and Alberto Melucci (2000) point out that Schumpeter's aggregate approach to democracy excludes cultural particularities and complexities that properly characterize the public being represented.¹³¹ Radical-democratic thinkers Fung and Joshua Cohen (2004) seek a fuller realization of democratic values than competitive representation tends to attain.¹³² Pateman points out how classical democratic theorists Jean-Jaques Rousseau and J.S. Mill were wary of this issue and pushed for a more participatory system that could build a sense of greater community and mandate, rather than be mandated by, industry.¹³³ Similarly, Fung and Cohen write on how participatory institutions shift the balance of power “from organized money to organized people” and build the capacity to offset the influence conferred by

128 Ibid, 250

129 Ibid, 124

130 Ibid, 129

131 Melucci and Avritzer (2000), 512

132 Cohen and Fund (2004), 23

133 Pateman (1970), 32

wealth.¹³⁴ In this same line of reasoning, Craig Calhoun identifies the State and the economy as “crucial topics for and rivals of the democratic public sphere”.¹³⁵ A more substantive form of democracy allows for fuller expression of the self and a conceptualization of society as a constantly evolving and transforming process. This desire to no longer be represented is attributed as the original motivation to form the public sphere apart from public authority.¹³⁶ This conceptualization is inherently an invitation for individuals to recognize how their personal history contributes to the history of society as a whole.

Freire's methods are traditionally used as for the purposes of adult education and organization of oppressed demographics. In the case at hand, these methods are extended to the “oppressed” public subsumed within the hegemony of pro-growth regime. Oppression here can be less drastically phrased as suppression of a truer public interest. Through the technical and experiential elements involved in substantial participatory budgeting processes, even the allocation of a relatively small portion of the capital budget, can trigger a significant transformation. This is due to new ways of communicating and demystifying the possibilities of alternative economic priorities. By providing a space for open deliberation, it is possible that participants can become disembedded from the current, predominantly neoliberal, discourse of the economy and generate the capacity to demand more from the state. This is what Gramsci refers to as the *cathartic moment*.¹³⁷ This disembedding has the capacity to trigger a praxis, in

134 Cohen and Fung (2004), 25

135 Calhoun, Craig. (1992) *Introduction: Habermas and the public sphere*. MIT Press: 6

136 Ibid, 12

137 Gramsci, (1971), 367

facilitating the critical reflection on quotidian experience and integrating this reflection into action in a way that no vote in itself can.¹³⁸

Freire lays out a guide to how effective liberation can be attained. The first step is developing a thematic fan as a way of confronting the current culture behind government budgets. By engaging with participants through a discussion about their daily lives, specific issues that they recognize, and how they explain them, themes are drawn from the discussion.¹³⁹ These themes are used to further engage participants revealing latent contradictions and limit-situations.¹⁴⁰ Limit-situations set the threshold of feasibility that determines a participant's understanding of norms.¹⁴¹ In the case of democracy in the advanced capitalist context, participants discuss ways they feel their communities are neglected by current government priorities. By comparing the priorities that emerge from the initial public assemblies and priorities indicated by current government spending, organizers can begin to build upon these distinctions to encourage reflection and action on the part of the participant.¹⁴² Such as the thematic assemblies in Belo Horizonte, these are places to engage in critical thinking about previous administrative decisions and deliberate among themselves on how public expenditure is to be better directed.¹⁴³ This is the beginning of how the participatory budgeting constitutes a confrontation of undemocratic culture with a will to transform it.¹⁴⁴

A resident's belief that their perspective has little to offer the policy formation process relates to what Freire refers to as limit-situations. The next step is to pose these

138 Freire (2007), 154

139 Ibid, 111

140 Ibid, 108

141 Ibid, 49

142 Ibid, 95

143 Avritzer (2006), 627; Souza (2001), 166

144 Freire (2007), 158

limit-situations as problems to be solved. The themes that participants produce are both determinants of and themselves determined by limit-situations.¹⁴⁵ The issue of feasibility and constraints of the funds of course constrains what issues can be addressed. However, the very involvement in these processes fosters a willingness to test these limit-situations and the overcoming of limit-situations is the very act of broadening the current political terrain. As will be elaborated on in following chapters, city staff scrutinize projects based directly on their feasibility and this can maintain a hierarchical depiction of policy formation. Therefore, at times, breaches must be pragmatic and occur within the participants rather than be manifest in the projects. As explained by Freire, once a liberated public interest is identified, limit-situations are posed as problems. Perceived as such these limitations become “the frontier between being and being more human, rather than the frontier between being and nothingness”.¹⁴⁶ This increases the critical capacity of the public and thus establishes an independent capacity to conceptualize the public interest.

As participants engage in the deliberative process, Freire explains, “they begin to see how they themselves acted while actually experiencing the situation they are now analyzing, and thus reach a perception of their previous perception. By achieving this awareness, they come to perceive their reality differently”.¹⁴⁷ This process not only brings about distinct set of priorities, but also creates a contrast with how spending priorities are traditionally formulated. Aside from specific projects, this process entails the realization that residents should and can be involved in policy formulation process.

145 Freire (2007), 102

146 Ibid

147 Freire (2007), 115

Through a developed understanding of the status quo, participants begin to apprehend their situation as constantly malleable and susceptible to transformation.¹⁴⁸ This re-establishes public money, and furthermore society, as a commons. This sort of conceptualization is encouraged through a demystification of the budgetary process. Gramsci's deconstruction of the dichotomy between masses and intellectuals is found here by demonstrating to all individuals that their perspectives have a rightful place in the policy-making process.¹⁴⁹ This cathartic moment represents a break with the complicity in pro-growth rhetoric and a vision of collectively recognized priorities which problematizes the naturalization of inequality and market-orientated public policy. A critical reflection of the economy bolsters a more substantive democracy and a space more encouraging of human development as oppose to the mechanistic determination of public interest.¹⁵⁰

One can see further connections between Freirean philosophy and substantial forms of participatory budgeting in the imperative that it is done *with* the people. Freire states that trusting the judgement of the people is an indispensable aspect of any meaningful participatory process.¹⁵¹ Greg Albo (2002) states that the only way to ensure a more equitable societal model is for democratic control to be placed over capital mobility and allocation but these develops are resisted by the influence of elites.¹⁵² This blatant exclusion is legitimized by a mechanistic conceptualization of public interest embedded in an undemocratic culture. Participatory budgeting presents a radical break

148 Ibid, 85

149 Gramsci (1971), 354

150 Ibid, 365; Freire (2007), 85

151 Freire (2007), 60

152 Albo (2009): 49

from this culture by reflecting upon it critically and acting to transform it. The problematizing and dialogical approach to conceptualizing public interest, crucial to the transformative potential of participatory processes, is less likely to be explicitly encouraged in state run processes. A state-led process does not necessarily bring about a new relationship willing to challenge the self-interest embedded in pro-growth mentality. It is also doubtful that the local government has the capacity and the passion to engage the public effectively. Without the full analysis of unaddressed issues and new priorities for government spending, participatory budgeting remains essentially at the consultative stage. This disables the true dialogical relations that are necessary for participatory budgeting to constitute a new institution. It is with the intention of institutionalizing such a dialogue that new spaces for meaningful public engagement and deliberation on public interest should supplement representative democracy to reconcile the theory and practice of democracy.

The attainment of praxis of public interest is reached in the willingness to let the public directly decide government priorities. The democratization of productive assets, such as the municipal budget, constitutes an act of economic democracy and a deeper level of political involvement in society. But, the public must find it within themselves to demand this. It is in spaces such as participatory budgeting, which concentrate and develop critical capacity and reflection, that the basis for new demands can be formed. Not only is this basis intellectually appreciated but also acted on. By working with the community to develop the neglected needs and desires of the public, process organizers help to facilitate a new relationship with how their surrounding environment is constituted and the role that democracy can play in altering it.

Slogans such as “\$1 million – Your Ideas – You decide” or “Your City, Your Ideas, Your Vote” featured in processes in Hamilton and Vallejo respectively are, similar to the basic theoretical value of participatory budgets, not sufficient to constitute the potential praxis that participatory budgeting can bring about. The concept of deepening democracy takes sustained effort on the part of the community and independent facilitation of the process is crucial in order to constitute an authentic deepening of democracy. To give participants the mere impression that they are being given increased influence but then not acknowledging this new authority has the opposite effect of rebuilding a belief in democracy and can continue the breakdown in trust in government.¹⁵³ Breaking this trust has obvious implications for public faith in the participatory budgeting system as a new institution that will be discussed in the following chapters. The design of a substantial participatory processes is meant to involve residents, directly so as to consolidate a new way of conceptualizing and implementing budgets based on public interest.

3.2 Applying this Theory to Practice

There are those who recognize the miserable state of democracy and act on this realization by raising support for the participatory approach in their communities. In an interview, Norman Kearney, former facilitator of the Ward 2 process, states how he saw his fellow Hamiltonians suffering from a series of defeats, which had implicitly disciplined them to expect less from democracy.¹⁵⁴ Kearney had learned about participatory budgeting while attending McMaster University and acted on the

¹⁵³ Freire (2007), 91

¹⁵⁴ Interview with Norman Kearney, past organizer and Facilitator in Ward 2, Hamilton

opportunity to bring the process to his community by getting the support for the local Councillor and members of the community. Kearney states:

PB has some proven success in other cities at least in demonstrating to community that they are capable of change and that reminding them that they are not alone in wanting to see change. There are other members of their community who have the energy and enthusiasm to transform their neighbourhoods and also the benefit of the immediate impacts.¹⁵⁵

Seeing the potential of participatory budgeting, Kearney began to share this vision with Hamilton.

In a smaller city, reeling in the after effects of bankruptcy, residents were burdened by a confusion of how the allocative wisdom of market driven policy had brought about such poor conditions. This results in a public sentiment of cynicism towards government and hopelessness towards the changes that seem so necessary on the ground level. Councillor Marti Brown describes her motivation to initiate a participatory budgeting process in Vallejo:

[In] the city there was this real sense of crisis between local city government and the public around what's happened to our city, what's happened to our city services, and so there was a real crisis of trust.[...] That crisis of trust continues to deteriorate the relationship between city government, elected officials and the public, and I knew that participatory budgeting was a great way to rebuild some of that trust.¹⁵⁶

Participatory budgeting presents a solution because of its unique ability to both fit within the current structure of fiscal federalism while also establishing a new repertoire of political practices and thereby fostering new modes of civic engagement.¹⁵⁷ Additionally, as Councillor Brown recognizes, the failure of democracy is a results of distrust between government and the public that can be repaired through substantial collaborative action.

¹⁵⁵ Ibid

¹⁵⁶ Interview with Marti Brown

¹⁵⁷ Wampler and Avritzer (2004), 292; Manley (2012), web

In order to solve the problems that Kearney and Councillor Brown saw as a disaffection towards democracy, they made moves towards creating a space for the public to take part in the decision making process. Situating of the status quo, or an aspect thereof, as a problem, is the key to the social and political innovation that emerges from the public sphere.¹⁵⁸ With the increased participation of the public, especially those from neglected communities, participatory processes invite testimonies and identification of issues in need of being addressed. This deliberative model creates a public by initiating a communally orientated identification of problems, goals, ideals, and action.¹⁵⁹ Participants engage in a liberated and more informed process of prioritization. Though, in the case of participatory budgeting, this liberated prioritization is restrained by the legal constraints on the funds being accessed and notions of feasibility, it allows for a refinement in the basis for gauging public interest. Therefore, participatory budgeting is a space in which to invigorate democratic determinations of the public interest.

Problem-posing education involves the unveiling of reality.¹⁶⁰ This *reality* is constituted by the participants' perspective of unaddressed issues and what government priorities should be. Freire states that problem-posing education does not proceed with assumptions of “a well-behaved present or a predetermined future”.¹⁶¹ This allows for an energetic convergence on how public money can be better spent. A neighbourhood representative from Hamilton explains:

158 Calhoun (1992), 13

159 Healy, Paul. "Rethinking deliberative democracy: From deliberative discourse to transformative dialogue." *Philosophy & Social Criticism* 37, no. 3 (2011): 297; Wampler and Avritzer (2004), 297

160 Freire (2007), 81

161 Ibid, 84

If you look at the successful projects, these were things that resident groups had pushed for many years unsuccessfully, things like pedestrian improvements, a safe crossing, improvements to parks, a bread community oven [....] I think that in our neighbourhood it was empowering that certain projects were tried to lobby the government for many years were funded in one round of PB [sic].¹⁶²

In Belo Horizonte, issues of sewage infrastructure and sanitation are top of mind for participants, while the state had been under the impression that public transportation was a local priority.¹⁶³ Thus, this unveiling of reality encompasses an unveiling of a truer public interest.

Aside from new priorities, a new way of conceptualizing priorities is discovered through this process. Speaking specifically of Brazil, Gianpolo Baiocchi and Marcus Andre Melo (2006) state how deliberative democracy draws out the conditions in which the deliberation is taking place.¹⁶⁴ Proponents of participatory budgeting and deliberative democracy make the presence of debate a priority, as it brings about a new way of communicating with fellow participants and elected officials.¹⁶⁵ This form of communication, Freire states, has a cathartic force, which encourages participants to externalize sentiments and opinions that perhaps they would not under different circumstances.¹⁶⁶ Paul Healy (2011) concurs that a well-structured process can help participants realize “new possibilities for responding to contentious socio-political problems, possibilities that transcend, and indeed transform, those initially available to any of the participants”.¹⁶⁷ Healy states that if participants are truly dedicated to finding

162 Interview with Dr. Nicholas Kevlahan

163 Souza (2001), 167

164 Melo and Baiocchi (2006), 591

165 Miller (2008), 172; Babcock et al (2008), 5

166 Freire, 118

167 Healy (2011), 305

creative ways to confront how current policy is not attaining public interest, this interactive learning experience can transform the entire approach to problem solving.¹⁶⁸

By producing engaged individuals, even if spending priorities are the same, the participatory process results in much more than a budget. The process in Vallejo confirmed certain priorities, with pot-hole repair being the project receiving the most votes. The City Manager took this as an opportunity to legitimize the authority of City Council over capital spending, pointing to how they already were aware of the public interest. Councillor Brown explains her response as being:

Whoa! Wait a second, there are 12 projects here and they are a whole bunch of them that we would have never even come up with let alone funded. So don't tell me this is just meat and potatoes, that this is institutional, because it is not. It's real people, making real decisions about how to improve the quality of life a little bit for everybody. The logic of my colleagues was that we already know that people want this, therefore we don't need to make this part of PB. We'll just put in more money than we did last year since we already know this is the number one project instead of making it a PB project. Which to me was silly. Why don't you just let the public decide that?¹⁶⁹

Councillor Brown insists in the value of letting the public decide, as a way to allow for serious innovation that emerged from public deliberation and the corresponding rebuilding of the democratic state. The emergence of creative public interest has shown to result from the participatory process, as Councillors in both Hamilton and Vallejo remark that the resulting projects were not projects they would have thought of or been able to pass at City Council.¹⁷⁰ This mixture of practical and creative proposals indicates a will of the public that is both responsible for regular city maintenance as well as mindful of commonly overlooked issues.

168 Ibid

169 Interview with former Councillor Marti Brown

170 This comment is frequently made by endorsing politicians

Substantial participatory processes require trust in the participants and their ability to reason.¹⁷¹ To recognize the public sphere as a site of rational deliberation is the first step towards its empowerment. The state is most likely unable to effectively support such a process as the contradiction between being both the facilitator and subject of criticism would stretch the state-facilitator beyond their means. Therefore, an empowered Monitoring and Implementation Committee must be the managing body of the process in conjunction with will expressed from the public assemblies. For Councillors or state representatives to maintain that they are doing citizens a favour, or endorsing participatory budgeting *for* the community is to maintain an unjust order.¹⁷² Participatory budgeting is an educational space for all those involved, and those who claim to lead the process must engage in it themselves. For a participatory budgeting process to not be a farce, it must be recognized as having the sanctity rooted in the discovery of public interest described above. Therefore, the state must engage in an authentic dialogue with participants and their elected officers to entrench this process as an institution.

Terry Maley (2010) states that although participatory budgeting have produced moments of transformative, radical praxis, they are not permanently entrenched and rely on the existence of a political culture.¹⁷³ The fundamentally different political landscape in Brazil, encompassing more pressing needs in terms of insufficient infrastructure, is perhaps more conducive for recognizing the need for collective action. In advanced capitalist communities, the content of this public sphere is in need of stimulation with politicizing, problem-posing content. This can be attained through a non-government

171 Freire (2007), 66

172 Ibid, 61

173 Maley (2010), web

institution that raises social and political awareness of the oversights by developing opportunities for meaningful citizen participation.¹⁷⁴

The newness of these processes presents another challenge as potential participants may not be sufficiently organized or aware of the value participatory budgeting offers. In Vallejo, this issue was addressed by enlisting the service of the Participatory Budgeting Project, whose approach was characterized as training community leaders to run the process themselves rather than running one for them. In Hamilton, the efforts of one passionate individual led to a movement in the community. Both of these initiatives started with sources of initial funding, and more importantly, the vision of a transformative, collaborative process. As will be discussed, the outcomes of these processes also play a role in defining the impact these process have on the political terrain of the communities in question. The City Council of both Vallejo and Hamilton have stated their intention to move the process in house in order to have a tighter control over the process. This should be viewed with skepticism as this is likely to maintain an inferior standing of the public in terms of policy formation along with other myths perpetuated by the non-democratic regime.¹⁷⁵ This bringing the process “in-house” is a mixed blessing involving both the institutionalization of (some form of) the process as well as the risk of its independence being smothered by bureaucracy. However, it remains to be seen, if the community members involved in the process are able to support a dialogical exploration of true public interest driven by the goal of establishing a more democratic culture.

