



Saskatchewan



Notes

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## Democracy and Dollars: Citizen Participation in Determining Government Budgets

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### Traditional Approaches to Setting Government Budgets

In parliamentary democracies such as ours, it is an old tradition that the formulation of government budgets is done in secrecy. Before a budget is released, Finance Ministers and their senior officials work behind closed doors to determine taxation policies and government spending priorities.

This tradition has broken down to some extent in recent years, to be sure, with governments engaging in a certain amount of 'pre-budget consultation.' These exercises typically consult a restricted list of interest groups, more often than not representatives of the business sector. Even when input is sought more broadly, there is often cynicism that pre-budget consultation is primarily an exercise by governments to gain legitimacy for decisions that have already been made.

There are certainly good, practical reasons for specific aspects of government tax policy and spending decisions not to be announced before the introduction of public budgets into our parliaments and legislatures. But there is also a very powerful argument that the formulation of government budgets needs to have direct input from citizens, groups and communities who do not belong to the political and economic elite. In recent years, there has been

widespread and growing interest in the concept of participatory budgeting as a much more democratic approach to determining how are our elected governments spend and raise money.

### The Concept of Participatory Budgeting

The concept of Participatory Budgeting has its roots in the practice of participatory democracy, which seeks to enhance people's roles in social governance through decentralizing political authority to give ordinary citizens decision-making power (Cook & Morgan, 1971). By bringing authority closer to the people directly affected by it, ordinary citizens move beyond having influence on officials to being authoritative decision-makers. This experience is empowering and has important implications for meaningfully engaging people socially and politically (ibid).

Participatory budgeting uses this decentralized process to empower citizens to make budgetary decisions through democratic deliberation (ParticipatoryBudgeting.org, Apr 13, 2006). The demystification of the budgetary process and involvement of people affected by these decisions offers many advantages, including the creation of better decisions through deliberation, enhanced legitimacy of decisions due to inclusive involvement,

and strengthening civic virtues such as trust, tolerance, respect and listening. Participatory budgeting is more inclusive and active than consultation, which does not break down the hierarchical nature of political decision-making (Ginsborg, 2005).

Participatory budgeting involves a number of actions in a year-long process. Participatory Budgeting UK, an initiative undertaken by the Community Pride Initiative and Oxfam's UK Poverty Programme (2005a), points out the five key actions necessary in the process of participatory budgeting:

- 1) Defining the absolute dollar amount or percentage of the budget to be decided by participatory budgeting.
- 2) Creating clearly defined geographical structures to facilitate decision-making and service delivery (a local jurisdiction could be broken down as districts or neighbourhoods).
- 3) Building new deliberative structures (such as a Citizens' Budget Council, city-wide meetings and public debates) to involve local citizens, inform discussions of issues and priorities, develop action plans and monitor and evaluate activities.
- 4) Supporting community engagement through workers and network of support agencies connecting the community to the local government.
- 5) Building a structured annual cycle as a framework for participation, planning and implementation of budgetary decisions.

## Examples of Participatory Budgeting

The best-known practice of municipal participatory budgeting is evident in the Brazilian city of Porto Alegre. This city has a population of 1.3 million people, with the number of inhabitants exploding between 1960-1980, causing problems of crime, huge income disparities and unresponsive infrastructure (Baiocchi, 2005).

After the 1989 election of the progressive Worker's Party to the municipal government of the city, the *Orcamento Participativo* (OP) or Participatory Budget

was implemented. This annual process of establishing, implementing and reviewing local spending priorities has a significant portion of the yearly municipal budget devoted to it: anywhere from 9-21% (which in 2002, was \$122 million US out of a total budget of \$610 million US) (ibid). Many poorer neighbourhoods are favoured in their spending on infrastructure (street paving, lighting, sewage and water) and investments in public education, health and culture (De Sousa, 1998).

Porto Alegre's Participatory Budget process is fully supported by their municipal government and leaders. Numerous civic departments facilitate this year-long process, including the Coordination of Relations with Communities department, which links the municipal government with community leaders and associations, as well as the Planning Office, which takes citizens' demands and translates them into technically and economically viable municipal actions. Other institutions that make this process a success are community associations and the Budget Council (ibid).

The process has been honed over the past seventeen years and includes a series of venues in which people participate. The first meetings take place through community associations to engage ordinary Porto Alegrans, who then vote upon representatives to follow decisions through the territorial assemblies, local administration, Council of the Budget and Municipal Council (Ginsborg, 2005).

In the first year of the participatory budget, 1000 people were involved in the community meetings: by 2002, this number had risen to 31,300 people, with women making up 57% of the participants (ibid). The average participant is poorer and less educated than the citywide average, which signifies how important this process is to marginalized citizens. Their participation has not only given their demands greater recognition and respect but has also given them a very important space in which to participate as empowered citizens.

