

Participatory Budget: A Tool for Democratizing Democracy

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Introduction

First of all, I would like to thank the Catalyst Centre and the 10x10 network for organizing this meeting. For those who are not familiar with them, the Catalyst Centre is a popular education NGO based in Toronto, and the 10x10 network is a local coalition of organizations and individuals promoting the ideas of participatory budgeting in Toronto. I also want to thank them for their hard work during the past two years to coordinate our limited local resources in order to build capacity and to generate an interest for participatory budgeting in Toronto and in other parts of Canada.

The Paradox of Democracy

I will start this talk by making a reference to what is known in academic circles as "the paradox of democracy". There is a general assumption among educational researchers and political scientists that a more educated population generates a better democracy. The theory says that increases in the level of education of the population improve the quality of our democracies. The paradox is that in the last several decades we had unprecedented increases in educational enrolments (to the extent that we have now more people with university education than ever before in the history of humanity), but the quality of our democracies is not increasing at the same rate. Some would claim that it is not increasing at all, and some may even contend that it is decreasing.

As I was saying, decades ago, the expectation of many educators and political scientists was that the impressive educational achievements of the 20th century should translate into more democratic institutions, more transparent governments, and a more active citizenry. Unfortunately, in many countries of the world, this is not the case. We are experiencing what political commentators, and also some politicians, call 'the democratic deficit'. Poll after poll, all over the world, tells us that

citizens have low confidence in politicians and in political institutions, and they believe that many politicians have lost touch with those they claim to represent. Perhaps the most clear recent indictment of the political class was the Argentinean uprisings of December 2001 in which thousands of people went to the streets chanting the slogan, "All politicians out." All this distrust in the political system results in lower and lower election turnouts. So, we are facing the paradox that with higher levels of education, instead of higher quality democracies, what we have today is a widespread cynicism about politics, and a growing lack of faith in democratic institutions. Why is this happening? What are some of the reasons for this democratic deficit?

The democratic deficit

Some observers claim that the root of this democratic deficit is apathy. This may be part of the problem, but this psychological diagnosis puts excessive blame on each of us, individual citizens, and pays little attention to broader institutional and social factors. We could discuss several of these factors, but due to time constraints let's just tackle two of them.

The first is the discontinuity of representative democracy. What becomes of citizen engagement in-between elections? Not much, because we are only called to participate in democracy every four years, when we go to the ballot box. In the interim we are asked to go home, watch the show on TV and become political couch potatoes until the next election. Elections are very important, but we know since Aristotle that a democracy based on elections is more aristocratic than democratic. We also know from reading the newspapers that politics are too important to leave solely in the hands of politicians, because in many countries the political class became only accountable to itself and to its corporate funders. This situation leads to the constant backroom deals and corruption scandals that are part and parcel of politics in most countries, and this includes both the corruption scandals that appear in the press and those that we never find out about. Another outcome of this situation is the arrogant authoritarianism of governments that do things clearly opposed by their people, like what happened recently in Spain when Aznar declared war on Iraq against the will of more than 90 percent of the population. Another typical outcome of the discontinuity of democracy and low accountability is that

politicians can easily forget their electoral promises once they are in office. Voters in every country likely have a list of unfulfilled electoral promises. Well, we don't need to go very far for examples, as the Premier of this province just announced that he will break his electoral promise and will raise healthcare premiums. To add insult to injury, the Premier was forced to break his electoral promise because the previous government misled the public about the real size of the deficit.

Although corruption scandals, arrogance, and betrayal of electoral promises are serious, they constitute just symptoms of a bigger problem, which is that the contract of representation that binds voters and elected representatives is losing legitimacy. All over the world, many citizens do not feel properly represented by professional politicians. This declining confidence is a serious matter because it means that a central piece of the democratic system, the contract of representation, has been seriously eroded. In a nutshell, we are talking about a crisis of representation. So, summarizing, the first cause of the democratic deficit is the discontinuity of representative democracy, which inhibits the democratization of democracy. This suggests that democracy should involve more than going to the ballot box every four years. It should also involve ordinary citizens on a regular basis.