174 Nylen (2002), 130

175 Freire (2007), 147

By coming to reflect upon the economy as a problem, this deeper level of democracy can enable a revolutionary transformation of mentalities and willingness to act upon this new reflection.¹⁷⁶ Economic democracy, by revealing a plurality of economic destinies and desires from which to choose, represents a fundamental rupture the legitimatizing Thatcherite tenet *there is no alternative*. By deliberating on the issues the public recognizes and by giving those most impacted by cuts to social services, these cracks in the status quo are driven apart to attain subjective sovereignty of the public. Simply by being done, participation brings the concept of economic democracy into the discourse, especially in communities where they are being implemented. Participatory processes represent a subsidiary public sphere in which they exercise their democratic skills. Similar to other civil rights movement, this portion of the public participating in the development of a social and institutional transformation work towards a more democratic society. These experienced participants take part in a civic rights movement, by receiving education and carving out the a space for the public assembly model of democratic will to supplement the current representative model. The participatory budgeting creates a refreshed social contract in which the government is held to account by the decisions reached within the participatory process. This sentiment both restores an amount of community control over local developments and public works, as well as establishes a new level of democracy and political efficacy. This transformation can be represented by a new tenet, emerging from the World Social Forum in Porto Alegre in 2001, *another world is possible*, and it is attainable through collective action.

176 Gramsci (1971), 346; Freire (2007), 54

3.3 Conclusion

This chapter has pointed to the significant threat that normative theories of public interest pose to democracy. The inherent inequality of capitalism is found to overwhelm the claims of equality associated with democratic governance. Furthermore, a place-based educational process deprives the public of their capacity to conceptualize and act to attain any significant alternatives. This creates a contradiction that belies the purpose of democracy and must be addressed through capacity building. Using Freire's problem-based education method, deliberative spaces are able to rupture the hegemony of a repressive regime. By distinguishing specific points in which public interest is restrained, the public is able to develop alternative visions and the willingness to act on this new vision.

This renewed sense of the public interest, attained through praxis, contributes to a new context in which the power of organized money is challenged by the power of organized people. This ideal outcome however, in the words of Ralph Miliband (1989), is dependent on the degree to which participatory budgeting is able to convince a majority of people that it brings about a more rational use of resources than lies within the free market, and also a more humane government.¹⁷⁷ This opportunity is embedded within a greater capitalist framework to be sure but the process through which public interest is identified and invested in has the potential to broaden ethico-political understandings of economic priorities and the ability of the empowered individual to guide government spending through democratic institutions. Participatory budgeting offers a space in which

177 Miliband, Ralph. "Reflections on the crisis of communist regimes." *New Left Review* 177 (1989): 36

the cognitive and institutional political terrain can be broadened, but the entrenchment of this expanded terrain is as of yet uncertain in the cases being researched.

In the following chapters, the challenges of gaining and maintaining sufficient amounts of public support, and how they have been met in the cases under review, will be explored. The different forms of education will also be described to further demonstrate how participatory budgeting processes increase civic competence, awareness of the issues on one's community, and feelings of political efficacy. Finally, the crucial point of validation will be explored along with the challenges involved in making sure that participatory budgeting is not simply an intellectual exercise. City Council acknowledging the authority of the participatory process not only establishes an empowered public sphere but also helps to frame participatory budgeting as worthwhile. The validation of participatory budgets thus lend to the further success of participatory processes to come. Cumulatively, these points will show how participatory budgeting invites potential participants to engage in a praxis of government spending and policy formation.

4 Chapter: Gaining and Maintaining Public Support

Of fundamental importance to the *potentially* transformative institution of participatory budgeting is the sustained support of the local community. Community support is necessary to maintain a substantial process that engages participants in critical reflection and collaborative decision making. To rely on the state to provide a transformative process is to have faith that this transformation has already occurred within the state administration, in this case, of the municipal government. This is unlikely as it is pervasive forces within the state administration that the development of the participatory processes seek to offset. The very issue that participatory budgeting seeks to address is the aggregative manner in which the state receives public input as well as the overwhelming influence of economic imperatives of the market-orientated public policy. Entangled in this paradigm, the state, especially when subject to increasing fiscal constraints¹⁷⁸, is arguably helpless to view a shift towards more collaborative decision making as rationale without strong support from the community it governs on behalf of. Within the democratic context, albeit one that is poorly supported and utilized, members of the community are able to expect their representatives to be accountable, especially when a community organizes a legitimate representation of its own interest to then be conveyed to the elected representative. Participatory budgeting allows for the articulation of public interest through the direct engagement of a diversity of community members. So, before the potential of participatory budgeting can be attained, the challenge of attracting and maintaining public support must be overcome.

¹⁷⁸ These fiscal constraints are effective, whether they are real or perceived.

An initial challenge for the North American cases was promoting participatory budgeting effectively. Where residents of Belo Horizonte had the success of Porto Alegre to suggest the worth of attending the process, residents in Hamilton and Vallejo are without such a precedent. This chapter will discuss the myriad of ways that participatory budgeting processes have been promoted and made attractive to a diverse array of residents. Through shaping the identity of these processes, outreach techniques and awareness raising are the first step to establishing a new institution that can develop a truer sense of public interest. A clear indication of community support is sometimes necessary before a government is willing to commit financing to the process. This chapter will also feature a discussion on how the process is made accessible so as not to reproduce the same exclusionary nature as the mainstream political process. As pointed out by Calhoun (1992), a democratic public sphere depends on the openness of the discourse and quantity of participation.¹⁷⁹ In order to conceptualize a truer sense of the local public interest, participatory processes must be designed to receive the full expression of as many people who want to participate. Organizers must develop a process which works off of potential participants' current concerns while also refining their vision of to attain their goals in new ways, and within a new context of awareness. Finally, along with an appreciation for the theoretical value that participatory budgeting stands for, participants reasonably require incentives to actually attend the process. Dryzek states that for a process to build deliberative capacity of a political system, it must not only be open and free of coercion, but also consequential.¹⁸⁰ This emphasizes the importance of decisions made within the process actually being recognized by City

179 Calhoun (1992), 2

180 Dryzek, J. S. (2009):1382

Council. Together, effective promotion, an understandable process, and tangible outcomes are found to be necessary for the participatory budgeting process to become established in the minds of current and potential participants.

4.1 Getting the Word Out

In Belo Horizonte, the opening of the bi-annual participatory budgeting process brings about a festive celebration, including street performances and puppet shows, to ensure that every one is aware that it is participation season.¹⁸¹ In 1993, the Belo Horizonte process engaged over fifteen thousand residents to allocate 15 million reais/\$7.12 million (Canadian), after participatory budgeting had been utilized and publicized by cities such as Porto Alegre for three years. The successes of the process in Porto Alegre gave good reason to the public to view this process as a valuable opportunity to address serious concerns.¹⁸² The level of participation increased to as high as forty-three thousand by 2001, through both effective promotion and demonstration of value. The 2001 process allocated over \$34 million (Canadian). This increase in both participation and financing shows a collective faith in the participatory process on the part of residents and the state. Currently entering its twentieth year, and scheduled to allocated \$61.3 million (Canadian), participatory budgeting in Belo Horizonte has become a fixture of the political sphere. Participation continues between budgeting years with Monitoring and Implementation Committees overseeing the implementation of projects voted on. However, there are still many residents of Belo Horizonte who find it difficult to explain or do not know what participatory budgeting is. Therefore, work remains to be done

181 Paix, Paulo Roberto. "Participative budgeting in Belo Horizonte: democratization and citizenship." *Environment and Urbanization* 8, no. 1 (1996):218; Wampler (2007), 216

182 Avritzer (2006), 630

before infrastructure shortages and welfare issues that remain are framed not as unavoidable tragedies, but as a subject of the next upcoming participatory budgeting session.

In terms of precedents, neither Vallejo nor Hamilton had a concrete example of what participatory budgeting is, or could be. In Hamilton, the phrase is familiar due to a rendition in Ward 1 that has been practised since 2012 and has reached some very nice and neat decisions, though some are pending implementation.¹⁸³ A more select few may have also read resident Dr. Nicholas Kevlahan's article "Moving Hamilton Up the Ladder of Citizen Participation" in *Raise the Hammer*, a Hamilton specific online news forum.¹⁸⁴ Kevlahan helped to design the Hamilton process as a member of the planning committee. He states that for the process to be made appealing it must avoid being cumbersome and complicated so as to make involvement difficult.¹⁸⁵ At the same time, Kevlahan admits creating a legitimate institution where authority is supposed to flow from the bottom up requires an admittedly complicated process.¹⁸⁶ These comparisons frame the establishing of a more substantive process as difficult as it is unfamiliar and can possibly be viewed as problematic. This uneasiness with the more robust process is informed by, and is complicit in, the more traditional representative democracy. Nevertheless, Kearney, who became the facilitator of the Ward 2 process, was able to promote the value of a substantial process and won the support of the local Neighbourhood Associations and the Councillor.

183 Interview with Councillor Brian McHattie

184 Dr. Nicholas Kevlahan, "Moving Hamilton Up the Ladder of Citizen Participation", *Raise the Hammer*, 29 April, 2009. web.

185 Interview with Dr. Nicholas Kevlahan

186 Ibid

In Vallejo, Councillor Brown came upon the concept independently and saw it as something valuable to the community, which was experiencing what she saw as a crisis of trust in democracy. Upon being elected, Councillor Brown continued to research the mechanics of the process and how it could be done in Vallejo. In order to familiarize the public and her fellow representatives with the concept, she initiated a speakers' series. As Councillor Brown explains, "I brought Joe [Moore] and Josh [Lerner] to be part of a speakers' series that I did once I was elected [...] [my colleagues] were really interested in it and saw it as a great opportunity to reach and reenergize our community and get people involved to collectively decide how to spend a portion of our recently passed sales tax".¹⁸⁷ This resulted in the initiation of the process from within City Council and a substantial process was designed in collaboration with the Participatory Budgeting Project. The choice to collaborate with an outside organization was related to issues of capacity of a city administration recovering from bankruptcy. The perpetual issues of capacity will be discussed further on, but aside from boosting capacity this collaboration has certainly contributed to the identity and awareness of what participatory budgeting is and can be. As project coordinator Ginny Browne explains: "part of our work in Vallejo was not only to impart what it takes to run the process to the city, but also anchoring those lessons and that knowledge in the community itself".¹⁸⁸ With a dedicated source of support within City Council, and with a third party to building a foundation of support in the community, the Vallejo process was a successful first year run.

The processes in Vallejo and Hamilton required a creative design, due to their newness, as well as their application to a social terrain encompassing multiple languages

¹⁸⁷ Interview with former Councillor Marti Brown

¹⁸⁸ Interview with Ginny Browne,

and backgrounds. The process in Vallejo and Hamilton were also pressed for time in order to be inline with city staff budgeting schedules.¹⁸⁹ Though participatory budgeting is a fundamentally new process, it is not necessary to completely re-invent the wheel of community engagement. Neighbourhood Associations and community organizations were a useful institution for Hamilton and Vallejo organizers to work with to help promote the process. Though they are enmeshed in a limited range of possibilities, some more content than others, and at times dominated by exclusionary leadership, these organizations ideally have a strong communicative networks with residents and are able to aid its legitimacy.¹⁹⁰ In Vallejo, community organizations were invited to sponsor public assemblies to include them in the promotion and volunteer support, approximately 14,000 families were reached by sending letters home with students, and endorsements from clergy at weekly congregations were found to be very effective.¹⁹¹ Press releases and newspaper articles stimulated the discourse around participatory budgeting. Resorting to basic ways of communication, such as radio, door-to-door outreach, pamphlets, newspapers, and the ubiquitous word of mouth, it is possible to make people aware that something is happening. The hope is to turn this knowledge into a belief that this process offers a space in which potential participants can make moves towards

189 This was more of an issue in Vallejo as the participatory budget was utilizing part of the city's budget. In Hamilton, utilizing a discretionary fund of the Councillor allows for more flexible timelines but the Planning Committee was requested by city staff to have their projects assessed by a certain time so that they could be part of bulk tendering and integrated planning, which required the process to be initiated 4 months earlier than planned.

190 In the case of Hamilton, a letter from the six neighbourhood associations of the ward was necessary for the Councillor to endorse the process. Vallejo's steering committee was populated by a number of home owner associations, the Latino Chamber of Commerce, the Hispanic Chamber of Commerce, and the Black Chamber of Commerce

191 Interview with Ginny Browne

solving the issues they witness in their day to day life. In order for this to happen, the design of an authentic, inclusive, and consequential process is necessary.

Though many people recognized problems in Vallejo and Hamilton, they do not perceive the local democratic institutions as a means to a solution. In order for the recognition of problems to lead to a will to solve these problems a democratic culture must be nurtured. This type of culture seems much more present in, at least subsections of, the Brazilian population. Traditions of political engagement are found, by some studies, to make the difference between processes in terms of success or failure.¹⁹² This difference in political activity demonstrates a relevant distinction between Brazil and the more local cases. However, something that draws all three cases being researched together is the presence of poverty and economic struggle. It seems counterintuitive that cities under pronounced fiscal strain would be likely to host participatory budgeting. However, considering the cases of Vallejo and Hamilton, the decreased ability of the city to finance essential services leads to more members of the community taking notice of the problems with the current way government spending priorities are determined. The resulting cracks present a common concern that an alternative mode of engaging with the democratic process can gain momentum upon. This also results in the willingness of elected representatives to endorse the process due the need to rebuild trust with the community. The different sources of potential support leads to the prospect that the value of participatory budgeting is already being realized.

Due to the existing social and political landscape in the advanced capitalist context, there must be different incentives associated with participatory budgeting to

192 Souza (2001), 176; Avritzer (2006), 630; Wampler (2007), 247;

encourage participation.¹⁹³ In the existing advanced capitalist context, the typical pitch is centred around the notion of preventing the waste of tax dollars. A neighbourhood representative from Hamilton spoke to how giving people power over spending is an effective way to gain attendance.¹⁹⁴ Elected representatives frequently referenced how tax dollars belong to the public and so they should be used at their direct discretion when possible. As Marti Brown states to the greater potential for participatory budgeting: “definitely when you put money on the table people get involved, but I saw it as an opportunity to rebuild trust and confidence in city government and in ability of the community collectively to get some things done and get the projects and quality of life that we all want”.¹⁹⁵ While some may be attracted simply by the money involved, others may be interested in the potential to address issues that they recognize in their community.¹⁹⁶

Reducing the purpose of participatory budgeting to a new way of competing for resources ignores the social value of participatory democracy.¹⁹⁷ There are also those who realize the disservice that current government priorities are imposing on certain sections of the community. This is why collaboration with existing community organizations is useful as they have established connections and ongoing projects to assist those who are struggling within the existing terrain. Organizations such as the Hamilton Centre for Civic Inclusion and Neighbourhood Associations in low-income communities have connections to these disempowered demographics and can potentially vouch for the

193 Lerner and Van Wagner (2006), 3

194 Interview with Dr. Nicholas Kevlahan

195 Interview with former Councillor Marti Brown

196 Souza (2001), 180

197 Melucci and Avritzer and (2000), 516, 522

opportunity participatory budgeting presents. Beyond connections with existing community organizations, the design of the process must be modelled around the elimination of barriers to invite the involvement of all potential participants. A diverse range of perspectives of residents, who have not yet realized their power, must be called to organize by the offer of an inclusive and meaningful space.

4.2 Creating an Inclusive Space with Potential for Growth

Returning to the reason why the municipal government is a useful point of contact with the state, the proximity of this level of government leads to its policy having direct or indirect impacts on residents. Despite this more focused democratic responsibility conferred on the city, there exist many barriers to engaging with this level of government and limitations to what can be accomplished. The participatory process presents a new way to engage with the state and ideally eliminates these barriers to rectify the disempowered condition of unheard voices and ensure empowered citizenship. For this reason, processes in Brazil, and in Vallejo have made a specific effort to conduct outreach in these communities.¹⁹⁸ These excluded perspectives of certain socio-economic groups are sources of knowledge about how current government spending are neglecting serious issues.¹⁹⁹ Bringing marginalized voices into the process is a key part of the education process and will be discussed in the following chapter. This section will elaborate on how the process is designed for inclusion and growth.

In Belo Horizonte and Vallejo, a participant is welcome to vote as early as sixteen years old and in Hamilton, the eligible age was as low as fourteen years old. Granting

198 Hernandez-Medina, Esther. "Social inclusion through participation: the case of the participatory budget in São Paulo." *International Journal of Urban and Regional Research* 34, no. 3 (2010): 523; Chapin (2013), 34; interview with Ginny Brown, Project Coordinator of Participatory Budgeting Project

199 Freire (2007), 43

eligibility to younger residents than typical elections allows for creativity, demonstrable openness, and for these people to experience this substantive form of democracy in a formative stage of their lives.²⁰⁰ In Belo Horizonte, where the population is relatively similar in terms of culture and language, processes are conducted in Portuguese, while processes in North American cases must recognize the presence of linguistic barriers to participation.²⁰¹ Rather than just making attendance possible, participation must also be made accessible through a structure and facilitation style that challenges the reproduction of hierarchies, based on class, knowledge, or language.²⁰² Of the six assemblies in Vallejo, four were in English, one was in Spanish, and one was specifically for seniors. In Hamilton, due to their location, there were assemblies specifically for the Somalian and Chinese communities, and interpreters were provided out of the process operating budget. Providing for these differences helps the value of the process to be readily apparent to potential participants and provides an example of how inequalities are addressed to allow for equal political input.

Implicit in the formation of this deeper sense of democracy, there is also a formation of a new type of citizenship. Inviting non-citizens and people in the area acts on a belief that all-those-affected by city policy should be included. Inviting all residents and not just citizens is a recognition of the creative life that each person can bring to the process by virtue of their personal perspective. Kearney states that he believes the Hamilton Ward 2 process set a precedent for a more inclusive form of citizenship: “I think a concept of citizenship that is premised on this state approval is actually quite

200 Ginny Brown, Project Coordinator of the Vallejo process, states in an interview that 16 and 17 year olds counted for 18% of the votes cast.