The benefits of the process of participatory budgeting include visibly positive changes to the city's services and infrastructure, such as the creation of permanent housing for 9000 families, treatment of 99% of the city's water, the creation and maintenance of a proper

sewage system for 86% of the city, paving 30 kms of road annually in poorer neighbourhoods, building over new 50 schools and doubling the number of students going to post-secondary schooling, as well as an increase in tax revenue by 50%, which is attributed to greater motivation to pay taxes due to transparency in municipal spending (Ginsborg, 2005).

There are also less tangible benefits to the process of participatory budgeting, as citizens become positively engaged in a process that focuses on redistribution and social justice. Participatory budgeting in Porto Alegre has garnered international attention for actively involving tens of thousands of citizens in a meaningful way: many participants have remarked how being involved in this process has improved their understanding and practice of democracy and citizenship. The process of participatory budgeting is being replicated in 300 cities in Latin America, Europe and the United Kingdom (Community Pride Initiative & Oxfam UK Poverty Programme, 2005b).

## The Challenges of Participatory Budgeting

To be sure, carrying out the participatory budgeting (PB) process in an effective and genuinely democratic way is not a simple or easy task. Proponents of this approach at the municipal level in the UK (Community Pride Initiative and Oxfam's UK Poverty Programme, 2005b) point to some challenges that must be met:

- 1) Avoiding unnecessary complexity and bureaucracy
- 2) Ensuring a strong commitment to the process from key players
- 3) Building capacity and providing training for community participants, elected representatives, and local officials
- 4) Allowing sufficient time for the PB process to develop a 'critical mass' of committed and capable participants
- 5) Avoiding unrealistic expectations that PB can solve all problems or meet all needs within the government jurisdiction in question

Experience in Porto Alegre and other cities that have pioneered the PB approach has been codified, disseminated, and critiqued between communities

and across continents. Canadian researcher Daniel Schugurensky (Gallop, 2003) argues that participatory budgeting can be a "real school of citizenship" that involves "learning how to practice democracy in between elections." He also believes that PBing requires the input of technical experts, and that it must be governed by rules that may be precise and complex, but that are also well understood and broadly accepted by participants. Schugurensky sees PBing as having the potential to "nurture a public sphere that is not necessarily an appendix of the state," and to make the state "more transparent, accountable, responsive, inclusive, open to the public equitable in the allocation of resources."

## Possible Application of Participatory Budgeting in Saskatchewan

Saskatchewan has led the way with a host of social programs over the years – in medicare, human rights legislation, and worker involvement in occupational health and safety, to name a few. Saskatchewan could be a social justice pioneer again, and undertake Participatory Budgeting in a planned and thoughtful way that would involve citizens in determining government spending priorities and taxation policies.

Here in Saskatchewan, we must broaden the range of players involved in decision-making about how government raises and spends money, and what government does to regulate labour market conditions, business practice, and impacts upon the environment. Business has been very well organized, forceful, and effective in having its voice heard. This is best seen through the success of Saskatchewan's business class pressing its case with the provincial government for business-friendly policies in recent years. For instance, the government-appointed Business Tax Review Commission of 2005 did what business groups wanted it to do. This Commission recommended business and corporate tax cuts, which were promptly implemented by the province. Last year, the provincial government also bowed to business pressure to scrap legislation that would have granted part-time workers some entitlement to extra hours of employment as they became available in their workplace.

The voices of citizens, communities, and non-profit groups also need to be heard. Participatory Budgeting, properly conceived and carefully implemented, is one important tool for broader public discussion on government fiscal and economic policy. The PB process has the potential to broaden discussions of how to foster sustainable prosperity in ways that do not sacrifice personal well-being or the public interest to the relentless maximization of profits.

In late 2005, the Citizens' Budget Commission, launched by the Saskatchewan office of the CCPA, traveled to six cities during eight days of public hearings. It listened to the voices of people across the province who spoke out about what they see as necessary investment in public goods and services. These voices from our communities were passionate and articulate, and the ideas brought forward were almost always reasonable and often very innovative. Such voices from a broad cross-section of our province could be marshaled in the first-ever Participatory Budget process in Canada, and one of the few in the world that would reach beyond the local level.

Much experience has been gained and many lessons have been learned in Latin America and Europe in regard to Participatory Budgeting. There are many people in Saskatchewan who would be eager to work with the Minister of Finance to set up such a process for Saskatchewan. Perhaps the PB process in Saskatchewan could begin with a modest proportion (say 5 – 10%) in one or more spending envelopes that directly influence the quality of life for individuals and families (for example: income assistance, community health services, or local school boards). Such pilot projects could pave the way for broader implementation of Participatory Budgeting at the provincial and municipal levels in Saskatchewan.

As a pioneer of medicare and many other programs that have made Canada a much more decent society, Saskatchewan has a proud legacy. In the March 2006 provincial budget, the government did make some significant new investments in public programs such as income security, health, and post-secondary education. When it comes to provincial budget-making, the challenge remains to link the outcome to

the process. We need to see the people of Saskatchewan not just as beneficiaries of programs, but also as decision-makers in regard to public investment. Participatory Budgeting can be a very useful approach in building a more just, economically secure, and environmentally sustainable province in which to live.

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