The second cause of the democratic deficit is that most educational systems (from elementary schools to universities) pay little attention to the development of an active, critical and engaged citizenship. Educational institutions are increasingly expected to focus on economic competitiveness, and to produce 'specialists' who are only concerned with the affairs of their own narrow specialization. The idea that one of the functions of educational institutions is to form active citizens seems to be out of synch with the dominant human capital discourse. By and large, our schools do not promote citizenship; instead, they promote leadership and followership. Leadership for the few, cultivated in elite schools that prepare the future managers of society. Followership for the rest, who are only seen as future workers and consumers. This is not an accident. John Stuart Mill used to say that healthy democracies need active citizens, but governments prefer passive citizens. Passive citizens do not control governments, nor do they hold governments accountable for their actions. This helps to explain why educational expansion did not automatically translate in higher quality democracies. If educational institutions do not seriously

promote democratic processes and outcomes, and if citizenship education is reduced to memorizing names, dates, laws, institutional structures and governing procedures, it should not be surprising that more schooling has not resulted in more active citizens. This suggests that we need to find new ways to learn democracy and to live democratically. As John Dewey used to say, the ills of democracy can only be cured with more, not less, democracy. This leads us to the participatory budget experience.

The Participatory Budget (PB): An overview in 12 brief comments

1. The PB is one tool to address these two challenges, namely the continuity of democracy and the development of an active citizenship. Because it is an ongoing process, citizens have a regular venue to be engaged in between elections to address issues that concern them. Let's not forget that the municipal level is the closest to people's needs and wants, so if we want to revitalize civic engagement, the local level is a particularly good place to do that. Participation, however, does not occur in a vacuum. It requires enabling structures that provide appropriate and inclusive venues. One of these venues is the PB. The PB is just one tool, among many others, to promote democratic participation in the city. Like many other social tools, it is imperfect, and should not be seen as a magic wand to solve the democratic deficit problem.

2. Although the PB is imperfect and is not a panacea to solve all problems, it is a viable and vital tool to revitalize our democracies. It has a proven record of 15 years of experience and constant improvement. From its modest origins in Porto Alegre in 1989, the model has been refined, deepened and expanded to many other cities. In Brazil alone there are today 194 experiences of PB. Many Latin American cities outside of Brazil are also experimenting with PB, from Buenos Aires, Rio Cuarto and Rosario in Argentina, to Montevideo in Uruguay, to cities in countries such as Peru, Ecuador, Mexico, Colombia, and El Salvador. There are also PB experiments in Africa, Asia, Europe and, yes, Canada. In a few moments we will hear from the city of Guelph and from the Toronto Housing Community Corporation about their recent experiences with PB.

3. What is the PB? The PB is essentially an open and democratic process of participation that enables ordinary citizens to deliberate and make decisions collectively about budget allocations. This includes neighbourhood discussions and decisions about priorities regarding investments in local infrastructure like pavement, sewage, storm drains, schools, health care, child care, housing, etc. It also includes forums on city-wide issues such as transit and public transportation, health and social assistance, economic development and taxation, urban development, and education, culture and leisure. The PB has four key moments: diagnosis, deliberation, decision-making, and follow-up (control). Each one is important in itself, and is connected to the other three. Each year participants review the criteria, rules and procedures, and in light of the experience of the previous year, changes can be made -and often are made- to improve the process' quality and fairness.

4. The PB goes beyond alternative budgets, which are mainly academic exercises that do not deal with real budgets, and beyond traditional consultation mechanisms which are often characterized by token participation. The PB is a real decision-making body. It is about ordinary citizens making real decisions about real monies, which are public monies. Although in some cases the PB council can make decisions on all areas of the municipal budget, most often it only allocates resources in the areas of infrastructure and services. In Porto Alegre, this amounts to distributing approximately 15-20% of the total budget. Items related to salaries and maintenance, which make up the bulk of the budget and theoretically could be included in the deliberative process, in practice are seldom discussed.