201 Pinnington et al (2009), 460

202 Lerner and Van Wagner (2006), 15

exclusionary, and it just doesn't make any sense to preclude any resident from participating".²⁰³ Browne also states how some residents of Vallejo live in an unincorporated zone governed by the County of Solano, and are therefore subject to developments in the area but unable to partake in municipal politics. The Vallejo processes countered this history of exclusion by doing outreach directly in these communities. The result of this more inclusive citizenship was 16% of the final ballots being cast by those who were not eligible to vote in typical elections.²⁰⁴ Through the elimination of barriers and drive for equality, participatory budgeting strikes to the deeper form of inequality that is inherent in capitalism, which is at times obscured by extra-economic identities.²⁰⁵ Dahl boldly stated that everyone is only a part-time or intermittent citizen if democracy is reduced to elections.²⁰⁶ By focusing on the exclusion of certain demographics even "official" citizens can benefit from this renewed push for equality as these citizens discover their limitations as a political being, worthy of recognition beyond their productive and consumer functions that are the basis of neoliberal formations citizenship.²⁰⁷

In their article, *Worth the Trouble?*, Irvin and Stansbury point out that there is a layer of complacency which these processes must penetrate in order to get people to come out and participate.²⁰⁸ These authors also point out that homemakers and low-income parents may not have the resources or time to take part.²⁰⁹ All three cases being

203 Interview with Norman Kearney

204 Interview with Ginny Browne

205 Wood, Ellen Meiksins. "Capitalism and human emancipation." *New Left Review* 167, no. Jan/Feb (1988): 20

206 Dahl (1992), 48

207 Pateman (1970), 39

208 Irvin and Stansbury (2004), 59

209 Ibid

researched must deal with the fundamental issue of engaging the poor, a demographic with direct experiences in the neglect of current government policy. Belo Horizonte is not without flaw. Though many participants come from low-income communities, the poor-poor are found to not be engaged.²¹⁰ The absence of the poorest residents is an issue in the North American cases as well, bolstered by formidable barriers of illiteracy, mental health, and social stigma. Also, these poorest of the poor have certain survival needs such as employment and shelter that may not be currently addressable through participatory budgeting. Where these authors find these challenges to spell out a definite limitation for participatory budgeting, a well planned process is able to overcome these issues by switching the discussion from inequality as a problem that individuals must deal with to inequality as a problem that must be addressed in process design.²¹¹

The increased barriers to low-income individuals, and those caring for children are well known and have been factored in to process design and budgeting. In doing so, these participatory budgeting process increase the welcoming nature of these processes to all individuals, with an emphasis on trying to involve those commonly excluded from mainstream political processes. In both Hamilton and Vallejo funds were set aside to fund childcare, but the shortages of time and resources are still barriers that need to be recognized and addressed in future rounds of the process.²¹² Pictures and other non-text forms of communicating ideas are also used to provide for language and literacy barriers.²¹³ A response to Irvin and Stansbury could be that the formation of these process is definitely worth the trouble as those involved are able to learn from a diversity of

210 Souza (2001), 176; Brautigam (2004), 659; Avertizer (2006), 630

211 Baiocchi (2005), 81

212 Chapin (2013), 45; interviews with process organizers

213 Baiocchi and Lerner (2007), 8; Babcock et al (2008), 8; Chapin (2013), 20

viewpoints, and those still uninvolved can feel invited to partake in this elaborated democratic institution. In Belo Horizonte, Avritzer (2006) finds that level of income was positively correlated with likelihood to speak and that women are more likely to speak than men.²¹⁴

Establishing a more inclusive space helps to make the process more inviting and fosters deliberation between diverse perspectives, resulting in a new conceptualization of public interest. Kearney says that though there were specific assemblies for the Somalian and Chinese communities, these cultural specific assemblies did not foster a cross-cultural exchange but did present a real opportunity for residents who may not have been able to participate in mainstream politics, due to language or cultural barriers.²¹⁵ As is found in Brazil, the poorest subsections of communities tend not to engage in the participatory process due to established social stratification and consistent marginalization.²¹⁶ However, the participatory budgeting forum allows for the interests of the poor to be presented by community organizations working with those suffering from poverty and civic exclusion. The voices of the excluded are then functionally integrated into the discourse of the participatory process, which affects the identity of the process as well as the resulting project proposals. By focusing on the elimination of barriers to participation as well as proper facilitation to ensure equitable discussion, participatory budgeting can lead to a social and political transformation of relations in society.²¹⁷

Presenting a space in which all can participate allows participants to take their perspectives from the level of critical thought into action. These spaces also allow for

214 Avritzer (2006), 628

215 Interview with Norman Kearney

216 Hernandez-Medina (2002), 516

217 Ibid, 524; Pinnington et al (2009), 473

critical capacity to be developed through the problem-posing learning methods encompassed in the process as well as the deliberative method of defining spending priorities. The limits of inclusion are restricted by existing resources. Though the outreach methods and eligibility criteria in Vallejo and Hamilton succeeded in inviting new voices to the discussion on government spending, there still exist those who did not participate. Kearney explains “not everyone we invited to come participate did. There's a variety of explanations for that, maybe they don't trust it, or maybe its not that important to them, or maybe they were busy. We had all of our assemblies on Wednesday nights, in Year 2 we were planning on having them spread out throughout the weeks, so some in the morning, some on the weekend, some at night”.²¹⁸ Capacity for outreach and hosting assemblies was limited by the available resources, and increasing this capacity will most likely increase attendance. This speaks to the room for growth that is compelled by the mandate to eliminate barriers to inclusion.

4.3 Maintaining Community Support

In order for participatory budgeting to broaden the institutional terrain, the process must receive support from within the community. This support is contingent on the capacity for organization as well as the public belief in participatory budgeting as worthwhile. Fung (2006) states that for participants to make the required sacrifices of time and energy to participate in this new form of democracy, their deliberations must be validated by action.²¹⁹ The state's recognition and implementation of projects is one way of affirming the value of participatory budgeting and keeping participants involved. Disapproval of projects is usually accompanied by a disapproval of the process itself. Tangible outcomes

218 Interview with Norman Kearney

219 Fung (2006), 74

are a useful way to build support around the process, but it is the support for the process that is ultimately necessary. A comprehensive study on participation rates has been conducted in Belo Horizonte but lacks data on the causes for discontinued participation. While a similar comprehensive study of the North American cases is yet to be conducted, there are indications from within the community that express varying levels of value being attributed to participatory budgeting. The process must be viewed as valuable in order to maintain its relevance in the eyes of participants and establish a space that attracts an increasing amount of participants.

In Belo Horizonte, participation rates have fluctuated when the public has perceived the process to have little chance of being validated by the party in power.²²⁰ The chance of validation, along with other factors, inform participants attribution of value to the process. Using data from the Belo Horizonte public assemblies, Nylen (2002) measures the level of empowerment that budget delegates receive from participatory process by surveying engagement in civic society before and after their involvement in the process. This is helpful in tracking how much value participants attribute to the process. Nylen finds that 19.7% of 966 elected delegates had no experience in organized civil society prior to participation in the local assembly.²²¹ His study also identifies an increased involvement with neighbourhood organizations, religious organizations, cultural entities, charities, municipal councils, and other forms of organized civil society after their participation.²²² A significant minority of participants reported increases in

220 Souza (2001), 170; Wampler and Avritzer (2004): 302

221 Nylen (2002), 134

222 Although a large majority of respondents (80.3%) reported already being involved in civil society, which suggests that the already political engaged were most likely to participate, there is indication that involvement in participatory budgeting increases civic engagement (Nylen, 134).

engagement with political society in the forms of party membership, party militancy, and interest.²²³ His report also finds a large amount of respondents who reported not being active in civil and political society remained inactive, and were the most likely to not participate in the budgeting process beyond one year.²²⁴ This suggests that the participatory budgeting process in Belo Horizonte was well supported by a slowly growing engaged subsection of society. Nylen reasons that participatory budgeting provided an important space for sustaining political activism among an essentially non-elite class.²²⁵ It would be of interest to conduct this study after the ten years since its publication, especially considering the significant drop in participation in the past year.

Participants in North America may be deterred by the low level of power that associated with municipalities and the limited resources that are available at this level of government.²²⁶ This only compounds the low level of traditional political involvement and any distrust that is associated with the government in question. Councillor Brown explains the council meeting in which the results of the participatory process were passed by City Council:

“The public wanted to see whether or not the Council would once and for all actually honour what the public wanted. [T]here was some resistance from the Mayor and some of the Councillors [...] and part of that resistance was because, there were some issues with some of the projects not being crafted in a way that would satisfy public requirements and the law to ensure we're spending public money in the public interest”.²²⁷

After the vote passed, members of the attending public expressed a high amount of gratitude for the work that was put into the process, while also valuing the process itself.

223 Nylen (2002), 136

224 Ibid, 137

225 Ibid, 139

226 Pinnington et al (2009), 461

227 Interview with former Councillor Marti Brown

Councillor Brown explains “somebody said to me then 'ya know tonight for the first time I think that everybody got a little something'. Instead of some people getting what they want and other people getting nothing, everybody got a little something”.²²⁸ Through a validation of the process, the work of participants, and city staff, is gratified and even those participants who did not get their projects selected within the participatory vote, are given reason to invest in this new process.

Similar to the process itself, validated projects should be widely publicized. Publicization is key to stressing how participatory budgeting welcomes new non-reductive conceptualizations of public interest.²²⁹ The experience of validation for the participatory public is a consolidation of purpose and incentive to continue to be involved. For those onlookers who have not developed a critical capacity sufficient to act, or those who choose to not invest time in participatory budgeting, this validation of the process helps to entrench it as an institution. The establishment of a community supported practice allows for the formation of an accessible form of economic democracy by subjecting government spending priorities to popular will of the community. This process seeks to subvert the influence of concentrated economic power and absentee ownership over political decisions and to root the definition of public interest in priorities recognized in the community.²³⁰ This reinvigorates engagement in democracy overall by establishing a new institution which may be more appealing in its accessibility and depth of involvement, while also presenting a new space in which critical capacity can be developed and acted on. This brings about the equitable participation in the influence of

228 Interview with former Councillor Marti Brown

229 Avritzer (200), 519

230 Cavanagh and Mander (2004), 26, 80

productive assets that directly impact the livelihood of the local community and increases the political equality of its members. Viewed as such, the imagination of the public could broaden the horizon that inform the public's use of democratic institutions and their normative conception of society and politics.

The process in Hamilton was built in collaboration with Neighbourhood Associations a number of volunteers who appreciated the value of the process from the outset. Kearney speaks to how residents who had no prior involvement with the Neighbourhood Associations took on leadership roles as volunteers of the process: “a number of participants who were not initially volunteers stepped up to be elected as volunteer leaders. So we created not only new positions but also people to step into those positions. We created the interest and the confidence”.²³¹ As the process is designed each assembly elects at least six officers to organize assemblies, negotiate with city staff, oversee project implementation, or be on a planning committee. Upon being convinced that the process has value, the support for the process develops within an organized community independent of the state. Through both a development of an appreciation for the process, as well as feelings of political efficacy, these individuals decided to fill the roles necessary to support the process. However, there is indication that approval has not been unanimous. Kearney also explains how a member of the planning committee occasionally demanded the project be discontinued with one such event occurring as late as the night before the vote.²³² This wavering support for the process on the community level, further exacerbated by the delayed implementation of projects, indicates a difficulty in ensuring its organized and effective continuation.

231 Interview with Norman Kearney

232 Interview with Norman Kearney

Despite being voted on by the public, the projects in Hamilton have not yet been approved by the City Council, although the planning committee dissolved at the commencement of the public assemblies and authority was thought to have been passed to these assemblies. This structure has been disregarded as a pilot project as the Councillor has set about restructuring the process. Councillor Farr is maintaining a planning committee with representatives of the six Neighbourhood Assemblies and himself, which has recently hired a facilitator to design the Year 2 process.²³³ This facilitator will apparently work closely “with” city staff.²³⁴ Councillor Farr, though endorsing a more open process than Councillor McHattie in Ward 1, seems to be treating the process as a favour he is doing for residents. Freire speaks to how projects seeking to engage the public can fail if the perspective of the participants, which the processes is ostensibly meant to empower, is not taken into account.²³⁵ Though Councillor Farr speaks to the value of public engagement, his disregard for the process suggests an attempt to control the process. Projects are being rejected as unfeasible and a collaborative revision has not occurred. Ideally, these necessary adjustments provide a learning experience in how to better determine the feasibility of future proposals, however, the more immediate lesson may be that the participatory budgeting process is of questionable value.

This delay in recognition for the proposed projects in Hamilton runs the chance of undermining the potential of participatory budgeting by making its relevance less apparent to potential participants. This recognition of projects must not be viewed as a favour that City Hall is doing for the public, but rather the result of a dialogue between

233 Interview with Councillor Jason Farr

234 Ibid

235 Freire (2007), 94

process organizers and the state.²³⁶ Projects are being modified in both North American cases, but this does not mean that the process is disempowered. The ongoing negotiation of projects is a traditional part of a co-governing process and the purpose of establishing Monitoring and Implementation Committees in Belo Horizonte to hold the state accountable for unimplemented projects. However, it is difficult to view this process in terms other than relying on the state validation without the establishment of a recognized Monitoring and Implementation Committee, which both North American cases lack aside from the core planning committee chaired by city officials.

Through the demonstration of value, these processes can come to inform how residents make demands of their government. Implementation of these projects constitutes a recognition by the state of the shared-authority with the participatory process. However, aside from the implementation of projects, the process must be sustained within the community itself. As Freire describes, emancipatory education occurs in two stages; the first stage is the commitment of the community to altering current relations to power, while the second is the actual alteration of these relations.²³⁷ Similarly, Browne states that the goal of the Participatory Budgeting Project is to root the process in the participating community: “it's not just about getting good projects even though obviously one of the goals and one of the great things about PB, the opportunity to have money to decide how to spend, it's as much about building local capacity to be able to have more of a role in government in the future”.²³⁸ Wampler and Avritzer count new leaders being encouraged to take on leadership roles as delegates and liaison for their

236 Freire (2007), 94

237 Ibid, 54

238 Interview with Ginny Browne

local assembly as a demonstration of value.²³⁹ This community support is necessary for a legitimate process, and broad public support can serve as a protection against political opposition.²⁴⁰ Rather than being viewed as a favour received from the state, the participatory process should be framed as a conquest and a demonstration of value within itself.²⁴¹ By establishing, and critically reflecting upon the limits of public participation, this limit can become a motivating force and an issue to mobilize around.²⁴² In the early days of the process in Porto Alegre, Councillors who tried a number of times to derail the process by decree were confronted by thousands of supporters attending City Council to demonstrate their support.²⁴³ How this level of support can be attained in North American cases is a pressing question, as it is this public support which is evidence of and a means to the transformative potential of participatory budgeting.

4.4 Conclusion

The openness and deliberative nature of participatory budgeting constitute a subsidiary public sphere that can espouse social and political change. Sound facilitation and design is necessary during the process to ensure that this process successfully breaks with hierarchical trends found in established political structures. As an accessible process that enables a voice for unrecognized sections of the public rather than reducing them within an aggregate depiction of public interest, participatory processes vocalize a more accurate sense of public interest.²⁴⁴ By creating this institution, those involved in the process develop a feeling of political efficacy and a reconnection with their community, though

239 Wampler and Avritzer (2004), 302

240 Souza (2001), 179; Baiocchi (2005), 81

241 Freire (2007), 47

242 Ibid, 49

243 Baiocchi (2005), 81

244 Brautigam (2004), 659

this depends largely on the validation of projects voted on within the process. However, the opportunities of this new institution may not be readily apparent.

In many ways, the processes in Vallejo and Hamilton, along those in Guelph, New York City, Chicago, San Francisco, Boston, and Montreal, define what participatory budgeting can be within the advanced capitalist context. Ideals of the process aside, the idea of participatory process is informed by the past successes and limitations that have manifest in prior cases. Though Belo Horizonte exhibits many of the same challenges that are found in the North American cases (maintaining participant engagement, building a sense of political efficacy in participants, implementing projects that are voted on) it has become an established bi-annual event that is recognized by the state, and driven by community leaders. The processes in Vallejo and Hamilton, while remarkably new, have been able to find existing support in their respective settings. After designing an inclusive and accessible process and conducting a sufficient amount of outreach, the first year of allocation has been completed. The determination of success or failure seems dependent on state recognition and community support, which will be indicated by the implementation of projects and the second year of participation. Demonstrations of how to maintain a sufficient dialogue with City Council and what a deliberative process can bring to communities, can plausibly inform future process in other localities and in other sectors of society.

It is possible that being financed by a municipal budget line from the very beginning is both an obstacle and a benefit of the participatory processes in Hamilton and Vallejo. Though the presence of “money on the table” has been effective in getting the public to participate, it also presents a challenge to communities trying to organize

outside of regular state interests. The resulting constraints can minimize the creative drive of the participatory process. As Lerner (2006) suggests, participatory budgeting sometimes does well when the politicians are not initially paying attention.²⁴⁵ In both Vallejo and Hamilton, the proposed plan for Year 2 is for the process to be administered by a state led planning committee. This is good in terms of institutionalization but how it will affect the design of the process is unclear. Councillor Brown states that the “ground swell of support” in the area will help the process to remain meaningful, despite the process receiving reduced financing from the 3.4 million of Year 1 to 2.4 million in Year 2. This ground swell of support can be attributed to the belief in participatory budgeting as a worthwhile process but how well this expectation is met is determined by the actual experience of the process.

By creating a new way for residents to democratically engage in the formation of policies which govern their environments, participatory budgeting creates an institution which supersedes representative democracy, and provides a firsthand basis upon which to judge public interest. Featuring a more inclusive form of citizenship and method of communicating the public interest, this new form of budgeting is not simply a way of competing for resources but a social movement towards a deeper level of democracy characterized by an open deliberative process that informs a dialogue with the state.²⁴⁶ This social movement is restricted by elements of capacity including the capacity for critical reflection as well as the capacity, both within the state and within the process, for sufficient dialogue to ensure elected projects are validated. The value, or validating action, which Fung states as necessary to convince participants to commit to this process

245 Lerner and Van Wagner (2006), 14

246 Melucci and Avrtizer (2000), 521

can come in multiple forms. Rather than simply the passing of projects, the considerable amount of human development which occurs within the process could constitute value as well.²⁴⁷ The enabling of new voices that is factored into the success and how deliberation facilitates the formation of a new theory of public interest has been sufficient for some to deem the project worthwhile. Also, the passing of projects informs both current and potential participants of what the process can lead to in terms of government action. With the educational value of deliberation, as well as the tangible value of validation having the potential to increase public support and institutionalize this process, these concerns will be the subject for the next two chapters.

