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# Participatory budgeting, austerity and institutions of democracy

## The case of Vallejo, California

Mark Davidson

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*Participatory budgeting operates in approximately 1500 cities across the globe. Often these projects are used in attempts to make city government more democratic. The growing popularity of participatory budgeting also reflects scholarly concerns about elite interests dominating policy-making to the extent that democratic institutions principally serve legitimization purposes. This paper examines the implementation and evolution of participatory budgeting in the City of Vallejo, California, following its 2008 chapter 9 bankruptcy. The City of Vallejo introduced participatory budgeting as part of a broader collection of reforms implemented to restructure the city budget and re-legitimate Vallejo's city government. Participatory budgeting introduced new decision-making processes to the city and directed expenditures into new programs. An evaluation of the reforms and outcomes of Vallejo's participatory budgeting reveals a picture of mixed success. Although participatory budgeting opened an important part of the city's budget to democratic deliberation, the process became aligned with entrenched institutional interests. In conclusion the paper reflects on how the institutional structures of urban politics might limit the democratic potential of participatory budgeting.*

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**Key words:** austerity, urban politics, participatory budgeting, urban governance, California

### Introduction

In Pateman's (2012) revisiting of her 1970 *Participation and Democratic Theory* she summarizes the recent trajectory of democratic thought: 'Over the past two decades we have heard an historically unprecedented volume of talk about and praise of democracy, and many governmental, non-governmental, and international organizations have been engaged in democracy promotion.' (7) Within this

(re)embrace of democracy, Pateman observes that 'we seem to be in a favorable time for participatory democracy.' (ibid.) In contrast to the prior popularity of political theorists (e.g. Dahl [1974] 2005) who followed Schumpeter's ([1950] 2008) Platonic position on minority-led democracies, democratic theorists now tend to stress the importance of widespread citizen participation throughout the political process (e.g. Fung and Wright 2001). The reasons behind this embrace of participatory

democracy are varied (Sintomer, Herzberg, and Rocke 2008). For those on the left, participation offers a route to empowerment and egalitarian social reform (Polletta 2013). On the right, participatory reforms are often seen to create more efficient government (Toubeau and Wagner 2015).

Despite the broad support for participatory democracy, recent commentaries on actually-existing democracies have tended to diagnose outright democratic decline. This critique extends beyond Dahl's ([1974] 2005) observation that city government tends to be the concern of a professional political minority, to condemnations of oligarchic failure (Fraser 2015). The implosion of financial markets in 2008 seemed to confirm a critique already circulating within critical theory debates about the end of democratic politics (Mouffe 2006; Rancière 2004). In the US, system-saving financial and economic interventions are seen by many to have imposed technocratic reforms and circumvented democratic processes (Tahoun 2017). Theorists such as Fraser (2015) have subsequently argued that post-recession governance remains overtly technocratic because the State has continued to struggle with systemic crises. An inability to resolve concurrent crises using technocratic means is, Fraser (2015) argues, related to growing doubts about the legitimacy of the State (see Habermas 1975). Necessity (e.g. economic stimulus and stabilization) is seen to justify technocratic governance, but with the implication that democratic deliberation has little role to play (see Rancière (2004) on post-politics).

This tension between technocratic governance and a (re)embrace of participatory modes of democracy is increasingly reflected in the urban politics literatures. For example, technocratic urban government is now commonly associated with policy mobility (McCann and Ward 2011). As certain urban policies become globally popular, their mutated application (Peck 2012) is often observed to be technocratic and lacking in democratic oversight. Policies are adopted

and adapted because they work within the competitive urban system, not because they reflect the wants and desires of citizens (Davidson and Iveson 2015). City governments now commonly respond to a lack of democratic engagement with limited attempts to incorporate citizens within policy-making processes (e.g. Radzik-Maruszak and Bátorová 2015). A further example is post-recession state retrenchment and its associated devolving of responsibility onto local government (Peck 2014). Such impositions are viewed as democratically constraining, reducing urban governance to an austere exercise in necessity (Hackworth 2015). Recent urban politics scholarship therefore questions what extent to which urban politics remain democratic and if participatory governance is compatible with existing governance structures.

This paper examines a recent attempt to remedy democratic deficits using citizen participation in the context of urban austerity (Peck 2014; also see Holdo (2016) on participatory governance and austerity). In 2008, the City of Vallejo, California, filed for chapter 9 bankruptcy. Dramatic declines in the City of Vallejo's housing market-related and sales tax revenues meant that in 2008 the City could not afford to pay its employees (Davidson and Kutz 2015). After the bankruptcy ended in 2011, the City of Vallejo undertook a host of reforms designed to produce a stable, structurally-sound city budget. These fiscal and budgetary reforms included the introduction of participatory budgeting (PB), making Vallejo the first to operate PB on a city-wide basis. The Vallejo case therefore represents a notable combination of post-recession technocratic governance (i.e. bankruptcy reform; see Bomey 2016; Peck 2014) and an attempt to remedy related problems using participatory reforms (Holdo 2016).

The paper proceeds with a review of the relevant PB literature and its relationship to the literature on post-recession urban politics. Following this, the paper draws on research that examined Vallejo's bankruptcy

and the city government's subsequent attempts to implement fiscal and budgetary reform. The focus of the paper is upon the institutional changes associated with the introduction of PB into the City of Vallejo. First the paper explains how PC funds were generated in Vallejo, before examining how the PB process has evolved through the first four funding cycles. The conclusion reflects on how longstanding institutional political relationships (Dahl [1974] 2005) in Vallejo impacted the evolution of the city's PB democratization experiment.