5. In the PB, participation is governed by a combination of direct and representative democracy rules, and takes place through regularly functioning institutions whose internal rules are decided upon by the participants. There are two operational levels: the Fora of Delegates and the PB Council. There are also plenary assemblies, and a multitude of intermediate sessions. It is not direct democracy, but a combination of participatory and representative democracy. Direct democracy is not feasible in large cities, and Porto Alegre has 1.3 million people. A genuine process of direct democracy, in which everyone participates in all deliberations and decisions, is difficult to achieve even in smaller communities. Even the Western ideal of direct democracy, the Athenian Agora, was not perfect. On the one hand, it excluded women and slaves, as only citizens who owned property were allowed to participate.

On the other hand, of those who were allowed into the Agora, only a minority participated. In the Porto Alegre PB, women and men participate in roughly similar rates, with a slightly higher proportion of women.

6. The type and amount of investments are decided in annual budget cycles. Resources are allocated according to a method based on two main criteria. On the one hand, there are "substantive criteria" decided by the participants to define priorities (e.g. equity criteria, majority criteria, a combination of both, etc.). On the other hand, there are "technical criteria" of juridical, political, technical or economic viability related to laws and regulations, financial resources, technical factors, safety issues, etc.

7. In operational terms, cities are divided into regions. For instance Porto Alegre is organized in sixteen regions, Montevideo in eighteen regions, etc. Each region is also divided in smaller geographical units. These regions engage in the budget allocations of their own territory. This is known as the 'regional PB'. To make decisions on city-wide issues that go beyond a particular region, Porto Alegre has, since 1994, included a parallel PB process in five thematic areas: (1) Transportation and Circulation; (2) Education, Leisure, and Culture; (3) Health and Social Welfare; (4) Economic Development and Taxation; and (5) City Organization and Urban Development. This is known as the 'thematic PB'.

8. The PB is not exempt from problems. As true of most decision-making processes dealing with public resource allocation and involve a variety of groups, the PB is characterized by conflict, and it is open to potential misuse. The existence of conflict is a healthy sign, but to deal with conflict it is necessary to have clear and agreed upon rules for deliberation and for solving those conflicts. The PB is also open to potential misuse by governments. If authorities use this forum to manipulate the process in order to legitimize their decisions, or to ask people to decide only on where to cut public services, the PB will not address the democratic deficit problem. This situation could be worsened if the government is not prepared to follow up on people's decisions. The PB is a tool that can be used to placate or to empower communities.

9. For a successful PB program that truly deepens democratic participation, an important condition is the political will of the authorities to ensure the sustainability of the process. Authorities also need to be able to resist pressures to cancel the process in the early years, when everyone is still learning through trial and error and frustrations abound. Authorities also need to have a commitment to accept conflict, to respect democratic decisions and to resist the temptation to co-opt the process. Co-optation can be further prevented by ensuring that the PB is relatively autonomous from the state, and that government officials have voice but not vote. Likewise, a successful PB program requires democratic processes that take proactive initiatives to reduce the exclusion of those who are less likely to participate, to make special efforts to reduce internal inequalities, and to avoid the concentration of knowledge and perpetuation in power of a new bureaucracy. These initiatives range from the provision of childcare and translation when needed, to the use of plain language in the deliberations, to the rotation of delegates at the end of one or two cycles.

10. The PB is making a contribution to local governance and participatory democracy in six areas: a) equity, b) state democratization, c) solidarity and concern for the common good, d) co-governance, e) community mobilization, and f) citizenship learning. Allow me to briefly address these six contributions.