247 Pateman (2006), 25; Wampler and Avritzer (2004), 302

5 Chapter: Education as a Means of Transformation

The ability of participatory budgeting to deepen democracy is dependent on the presence of an educational process resulting from demystification and deliberation. Education is a crucial part of how participatory budgeting broadens the existing political terrain upon which residents make demands on their government. Upon finding a place in which to fit the process, and gather a diverse array of perspectives, educational properties of participatory budgeting proceed to develop a critical reflection upon the state and current depictions of public interest. This participatory public espouses social and political innovation and develops an institution for critical reflection and calls for action.²⁴⁸ Dahl (1992) points to barriers, presented by the daunting complexity of policy and the breakdown in awareness of community, that obstruct a proper conceptualization of the public good and thus the proper use of democratic institutions.²⁴⁹ Dahl further advocates for the notion of public assemblies in dialogue with the established democratic institutions. Freire's problem posing method of education addresses these barriers by demystifying policy as the sole domain of experts, and fostering a dialogue between a diverse range of perspectives from the local community.

Dahl states that it is reasonable to believe that if democracy is to work properly, it requires “a certain level of political competence on the part of the citizen”.²⁵⁰ For Dahl, competence is measured by what he calls civic virtue – an awareness of the public good and dedicated desire to achieve it.²⁵¹ Dahl points to certain structural changes that have taken place over time and have created “cognitive and affective obstacles to acquiring a

248 Wampler and Avritzer (2004), 297

249 Dahl (1992), 52

250 Ibid, 45

251 Ibid

predisposition for civic virtue”.²⁵² A general acceptance that the public does not belong in the policy making process, and that this process should instead be done on their behalf by elected representatives, leads to an uncritical willingness of the public to have their interest represented for them. This acceptance is based on the belief that policy-making is beyond the comprehension of common citizens, and that elected representatives and their professional counterparts are more attuned to the actual needs of the public. This is the splitting of theory and practice that is in need of reconciliation. The notion of participatory democracy challenges this depiction of public interest through a demystification of the budgeting process and an invitation to deliberate on a more accurate conceptualization. Through demystifying budgets and engaging in liberation, the participatory process help residents overcome the cognitive and social barriers that Dahl points to between residents and a better democracy.²⁵³

This chapter will describe the forms of learning that have taken place in processes featured in the Belo Horizonte, Hamilton, and Vallejo. Referred to as “schools of democracy”, participatory budgeting provides lessons in economic policy formation that demystifies government operations and compels individuals to realize and *act* on the newly found conceptualization of public interest. By developing the capacity to critically reflect on one's current situation and being compelled to act on this new reflection, participatory budgeting processes can constitute a praxis. Pateman states that the major function of participation democracy is educational “in the widest sense”, which results in self-sustaining development of “psychological aspects and the gaining of practice in

252 Ibid, 53

253 Lüchmann, Lígia Helena Hahn. "Participatory Democracy and Political Learning: Lessons from the Brazilian Experience." *Learning Democracy by Doing* (2009): 655

democratic skills”.²⁵⁴ This education takes place within the equally accessible space discussed in the former chapter. It will be shown that the educational experience embedded in the substantial participatory process helps to develop civic competence, as well as empathy for fellow participants. Empathy results from a deeper sense of the public interest and encourages participants to remain engaged even if their self-interest is not directly served.²⁵⁵ The overall impact of these learning experiences is better ability of the public to connect theory with practice through a praxis of public interest.

5.1 Expanding the Budgetary Repertoire

A basic first step is a lesson in the technical aspects of the budgeting process. This process helps to develop the repertoire of participants who are less familiar with financial matters.²⁵⁶ Some skeptics who aggrandize the efficiency of elite-orientated decision making, imply that the public is unable to fully understand and operate the complicated budgeting process.²⁵⁷ However, this belief has been disproven in multiple forms of participatory budgeting that indicate the public is eager to learn and understand that the budgeting process affects their lives.²⁵⁸ In Belo Horizonte, the municipal administration announces the resources available for paving roads, sewage, and housing and how the participatory process works.²⁵⁹ This information is shared at the opening of the initial public assemblies to ensure that new participants are as at least remotely as informed about the process as returning participants. Process organizers in Vallejo and Hamilton confirm that education in the technical way that budgets work is a necessary part of the

254 Pateman (1970), 42

255 Dahl (1992), 53

256 Wampler and Avritzer (2004), 299; Baiocchi (2005), 83

257 Dryzek (2009), 1391

258 Maxwell, Judith, Mary Pat MacKinnon, and Judy Watling. "Taking fiscal federalism to the people." *Policy Options-Montreal*- 28, no. 3 (2007), Lerner and Van Wagner (2006)

259 Avritzer (2006), 628

participatory process. Similar to Dahl, Councillor Brown points to a detrimental lack of awareness of how the municipal government works and how this leads to reluctance towards engaging in this level of government.²⁶⁰ Furthermore, the perceived complexity of government budgets causes many residents to feel as though they have little to offer to the process, despite ideas they may have. The educational process allows for a demystification of this component of government and allows for all people to engage in the process in a confident and educated manner on a more equal basis.²⁶¹

Process organizers agree that the initial learning phase of the participatory process allows for more productive and actionable deliberation on how the available funds should be used.²⁶² Participants are educated on the how the city budget works, how different city departments function, and how projects are implemented.²⁶³ More specifically, the use of funds is at times restricted by certain by-laws or directives and these restrictions need to be known by participants. In the case of Belo Horizonte, there is a specific public assembly for housing, and then a larger public assembly for infrastructure projects in the region. This allows participants to make feasible suggestions and enter into the process with realistic expectations. The purpose of these educational aspects is to ensure that the complexity of these projects is considered before proposing them. Finding how proposals fit within the resources available is a necessary step in order properly use the participatory budgeting process. The funds in Hamilton were also restricted for infrastructure and public works projects while the process in Hamilton included the

260 Interview with former Councillor Marti Brown

261 Loxley (2003), 71

262 Interview with process organizers

263 Lerner, Josh. "Learning Democracy through Participatory Budgeting: Who Learns What, and So What?." *Learning Democracy by Doing* (2009): 688

funding of social initiatives. Educating participants on the extent of the projects that can be proposed under this mandate, ranging from street repair to financial support for community organizations, helps to ensure productive discussion and proposals.

It is important for these learning experiences to be accessible to all participants. As was mentioned in the former chapter, processes in Vallejo and Hamilton were based on eliminating barriers and attracting residents of all language and level of literacy. Not doing so only reproduces the systematic exclusion of these residents from the decision making process. Therefore, information can be shared in the accessible manner described in the former chapter.²⁶⁴ Also, Kearney describes how facilitators encouraged the sharing of knowledge between veteran participants and those attending an assembly for the first time in order to ensure that barriers did not arise as the process proceeded.²⁶⁵ Along with the attempt to provide an equal basis for engagement among participants, this basic form of education allows new voices to enter the discussion on government spending priorities. Behind the willingness to propose a project, is a will to act supported by feelings of competence and efficacy.²⁶⁶ The absence of this will, as Dahl points out, is in need of such a remedy for participants to engage in the budgeting process and other democratic institutions. It is especially important that residents of lower-socioeconomic status are able to benefit from these lessons because feelings of political efficacy are historically low in these groups.²⁶⁷

Information on the components of government and money available for allocation provides participants with the tools necessary to address concerns they already see in

264 Lerner and Van Wagner (2006), 8; Babcock et al (2008), 8; Chapin (2013), 20

265 Interview with Norman Kearney

266 Pateman (1970), 46

267 Patemen (1970), 48; Baiocchi (2001), 53

their communities.²⁶⁸ This increase in capacity to discuss budgets in an educated fashion provides the material for discussion within the process and can turn a broad frustration in an actionable plan for improvements. Information also increases a basic familiarity with government processes and demystifies policy formulation as too complicated, or above the heads of the public. This is how the participatory process enables the deepening of democracy to have an actionable aspect that can supplement how the city is currently addressing these problems. Through exposure to technical education and expert advice, participants are able to develop their civic repertoire as a tool for change.

As useful as the technical education is, there is a possibility that it could have undue influence and impose constraints on deliberation. Dahl and Freire are both skeptical of formal education. Dahl points out that a formidable challenges exists in the accessing of professional opinion while also encouraging the public to examine claims to superior knowledge with considerable skepticism.²⁶⁹ Freire is also wary of the politicization of systematic education and as it could maintain the docility of voters believing they have little to offer to a complex process.²⁷⁰ Though hegemonies can be perpetuated by the use of experts, it is important to treat “expert-information” as material for creative use. Treated as material for creative use, deliberation on the uses of the funds available can be applied to issues that the community recognizes. This information provides the necessary repertoire for a productive conversation. As long as this information does not become coercive, such as rhetoric citing the importance of economic growth, this information can actually help the discussion on projects

268 Wampler and Avritzer (2004), 292

269 Dahl (1992), 56

270 Freire (2007), 54

proceed.²⁷¹ Researching the debates in Belo Horizonte, Avritzer notes that the presence of technical staff in public assemblies increased their deliberative nature.²⁷²

5.2 Unveiling Public Interest

In the pursuit of empowering a more accurate depiction of public interest, the participatory budgeting process features significant learning experiences for all those involved. Beyond the technical education shared at the opening of each session, the experience of converging the common concern of the potential use of the budget brings this public together in a significant form of discussion. From this discussion, participants learn from other participants and begin to factor this new information into their understanding of the wider community. Participants develop the capacity to reflect on the status quo critically with the intention of transforming it. Lígia Luchmann finds that participatory budgeting influences the “local associative configuration as well as the traditional standards of local associative practices”.²⁷³ All of these learning experiences bolster the development of a democratic culture, which can establish a precedent for administrative decision making and collaboration by rooting these learning experiences in the community. Behrang Foroughi of the Coady Institute goes so far as to state that “participation improves the moral, practical, or intellectual qualities of the participants; it makes them not just better citizens but also better individuals”.²⁷⁴ This section will elaborate on how the participatory process helps to develop critical consciousness and a reconsolidation of the local community.

271 Dryzek (2009), 1381

272 Avritzer (2006), 628

273 Luchmann (2009), 659

274 Langdon, Jonathan, and Behrang Foroughi. "Experiential Learners or Learners with Experience? Contrasting Coady International Institute and St FX's Development Studies Program Approaches to Building Social Change Learning Contexts." In *Annual Conference (2013)*, p. 667. 2013.

The transformative potential of participatory budgeting is found within its emphasis on deliberation. In Belo Horizonte there are 2 regional assemblies that lead to a regional forum of priorities in the 37 sub-regions. In the first round of assemblies the initial concerns and needs are discussed. In between the first and second round, community members put together proposals based on the information about the funds available gathered at the first assembly. In the second assembly, proposals are put forward to be debated within the assemblies and budget delegates are elected to negotiate with city departments and to act as representatives of this assembly. Budget delegates then met regularly in smaller assemblies to discuss priorities in their region.²⁷⁵ It has been found that the rounds of deliberation have reorientated the patterns of interaction between participants and the administration as participants, specifically from the poor-communities, are able to represent themselves without political mediators.²⁷⁶

Both the Vallejo and Hamilton processes featured a number of assemblies occurring at locations across the city or ward, which would occur on a regular basis. The concerns discussed in these assemblies produce the themes of discussion, with predominating concerns informing the content of the thematic assemblies. Many of the participants attend due to a concern in their community that they recognize and thus have already developed a critical consciousness towards this issue. The public assemblies provide a way to act on this critical consciousness as well as broaden this critical outlook over local government expenditures through exposure to the concern of other residents. By engaging in this deliberation, participants develop a new theory of public interest resulting of a critique of current government spending priorities. Through this

275 Baiocchi (2005), 83

276 Avritzer (2006), 632

conceptualization of public interest, participatory budgeting motivates a new use of democracy, which calls for participants to present their personal histories as a basis for government policy. More than just a way to compete for resources, this process breaks down the notions of self-interest and reconsolidates a community of competent citizens with regard to civic virtue. The space provided by participatory budgeting allows for a discussion of the “contentious definition of the political” in order to “deal with the tension between public and political using a strategy opposite to that of complexity reduction”.²⁷⁷

Interviewees were quick to mention the non-technical forms of education embedded in the process. The educational value they see happening in the process is often described as *learning by doing*. This is similar to Pateman's point on how increased participation allows for development of democratic will.²⁷⁸ Citing a number of classical theorists who push for the importance of participatory democracy, Pateman describes how lessons in democracy can be learned effectively on the lower level of government, or in the workplace. By engaging with other participants, in a dialogical fashion, the participant comes to develop feelings of political efficacy, similar to technical education, and this extends to the sub-conscious understanding of one's role in the policy formation process. This reframes the government as a body accountable to the people and the conceptualization of public interest as a collective process. These effects occur within the individual who had hitherto not realized their power as a democratic citizen, or have not felt recognized as such. Through the increased involvement in high-level decision

277 Melucci and Avritzer (2000), 524

278 Pateman (1970), 47

making, participants undergo a development in the feeling of political efficacy.²⁷⁹ This offsets a disempowering educational process that obstructs public input with a skewed aggregation of public interest. This is confirmed by multiple studies in both Latin America and Canada showing an increased interest in politics as a result of participation.²⁸⁰ These ideals are also confirmed in the cases under research by positive testimonies of participants and reports of new leaders emerging from the process.²⁸¹

In conceptualizing public interest as collectively determined, participants act upon this theory by proceeding in this collective process of defining public interest to inform government spending priorities. Schugurensky (2004) states that participatory democracy has the potential to inspire a broadened realm of possibilities, while also contextualizing these possibilities with the challenge of bringing them to fruition.²⁸² Lerner (2009) is explicit about the importance of “intermixing classes and neighbourhoods”, despite what tension this may initially cause.²⁸³ This intermixing is reported to have caused complaints of the more well-off neighbourhoods, but strong facilitation was able to reinforce that the very value of these process is how they are able to foster a productive dialogue amidst and diverse array of perspectives.²⁸⁴ Healy (2011) explains how the assumptions that support one's experiential horizon can be broadened by situating them alongside a different set of assumptions that were formerly unfamiliar.²⁸⁵ Through sound facilitation, the mixing of ideas can result in a “fusion of horizons” that allows for an expanded range

279 Ibid, 73

280 Nylen (2002); Pinnington et al (2009); Luchmann (2009)

281 Interview with Norman Kearney

282 Schugurensky, Daniel. "The tango of citizenship learning and participatory democracy." *Lifelong citizenship learning, participatory democracy and social change* 2 (2004): 611

283 Lerner (2009), 688

284 Interview with Norman Kearney

285 Healy (2011), 301

of thought and action beyond what was formerly thought of as possible.²⁸⁶ The space that is created by participatory budgeting has the potential to rupture the internalization of elite interest by broadening the horizon of political engagement and sense of public interest. The pursuit of self-interest does not exercise the cognition of responsible public action and therefore perpetuates an undemocratic culture. This all changes, as Pateman explains, when the individual is “‘forced’ to widen his horizons and to take the public interest into account, [...] to weigh interests not his own; to be guided, in the case of conflicting claims, by another rule than his private partiality; to apply, at every turn, principles and maxims which for their very reason of existence the common good”.²⁸⁷ This results in what Gramsci and Pateman both refer to as the democratic character, who not only embodies the will to engage in the policies governing their environment but also does so with an awareness of and concern for interests other than their own.²⁸⁸

By problematizing the acceptance of the market as the most efficient allocator of capital, developing a local sense of public interest, as well an avenue to attain it, a portion of the economy is brought within the purview of an organized public. This cathartic moment disturbs the public's former complacency in elite-orientated orientated sense of public interest. Treating each participant as a source of knowledge structures the dynamic and creative potential of the public assemblies. By being immersed in a deliberative process amongst a diverse array of perspectives, the emerging theory of public interest can be compared to former government spending priorities to expose a hegemonic indifference to systematic exclusion and inequality. These systematic forms of exclusion

286 Ibid

287 Pateman (1970), 30

288 Ibid, 64; Gramsci (1971), 350

and inequality are veiled by the supposition of a democratically empowered and politically equal population.²⁸⁹ However, in confronting the reality of economic inequality and the further resulting inequalities of education, power, and control of environment, a contradiction in theory and practice are identified. These inequalities render the theory of political equality in the free-market overseen by elected representatives hollow.²⁹⁰ As Fung states, the ambition of deliberative democracy is to shift from bargaining, interest aggregation, and power to the common reason of equal citizens as a dominant force in democratic life.²⁹¹ More than just rallying pity for the historically disempowered, the learning experience helps a participant to look within themselves and discover their own experience in exclusion in the suppression of their political being and the rightful place of their actual interest in the process of policy formation.²⁹² Furthermore, participatory budgeting develops the will to ensure that this theory is fulfilled with action.

Inducing critical reflection and attaching the emerging demands to the general framework of government spending, participants can become “a moral force for democracy rather than a mob seeking revenge”.²⁹³ This new institution and the value it offers communities, is thus more established in favour of this truer depiction of public interest. This new theory of public interest, and more importantly the way of determining it, is an impactful exercise in democracy, which hopefully is taken up by the community.