### Participatory budgeting, austerity and role of urban politics

The development of PB projects in over 1500 cities across the globe (Baiocchi and Ganuza 2014) has inevitably generated a variety of contextually-influenced PB processes. This geographical variance has led some to question to the extent to which PB now represents a coherent political reform (Baiocchi and Ganuza 2014; Bassoli 2012; Wampler 2010). It is therefore worth returning to the basic premises of PB. Wampler (2000) described PB programs in the following way (also see Bassoli 2012; Sintomer, Herzberg, and Rocke 2008):

'Participatory Budgeting (PB) programs are innovative policymaking processes. Citizens are directly involved in making policy decisions. Forums are held throughout the year so that citizens have the opportunity to allocate resources, prioritize broad social policies, and monitor public spending. These programs are designed incorporate citizens into the policymaking process, spur administrative reform, and distribute public resources to low-income neighborhoods. Social and political exclusion is challenged as low income and traditionally excluded political actors are given the opportunity to make policy decisions. Governments and citizens initiate these programs to (i) promote public learning and active citizenship, (ii) achieve social justice through improved policies and resources

allocation, and (iii) reform the administrative apparatus.' (2)

The first part of this description helps explain why PB has become a critical tool for participatory democracy advocates (Bherer, Dufour, and Montambeault 2017). The 'participatory turn' (Pateman 2012) within democratic theory can be understood as a collection of critical reactions to liberal and representative democracies (ibid.; also see Mouffe 2006). Advocates of the participatory turn have been critical of the ways in which democracy processes have been controlled by political and economic elites who tend to operate without broad citizen involvement and/or oversight (Abensour 2011). Increasing participation consequently serves to return and/or bring the influence of citizens into political and bureaucratic processes (Fung and Wright 2001). PB is therefore one reform among others, including citizen councils, public consultations, neighborhood councils and participatory planning (Bherer, Dufour, and Montambeault 2017, 225), that seek to make government more participatory through the engagement and empowerment of citizens.

The meaningful participation of citizens within the democratic process is thought, by some, to prospectively bring with it emancipatory transformation: 'the idea was indeed that participation could transform the inegalitarian relationships between the state and society and that it could help to emancipate and empower citizens in every sphere of their daily lives' (Bherer, Dufour, and Montambeault 2017, 226). In the second part of Wampler's description, this connection between PB and social reform is explicit. PB is described as a social justice tool, with increased citizen participation spurring redistribution and reducing levels of social exclusion. Although some (Baiocchi and Ganuza 2014; Holdo 2016) now question the extent to which PB brings with it progressive redistributive social reforms, this connection remains central for many proponents of PB.

This perceived connection between citizen participation and egalitarian politics is demonstrated by the Real Utopias project. The Real Utopias project, much of it coordinated around the thought of E.O. Wright (2010), has attempted to bridge the gap between radical political theory and practice. Writing about the failures of actually-existing democratic institutions, Fung and Wright (2001) have argued that participatory modes of democracy provide the mechanisms through which to achieve meaningful political change: ‘As the tasks of the state have become more complex and the size of polities larger and more heterogeneous, the institutional forms of liberal democracy developed in the nineteenth century—representative democracy plus technobureaucratic administration—seem increasingly ill suited to the novel problems we face in the twenty-first century’ (5). In response to the failures of actually-existing democratic institutions, Fung and Wright (2001) envisage the Real Utopias project helping to bring about a reactivated and reengaged citizenry, a citizenry who are at the heart of policy-making and implementation, and whose deliberative governance itself generates more egalitarian social structures.

PB has become a best practice example for the institutional reforms promoted by this project (Wright 2017). The popularity of PB within participatory democracy movements is often linked to the successes of PB in the groundbreaking Porto Alegre PB project (Baiocchi 2001). Instigated by a coalition of social activists and the Workers’ Party (*Partido de Trabalhadores*) in 1989, and fully active between 1991 and 2004, PB in Porto Alegre is widely acknowledged to be the most successful and influential PB project. PB helped to transform a bankrupt and inefficient city government into a governance model now disseminated around the world (Baiocchi and Ganuza 2014). The success of PB in Porto Alegre was demonstrated by the widespread participation of residents in government from across different social divides, city-wide policymaking via

neighborhood councils, and improved government efficiency (Wampler 2010). The meaningful involvement of citizens in Porto Alegre’s policy-making and governance processes is commonly associated with redistributive budgeting and social welfare budget priorities (Abers 1998).

Porto Alegre’s PB project offers an example of how progressive political goals can be achieved through local institutional reforms. However, Porto Alegre’s PB program has not produced a set of policy prescriptions that can be simply transferred from one place to the next. Porto Alegre’s PB project has its origins within the city’s own history and context. As de Sousa Santos (1998) argued with respect to the overall objective of the Workers’ Party’s participatory initiative:

‘The participatory budget promoted by the Prefeitura de Porto Alegre is a form of public government that tries to break away from the authoritarian and patrimonialist tradition of public policies, resorting to the direct participation of the population in the different phases of budget preparation and implementation, with special concern for the definition of priorities for the distribution of investment resources’ (467)

It was within Brazil’s broader attempt to re-install democratic institutions that Porto Alegre’s PB project came into being. Although the PB reforms of the Workers’ Party had progressive intentions, PB reforms were also reacting to Brazil’s recent political history and the need to create a legitimately democratic government (see Abers 2000). Porto Alegre’s PB program therefore opened-up policymaking and budgeting, increased government oversight, made more transparent government spending and reduced corruption (see Abers 1998; Baiocchi and Ganuza 2014) in response to its recent history. Although reform advocates such as the Real Utopias Project have emphasized the redistributive outcomes of the Porto Alegre experience, the project’s governmental reforms have also made PB attractive to

those on the political right. PB advocates now include organizations such as the World Bank, with PB seen as a mechanism with which governments can be made more accountable, transparent and less corrupt (Shah 2007).