10.1. The PB helps to ensure equity in the allocation of municipal resources. PB rules specify that those who need more receive more. For instance, concerning the lack of services or infrastructure, the greater the need, the higher the grade it is assigned in the overall ranking. Because of this equity principle, the PB played a key role in improving the living conditions of many people, especially in poor neighborhoods. Unlike other experiments of participatory democracy, in Porto Alegre the majority of participants are poor. In a modest way, the PB makes a connection between political democracy and economic democracy.

10.2. The PB helps to democratize the state, making it more transparent, accountable, efficient and effective in serving local communities. The PB has become a partnership between government and civil society, a type of co-governance. It is more transparent because ordinary citizens have a clear grasp of the budget revenues and expenses, and hence there is less room for inflated budgets and other

dishonest practices. In fact, when transparency increases, corruption levels decrease drastically. It is more accountable because people are invested and empowered to follow up on the decisions made in the budget process, making sure that the quantity and quality of the infrastructure and services delivered are the ones agreed upon. Indeed, the follow up generates a new culture of accountability in government and civil society. It is more efficient and effective because decisions are not made on the basis of what authorities think is good for the people, but on the basis of the real needs and dreams of organized communities.

10.3. The PB promotes solidarity and concern for the common good. It is a public, non-state setting that provides a space of encounter for diverse populations who otherwise would be unlikely to meet. While in the beginning, the middle classes stayed away from the PB in Porto Alegre, they gradually became more involved. Middle-class participation has increased for three reasons. First, because the municipal government increased effectiveness and reduced corruption in the use of public resources, and improved the kind of services particularly cherished by the middle classes like garbage collection, public spaces, gardens and parks, and cultural activities. Second, because the public discourse around urban issues and the improvements enhanced the self-esteem of the city as a whole, a symbolic urban value. Finally, when the PB opened the thematic areas, the middle classes found a new space to discuss city-wide issues. Given that their basic neighborhood needs were already solved, their concerns were different than poorer residents. The pluralist and transclassist nature of the PB also nurtures compassion and solidarity among groups, reinforces social ties, and promotes the collective pursuit of the common good. A particularly interesting pedagogical strategy to make the shift from an exclusive focus on self-interest to a spirit of solidarity is a bus city tour that takes place at the beginning of each cycle. This trip allows participants to directly experience the situation of other neighborhoods, which in turn allows them to better understand other perspectives at the time of deliberation, and to be more compassionate at the time of decision-making. Furthermore, with the PB, participants gain a feeling of ownership for the infrastructure and programs in their own communities. In turn, this feeling of ownership nurtures self-confidence, respect for public property and a general pride and caring attitude about their neighborhoods.

10.4. The PB helps to create a collaborative model of governance in which municipal government and civil society can work together. In the traditional model of governance, which is characterized by confrontation and co-optation, citizens' roles are reduced exclusively to demand, protest and scream. Sometimes they are heard; most often they are placated through consultations, co-opted through favors and patronage, or repressed. The government role is to diagnose what is best for each community, to set priorities and to design and implement the corresponding actions and allocate the necessary resources, usually in exchange for votes. In this model, citizens complain that the government doesn't do enough for them, that public monies are wasted in inefficiencies and corruption, that their voices are not heard, that the government priorities are incomprehensible, and that all decisions are guided by electoral politics. On the other side, government officials complain that citizens demand more services and more infrastructure while at the same time demand lower taxes, which shows not only ignorance of basic budgeting principles but also irrationality. They claim that citizens don't understand that resources are limited, and that they are unable to set priorities. The PB reduces those problems, and sets the basis for a more productive relationship between the municipal government and civil society, one based on codetermination, mutual understanding, partnerships and cooperation – a framework that in Latin America is known as 'social co-responsibility'.