As Browne explains:

289 Pateman (1970), 39

290 Fotopoulos (2005), web

291 Fung (2004), 24

292 Habermas (1994), 4

293 Dryzek (2009), 1390

The model that we use and are trying to lift up through participatory budgeting is the based on the idea of experiential education. By living through something, people have tremendous knowledge about the problems and potential solutions. So when we're doing things like training facilitators and budget delegates, it's not so much about let me give you this lecture, it's here's this experience that we're going to share together and what are the lessons that we can all draw from that experience and how can we take those lessons and develop a practice together moving forward that can be something better than what we had before.²⁹⁴

Along with the theme of education is the training that comes along with facilitating these discussions. With both Hamilton and Vallejo processes being run by members of the community, it is likely that these lessons in democracy have a chance of informing the next round of assemblies. With facilitation being so crucial, it would seem that a lot of the discovery and development of critical reflection is dependent on a deliberative process and equitable input of a diverse range of perspectives. The Hamilton process also pushed for a shared vision with the concept of a compromise round, which motivated participants to support a slate of projects, rather than just their own. This promotes the collaboration between participants and implies the possibility of working together in similar ways in the future.²⁹⁵

5.3 Reconstructing Community and Empathy

One of the main benefits of participatory budgeting is the exposure to new learning experiences which could be the beginning of a solution to Dahl's issue of the lost sense of community. The new learning experiences include exposure to those impacted by the neglect of public services under the pro-growth regime and, more deeply, a limited conception of the public good that Dahl points to. With the above mentioned forms of education taking place within the participatory process, participants are able to engage in

294 Interview with Ginny Browne

295 Brautigam (2004), 658; Interviews with Hamilton process organizers

the process on a quasi-equal basis. The persistence of a competitive dynamic is possible, however, deliberation on the need to shift government spending priorities can lead to the more well-off participants realizing that other members of the community are in more serious need than themselves. Through the deliberative process, participants can become more aware of the experiences and concerns of their fellow community members.²⁹⁶ Studies have shown the positive impact of diversity and how it leads to the exploration of new opportunities to discuss creative solutions.²⁹⁷ Though the ideals of participatory budgeting speak to a developed willingness to hold the government to account on behalf of a new consolidated sense of the public interest, this phenomenon is difficult to verify in the early stages of the process in Hamilton and Vallejo. However, reports from process organizers confirm that participants did exhibit a shift in interest from their own projects to an interest in supporting those of others.

After delegates are elected as representatives for their respective assemblies, the priority caravans, or site visits, serve as the next step in negotiation.²⁹⁸ The value of these site visits is for each representatives to actually see the environments for which projects are being proposed. Visiting the sites of proposed projects gives a clearer look at the current condition of communities and leads to different community representatives becoming aware of the pronounced need for certain projects. Through this experience, the delegates are able to return to the public assembly and supplement debate with firsthand information on the condition of these communities. Numerous studies have found that this exposure between communities has led to the development of empathy and the wilful

296 Pinnington et al (2009), 459; Lerner and Van Wagner (2006), 13

297 Hernandez-Medina (2002), 515, Freire (2007), 118

298 Avritzer (2006), 629; Interviews with Marti Brown and Ginny Browne

support of projects being proposed for communities exhibiting a more pronounced need.²⁹⁹ Findings from the Hamilton process affirm the pro-poor patterns of investment identified by other studies. Kearney recalls the priority caravan that he arranged in Hamilton:

[W]e all met on I think Saturday morning and we spent the whole day together, it was so animated, it was the highlight of the entire process for me because we were dealing with tangible things we could actually stand in a courtyard in what would perhaps next year be a community garden and could visually point to the people it was going to affect in their apartment buildings. So it did a lot to visualize the potential impacts the projects would have and it also did a lot to humanize the delegates because they started out as being fairly competitive[...] The bus tour, was the moment that transformed it because, the delegates showed so much passion for their projects and being right there in the neighbourhood, especially if it's a neighbourhood you've never been to before and that was the case for many of our delegates they were stepping foot in a neighbourhood they had only heard about and have impressions about. For example, residents from Durand stepping into Beasley, hearing about how Beasley is the poorest part of the city and there's crime there and realizing this looks quite a lot like our own neighbourhood, and the people here are really nice, and look at that man in the alley way he's so frustrated about things oh wait these people care too.³⁰⁰

Kearney describes how certain participants withdrew their projects and supported those of others after witnessing the actual need.³⁰¹ This resulted in a large amount of the projects on the final ballot being planned to take place in the lowest income area of Beasley and with several of these being voted in.

The tendency for participatory budgeting to allocate resources to low-income communities is widespread. Wampler and Sampaio find that 57% of total resources spent in the participatory process go to the poorest regions.³⁰² This highlights the integrative function of a participant coming to situate themselves as part of a community of equals,

299 Hernandez-Medina (2002); Brautigam (2004); Avritzer (2006); Pinnington et al (2009); Boulding and Wampler (2010)

300 Interview with Norman Kearney

301 Ibid

302 Wampler, Brian and Rafael Cardoso Sampaio. (2011) "Vitalizing democracy through participation – Belo Horizonte, Brazil: Co-Governance Case Study" in *Reinhard Mohn Prize 2011*. Bertelsmann Stiftung: 13

irrespective of class.³⁰³ These redistributive patterns indicate the development of empathy enabled through a consolidation of the local community. The deliberation in the public assemblies and collaborative decision making between delegates reveals the living conditions of neighbouring communities and how economic inequality results in further unequal access to developments taking place. With participatory budgeting being identified as a means to increase critical capacity and act on it, this institution has a chance of being institutionalized within the hearts and minds of community members and beginning the formation of a more democratic culture with regard to the economy.

5.4 Online Substitute?

Today, it would seem strange if a newly developing process, such as participatory budgeting, did not utilize existing information technology and web-based platforms. Since 2006, Belo Horizonte has featured an online channel that has received twelve million dollars (Canadian) in its first year, twenty four million dollars (Canadian) in 2008 and twenty four million dollars (Canadian) in 2011. It has been found that the online forum, mobilized by the voting caravans, has been able to engage more residents. Also, compared to the estimated thirty nine thousand dollars (Canadian) that the regional participatory assemblies cost, the online forum costs less to run.³⁰⁴ It is possible that Belo Horizonte has created a useful innovation in being able to reach more participants at a more efficient price. However, keeping in mind the pivotal importance of deliberation and exposure, the proliferation of online forums is of uncertain value. Though these online forums are arguably able to offer a more accessible process, they can also be found to not have the same effects that a face-to-face deliberative experience can have.

303 Pateman (1970), 27

304 Wampler and Sampaio (2011), 9

Tiago Peixoto (2008) identifies that though the projects are proposed in a top-down predetermined fashion, they are larger scope projects that may not have been voted on within the traditional process.³⁰⁵ Participants vote upon pre-selected projects, usually concerning road construction, that are larger in scale than the projects emerging from the public assemblies, as the public assemblies vote on region specific projects only. There are message boards and a comment section to foster interaction between participants. The forum is specifically for voting, and was participated in by 172,938 residents in 2006, (as opposed to 38,302 in the public assemblies) and 92,741 residents in 2011 (as opposed to 25,871 in the public assemblies).³⁰⁶ The benefits of voting on larger projects and making the opportunity to vote being made available to more residents are important but an analysis of how these forums are designed and utilized helps to determine the costs of replacing the public assembly model with an online interface.

Newly developing processes in other parts of the world are sometimes predominantly based on an online forum. In Vallejo, a community engagement forum called MindMixer was utilized for discussion and engagement. As oppose to Belo Horizonte, the Vallejo online forum was not used for voting. The Vallejo forum allowed for those who did not attend an assembly to view uploaded minutes and discussion items, as well as post their thoughts. A participant using the online forum could also submit ideas for proposals without ever attending an assembly.³⁰⁷ In Hamilton, the Ward 2 participatory budgeting website (pbhamont.ca) was used to distribute information and promote the process without an interactive component. Recent reports, and the

305 Peixoto, Tiago. "E-Participatory Budgeting: e-Democracy from theory to success?." *Available at SSRN* (2008):14

306 Resultados OP Digital, <http://portalpbh.pbh.gov.br>

307 Interview with former Councillor Marti Brown

development of a new website (pbward2.ca), suggest that the process in Ward 2 will feature increased utilization of online forums and a decreased focus on public assemblies.

Studies on the Belo Horizonte digital forum gauge the deliberative capacity of the online format. In an analysis of the 2008 rendition of the online forum, Rafael Sampaio et al (2011) find the discussion board, which required registration and identification, was not well utilized (less than 10 responses).³⁰⁸ There were however over a thousand comments, which could be made anonymously, though few of these comments (less than 30%) reference other comments in the conversation style found in public assemblies.³⁰⁹ Despite the lack of explicit dialogue, Sampaio et al identify how the comments, even if they do not directly respond to each other, can constitute a debate when viewed by a third visitor.³¹⁰ However, as both Peixoto and Sampaio et al submit, participants are much more prone to post their own opinion, with only a small amount engaging in a dialogue with other participants.³¹¹ There was also a notable amount of single use participation, which limits the complexity and impact of the debate.³¹² Interviews and observations of participants in Brazil have indicated that it is the face-to-face deliberation that increases the likelihood that participants will change their minds and support the claims of other communities.³¹³ Additionally, along with the pre-determined agenda of priorities to be voted on and the predominantly text-based format that technical education or information on the projects is conveyed, the learning opportunities and development of critical

308 Sampaio, Rafael Cardoso, Rousiley Celi Moreira Maia, and Francisco Paulo Jamil Almeida Marques. "Participation and Deliberation on the Internet: A Case Study of Digital Participatory Budgeting in Belo Horizonte." *The Journal of Community Informatics* 7, no. 1-2 (2011):12

309 Ibid, 14

310 Ibid, 18

311 Ibid, 18; Peixoto (2008), 15

312 Sampaio (2011), 9, 15

313 Hernandez-Medina (2002), 524

capacity are greatly decreased and made less accessible. As is reported by Peixoto “unlike the traditional PB, the e-PB did not function as an exercise resulting in an initial budget demystification/literacy”.³¹⁴ Though improvements could be made in the future to compensate for these shortcomings, it seems that online participatory budgeting can only complement the traditional public assemblies rather than replace it if the transformative educational nature is to be maintained.

5.5 Conclusion

These many forms of education must be noted, as cumulatively they demonstrate the empowering shift in the guiding conception of public interest. These processes allow not only for unique projects to receive funding, but for participants to learn that they have the capacity to propose them. Putting aside the value of the process of public engagement, policy would perhaps be bettered handled by politicians, experts, and the economic elite. In a critique of participatory democracy, Irvin and Stansbury write that “a technically trained, politically astute administrator might be able to come to the same conclusions reached through deliberation”.³¹⁵ Carew Boulding and Brian Wampler (2010) counters this point but stating that elite-orientated planning committees could come to the same conclusion but it is the fact that the people are involved that demonstrates one of the valuable opportunities that participatory budgeting presents.³¹⁶ Through demystifying budgets and by deliberating on new priorities, the participatory process help residents overcome the cognitive and social barriers that Dahl points to between residents and a better democracy. This leads to a new ethico-political context in which individuals not

314 Peixoto (2008), 15

315 Irvin and Stansbury (2004), 58

316 Boulding and Wampler (2010), 131

only become able to conceptualize an alternative social reality but develop the will to attain it. This entrenches a renewed democratic philosophy in the public sphere as participants discover themselves to be in an active social relationship with their environment.³¹⁷

The technical and place-based education of participatory budgeting changes the narrative that is supported by neoliberal policies by giving voice to those who are neglected by current government spending priorities. By confronting the dissonance between the theory of democracy and the actual inequality that results from the overarching importance of economic growth, the community develops a critical reflection and the will to act on it in their support of a more substantive representation of public interest. By replacing rhetoric with deliberation on the public interest, the participatory budgeting processes presents a new basis upon which government spending priorities can be legitimized, or illegitimized. In so doing, government priorities are found to be determined *with* the public and not *for* them. The shift towards a pro-poor, redistributive pattern is only one indication of the impact of participatory budgeting. It is possible that these processes cause other shifts with the goal of making up for a history of exclusion, and these shifts could be made apparent through a more in-depth study of these shifts. It would also be useful to conduct a study with participants directly, to allow them to speak to shifts they witness or that occurred within their own intentions.

As founders of the process, Councillor Brown and Norman Kearney take personal enjoyment in the successes they witnessed. Councillor Brown states “I think people were reminded, or relearned I guess, or some of them learned for the first time that government

317 Pateman (1970), 26; Gramsci (1971), 350; Freire (2007), 176

can be really exciting, it doesn't need to be this thing we roll our eyes at".³¹⁸ Involved in the more bottom-up formation of the Hamilton process, Kearney rejoices in what he saw as a significant collaboration of minds through the process:

When you get a group of people who are passionate about something together and it's something you can see, feel, touch, and envision before them, in the moment it seems to melt away all that apathy and uncertainty about "well do we actually have power, can we actually change the world?". Anything is possible in that moment, it might not be that way when everyone goes back to the discussion table, reality hits them again, but these moments it seems like the child inside everyone is reactivated.³¹⁹

Significant moments of such collaboration and creativity are possible within these deliberative forums. Though these dynamic shifts are valuable outcomes of the process, tangible outcomes are also a necessary part of institutionalizing this process and attracting an increasing amount of public support and involvement. These tangible outcomes can be embodied in new community connections, a developed sense of political efficacy in community members, as well as the approval of projects. Though the approval of projects is a more concrete outcome, the other developments in the organization of communities also has a huge impact in the institutionalization of participatory budgeting in any given community.

If this process is concluded with a validation of the voted upon budget by the state, the experience will compel further action and participation in order to further transform local governance and expenditure.³²⁰ This validation may still be served in the online forum version of participatory budgeting but many of the other environmental learning aspects are not. Through development of citizen competence through technical

318 Interview with former Councillo Marti Brown

319 Interview with Norman Kearney

320 Luchmann (2009), 659

education, and exposure to the living conditions of the wider community, the participatory budgeting process has the potential to remedy the deficit of civic virtue. In the same way, developing a critical reflection of the status quo as well a way for residents to act on this reflection, the participatory budgeting process can initiate a praxis in the way that public interest is conceptualized. These successes are then validated, and become further established in political terrain. Or perhaps participatory budgeting is only a judicious experiment, fleeting as quickly as it gave a glimpse of a more democratic future. We now turn to the concrete challenge of ensuring that projects formulated and elected within the process are implemented so as to indicate the officialization of a new method of budgeting.

6 Chapter: Implementation and Institutionalization

With the Workers' Party (PT) in Porto Alegre receiving constant accreditation as creating the model substantive participatory budgeting process, it is interesting to learn about how this model was actually sculpted by demands from the community. Early in the establishment of the process, community representatives had to demand that the process be designed to ensure that public assembly delegates could engage with city staff on an even footing, that the scope of discussion and projects be broadened, and that participants be involved throughout the implementation process.³²¹ These demands helped to shape the participatory budgeting process and developed it as an institution. The occasional contentiousness that this development can entail, can be explained as a natural part of community driven politics in conjunction with an established state. Due to the pronounced need to address issues of housing in Belo Horizonte's shantytowns, participants in Belo Horizonte's process have demanded the creation of a specific assembly for housing in 1995.³²² This indicates the capacity to influence the political administrative process of the state; however, in 2010 50% of the housing projects were not yet implemented.³²³ The city's website indicates that over two thousand units are in production, and 1,423 (20% of total elected housing projects) are yet to be implemented.³²⁴ These delays lead to a questionable basis upon which to judge the value of these processes and in their ability to sufficiently alter the established political terrain. Given the persistent challenges in Brazil, it must be contemplated if such contentious politics are able to develop in the North American context. It has been shown that the

321 Baiocchi (2005), 84

322 Ibid, 166

323 Wampler and Sampaio (2010), 13

324 Resultados de Orçamento Participativo de Habitação, <http://portalpbh.pbh.gov.br>

initiation of these processes is possible, albeit perpetually constrained in many ways and with an uncertain future. Challenging the established structure too much has led to the intervention of the state or rejection of elected projects. The question remains, is a substantial budgeting process sustainable within the advanced capitalist context overseen by elected representatives? How can participatory budgeting attain an independent standing and be framed as a process that is done with and not for the public? Furthermore, how can participatory budgeting symbolize and encourage a deepening of democracy in other sections of society when projects are contingent on the approval of city planners and constrained by a small amount of capital relative to that necessary to actually solve societies most pressing problems?

As Freire states the two steps of liberating education are to develop a critical reflection of the status quo through praxis, and then to move forward with this critical outlook to encourage a transformative movement.³²⁵ Transformation is manifested both within the new spending priorities as well as in the institutionalization of the process. Both of these forms of transformation are challenged in different ways. The formulation of the participatory public is developed on the basis of solving issues that are within the municipality's current means.³²⁶ This could relegate the participatory budgeting process to an institution capable of only menial developments and create a service that is administered by City Hall rather than an authentic joint-decision making process. Therefore, a formidable challenge is to work within the general constraints of the funds and relationship currently available while also maintaining the critical capacity developed

325 Freire (2007), 54

326 Wampler (2010), 128

in the public assemblies.³²⁷ Another formidable challenge that participatory budgeting processes face is political opposition to the notion of shared authority. As has been already demonstrated, participatory budgeting creates a new inclusive environment for residents to take part in the budgetary process in a new way and for voices that are usually excluded from mainstream politics to take part as well. This in itself creates an alternative to the electoral model of engaging with city politics but this is not the extent of the broadening of the political terrain that participatory budgeting can bring about. The joint-decision making nature of participatory budgeting is constituted by the formation of a dialogue between the public assemblies and the state. It is crucial that this dynamic be based on the *with* not *for* concept of Freire, which is indicated by the collaborative implementation of projects and identifiable shifts in the political-administrative process and structure. This chapter will discuss the level of success in establishing a shared authority between the state and the participatory public in each of the three cases being researched.

Wampler (2007) concludes that “a formalized decision making process that is transparent and adhered to by government officials has not been implemented” in Belo Horizonte.³²⁸ Problems have arisen in Hamilton and Vallejo as well. With both North American cases being managed by the city in conjunction with a community that has only experienced participatory budgeting once, it is questionable whether these processes will necessarily constitute a broadening of the institutional terrain in Year 2. The potential of participatory budgeting to establish a more deliberative system of decision making is subject to significant constraints due to interfering decisions made in undeliberative

327 Dahl (1992), 56

328 Wampler (2007), 252

processes.³²⁹ These constraints may represent a superior reasoning that overrules the deliberation of the public assemblies, corrupting the results of a sovereign public, undermining the new basis for government spending priorities, and ultimately maintaining the status quo. The Monitoring and Implementation Committee is a crucial part of the process because these processes do not end when people vote, it is rather the starting point of the implementation phase. The recognized ability to oversee the implementation of projects as well as promote, formulate, design, and propose them, confirms a significant transition in how budgets are allocated. In order for participatory budgeting to constitute an empowered space, a sufficient dialogue with the state is necessary. Unfortunately, this dialogue seems to be insufficient at times in the processes under research due to the established operation of budget allocation and project implementation.