This distinguishing between PB as having progressive and efficiency elements is reflected in Baiocchi and Ganuza's (2014) recent division of PB into communicative and empowerment dimensions (also see Sintomer, Herzberg, and Rocke 2008). They claim:

'As it [PB] traveled internationally, it became completely dissociated from progressive parties altogether. By the time it arrived in the United States, some of its implementers still invoked social justice, but it was delinked from progressive institutional projects and instead became part of the loose toolkit of ideas for innovative good governance, part of the 'fast policy transfer' that Jamie Peck has described as characteristic of our era.' (31)

Baiocchi and Ganuza's (2014) argue that as PB became a mobile policy (see McCann and Ward 2011), the linkage between participation and redistribution decoupled. In most cases of PB, they now see city governments emphasizing the communicative component; open-meetings, regular citizen consultation and communication. The empowerment of citizens within the budget process—something that was critical to the redistributive outcomes of Porto Alegre's PB program (Abers 1998)—has often not accompanied PB on its travels (Holdo 2016). This splintering of PB, they argue, was critical to making it compatible with neoliberal governance: 'As part of a new rationality of government that calls forward an entrepreneurial citizen, participation emphasizes some of the most important characteristics of that citizen: self-regulation, responsibility for one's own problems, and a nonconflictive partnerships with the state.' (ibid., 40). Whereas Porto Alegre's PB represented a model of urban government that stood in contrast to neoliberal urban governance (see Brenner and

Theodore 2003), Baiocchi and Ganuza (2014) now caution against the association of PB with particular political positions and social outcomes.

Detached from the Porto Alegre context, PB can therefore be viewed as a set of institutional reforms (Goldfrank 2007) that most consistently attempt to make government more accountable and transparent for constituents (Sintomer, Herzberg, and Rocke 2008). Writing from this perspective, Baiocchi and Ganuza (2014, 29) identify three features of PB reform that remain central across most cases: open meetings, yearly funding cycles, and a combination of deliberation and representation. This combination unites a host of PB initiatives that otherwise contrast in political intent and outcomes (also see Bassoli 2012). Consequently, there is a growing need to examine PB initiatives within the contexts they emerge and identify how certain contexts produce different types of PB projects (Rast 2012).

In the US, there are a growing number of cities developing PB projects. This is a recent innovation in US urban governance, with the first PB project beginning in Chicago in 2009. There are now approximately 250 PB projects across the US. Many of these projects have been advised by the US-based non-for-profit consultancy, the Participatory Budgeting Project. Founded in 2009 by Josh Lerner and Gianpaolo Baiocchi, the Participatory Budgeting Project draws on the PB model developed in Porto Alegre and advises various governmental organizations on how to organize budgeting on a participatory basis. The most notable examples of PB in the US are found in Chicago, New York City and Vallejo, California. In Chicago, PB has been used at the ward level to create good governance and legitimacy (Hatcher 2016). Chicago's 49th Ward now has the longest running PB project in the US, allocating at least \$1 m of capital funding each year since 2009. Amid the Great Recession, and with declining political support, Alderman Joe Moore introduced PB to the 49th Ward to re-engage the local community and

rebuild his electoral support (Pin 2017). In collaboration with the Participatory Budgeting Project, Alderman Moore installed a yearly process of allocating infrastructure investments via participatory methods. Since 2009, six other Chicago wards have introduced PB programs, with over \$6 m being allocated via PB each year. In 2011, four New York City Council Members followed Chicago's lead and introduced PB into their districts. In 2017, New York City's PB project had extended to 27 districts, with over \$30 m of capital spending being distributed using PB. In New York City PB is explicitly premised on increasing (i) inclusion, (ii) equality and (iii) empowerment. New York City Council explains its PB process in the following way:

'Participatory Budgeting is a democratic process in which community members directly decide how to spend part of a public budget. It's grassroots democracy at its best. It helps make budget decisions clear and accessible. It gives real power to people who have never before been involved in the political process. And it results in better budget decisions—because who better knows the needs of our community than the people who live there?' (<https://council.nyc.gov/pb/>)

This description encapsulates the idea that more participation from citizens leads to better government, while the project's goals are explicitly progressive.

In an era where trust in the Federal government is at historic lows,<sup>1</sup> it is perhaps unsurprising that local politicians are responding using reforms such as PB to (re)build relationships with constituents. However, we know little about how PB is variously implemented within the U.S.'s distinctive system of urban governance. For example, it is unclear if more participatory democracy practices are instituting changes within established urban political communities (see Dahl [1974] 2005; Bassoli 2012) or creating new challenges to growth-oriented policies (Logan and Molotch 1987). In one of the few studies of Chicago's PB program, Pin

(2017) has used Baiocchi and Ganuza (2014) distinction between the communicative and empowerment dimensions of PB to evaluate the 49th Ward's experiment. Pin's (2017) concluding comments about the 49th Ward reconfirm Baiocchi and Ganuza's (2014) claim about empowerment being absent from many PB programs: 'the municipal budgeting process, where many crucial decisions are made regarding social programming, continues to be elite driven and insulated from resident influence' (Pin 2017, 135). Although PB may be introducing more participatory modes of government across the US, Pin's (2017) reiteration of existing criticisms suggest that the decision-making structures of the urban political orthodoxy (Brenner and Theodore 2003) remain largely unchallenged.

This paper examines the installation and evolution of PB in the only case of city-wide PB in the U.S., the City of Vallejo, California. The paper conceptualizes PB as a challenge to existing political norms and an alternative conception of democratic practice (see Dahl [1974] 2005, 319–320). Consequently, understanding PB reform needs to involve an examination of how existing institutional interests respond and/or adapt to PB practices. Within this framing, the paper makes two contributions. First, it builds on the small number of studies of PB projects in the U.S. (see Baiocchi and Lerner 2007; Pin 2017) by describing how PB emerged in Vallejo from a context of national-wide fiscal crisis and austerity (see Peck 2014). Second, the paper examines how PB developed and evolved as part of Vallejo's post-bankruptcy fiscal reforms. PB emerged in Vallejo as a pragmatic response to severe political and fiscal problems and lacked explicit redistributive intent. However, the project did create progressive opportunities for Vallejo's citizens by them being able to debate and allocate significant amounts of discretionary taxation revenue. Through an examination of how (i) PB introduced institutional change, (ii) evolved through its first four funding cycles, and (iii) experienced

shifting patterns of project funding, the paper explains how PB has not been able to insulate itself from the city's longstanding institutional politics.