10.5. The PB promotes the mobilization of entire communities by engaging local groups on issues that matter to them. The PB mobilizes existing groups and individual neighbors. Early in the process individual neighbors realize that in order to enhance their participation they also need to organize in a collective, which leads to the formation of new groups. As communities are activated, the social realm is revitalized, a new generation of leaders arises, and organized groups realize their power to change social reality. This new impetus produces an expansive effect, because once communities are able to achieve something, and gain confidence in their capacity to influence decisions (political efficacy), they are eager to tackle more ambitious and complex challenges. Many neighbors have become civically active as a result of the PB, and then begin to mobilize around other issues and in other venues. The PB also enhanced the mobilizing capacity of many neighborhoods and communities.

10.6 The PB is a school of citizenship. Last, but not least, the PB is a place where citizens learn democracy by doing, where they acquire a great variety of political skills, knowledge, attitudes and values, and where they become more democratic, tolerant and caring. It is also a place where citizens increase their self-esteem and political efficacy. The PB helps to challenge the assumption that citizenship learning only takes place in schools, and that this learning stops for most people after school is finished.

As a school of citizenship, the PB contributes to the redistribution of political capital, which can be understood as the capacity to influence political decisions. The PB redistributes political capital from the haves to the have-nots, and from the elites to the poor. Internally, to ensure that this new political capital is democratically distributed and not increasingly concentrated in a few leaders (the 'incumbent effect'), PB representatives have to rotate on a regular basis, giving room for grooming new generations of community leaders. Here, I suggest, lies the greatest potential of the PB: its modest (but not insignificant) contribution to the development of new political subjects and in the nurturing of a new political culture.

The PB as a school of citizenship also helps to make the political game more democratic. This began with the demystification of the budget, which before 1989 was perceived as something obscure, highly technical in nature, which should be done only by a selected group of experts. At that time, ordinary citizens were not considered capable of understanding a budget, let alone doing one. As communities gain political efficacy, they stop seeing budgets, laws and policies as immanent goods ordered from above, and start believing in their own capacity to propose changes when they see something wrong. Likewise, because the PB as a school of citizenship makes citizens become more alert, critical and aware, and because it makes resource allocations more transparent, it helps to break with the traditional clientelistic relationship in which politicians and community leaders exchange favours for votes. It also helps to disrupt the double discourse of politicians, who become less able to say one thing and do another. The PB also promotes new values and attitudes, including the preservation of public property, and a reduction in vandalism. In sum, the PB nurtures a virtuous circle between citizenship learning and participatory democracy: the more people participate in democracy, the more competent and democratic they become, and the more competent and democratic

they become, the more equipped they are to improve the quality of the democratic process.

11. To conclude, a quick update on PB in Brazil, and then we will move to Canada. In Brazil, PB is also done in public schools. Porto Alegre has been implementing PB in secondary schools since 1997, and in 2003 Sao Paulo went one step further and introduced PB in elementary schools. It is called 'OP Criança', or 'Children's PB', and it is an important contribution because, as far as I know, nobody had tried before to include elementary school children in school budget decisions. As one Porto Alegre woman told me, 'a good thing about Brazilians is that we have the courage to try'.

12. In Canada we are also trying, In Ontario we have two concrete cases of experimentation with PB: the Toronto Community Housing Corporation, and the City of Guelph. In Toronto we also have a network of organizations and individuals called 10 x 10; the name of the group refers to its proposal that by 2010 at least 10% of the municipal budget is allocated through PB mechanisms. Given the importance that citizen participation holds for the current Mayor of Toronto, and the fact that there are more groups in civil society interested in PB, this is not a crazy idea. By the way, our 10 x 10 network is now connected with a group of academics, municipal authorities and community groups in British Columbia who are also trying to advance PB in that province, and we are working on undertaking some projects together.

In closing, I think that we have two tasks ahead of us. One is to continue learning from our sisters and brothers in the South, who have accumulated a great deal of experience in PB and have learned many lessons that they can share with us. The second is to continue experimenting with participatory democracy in Canada. We need to thank the Toronto Community Housing Corporation and the City of Guelph for having taken the initiative, because the first steps are the most difficult ones. Now, let's hear from them. Thank you very much.

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