6.1 Tentative Limitations

It has been shown that sufficient financing can be located within the existing fiscal framework to fund a participatory budgeting process in North America. Though the funds available in Belo Horizonte are much larger and reliable in their constitutional entrenchment than those available in Hamilton and Vallejo, the scope of projects is also larger. The amount of funds involved does constrict the scope of projects that are possible to be proposed and there are also certain restrictions on how the money can be allocated. In Belo Horizonte and Hamilton the money comes from a fund specifically intended for public works and capital infrastructure. In Vallejo both capital infrastructure and program or service projects are eligible but are qualified by a definition of public benefit as

329 Dryzek (2009), 1386

outlined in the California State Constitution. Eligible projects address pressing needs in the community and stand as tangible results that demonstrate the value of the participatory process. The implications for the institutionalization of the process, however, are that the process has a limited jurisdiction and can be challenged by the state. Projects in all cases involved have been revised or rejected, which is an affront to the process and discourages participants in the locality and experimentation in other localities.

Due to either the cost of proposed projects being found to be much larger than was originally determined or legal constraints on the funds available not allowing for the project in question, participatory budgeting results have been challenged. Therefore, although money may be available, the discretion with which the process can allocate this money is limited. These constraints are determined by the larger fiscal environment as well as established priorities in City Hall, which relinks the budgeting process to federal programs of decentralization, deregulation and prior assumptions about public interest. This reintroduces the imperatives of the pro-growth regime as a substitute for locally conceptualized public interest and allows for rhetoric to interfere with rational deliberation.³³⁰ This has the effect of reaffirming limit-situations that constrict public action in their perceived insurmountability.

As mentioned earlier, it has been theorized that the success of participatory budgeting is dependent on how it fits within the Mayoral vision. Despite the figure-head positioning of the Mayor and other elected officials, and their role as supporters on City Council, much of the process in Belo Horizonte is actually determined by departments of

330 Dryzek (2009), 1382

city staff. With Mayor Celio de Castro of the PSB being elected in 1997 and less dedicated to the participatory budgeting process, it was the Municipal Department of Planning, Budget and Information, that ensured the continuation of participatory budgeting.³³¹ Also, the main resistance to participatory budgeting has traditionally come from the Superintendent for the Development of Capital (SUDECAP), the city's public works department.³³² Where in Porto Alegre the public works department was restructured so as to be subservient to the Participatory Budgeting Council, the participatory budgeting delegates in Belo Horizonte work in collaboration with the board of SUDECAP.³³³ This is a significant restructuring of the political-administrative process, but one which may situate the public assemblies as a consultative rather than an actual joint-decision maker. There is also frequent contact with the Urbanization and Housing Company and Belo Horizonte (URBEL) and housing projects require large expenditures and long-term work plans that are constrained by the legal structure of zoning and complex nature of these projects.³³⁴ The current Mayor, Marcio Lacerda, speaks to the changes that are necessary for participatory budgeting to be effective: "Administrative inertia was an obstacle to overcome in the first decade. Shifting from a top-down planning for citizens' perspective to a planning with citizens perspective required reshaping internally".³³⁵ It is difficult to know exactly where shifts were needed most but

331 Nylen, William. "An Enduring Legacy? Popular Participation in the Aftermath of the Participatory Budgets of Joao Monlevade and Betim." *Radicals in Power* (2003):109

332 Souza (2001), 170

333 Ibid

334 Wampler and Sampaio (2010), 13: Between 1993 and 2010, citizens approved 1,303 projects, of which the government executed 1,048 (80.4%) and citizens the construction of 6,668 housing units, of which 3,323 have been completed (50%).

335 "Linking Participatory Budgeting and spatial planning". *Urban Planning for City Leaders*. UN Habitat for a Better Urban Future. web

it is probable that the planning process made demands of city staff and public works departments most of all.

As was found in Belo Horizonte, increased participation in the Hamilton budgeting process leads to a more efficient allocation in terms of actual public interest that is manifest in a shift in spending priorities. In Hamilton, the Councilors endorsing forms of participatory budgeting speak to how the process removes the “filter” of the Councillor.³³⁶ Kearney expressed that certain limitations needed to be respected in order for the proposed projects to be “blessed by the Councillor” so that proposals would be validated.³³⁷ This interesting phrasing of the dynamic refers to the figurehead status of the elected official. This status is called into questions by Councillor Farr's own explanation of how Year 2 would be run, in which he makes his role in the budgeting *process* virtually irrelevant. Councillor Farr states that participatory budgeting is “a public process, the facilitator is representing the people not me, and the people are working with the facilitator to work with staff. That's the trifecta conversation”.³³⁸ The Public Works department is said to be involved in original design of the process, within the process of vetting projects, and in the final assessment of how much projects will cost.³³⁹ When Councillor Farr was asked where he fit, he stated that he would also ensure that projects were sufficiently assessed for cost, which would require him to reference the city staff. Therefore, city staff are found to be the appropriate point of contact and therefore a process of communication should be developed with this specific office without the elected official as an intermediary, aside from endorsing the budget to City Council. This

336 Interview with Councillor Brian McHattie

337 Personal communication with Norman Kearney

338 Interview with Councillor Jason Farr

339 Ibid

dynamic is affirmed in the Vallejo process in which the City Manager is able to set rules such as a limit on submissions, as shown in the image below.

The constraints on the funds available in Hamilton were a one-time expense capital expense, on or involving the purchase of public property, and must not result in a private benefit. The experience of Year 1 has been successful in identifying additional limitations that run the risk of undermining the process. Both Councillor Farr and Kearney point to how one of the main weaknesses in the process was defining feasibility in coordination with city staff.³⁴⁰ Feasibility testing of proposals process involved both a basic internal test followed by a test by Public Works staff. Facilitators would educate participants on the constraints involved to help them to develop their proposals. Proposals would then be assessed by delegates to ensure they were eligible and then be sent to the Public Works Department.

Illustration 2 Section from Vallejo 2013-2014 Rulebook

This feasibility testing was meant to clarify any serious issues that would eventually led to certain projects being challenged before the vote took place. Due to an insufficient capacity of city staff to assist in the feasibility testing process, the delegates and organizers of the committee were obligated to figure out costs and factors of production

³⁴⁰ Interview with Councillor Jason expressed similar sentiments to the interview with Norman Kearney

on their own.³⁴¹ Though this may seem like a substantial form of working with, it was rather an inefficient and unreasonable request which ended with the a disappointed City Staff department redoing much of the work that delegates had attempted to do.³⁴² Of the 56 projects that were originally proposed, the Public Works Department judged only 30 to be in the nature of public works, other projects being directed to the appropriate departments. Of these 30 projects only 17 were fully assessed by a city department, and feedback was being received by process organizers up to the point that ballots were about to be printed.³⁴³ Due to both time and fixed capacity within the city departments, many of the projects were not properly vetted, which led to problems in the phase of implementation. The result of this is an unvalidated process and a regression back into state administered budgeting.

Due to a dysfunctional feasibility testing phase, several non-capital investment made under the title of “social infrastructure” are being challenged despite being within the purview of the funds available. These projects are currently being challenged on the basis of both cost and eligibility. The voted in projects include a total of thirty five thousand dollars in grants to non-profit organizations and the forty thousand contribution to the Food4Kids program. Another project being challenged is one hundred thousand dollars for a safe trail access that Councillor Farr believes will cost closer to five hundred thousand dollars.³⁴⁴ Instead of the public assemblies being represented by liaisons, the individuals who proposed the projects have been met with to explain why the projects will not be implemented. Indicating a disregard for the proposed process, Councillor Farr

341 Interview with Norman Kearney

342 Ibid

343 Ibid

344 Interview with Councillor Jason Farr

insists that he doesn't remember that he was supposed to speak with liaisons.³⁴⁵ A draft of an Approved Structure and Process was presented to the planning committee on 20 February, 2013 indicating a clear place for the liaison as shown in Appendix C. On the website three of eight assemblies are shown to have elected liaisons. Liaisons are featured in the current By-Laws, and a description of liaison duties featured on the PBW2 website state describe a Liaison Committee that consults residents whose projects received funding and advises the City of Hamilton on implementation of the budget.³⁴⁶ The disregard for this position threatens to undermine the process and must be responded to with the heightened level of organization on behalf of the participants.

The process in Vallejo ran into many of the same problems in setting the feasibility of projects. In Vallejo there were many more practical public works projects including street repair and park improvements. However, the more creative projects received inconsistent feedback. Two problems arose both concerning the viability of certain projects. First was a lack of capacity to properly determine projects and the other was an apparent desire to present an open process rather than a functional one. This led to a weak understanding of how viable projects should be developed. Browne explains how the city did not seem to have the capacity to properly vet projects, especially due to the participatory budgeting process taking place in the middle of the regular budgeting season.³⁴⁷ The Vallejo process was financed by the city-wide budget and therefore need to be completed along with the regular city budget. This imposed a large amount of increased work on the capacity of city staff that was already on high demand. Projects fell

345 Ibid

346 <http://pbhamont.ca/volunteer/>

347 Interview with Ginny Browne

under the purview of many different departments and some proposals received more feedback than others.³⁴⁸ There was also a tendency, mentioned by both Browne and Councillor Brown, for the city to allow for an open process, without considering how this process should be followed through with in an empowering way. This led to a lack of completion of some proposals in terms of being fully eligible.

Councillor Brown speaks to how some of the projects were passed despite knowledge that they would need to be revised, and in order to complete these revisions the City Attorney and City Manager met with those who proposed the projects.³⁴⁹ Project Coordinator Browne also explains that “there were times when problems with certain projects could have been addressed in earlier stages had there been more direct communication between the folks that were working on vetting the projects for the city and the budget delegates”.³⁵⁰ This experience again indicates a reluctance on the part of City Hall to engage in a dialogue with representatives of the public assemblies. Issues of feasibility were compounded by a lack of acknowledgment for how projects should be developed *with* budget delegates. Projects were revised and implemented but without engaging the assembly delegates.³⁵¹ The disregard for these liaisons indicates the danger of the process being maintained as a service of government, rather than the development of an independent institution. Despite the sincere nature of these project alterations,

348 Ibid

349 Interview with former Councillor Marti Brown

350 Interview with Ginny Browne

351 Three projects were revised due to conflicts with the legal constraints determining the use of the funds available. Two projects, an investment to a local veterinarian clinic to the spay and neuter program, and a renovation of a new space for senior citizen socials, were both deemed to benefit a private property. The projects were revised so that the same amount of money would be put towards their ultimate goals but without renovating these private estates. The third program that was revised was 30 scholarships for Vallejo High School students, and the hiring of two guidance counsellors. This program was slightly revised so that it was not the city distributing the scholarships nor hiring the guidance counsellors.

respect for the process requires the recognition of liaisons of a Monitoring and Implementation Committee, currently formulated as the Steering Committee and budget delegates.

With any possible analysis being limited to the first year of operation, it is only possible to glean some problematic tendencies in need of resolution. Such evaluation are a necessary part of any developing institution. What is significant about the development of the participatory budgeting as a broadening of the political terrain is that this development is characterized by the same joint-decision making that the process is intended to entrench. Without a constant evolving dialogue, the process can be viewed as nothing more than a government service done on behalf of the public rather than by the public itself. Additionally, preconceived notions of public interest served to undermine the process. As discussed, predetermined conceptions of public interest have overlooked the issues that a more participatory process bring to the surface. Both insufficient dialogue with city staff, and limiting the process outcomes to preconceived notions of public interest present serious limitations in the potential of developing a new community driven institution. However, these limitations have been responded to by participants, which indicates the sustained critical capacity results from the phases of the process leading up to implementation.

6.2 Working Through the Complexity

For participatory budgeting to create a new institution, the full challenge and issues of capacity must be acknowledged by participants and by the state. This involves the functional assessment of proposed projects by city staff and collective revision, if necessary. In 1997, with the election of a new Mayor of Belo Horizonte, Celio de Castro,

participatory budgeting was revamped into a bi-annual process to deal with large amount of approved projects that had accumulated. These developments helped to organize implementation and ensure that project proposals are were well developed between rounds.³⁵² Wampler (2007) states that this revision indicates a commitment to shaping the process to fit its goals and that civil society and the state are working together to strengthen the process.³⁵³ However, it is also pointed to that city departments reserve a significant amount of power over the process, and the potential of participatory budgeting as a means of transformation is made contingent on the openness of the current administration.³⁵⁴ As stated by Councillor Brown, participatory budgeting has value on the “multiple levels of reengaging the public the democratic process [...] and at the same time learning about budgeting and how it works and all the challenges involved in government because of all of the laws and regulations that we need to follow to spend public moneys”.³⁵⁵ Political education is an arduous process, but one glance at the 2013-2014 Rulebook reveals that the City Manager is the highest authority in the process.³⁵⁶ This could decrease the potential of participatory budgeting from a new method of budgeting to a state administered service.³⁵⁷

When the projects have been vetted and voted on, the Monitoring and Implementation Committees are elected in each of the sub-regions. These committees are crucial as the implementation and revision of projects can, despite the new dynamics that can be developed in the public assemblies, return relations between the public and the

352 Wampler (2007), 243

353 Ibid, 241

354 Ibid, 246; Souza (2001), 178

355 Interview with former Councillor Brown

356 Appendix E

357 Wampler (2007), 244

state to the traditional relationship of for and not with. Wampler points out that without a central venue for coordination between delegates to compare information, such as Porto Alegre's Participatory Budgeting Council, they have been unable to constitute an organized public in relation to the state.³⁵⁸ Wampler continues that although the process has been able to contribute to the transformation of lives within the shantytowns and low-income areas of Belo Horizonte, delegates have become consumers of information produced by the government rather than independently seeking out their own basis for awareness of the current situation.³⁵⁹ This is discouraging as it suggests that the participatory budgeting forum does not have the ability to effectively transmit independent judgments reached through deliberation into the established budgeting process.³⁶⁰

By developing practices and demanding the improvements necessary to ensure that the public voice is validated through this process, participatory budgeting entrenches an empowered public. This theory is fulfilled through practice by critically examining the process itself, as Wampler (2007, 2010) has done in recent publications and process organizers are doing on the ground level. Recognizing the current ineffectiveness or lack of organization between delegates is a necessary phase of evaluation to ensure that participatory budgeting attains its empowering potential. The weakness of the public assembly delegates model is limited by the level of organizations between budget delegates themselves as well as the limited capacity of city departments to cost out and

358 Wampler (2007), 244

359 Ibid (2007), 251

360 Dryzek (2009), 1385

implement projects.³⁶¹ With these shortcomings identified they can become subject to the deliberation as well and developed so as to establish the functionality of the process. This would enable a better chance of the deliberation on public interest being transferred into government expenditure and further establishing the process as worth getting involved with. The groundswell of support that has developed over time, as well as the more efficient allocation of resources in terms of actual local interest, participatory budgeting has become institutionalized as part of the official budgeting process. However, regression from the original inspiration in 1993 can be identified and, ideally, improved upon through increased engagement.

A very basic challenge is defining the agreed upon use of the funds available. With the goal of the defining the constraints in place, those involved in the Hamilton process apply their critical capacity to the limitations being imposed. Councillor Farr demonstrates that he may be unclear on the rules himself as he states that the Area Rated Dollars must be used for capital expenditures only.³⁶² Projects financing community groups and public health programs and are being called into question due to the official purpose of the money available. However, Councillor Farr's own past expenditures in the approved 2013/2014 budget feature projects that are extremely similar to the projects from the Ward 2 process currently being scrutinized.³⁶³ Double-standards aside, if constraints are to be put on the funds available they should be done in a collaborative and justifiable fashion either at the outset of the process or with the delegates of the process. It is hard to determine whether it is the city staff or the Councillor enforcing this

361 Wampler (2007), 251

362 Interview with Councillor Jason Farr

363 Of the Ward 2 Area Rated Dollars, six thousand dollars has been used for a concert and eighty thousand dollars has been contributed to the Ward 2 School Nutritional Program.

heightened level of scrutiny, but such a distinct limitation has been recognized and discussed in meetings of the process organizers.³⁶⁴ In Hamilton the Participatory Budgeting Office (PBO) is chaired by the Facilitator and filled by Assembly Organizers, and Deputy Assembly Organizers who are elected by each public assembly. The PBO is a central venue to compare information and holds authority in coordination with the Governance Committee, which is also filled by elected participants. Through defining of these limitations, the broadened vision of public interest formulated in the public assemblies can be empowered by addressing the newly discovered needs with creative innovative solutions.

The rejection of projects in Hamilton was largely the result of bad communication between the Councillor's office and process organizers as well as a low level of organizational capacity on the part of participants. The logistical complexity necessarily involved in this deepening of democracy must be recognized and adjusted for. The education on technical aspects and constraints on the funds available must be appreciated and taken seriously by the participants in order to develop a familiarity with these constraints and work creatively within them. In Vallejo, the feasibility testing of projects was found to be hampered by lack of capacity as well, which points to a reoccurring problem of basic organizational capacity and process design. The shortcoming in feasibility testing indicate an intermittent capacity of city staff to support the dialogue between the process and City Hall. Both feasibility testing and implementation of projects are dependent on city staff and therefore the issue of capacity must be addressed. Souza points to how this administrative adjustment takes time but the regimenting of

³⁶⁴ Interview with Norman Kearney, and indicated in meeting Planning Committee minutes 30 November, 2013.

techno-democracy can help feasible proposals become implemented projects on a foreseeable time line.³⁶⁵ Lerner (2009) also points to how dialogue between delegates and city staff brings about a mutual learning which allows for the process to develop in a sustainable and effective manner.³⁶⁶ Year 2 of both processes will feature an extended budget delegate phase, scheduled earlier in the year in order to accommodate proper communication and feasibility testing between participants and city staff.³⁶⁷ The City Manager of Vallejo has hired two new staff who will be dedicated to facilitating the participatory process, and Councillor Farr has indicated that he would like to see a closer relationship between the new facilitator and public works staff in the upcoming year. This indicates a shift in administrative practice that is brought about by the necessary terms to ensure a functional participatory process.