### Case study and research methods

The City of Vallejo, California, is located on the northern edge of San Francisco Bay and at the southern end of Napa Valley. It has an ethnically and racially diverse population of 120,000 residents. For much of the twentieth century the city's economy was dominated by its largest employer, the US Navy. The Mare Island Navy Shipyard covered over 5000 acres of Vallejo's Mare Island peninsula when it was decommissioned in 1996. The closure of the shipyard transitioned the city's economy and began a period of prolonged economic struggles. Vallejo has therefore experienced economic renewal challenges like those in deindustrialized cities across the United States (Wilson and Wouters 2003). The city's major employers are now state and local government, health care services and a Six Flags amusement park.

Since the drawdown of the Navy's presence in the early 1990s, the City of Vallejo has experienced structural fiscal problems. However, throughout the 1990s and early 2000s, the City managed to balance its General Fund budget. Although the City continued to experience significant growth in employment and related benefit expenses, a healthy housing market helped to grow the City's revenues. When the 2007–08 Great Recession hit, this arrangement collapsed. Despite significant staffing and service cuts, in 2008 the City's General Fund could not afford to pay its employees. Negotiations between the City and its four public employee unions failed to produce an agreement that would balance the budget. Consequently, on May 6th 2008 the City Council voted to file for chapter 9 bankruptcy. The City of Vallejo's chapter 9 filing was the first to claim bankruptcy protections due to an inability to fulfill

obligations made in collective bargaining agreements. Bankruptcy proceedings continued until late 2011, when a Federal judge approved a Plan of Readjustment. The readjustment plan capped retiree healthcare costs and reduced some of the City's long-term employment obligations. Vallejo's bankruptcy restructuring avoided the politically difficult choice of radically reforming salary, pension and bond obligations. However, the City's limited budgetary restructuring in bankruptcy court left some predicting a second bankruptcy for Vallejo (Hicken 2014).

Dramatic fiscal decline, an unprecedented bankruptcy, and post-bankruptcy budgetary struggles have done little to inspire confidence in the city's government. When the city emerged from bankruptcy, changes within the city bureaucracy and City Council brought with them new fiscal strategies and a desire on the City Council to restore trust. It was from this context that the city's PB program emerged. The paper draws upon research undertaken between 2010 and 2017 that followed Vallejo's bankruptcy and related restructuring. The research involved the collection and analysis of city budget documents, bankruptcy filings, and secondary literature appertaining to the City's bankruptcy. Three field visits to Vallejo (2011, 2013 and 2017) were also undertaken to interview 35 key-informants (e.g. City Councilors, administrators, civic society actors, community organizers) and 11 politically-engaged residents on issues relating to the City's bankruptcy and restructuring. Interviews were semi-structured and lasted between 45 and 90 minutes. Most interviews were conducted in person, although eight telephone/Skype interviews were used where interviewees could not be visited in person.

### Introducing participatory budgeting to Vallejo: revenues and institutional reform

Vallejo's PB program emerged from within the broader attempt to restructure the city



budget and restore services after the 2008 bankruptcy. Bankruptcy restructuring had stabilized the City's financial situation but not created the revenues necessary to rebuild city services (City of Vallejo 2013). The need to generate new revenues is a difficult problem in California's restrictive taxation environment. Article XIII C of the California Constitution, commonly known as Proposition 218, requires that a city gain a two-third majority voter approval for any new local tax. This requirement of a two-third majority vote has ensured that local taxation rates have grown slowly in California. When Vallejo's City Council was looking to generate new revenues in 2011, it eventually opted to pursue a 1% increase in the City's sales tax rate. This extension of an already-existing sales tax would only require approval by a simple majority of voters.

In November 2011, 50.43% (9,295) of Vallejo voters approved a 1% sales tax increase on the purchase of goods and services for ten years. This moved the effective sales tax in Vallejo from 7.375% to 8.375%, now the highest sales tax rate in Solano County. The City estimated that the tax increase would raise an addition \$9.8 m in revenue during the first year. In 2010–11, the City's General Fund revenues totaled just over \$65 m. With \$48 m of this total being allocated to police and fire salaries and benefits, the addition of \$9.8 m in new sales tax revenue represented a significant increase in discretionary revenue. In the context of the City's recent fiscal problems, the generation of this new revenue also created the problem of how to best distribute the funds. Part of the solution to this problem was to be PB.

City elections in 2011 resulted in a change in the composition of the City Council. The seven-member City Council now found itself with a new majority, composed of four members who variously agreed that reform of the City's budgetary process was required. Out of the new majority, one City Councilmember, Marti Brown, would become an advocate of PB as part of her

effort to ensure Measure B funds were used for the city's betterment. Vallejo's PB project, unlike many others (Holdo 2016), did not therefore emerge from a grassroots social movement. As a City Councilor, Brown was particularly concerned that Measure B revenues might not be used to improve the city's budget and infrastructure. Her fear was that the same institutional context that pushed Vallejo into bankruptcy would lead to an appropriation of new revenues without budgetary reform:

'When the 1% sales tax passes, you have a flood of money into the city. I knew there would be instant pressure to hire more police ... Some wanted to whisk it [Measure B revenue] away for policing. But we had ripped away so many services. I wanted to give something back. For that we need more people participating, a common and collective voice. People were leaving, so we need to give something back' (Interview 3A 2017)

When Measure B passed, Brown was already engaged with PB. Before running for City Council in 2009, she had independently conducted research on city budgeting and in the process discovered PB (Interview, 2017). After reaching out to Josh Lerner at the Participatory Budgeting Project, and visiting Joe Moore in Chicago's 49th Ward, Brown was convinced that 'participatory budgeting would not solve all the [city's] problems, but that it would generate transparency and public engagement' (Interview 3A 2017). Before the new City Council was sworn in, Brown had agreed with the new majority that PB should be instituted to distribute some of the new Measure B revenues. Initially Brown proposed that 50% of Measure B revenues would be allocated using PB. At the request of the newly-appointed City Manager, this number was reduced to 30% (Interview 3B 2017). Based on the City's estimates, this would create \$3.2 m of PB funding and around \$300,000 to staff the PB project.