Proper utilization of the feasibility testing stage by city staff would have allowed for projects to be deemed unfeasible before they had been voted on. This enables delegates to return more substantial feedback to participants and those proposing projects. More importantly it avoids the need for projects to be revised. As mentioned earlier, it is not the challenging of projects that undermines the process, but how these challenges are resolved. Revision is a common part of the process in Belo Horizonte as well and can be addressed through increased organization and persistence on the part of the participatory public.³⁶⁸ Continuing to elect liaisons and insist that they be the point of contact with each of the assemblies and that they be involved in the revision of the projects makes an impact on the existing political administrative structure and makes an improved position

365 Souza (2001), 178

366 Lerner (2009), 7

367 Interviews with Councillor Jason Farr and former Councillor Marti Brown

368 Wampler (2007), 254

of the process to be viewed as an institution in dialogue with the state.³⁶⁹ This would compel a more substantial dialogue with city staff, as liaisons could request rational arguments for pricing and timelines. Anything less could constitute an instrumentalization of the process, involving the acceptance of public assemblies but lacks of recognition of their authority. This is an unfortunate possibility in each of the cases under review. Therefore, once the constraints of feasibility have been surpassed, the process further establishes its claim to empowerment and liaisons can pressure City Hall to implement projects or give justifiable reasons for delays.

A problem which was prevalent in the case of Vallejo but underlies the process in Hamilton as well, is the clarity of different visions of public interest. Browne and Councillor Brown explain how the idea of public interest guided the feasibility of projects but was evidently in need of further clarification in order for Year 2 to be run more smoothly.³⁷⁰ Browne explains “the biggest problem of eligibility that the process saw last year was the question of public benefit, and that's something they've tried to clarify this year so that the delegates themselves are doing the work to make sure the projects fit into the city definition of public benefit before submitting them”.³⁷¹ This being one of the main problems with Year 1 projects, this clarification constitutes a step forward in allowing participants to make proposals to the extent of the eligibility criteria. The Vallejo process was successful in using public funds in a creative and useful manner by funding thirty four-year scholarships for Vallejo highschool students who want to go

369 Avritzer (2006), 635

370 Interview with former Councillor Marti Brown expressed similar sentiments to the interview with Ginny Browne

371 The Project Eligibility section of the Vallejo 2013-2014 Rulebook has been revised from from the Year 1 edition as to further clarify how projects can not render an exclusive benefit to a private party.

to college. However, there still exist limitations imposed by a preconceived notion of public interest.

Despite the improvements in clarity, no amendment of the Rulebook has yet accounted for how the most necessary projects, those taking place in low-income communities or serving marginalized groups may not fit with the current definition of public benefit. Browne states that the Participatory Budgeting Project is developing an evaluation matrix which can be given to steering committees and city officials to gauge the value of a project.³⁷² This evaluation matrix accounts for pronounced need that is not broadly shared by accounting for communities most in need. This determination of how to gauge public interest, derived outside of the state, helps to develop the criteria process on the terms of participants rather than that of the state. This broadened criteria of eligibility helps to ensure that the broadened vision of public interest developed in the public assemblies is able to be empowered through validation and implementation of projects.

The participatory process allows for the formation of new priorities through deliberation and a final vote of the community. Some delays may occur if projects require a feasibility study before they can actually be considered or, Councillor McHattie states, “if it’s a controversial issue which a guy like me is gonna have to check in with the community before we can go ahead and do that”.³⁷³ Councillor McHattie points to the insufficiency of his own model. Though the Ward 1 advisory panel initiates a different conversation, it only informs the traditional representative democratic model rather than letting the decision emerge from the process. The Ward 2 process, though still a small

372 Interview with Ginny Browne

373 Interview with Councillor Brian McHattie

amount of the overall population of the ward, *is* the process of checking with the community.³⁷⁴ The pressing issue of social housing would stand a fair chance of being supported by the participatory process, with an increased amount of funding at its discretion. Instead, the all too obvious poverty issues in Hamilton are responded too with a 75% drop in investment in public housing from capital investment³⁷⁵ while a thirty nine million dollar budget line from the construction for the Pan-Am Stadium appears in all last two capital budgets.³⁷⁶ Affordable housing programs in Hamilton, such as the Housing Partnership Fund, receive contributions from the federal and provincial government but far below the identified need.³⁷⁷ A twenty two million dollar investment in housing rehabilitation in 2011 was made as a 25% contribution to the building of a condominium in Ward 2. Councillor Farr has referred to this as momentum of that the downtown core has been developing³⁷⁸, but the question is if this momentum is heading in a place that all Hamiltonians are interested in or will have equal access to. By reflecting on the process as an expression of public interest rather than simply a competition for resources, the process is found to be a development of the understanding of public interest itself rather than constrained by it.³⁷⁹ Through such discussion within the participatory process, the limitations which problematized the validation of projects

374 An especially contentious issue, which the Mayor has personally spoken against, is the construction of a Light Rail Transit. By putting this issue into a multi-ward participatory budget it would further clarify the interest of the participatory public in this development and demonstrate the joint-decision making nature of these processes.

375 Of which it only formerly had 1.1% of overall capital expenditure.

376 The investment for the Pan Am Stadium was \$10.2 million in 2011.

377 Hamilton has currently identified a wait list of six thousand people in need to subsidized housing with an insufficiency in resources being the apparent reason pointed to by Councillors. The most recent budget indicates an allocation of \$1 million to social housing and \$39 million going to the building of a football stadium. It would be interesting to see how a participatory process would have possibly rearranged these priorities.

378 Ruf, Cory "Develop to Rebuild Lister's Neighbourhood Stack with a condo on top - One poll shows a certain trend in Appendix D.

379 Melucci and Avritzer (2000), 523

can be identified and addressed. Process organizers can then advance to challenge superficial forms of public interest by engaging with them in open discourse.³⁸⁰

6.3 Reflecting on the Process and Looking Toward the Horizon

The participatory budgeting process is based on deliberating on issues that the municipal government can address currently.³⁸¹ However, the vision that emerges from these process need not be so limited. Through developing competence and experience, participants will be able to propose viable projects utilizing the full extent of possibilities within these constraints. This involves the delegates committee working with city staff to determine aspects of pricing and to ensure proposed projects do not interfere with preexisting plans. Working with these constraints in a regimented process, participants are all the while developing the skills and competence to integrate the public assemblies into the budgeting process. By acting on the belief that the public should be more involved, the public compels the broadening of the methods of public engagement and further exploration of the limitations involved. In Brazil, this has resulted in new patterns of interaction between civil society and the state that have an impact on traditional political practices.³⁸² The resulting broadening of the basis of political engagement increases the sustainability of the participatory process through the development of attitudes, psychological qualities, and know-how.³⁸³

Perhaps even in the ideal case, participatory budgeting may be subjected to hard limitations that make the broadening of the institutional terrain a formidable challenge. Wampler points out that the initial election of the PT was only one manifestation of a

380 Warner (2004), 54

381 Wampler (2010), 128

382 Wampler and Avritzer (2004), 309

383 Pateman (1970), 42

larger movement of civil society organizations demanding more involvement in public affairs.³⁸⁴ However, identifying limitations of participatory budgeting as limitations to a more democratic and humane form of government, the participatory public may find within itself the capacity to build the movement and develop a democratic culture which, in the words of Freire, is confirmed in its very negation.³⁸⁵ By revealing these limitations and posing them as problems the participatory public develops practices for effectively engaging with government policy and exudes the motivation to do so. Through the experience in this method of organizing public expression, participants may also be compelled to direct this same energy to other sections of society and larger issues outside the scope of the small portion of the capital budget. Pateman explains how the local level is a useful level at which to learn how to engage with government in order to effectively engage with government on the national level.³⁸⁶ Pateman is also in agreement with Gramsci that exposure to the broadened horizons results in a critical articulation of current institutions.³⁸⁷

New priorities emerging from these processes bring unrecognized desires to the surface and inspire creative ways to solve issues hitherto viewed as insurmountable by spurring the search for new revenue sources. Councillor McHattie suggests that budget advisory committees could be given more discretion if multiple years of funding can be compiled into one round in order to tackle large goals.³⁸⁸ Councillor Farr states that success at the grassroots level could inspire an expansion of participatory involvement in

384 Wampler (2007), 247

385 Freire (2007), 43, 74

386 Pateman (1970), 34, 38

387 Ibid 30, Gramsci (1971), 330

388 Interview with Councillor Brian McHattie

other departments.³⁸⁹ Councillor Brown, a true advocate, states that projects receiving funding from the 70% of the Measure B money not overseen by the participatory process, such as roads, crime prevention, and economic development, could easily be allocated by the public as a method of building trust and solidarity between the municipal government and residents. This is affirmed by the election of practical projects in Year 1. Lerner and Van Wagner optimistically state that residents and municipalities can work together to lobby for more sources of revenue by pointing out neglected needs and efficient allocation to those most in need that participatory budgeting brings about.³⁹⁰ Vallejo is a poignant case, but the process receives ambiguous support from City Hall. Successful rounds of participatory budgeting can “create a buzz” and be the subject of conversation between counterparts in different cities.³⁹¹ The benefits accrued by the endorsing Councillor or government should not be ignored, though they should also not set limits on how the process is run. The support of elected officials and city staff will both results from and enables the proliferation of participatory budgeting processes. If substantial dialogue is able to take root, it is possible that this broadened political terrain could continue to grow into other sections of society and levels of government.

The guiding principle of participatory budgeting must be based on diffusing power into the public assemblies and the participating residents. This form of decentralization fundamentally differs from the form of decentralization being implemented on the federal level pointed to by Harnes (2007). Where the “open federalism” discussed by Harnes does restructure responsibilities and jurisdictions in a

389 Interview with Councillor Jason Farr

390 Lerner and Van Wagner (2006), 3

391 Lerner (2009), 690

more equitable fashion, it does not foster a compassionate vision between the subjected lower-level governments. The decentralization of responsibilities from the provincial to the municipal level is characterized by coercion of cities to distinguish themselves and compete with other cities.³⁹² Decentralization of the municipal budgeting process, on the other hand, is a process which allows participants to develop cohesion with other community members and collectively determine the common interest. By increasing residents' capacity to understand and potentially influence the developments taking place in their environment, breaks with the fixation on economic development informed by the neoliberal doctrine. This is due to the decentralization of power to determine economic priorities through this process, which is virtually the opposite of the approach on the federal level. Substantial participatory budgeting is instead closer to Habermas's *decentered society* which attempts to institutionalize a communicative flow through both the parliamentary bodies and the informal networks of the public sphere.³⁹³

The form of decentralization embodied in participatory budgeting creates an invigoration of democratic practices which has the potential to change government spending priorities and ultimately reframe what the term 'healthy economy' on the local community's terms. Participatory budgeting stands to offset historical forms of hierarchy and foster discussions on what direction the community desires to develop.³⁹⁴ Therefore, despite the tentative challenges experienced in the budgeting process, the participatory public has exhibited the capacity to broaden the terrain upon which citizens engage with

392 Harmes (2007), 431

393 Habermas (1994), 8

394 Lerner and Van Wagner (2006), 15

the government as well as connect local issues to overarching global struggles.³⁹⁵ This constitutes a deepening of democracy in the face of an economic hegemony that has commandeered the traditional representative model of democracy. The shift to a more community driven governance is difficult, riddled with pitfalls, and dependent on a myriad of factors, but presents an opportunity to alter the normative theories of how to engage with the legal and fiscal framework of government budgets.

6.4 Conclusion

As has been discussed, the implementation of projects serves as a validation of the process and a demonstration of the value it brings to the community. The value of the process does not necessarily hinge on these tangible results. However, this demonstration of value consolidates the purpose of the process for many already involved, as well as those skeptical onlookers who are as of yet only potential participants. Due to insufficient communication during the feasibility phase, many projects are now being called into question and as such so is the joint-decision making status of the participatory process. This points to the deeper challenge involved in establishing participatory budgeting process as an institution that works in dialogue with the state. With low levels of organizational capacity, the rejection or revision of projects, and the perpetual political resistance of an elite-orientated definition of public interest, the participatory budgeting process seems unable to accomplish its most basic objectives let alone restructure the existing political institution. With evidence of persistent challenges in Belo Horizonte process, as well as affirmation of these challenges in the more local cases, it would seem that participatory budgeting is an inferior method of broadening the political terrain.

395 Lerner and Van Wagner (2006), 19

What redeems the potential of participatory budgeting to establish a new basis for determining government spending priorities is the persistent application of critical thinking to the limitations being imposed. Participatory budgeting in its very nature compels a restructuring of the political administrative process, and by establishing a substantial model involving the election of delegates and liaisons, City Hall is confronted with a procedure developed on the community's terms. This restructuring has been resisted to a point, but the educational aspects of the participatory process as well as new ideas to ensure that the broadened horizon revealed in the public assemblies can be empowered through a revision of spending priorities. The basic barrier of scheduling and organizational capacity has been addressed by the administrative recognition of the need to regiment a more functional process. Also, the demand for the recognition of elected officers helps to build new practices that entrench a dialogue between the participatory budgeting process and the state. This dialogue helps to develop a clearer understanding of the current constraints on feasible proposals, as well as consolidates a collaborative implementation process. Though the established state may exhibit a tendency towards absorbing the process into its own manageable apparatus, the participatory public must enforce the self-regulating framework of the substantial model. Finally, the process can develop preconceived notions of public interest by demonstrating the insufficiency in current criteria to address the problems emerging from the public assemblies. Through demonstrating this need, the public assemblies help to shift the overall process of how government priorities are assessed and implemented.

By applying the new civic repertoire and critical capacity developed in the public assemblies, participants can approach the current limitations with the goal of

transforming them. Making these limitations the subject of criticism pushes for the improvements that are necessary to consolidate the new basis of government spending.³⁹⁶ Through the cathartic force of engaging in a deliberative process to conceptualize a truer public interest, the participatory public demands the government function on terms justifiable to local reason. If necessary improvements are simply left as insurmountable limitations, then the process will be left to simply idle in a favour based relationship, dependent on the whims of the state. Instead, the participatory process motivates the will to address these limitations with critical consciousness as well as spread the application of this critical capacity, both horizontally and vertically, in other sections of society. By developing channels that can transmit decisions reached in public spaces into empowered spaces, or by becoming an empowered space itself, participatory budgeting sets a precedent for engaging with government. It is possible for new sources of revenue can be identified and utilized to increase the discretionary power of the public assemblies. Furthermore, the development of political efficacy brings about the will to address concerns outside of budgetary expenditure and could make the municipal level of government the grounds upon which to develop a new understanding of social and political destinations.

396 Gramsci (1971), 377

7 Chapter: Conclusion

Throughout this paper, two arguments have been made: That participatory budgeting can be institutionalized within the current fiscal terrain and political context in Canada and the United States; and this institutionalization can contribute to the development of a new democratic culture. To support these arguments, this work has described the formation of the participatory budgeting process taking place within the context of the established liberal democracy of the United States and Canada. Additionally, the main thrust of this work is that this formation has a transformative effect on the way government decisions are formulated and legitimized. Through the utilization of Paulo Freire's liberation education model, the space provided by participatory budgeting can be an important centre for social innovation and unveiling of public interest. Though this new forum and its authority over the budgeting process is met with resistance by established power, the core function of critical capacity building suggests that community driven participatory budgeting can persevere in creating a new way of conceptualizing public interest and communicating this interest to policymakers. Looking at all cases being researched, participatory budgeting has demonstrated the capacity to involve new voices in the budgeting process, raise awareness and support for the need to address issues in low-income communities, and equip participants with the repertoire to negotiate and develop the emerging ideas into project proposals. However, in terms of establishing an institution distinguishable from the state, both long running and newly initiated processes seem to be required to organize more effectively in order to ensure that the process is recognized as worthwhile by potential participants, and as legitimate by the state.

Multiple forms of pseudo-participatory budgeting indicate that established leaders are aware of the importance of creating policy with the local community perspectives in mind. However, a minimalist approach to democracy, which is complicit in the hegemony of elite interests, is indicated by the infrequency of actually sharing decision making authority with members of the community. These less substantial forms must be challenged by the establishment of the high standard for participant input and community driven governance outlined in the first chapter. It has been found that incentives exist on both the community level as well as within in government. With the cases being explored featuring the attempt to establish a more substantial model, it has been found that participatory budgeting similar to that in leading cities of Brazil, can be established within the current neoliberal context overseen by elected representatives. The results have been significant but forecasts for long-term success remain tentative.

It has been shown that participatory budgeting has been able to fit within the current fiscal framework and political terrain by accessing a portion of the city's capital budget and receiving the support of elected representatives. While in Belo Horizonte certain funds are constitutionally mandated to involve participation from the community, the municipal governments of Canada and the United States have a mismatch of large responsibilities and small sources of revenue. However, sources of funding can be located and allocated through a participatory process. These sources include discretionary funds that can be accessed through negotiation with elected representatives. Also, if the government recognizes an issue of widespread mistrust from the public, a portion of tax revenue can be used. Though discretionary funds of a Councillor or Alderman may be viewed as the most viable and accessible, other portions of municipal revenue could be

explored as possible funding. A report from the United Nations entitled “72 Commonly Asked Questions about Participatory Budgeting” suggests that a way the processes can become sustainable is through the insertion of the participatory process into the normative-legal framework, raising it above the discretion of any particular Mayoral administration.³⁹⁷ Such recommendations seem predominantly directed toward developing democracies receiving aid. The North American cases being studied, as well as others occurring within developed liberal democracies, set a precedent for how the formation of this is possible and useful in established democracies as well. Though constitutional entrenchment seems unattainable at this point, the introduction and establishment of these practices is a definite first step in making this demand.

Participatory budgeting is immediately met with the obstacle of being an unfamiliar practice. This brings about reluctance on the part of the state in making funds available, as well as the public in actually participating. This is the layer of complacency which must be penetrated in order to demonstrate the need to develop more participatory government practices. Within the historical conditions of the advanced capitalist context, dehumanizing conditions are viewed as unavoidable, privatization and deregulation are associated with freedom and productivity, and the government is viewed as an impartial regulator that oversees an operation beyond the comprehension of the common individual. The participatory process is an opportunity to challenge all of these myths. By framing all individuals as sources of knowledge, a new basis for government priorities can be created. An ambitious outreach effort and a well-designed process are both necessary to involve those commonly excluded from mainstream politics. Furthermore,

397 Global Campaign on Urban Governance. *72 frequently asked questions about participatory budgeting*. UN-HABITAT, 2004:85

participatory budgeting must be designed so as to exhibit identifiable value to potential participants in order for it to gather public support. This effort is ongoing in Vallejo and Hamilton, as Year 1 processes demonstrated success in engaging unheard voices through new definitions of eligibility, but Year 2 will help to indicate how well this was done judging by new and returning participants.

Participatory budgeting in Belo Horizonte has been attributed with the ability to subvert the influence of corrupt and clientelistic practices over resource allocation, which is a prevalent issue in Brazil. Though the ideals of participatory budgeting speak to a developed willingness and ability to hold the government to account on behalf of a new consolidated sense of the public interest, this phenomenon is difficult to verify, especially in the early stages of Hamilton and Vallejo. However, reports on all of the cases under research confirm a shift in traditional use of the funds available and the empowerment of traditionally excluded demographics. Both processes have encompassed significant training for new community leaders as well as currently active residents, both of which receive the technical training and insight into the big picture issue equipping them to better approach collective goals. The sharing of experiences and deliberation that takes place within the public assemblies has an astonishing power to reveal the socio-economic problems that exist within our current ethico-political regime, and presents a motivating force to act in favour of an alternative. The resulting projects and the leadership training for common individuals demonstrate the value of empowering an independent public through the proliferation of critical capacity building.

In Belo Horizonte, the will of the participatory public has an established place within the budgeting process every other year. The process also brings social travesties

caused by economic inequality into the conversation as a problem in need of solving. This relocalization of the basis for government spending priorities and building of critical capacity creates a cognitive and institutional terrain which provides for a more functional and consistent connection between residents, their elected representatives, and policy formulation. However, there still exists the constant struggle of organization and validation. Process organizers engage in contentious politics to ensure that projects are implemented and are constantly revising the process to ensure for open and effective participation.³⁹⁸ The recent drop in participation is in need of analysis so that this trend can be offset by addressing the disincentives that have caused this downturn. Additionally, the process must continue to focus on the themes of abject poverty and economic inequality despite the current insufficiency of resources to make a considerable impact on these issues. Communication between those conducting in-depth academic analysis of processes in Brazil and those organizing them should be established in order to improve the process through comprehensive evaluation.

Visiting Hamilton is one of the best places to visit for someone who is interested in participatory budgeting. Walking down the main streets, the pedestrian is constantly confronted by indications of poverty in the area, in the expressions of the faces, the quality of clothing, and the conditions of the storefronts. There is construction in the downtown core, but perhaps not in the right places. Hamilton does exhibit a high level of citizen involvement in urban development and interaction with City Council but these active efforts do not exhibit a coordinated strategy. Overseeing a budgeting consultation, one can see the effort that some individuals put into this forum. However, a presentation

398 Wampler and Avritzer (2002), 309; Baiocchi (2005), 84; Wampler, 2007, 251

by a community organization lobbying for civic inclusion programs, referencing their impressive work in the community, is requested to produce the value of what they offer the local economy in terms of gross domestic profit. Participants in this very short process, are quickly challenged by market-orientated imperatives along with the hypothetical thousands that Councillors have been elected to represent. Speaking as one voice, residents are not able to contest these legitimating tropes.

However, it is possible that the thousands of residents thought to be represented by Councillors can be organized and be able to speak for themselves to effectively contest preconceived notions of public interest and the legitimacy of market-orientated public policy. It is likely that Hamilton will become the next largely studied case of Canadian participatory democracy but recent political opposition has been effective in obstructing the community driven nature of this process. In the launch of Year 2 on 3 April, 2014, the extremely substantial design that was attempted by the original founders of the Ward 2 process was shown to be dismissed in favour of a largely web-based procedure with no elected officers. Perhaps these changes were made simply because the Councillor viewed the substantial process as an administrative headache. Another possibility, though difficult to verify, is that the Councillor made the decision to scale down the process because he realized the same how effectively the public assemblies could develop critical consciousness and broadened the vision of public interest. It is yet to be seen how participants in the Year 1 process will respond to the reduction in deliberative nature of the process.

Once again, Hamilton does exhibit a notable level of community organization and political activity, at least in a portion of the population. This culture has not been verified

to have existed in Vallejo, and Program Coordinator Browne mentions how there was a low level of coordinated community organization.³⁹⁹ Where Hamilton features a considerable push from the community, the process in Vallejo had a was originally motivated from within City Council. In the recovery from bankruptcy, Councillors voted in favour of this experimentation and demonstrated that public assemblies can reach decisions that are responsive to practical needs. With the assistance of the Participatory Budgeting Project, a substantial participatory budgeting process has been developed with the community and this may be the beginning of a self-sustaining process. However, the recent election has led to a turn-over of a significant portion of City Council and the City Manager maintains the position of final authority in the budget process. It is yet to be seen how the participatory budgeting process will fare in Year 2. Process organizers in both North American cases must focus on increasing outreach to include even more people in Year 2, as well as institutionalizing their role in the implementation process through the formation of a recognized Monitoring and Implementation Committee in order to develop the process on the community's terms.

It has been shown that these processes, in all cases under research, have helped to broaden the cognitive and political terrain by engaging unheard voices in the process, fostering deliberative methods of deciding how to allocate funding, and funding projects that were not recognized as a government spending priority. In Hamilton and Vallejo, these developments have persevered against the conditions associated with the newness of the process but remain limited to a certain scale of projects due to the limited sources of money available. Nevertheless, the technical and experiential education that is gained

399 Interview with Ginny Browne

during the allocation process of even a small amount of funding is a significant step forward in developing a democratic culture. Both the experience of taking part in the budgeting process and the exposure to the perspectives of others from the local community assist the development of more cohesive communities and identification of neglected community needs. On the face of it, participatory budgeting addresses basic problems of access to resources and infrastructures shortages in low-income areas. On a deeper level however, participatory budgeting also directly addresses the issue of public sovereignty. While the current resources available are insufficient to reduce income inequality and homelessness, participatory budgeting is able to develop the skills and awareness within the public in order to develop a will to solve these problems. As pointed out by Wampler (2010), though the participatory budgeting process may not be currently able to solve these pressing issues it does bring about a new method of problem solving and a new relationship between the public and the state that could lead to considerable social change in the long run.⁴⁰⁰

The requirement to produce tangible outcomes may perpetuate a reliance on the state, which may set limits on the amount of social progress that can be made within the process. However, if processes are viewed as spaces in which to build critical capacity and consolidate the role of direct public input into policy formation, they can be utilized as a way to invigorate popular conviction in the use of democracy. In so doing, participatory democracy contributes to the formation of a more democratic culture which has the potential to offset shortcomings of the state and influence of the market in terms of public policy. Processes in Brazil resulted from the third wave of democracy and have

400 Wampler (2010), 133

led to the constitutional empowerment of public involvement. In the established liberal democracy of Canada, recent history has featured a reduction in deliberation forums and increased frequency of federal campaigns to integrate neoliberal tenets into state policy. This points to the larger goal that the formation of participatory budgeting makes moves towards. Rather than the validation of the process in terms of implementing voted in proposals, the goal should be to attain state recognition of the participatory process as a legitimate methodology of determining local needs. Beyond the impact made locally, these process have the potential to inform participatory budgeting processes in other communities. Also, these processes may be able to redefine the role of municipalities within the Canadian and American federation, by utilizing the closer proximity to residents and developing a more substantive form of conceptualizing national interest overall through the support of deliberative fora and dialogical forms of decision making.

The implications of this study for deliberative democracy are that further studies must focus on the ability of public forums to motivate participants to question assumptions. Deliberation should be based on an educational experience. Participants should be invited to discuss their perspectives and what they view to be limitations to goals they believe are desirable but perhaps impractical at the current time. Deliberative forums present a space for the reflection and communication that are so often discouraged by elite. In doing so, these spaces help participants to discover these authentic desires and pose their dissatisfaction as a problem and work towards determining the constraints that actually render these desires impractical. In the very moment that these spaces are made, they are simultaneously the means and end of a significant social change. By inviting the participation of common individuals to emerge

in a collaborative conceptualization of the common good, participatory budgeting is a fundamental transformation of how the individual relates to society and to their fellow members of their community. Critical perspectives already exist in society presently but without will or an avenue to direct this critical outlook into action, these critical perspectives are commonly resolved to fizzle out within small groups of disgruntled commentators. The establishing of participatory budgeting and other deliberative forums allow for the nurturing of this critical consciousness and the identification of unmet needs. By addressing these problems in open discourse, these deliberative forms increase the chances of authentic societal innovation. As stated in the introduction, participatory budgeting programs are not a revolution of government policy formulation in itself. But, by participating in such processes, participants indicate a willingness to act and through their involvement they can learn how to become further coordinated to affect significant change. Therefore, other programs with similar educative properties should be invested in and the deliberative model of decision making should be integrated into existing institutions.

Viewing democracy as a method of selecting from a group of representatives in competition for public support, reduces it to a system of competition. More deliberative methods of decision making help to question the latent inequality that exists within our current conceptualization of public interest. Participatory budgeting shows how deliberation helps new priorities to come to the surface and more importantly helps to expose forms of inequality that are embedded in the traditional budgeting process. With new priorities being developed from the ground up for the purposes of being transmitted into government policy, the deliberative process helps to develop feelings of political

efficacy and draws out a more accurate depiction of the interests at play. Deliberative decision making helps to challenge the formation of inequitable hegemonies and dehumanizing regimes by involving those who bear the costs rather than imposing decisions upon them. Demonstrating this style of decision making and establishing it within communities, participatory budgeting and similar movements push for a more inclusive form of democracy which resists the formation of hierarchy and elitist rule. Participation also pushes for a more intelligent and humane society, as a regime based on deliberation compels individuals to situate themselves among a plurality of opinions rather than just do what they are told. By developing this new theory of how policy should be formulated, participatory budgeting demonstrates how community organization and collective action can make moves towards a more democratically determined horizon.

Appendices

Appendix A: Results

A.1

Vallejo Results

Potholes and Street Repair. Votes: 2,296:	\$550,000.
Light Up Vallejo. Votes: 1,618:	\$170,000.
Parks and Recreation Improvements. Votes: 1,322 :	\$609,500.
School Libraries and S.T.E.A.M. Votes: 1,162:	\$270,000.
Street Cleaning & City Clean Up. Votes: 1,153:	\$120,000.
College Bound Vallejo. Votes: 1,099:	\$320,000.
Community Gardens. Votes: 954:	\$146,500.
Small Business Grants. Votes: 889:	\$300,000.
Spay and Neuter Project. Votes: 861:	\$165,000.
Senior Center and Lounge. Votes: 860:	\$109,149.
Omega Boys and Girls Club Gym. Votes: 830:	\$60,000.
Camera Pilot. Votes: 802:	\$450,000.

A.2

Hamilton Results

Three Community Gardens. Votes: 799	\$18,000
Thirty-Five Public Benches. Votes: 752	\$50,000
Grant for Hamilton Victory Gardens. Votes: 748	\$3,500
Grant for Food4Kids. Votes: 748	\$40,000
Safe Rail Trail Access at Victoria Ave S. Votes: 715	\$100,000
Beautification of James St S. Votes: 695	\$10,000

Upgrades to the Beasley Skateboard Park. Votes: 691	\$80,000
Beasley Community Centre Kitchen Renovation. Votes: 690	\$22,600
Grants for 3 Neighbourhood Outreach Workers. Votes: 683	\$39,000
Pilot Project for a Network of "Urban Trail" Alleys. Votes: 678	\$230,000
Crosswalk at Hunter St W & MacNab St S. Votes: 677	\$125,000
Outdoor Community Oven. Votes: 663	\$15,000
Grant for a Multicultural Festival. Votes: 663	\$20,000
Ten Solar-Powered Trash Compactors. Votes: 652	\$44,000
Pilot Project for a Chinese Garden. Votes: 651	\$10,000
Grant for a Herbal Labyrinth in Shamrock Park North. Votes: 642	\$2,000
Grant for Adopt-a-Park (Fund for Flowers). Votes: 639	\$9,000
No Smoking Signs in Parks. Votes: 637	\$2,000
Ten Poster Kiosks (Message Boards). Votes: 632	\$20,000
Reserve to Support the NGen Youth Centre. Votes: 613	\$50,000
Reserve for a Multicultural Community Centre. Votes: 589	\$112,000

Appendix B: Case Process Explanations

B.1 Hamilton Ward 2 Process Explanation – Information gathered from Planning Committee minutes and the Participatory Budgeting Ward 2 website pbhamont.ca

A Planning Committee was convened and populated by representatives of the six Neighbourhood Associations of Ward 2, the Hamilton Centre for Civic Inclusion, McMaster University, NGen Youth Centre, a resident at large, as well as Norman Kearney, Councillor Farr, and Farr's aid. A series of meetings resulted in Terms of Reference and an agreement on the basic structure of the process. The Planning Committee was then dissolved and its authority was intended to be passed on to the public assemblies pursuant to the Terms of Reference and By-Laws.

Votes were gathered using both fixed poll-locations and two mobile polls.

The process was unilaterally revised by the Councillor and the intended Monitoring and Implementation Committee was not convened. Projects were approved by City Council April 2, 2014.

B.2 Vallejo Process Explanation – Information gathered from 2012-2013 Rule book

To initiate the process in Vallejo Steering Committee members are nominated by City Council. These members include the representatives from Belvedere Homeowners Association, Better Vallejo, Filipino Community of Solano County, Filipino-American Chamber of Commerce, Filipino-American Retired U.S. Armed Forces Association, Great Vallejo Recreation District, Solano Community College, Solano County Black Chamber of Commerce, Solano Hispanic Chamber of Commerce, Vallejo Chamber of Commerce, Vallejo Convention and Visitors Bureau, Vallejo Heights Neighbourhood Association, the Vallejo NAACP chapter, Vallejo Sister City Association, and two Councillors who act as liaisons between the City Council and the Steering Committee. The Steering Committee developed the design process in collaboration with the Participatory Budgeting Project and the City Manager of Vallejo City Hall. Outreach was conducted by volunteers coordinated by the Participatory Budgeting Project (PBP) in order to advertise the upcoming participatory budgeting process. A letter was also sent to every home in Vallejo prior to the voting stage.

An online program was used to update residents on progress made at meetings they could not attend and to allow residents to submit projects without having to attend meetings. Projects were approved by City Council June 30, 2013

B.3 Belo Horizonte Process Explanation - Information gathered from Prefeitura Municipal de Belo Horizonte website, “Orçamento Participativo” section.

The process in Belo Horizonte has three different forums, the traditional region assemblies, the more recent housing specific assemblies, and the online forum “OP Digital”. The housing specific assemblies are encompassed within and draw from the same resources as the regional assemblies while the OP Digital votes upon different projects and allocate a different source of funding. These process are aligned with the budgeting process in every 2 years, with each other year serving as a monitoring and implementation year for approved projects from prior rounds. Elected officials attend as co-chairs of each regional assembly as the municipal government is the originator of the process. The nine regions of Belo Horizonte are divided into 42 sub-regions and then further divided into 80 planning units. The regional participatory process takes place over a matter of months, while the digital process takes place within 45 days.

Appendix C: Operation Diagram from Hamilton, Ward 2 Process

Appendix D: Poll of Hamiltonians on reconstruction of the Lister Block

in Fall 2014.

Appendix E: Items from Vallejo 2013-2014 Rulebook

<p><u>Goals: What is this for?</u></p> <p>We hope to accomplish four main goals through PB Vallejo:</p> <p>1. Improve our city</p> <ul style="list-style-type: none"> • Improve the infrastructure of the City, assist in enhancing the public safety of citizens, and to improve the quality of life for residents through the creation of and payment for projects without the expenditure of Measure B funds for salary expenses. • Build a new spirit of civic pride and raise the profile of Vallejo on the regional, state, and national levels. <p>2. Engage our community</p> <ul style="list-style-type: none"> • Ensure that all members of our community have a voice. • Engage those who are traditionally underrepresented in politics, who face obstacles to participating, or who feel disillusioned with the political process. • Increase public involvement in civic life in Vallejo. To the extent applicable, public meetings will comply with the open meeting requirements of the Ralph M. Brown Act. <p>3. Transform our democracy</p> <ul style="list-style-type: none"> • Empower Vallejoans with the skills and knowledge they need to shape our city's future. • Build leadership from the bottom up and forge deeper ties between residents, neighborhoods, and communities. <p>4. Open up government</p> <ul style="list-style-type: none"> • Increase transparency and accountability of local government to community stakeholders. • Improve communication and collaboration between local government and the community. • Support a framework within government for decision-making that promotes a more just and equitable city. 	<p>City and Agency Staff</p> <ul style="list-style-type: none"> • Assess feasibility and legality of project proposals • Provide cost estimates for project proposals • Offer feedback on project proposals <p>City Manager Designee</p> <p>The City Manager Designee will be the main person responsible for coordinating the PB process.</p> <ul style="list-style-type: none"> • Serve as point of contact between the City and the PB Process • Coordinate PB outreach efforts • Serve as staff liaison to the PB Steering Committee. Will enforce rules of order. • Recruit and coordinate volunteers • Create qualifications check-list based on this Rule Book • Categorize project ideas • Reserve space for assemblies and meetings • Arrange food, childcare, and interpretation for assemblies and meetings • Present information on the City's budget and past spending • Distribute promotional materials • Serve as liaison between PB participants and City • Present final voter- approved project priorities to the City Council for consideration • Present updates to the City Council
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