With PB installed by the City Council, the City hired the Participatory Budgeting

Project (PBP) to help operate the first cycle of funding. Two PBP staff members worked within the city to create the community-based budgeting process needed to spend the \$3.2 m of allocated funds. One member of the PBP staff described the rationale of the Vallejo PB project in the following way:

‘The rationale was about bring legitimacy back to the city. Showing the City had an ability to govern [after the bankruptcy]. In order to bring it back, they had to give more power to citizens. They also had to figure out how to go about decision-making . . . We had to establish what the limitations on the money would be, establish guidelines.’ (Interview 9C 2017)

With the help of PBP staff, the City created a rulebook for the PB project and agreed upon a funding cycle structure. Both borrowed heavily from the Porto Alegre model, although the final PB rulebook and funding

structure have been influenced by the demands of the City Council and the evolution of PB in Vallejo.

Vallejo’s PB rulebook establishes project eligibility, timelines, participation rules, and PB roles and responsibilities. The rulebook originally set out three PB goals, and later expanded this to four (see [Figure 1](#)). It was only with the addition of the fourth goal for the third funding cycle that Vallejo recognized PB has having a redistributive function. The emphasis of most of the PB project has been upon problem-solving, civic engagement and the generation of political participation. Interviewees of all types repeatedly commented that these priorities reflect the ways in which Vallejo’s bankruptcy impacted governmental priorities at the time of PB initiation (Interviews 2B 2013, 7A 2017). In particular, the maintenance and improvement of basic infrastructure, particularly roads, had become a significant issue after years of disinvestment.

- 
1. Improve our city
    - 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.
  2. Engage our community
    - 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.
  3. Transform our democracy
    - 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.
  4. Open up government [Added in 2015, Cycle 3]
    - 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.

**Figure 1** The four main goals of Vallejo’s PB project (Source: City of Vallejo 2012, 2015).

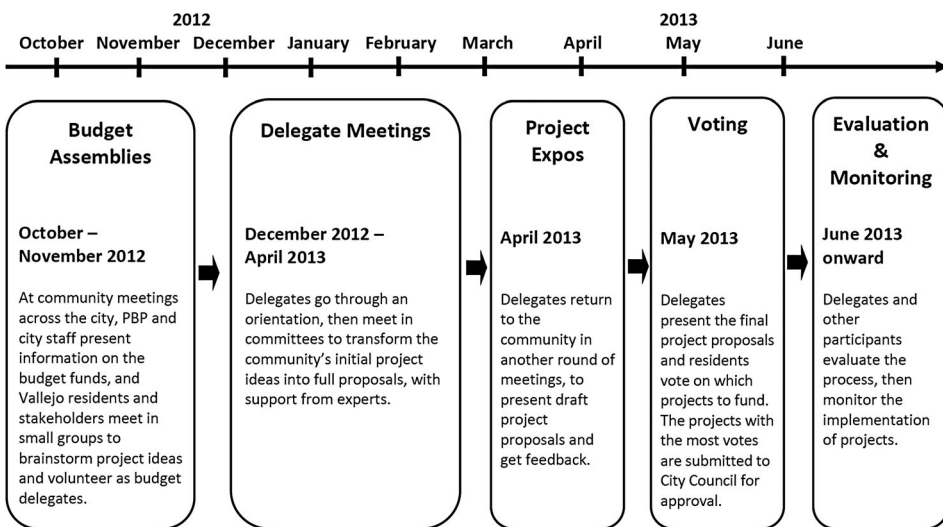
The rulebook requires that PB projects must be of public benefit and one-time expenditures. The Vallejo PB timeline (see Figure 2) reflects the general approach to yearly funding cycles developed by PBP (Interview 9C 2017). First, budget assemblies serve to communicate with participants and generate project ideas. Then delegate meetings use PB volunteers to develop project ideas into full proposals that can be displayed and voted on in city-wide ballots. The City of Vallejo’s PB Rulebook limits voting on project proposals to Vallejo residents who are at least 16 years old, although participation in budget assemblies is extended to stakeholders (e.g. non-residents who work in Vallejo) and 14–15 year old youth. The rulebook notably instituted two key governance mechanisms into the PB process. First, the rulebook gave the City Council final approval on all projects selected by public voting. Second, the rulebook established a 20-member Steering Committee. The Steering Committee is composed of representatives from civic, business, cultural, education and community organizations in Vallejo and Solano County. The Steering Committee is responsible for designing and revising the PB rulebook and overseeing the

operation of PB in Vallejo. The City Council and City Council-appointed Steering Committee therefore serve as authoritative PB actors charged with oversight and direction responsibilities.

**The participatory budgeting in Vallejo**

(a) *Participation:* Figure 3 shows participation data for the first four cycles of PB funding in Vallejo. General involvement in the PB project is indicated by how many people participated in Budget Assemblies, how many people volunteered to coordinate meetings as Budget Delegates, and overall levels of PB voting. Since 2012–13, participation in Budget Assemblies has fluctuated.<sup>2</sup> In 2015, 449 people met to brainstorm project ideas and listen to PB staff reports. This represents a city-wide participation rate of less than 0.5%. A member of the City of Vallejo’s PB staff commented on this participation rate:

‘If you walk out onto the street and ask someone about PB, they are not going to know anything about it . . . For the public at large, they just want the streets to be fixed and



**Figure 2** Timeline for the first PB funding cycle, 2012–13 (Source: City of Vallejo 2012).

	2012-13	2013-14	2015	2016-2017
Participated in Budget Assemblies	518	581	449	N/A
Project Ideas Generated at Assemblies	829	645	562	856
Volunteer Budget Delegates	115	111	74	48
Project Proposals Submitted for Vetting	60	42	25	19
Residents of Vallejo Voted	3917	3750	3098	4216
Project Funded by City Council	12	8	5	4
Amount Allocated to Fund Projects	\$ 3,280,000	\$ 2,440,000	\$ 1,000,000	\$ 1,070,000
Amount Spent on Funded Projects	\$ 2,273,224	\$ 1,416,873	\$ 2,159,775	\$ 1,095,000
Administrative Costs	\$ 200,000	\$ 272,033	\$ 425,596	\$ 420,929

**Figure 3** Indicators of PB participation and spending in the City of Vallejo, 2012–17. (Source: Participatory Budgeting in Vallejo Summaries, Cycles 1–4. Available at: <http://www.ci.vallejo.ca.us>).

more cops. Some would certainly see PB as an expense, and an expensive way of doing things like that [fixing roads]. We need to explain the projects better.’ (Interview 9D 2017)

For staff, the installation of PB within the city’s different communities was still an ongoing effort. That stated, staff did acknowledge that PB had enlarged the base of politically active residents, moving it away from what they described as ‘the usual suspects who turn up to most events, the professional residents’ (Interview 9D 2017). On the other hand, Vallejo’s PB project has seen a decline in people volunteering to be budget delegates. One interviewee acknowledged that the time commitment required for budget delegation was ‘probably not worth it since PB has not really delivered huge innovations’ (Interview 9C 2017).

Critical commentaries about what PB was delivering were often made with reference to the ideas and projects that are being generated by the process. In 2012–13, PB generated 60 potential projects for vetting by City staff. By 2016–17, this number has shrunk to 19. Two explanations were offered for this decline. The first was mentioned by two different organizers of the PB project. They both claimed that the PB project has become more constrained by legal necessity. For example, one interviewee who was involved in organizing the 2012–13 PB cycle explained:

‘In the first year we had a lot of ideas proposed and some were pretty interesting. One resident had proposed some kind of community investment bank, something that could support small business projects in Vallejo. A lot of people liked the idea but we ran into some legal problems. The City could not finance private activities . . . So I think part of the declining participation probably relates to the fact that residents realize the projects are pretty limited in scope.’ (Interview 5A 2017)

The second explanation was offered by residents, who claimed that the funding priorities of most voters had been made clear and would remain largely the same: ‘It is obvious at this point where the money we have needs to be spent, which is basically on roads. I mean, they are crumbling, and everyone is dealing with that’ (Interview 11A 2017). This concern about the state of the city’s roads and the need to direct spending towards infrastructure repair and maintenance was repeated by residents, elected officials and bureaucrats throughout the research.

(b) *Funding*: Figure 3 shows that total amounts of PB funds declined by over \$2 m between 2012–13 and 2016–17. This fall of PB expenditures is less accentuated when actual expenditure is accounted for (see Figure 3). The discrepancies between amounts allocated and funds used relates to the inability of some projects to start and

underspending in others. For example, a 2013–14 homelessness project was never active and therefore unable to use its allocated funds (Interview, 2017). Due to this occasional inability of a project to utilize PB funds, the City has transferred \$2.45 m (2013–14) and \$2.44 m (2014–15) of PB project funding back into General Fund budget reserves. This has contributed to administrative costs becoming a larger share of PB expenditures. In 2017, the City of Vallejo employed three administrative staff to operate the \$1 m PB program at an annual cost of \$420,929.

Since Vallejo's PB project emerged as an attempt to ensure new tax revenue (Measure B) would be distributed democratically, it is illustrative to place the PB funding trajectory in the context of overall Measure B revenues. In 2012–13, Measure B exceeded projections and raised \$11.7 m in additional revenue for the City. By 2016–17, Measure B was projected to raise \$14.3 m in extra revenue. As a proportion of Measure B revenues, Vallejo's PB project has therefore declined from a 28% to 7% share. This reflects a broader reorientation of Measure B spending. At inception, Measure B was voted on as a ten-year sales tax increase that would be used to rectify under-investment in services and infrastructure. PB fit into this program as a democratic process that could identify need and develop remedial projects. By 2016–17, Measure B revenues have become mainly orientated towards personnel costs, with \$10.5 m of Measure B revenues being allocated to city payroll. These personnel costs are associated with new positions in the police and fire departments, although PB staffing is also provided by Measure B revenue. The largest declines in Measure B budget items have been in 'Public Safety Preservation/Enhancement' (e.g. emergency call center improvement) and 'Infrastructure Enhancement' (e.g. street maintenance). With an increasing amount of city personnel employed on Measure B revenues with a 10-year sunset provision, in 2017, on the recommendation

of city staff, the City Council voted to make Measure B an indefinite tax. This has folded Measure B revenues into general budgeting and made all staff hired on a temporary basis—including PB administrators—permanent City employees. Given the city had already hired police and fire personnel on permanent contracts, converting Measure B into a permanent tax increase saved the City a future budget crisis.

It is therefore despite a healthy growth in Measure B revenues that Vallejo's PB project has seen funding decline. The City now commits \$1 m per year to PB, down from the previous 30% of Measure B revenues (\$4.29 m in 2016–17). For those in the city government, this decline is concerned with the higher priority of other expenditures, particularly increasing the number of police officers (Interviews 3B, 9C 2017). For some residents, the decline in PB funding and reallocation of Measure B funds to police and fire personnel is an inevitable outcome of the city's politics:

'You knew it was going to happen that way. Nothing has changed since the bankruptcy, in fact it is even worse. All those monies [Measure B revenues] have been seized by the police and fire unions . . . PB was a nice idea, but until we fix the political problem this situation will not change and we continue to head to another bankruptcy' (Interview 11B 2017)

For this resident/activist, the shrinkage in PB funding reflected the broader political dynamics in the City. In this case, the interviewee was arguing that the City of Vallejo's 2008 bankruptcy was due to the City not being able to afford the collective bargaining agreements it had made with labor unions. The proportion of General Fund revenues being expended on labor costs and pensions had been highlighted in 1993 by a citizen committee created by the City to examine fiscal and budgetary issues (City of Vallejo 1993). Subsequently this issue has defined much of the city's budgetary politics, as one City Councilor commented:

‘The short story about Vallejo is the relationship between the unions and the City Council. They have always been bound up ... It has always been that way. It is not always about disagreements, more that the City Council, for one reason or another, tends to be directed by the police and fire guys. Having more police is always popular politically and the police help with raising money for campaigns. It is a powerful combination ... It is no surprise then that Measure B and participatory [budgeting] projects would get dragged into it.’ (Interview 4A 2017)

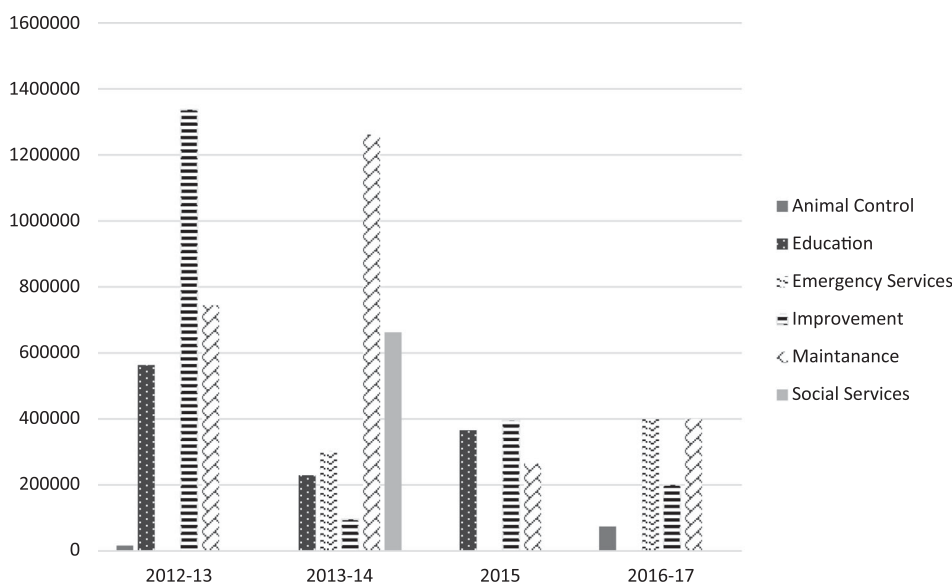
As Measure B revenues have become progressively allocated to police and fire personnel, some City Councilors and residents therefore see history repeating itself. The impact on PB is acknowledged by city administrators as a lowering of the project’s funding priority.

(c) *Spending*: Since 2012–13, each year a smaller number of PB projects have been funded (see Figure 4). There has also been a shift in the types of projects funded. Figure 4 shows the types of projects that have been funded over the first four cycles. The City

of Vallejo has classified projects into either ‘People’ or ‘Infrastructure’ projects. These categories have been further broken down here according to the content of project descriptions. ‘Infrastructure’ is sub-divided into ‘Improvement’ and ‘Maintenance’ projects. ‘People’ projects are sub-divided into ‘Animal Control’, ‘Education’, ‘Emergency Services’ and ‘Social Services’. Figure 4 shows a general decline in PB funding and a shifting allocation of funding. Maintenance and infrastructure projects have been consistently funded. The most popular project throughout the first four cycles has been street and pothole repair. Education projects, such as college scholarship schemes, and social services were not funded in Cycle 4. Two interconnected explanations were offered for this shift.

The first explanation was offered by a PB administrator:

‘We have certainly seen projects that favor a particular place or group of people declining in popularity. It is now really hard for those projects to get funding. The projects that get funded are general city-wide projects ... That



**Figure 4** Types of projects funded over four participatory budgeting cycles (Source: City of Vallejo’s Participatory Budgeting Annual Reports, 2012–13 thru 2016–17).

is why the street projects receive the most votes. The roads impact almost everyone . . . Some projects have just become hard to work within the yearly timetable. The homelessness project was like that. Even with an [funding] extension it never got going. That makes it hard to pursue through the funding cycle and hard to promote to residents.’ (Interview 5A 2017)

Shifts in project funding can therefore be understood as reflections of public preferences in the context of shrinking funding and emerging understandings of project viability. In Cycle 4, the four projects that received funding could all be described as general city services. The projects were ‘Street and Pothole Repair’, ‘911 Emergency Call Center Equipment’, ‘Local Parks Improvement’ and ‘Fixing Pets and Feral Cats for Better Health’. The other related explanation concerns changes made to the PB rulebook for the 2015 third cycle of funding. This rule change altered the classification of projects and eligibility criteria. The City now stipulates two types of projects: Services and Durables. Services are eligible for \$150,000 of funding (\$20,000 minimum/\$50,000 maximum) and need to benefit low-to-moderate income residents. Durables (i.e. infrastructure) are eligible for \$850,000 of funding (\$30,000 minimum/\$400,000 maximum) and should benefit all Vallejoans. This change has had the effect of creating two PB processes, one deciding redistributive PB funding for services and the other for infrastructure priorities. The introduction of a redistribution requirement for the third funding cycle came at the recommendation of city staff (Interview 9C 2017). It also meant that social service projects with costs over \$50,000 are no longer eligible for PB funding. In the context of city-wide projects receiving the most votes in PB ballots, these funding limitations on service projects restrict their ability to be city-wide and therefore popular with voters (Interview 2B 2017). The directing of PB funding into general city services (i.e. durables) has attracted criticism from residents for being ‘things the city

should be doing anyway’ (Interview 11A 2017). One resident described this at length:

‘It is hard to really engage with the [PB] process since most of the things you are asked to vote on are basic city services. Look, I don’t really think that we should be voting to repair our roads. That stuff should just get done since it is a basic service. You can say the same about the neutering programs. That is a basic service . . . Where PB would be effective is monies beyond the basic stuff, which, of course, we don’t have. But no, I don’t think that PB is working as it should. Frankly, it is a very expensive way of running city services’ (Interview 11A 2017)

Such criticisms were linked by politically-active residents and administrators to the broader changes to Measure B spending and the associated directing of new tax revenues to police and fire services. One resident/activist explained:

‘As much as it would be nice for participatory budgeting to be another story, it is not. It is the same story it has been for decades. Unless the City can find a way to reform its pension and [collective] bargaining agreements, there is no way out . . . The participatory stuff has been taken over by the demands of police and fire, just like the [Measure B] sales tax. I saw they [police department] had a call room funded [via PB], which says it all’ (Interview 8A 2017)

Administrators of the PB project agreed that the original ringfencing intentions of PB were disappearing as the City Council redefined its priorities (Interview 9C 2017). They identified the changing level of PB funding and rulebook revisions as the key examples how PB was evolving to reflect the City Council’s changing priorities.

## Conclusion

‘. . . to gain legitimacy for their actions leaders frequently surround their covert behavior with democratic rituals’ (Dahl [1974] 2005, 89)

As an act of democratizing reform, Vallejo's PB project has struggled to change the city's institutional politics. This outcome reflects Baiocchi and Ganuza's (2014) critique that city governments often prefer the communicative element of PB over the more difficult empowerment dimension. It also confirms Holdo's (2016) realist perspective that PB projects will always tend to be coopted by government actors. Vallejo's PB project is a product of, and has evolved within, its context (see Rast 2012). This conclusion reflects Dahl's ([1974] 2005) *realpolitik* view that in pluralistic democracies, members of the political stratum tend to resist alternative conceptions of democratic practice. In his study of New Haven's political evolution, Dahl observed that alternative interpretations of democratic practice often become the source of political conflict. In these situations, existing political elites tend to mobilize to avoid any restructuring of power relations:

'The professionals, of course, have access to extensive political resources which they employ at a high rate with superior efficiency. Consequently, a challenge to the existing norms is bound to be costly to the challenger, for legitimist professionals can quickly shift their skills and resources into the urgent task of doing in the dissenter' (320)

Vallejo's urban politics have been long been bound up with the relationship between the City and public labor unions (see Rast (2006) on regimeless cities). As one City Councilor described, 'getting onto the City Council either means getting their [police and fire unions] support or getting elected despite not having their support' (Interview, 2017). In the two decades leading up to the 2008 bankruptcy, the city had failed to rework this relationship to produce a viable fiscal future (City of Vallejo 1993). After the 2008 bankruptcy, changes within the City Council meant that PB could emerge as a response to this situation.

PB was viewed by the new City Council majority as a tool that could provide citizens

with control over new taxation revenues and direct any new tax dollars away from public sector pay. In the first cycle of funding, PB began as a not insignificant \$3.5 m spending commitment. Subsequent changes on the City Council and the successful demands of police and fire services to restore staff levels to pre-recession levels without significant labor agreement reform has meant a \$3.5 m PB commitment is no longer possible. In addition to reducing PB funding, the City Council has also reformed the PB project so that most funds are now directed into 'durables' and the ability of residents to decide funding priorities has been significantly curbed. PB has therefore become a less impactful part of the city's government.

The first five years of Vallejo's PB project therefore questions the extent to which this democratization reform can transform actually-existing urban democracies within the U.S. urban system (Davidson and Kutz 2015). In Dahl's ([1974] 2005) study of U.S. urban politics in New Haven, CT, he argued that the acceptance of American political norms—i.e. the democratic creed—is pervasive in the U.S. However, democratic beliefs are seen to be '... influenced by a recurring *process* of interchange among political professionals, the political stratum, and the great bulk of the population' (316). The result of this interchange is that the rules and norms of governance are incomplete and tend to evolve. Furthermore, the practical concerns of political actors often override any moral or ideological commitment to improving democratic life (*ibid.*, 6). The introduction of PB in Vallejo, and the U.S. generally, therefore differs from the Porto Alegre archetype in that it is not a process of democratization onto a previous undemocratic context. Rather the introduction of PB into U.S. urban politics represents the introduction of an alternative conception of democracy into an already-democratic institutional context.

The challenges of instituting PB within this context are two-fold. First, as Baiocchi and Ganuza (2014) argue, the installation of PB almost inevitably involves a challenge to



existing political institutions. Just as with any new entrant into a democratic community, such a challenge will conflict with existing institutional arrangements and experience push-back from incumbent power holders (Dahl [1974] 2005). Most notably, citizen-directed expenditure (i.e. empowered PB) threatens the automatic prioritization of growth related spending (Davidson and Ward 2014) and existing expenditure priorities. Second, in the U.S. context, PB will likely often involve a battle over the idea of democracy. In Vallejo, proponents of PB see it as deepening democracy, with citizen participation and decision-making ensuring the public good is pursued by the city government. There is no debate over the merits of democratic governance in Vallejo (see Dahl [1974] 2005), or even over the merits of participatory methods. Indeed, as Vallejo's City Council has rolled back PB spending, it has continued to celebrate the national acclaim it has received for its PB program. The challenge for participatory democracy advocates is therefore how to ensure programs such as Vallejo's PB program do not become legitimization devices—particularly during a period of support for participatory ideals—with little ability to change the institutions of governance. This will likely require a more concerted effort to demonstrate the practical benefits and political necessity of participation *within* governance. As historian Wood (2012, 14–21) has described, such debates over what constitutes democratic governance and citizenship characterized the beginnings of the American republic. With questions about the legitimacy of the state reappearing (Fraser 2015), PB advocates will likely benefit from a consideration of how the process helps realize the republican aspirations of American democracy. Moving forward might well mean first looking back.

### Disclosure statement

No potential conflict of interest was reported by the author.

### Notes

- 1 Source: <http://www.people-press.org/2017/05/03/public-trust-in-government-1958-2017/>.
- 2 The City of Vallejo did not release participation figures for 2016–2017.

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