

Grassroots Resistance to Austerity in America: Portland's Movement Sparks Changes to City

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On June 20, Oregon's Portland City Council unanimously voted to approve a budget that had been one of the most grassroots-contested examples of austerity in recent memory.

Weeks earlier, in a vote to approve the framework of this budget on May 29, the City Council's long-maintained show of consensus was broken when Commissioner Amanda Fritz voted "No." (More on her vote later). However, by the final budget vote last Thursday she had been compelled to change her mind.

How has the 2013 budget developed? When the Portland Budget process began several months ago, newly elected Mayor Charlie Hales announced a \$25 million deficit in the city's General Fund. Each bureau was told to submit budgets with 10 percent cuts, signaling Hales's determination to oversee mass lay-offs and the slashing or elimination of essential programs that many Portlanders have come to rely on.

This latest round of cuts promised to be the worst of several successive years of austerity measures. Each time city officials have told the public that "temporary" sacrifices need to be made now to enable the economy to turn around tomorrow. Each time there was no turn-around and more cuts were, predictably, peddled the next year despite this economic "tonic's" miserable record.

We say "predictably" because you cannot build up a city while slashing away at its community members' jobs and social safety net. Each job lost and each service cut results in less money for people to put into the economy. Without a thriving consumer base no economy can lift itself out of the crisis we have been suffering since 2008. Consequently, each year cuts in Portland and elsewhere damage the prospects of a recovery and contribute to a downward spiral.

Corporate politicians continue to aggressively impose this approach, regardless of its results, because they have a death-grip on a "logic" that has been proven dead wrong in both economic theory and experience. If their insane notion — that the road to recovery is paved with policies that enrich the wealthy and big business, while dismantling programs that serve public needs — were true, then we ought to have seen a real recovery by now. These officials' budget "fixes" do the opposite, deepening the economy's fundamental problems and inequality.

This is the fallacy of "austerity." And the evidence is overwhelming. Throughout Europe, depressed economies have resulted from a blind commitment to implementing austerity measures.

So what worked in Portland to move things towards a better outcome? For starters, Mayor Hales and the City Council's pursuit of austerity was met with a public outpouring of opposition at public budget hearings. The resistance culminated on April 11 when over 400 protesting participants surprised the City Council and overwhelmed their staff. Attending were members of the Metropolitan Youth Commission, Laborers International Local 483, Portland Community College, Friends of Trees, Portland Safety Net, SUN Schools, Eastside

Action Plan, Elders in Action, AFSCME Local 189, and numerous others. They stunned the City Council with emotional and at times confrontational testimony. Many dressed in red to show solidarity and carried an array of signs in defense of threatened social programs.

Also attending were members of Jobs with Justice, the People's Budget Project, and Solidarity Against Austerity. These groups saw the hearing as an opportunity to begin building unity among the majority of Portland's working class communities to oppose all budget cuts and protest the City Council's refusal to discuss alternatives to austerity. They posted a banner above the door of the meeting that read "COMMUNITIES UNITED TO STOP CUTS," and passed out hundreds of stickers and signs with this message as well as "RAISE REVENUE - NOT UNEMPLOYMENT." In their testimonials they frequently turned to address the audience, arguing why the cuts are destructive and unnecessary, pointing out that the money could be found in the hands of the 1%, and explaining how the City Council could use this money to serve Portland's communities.

Council members were visibly displeased to see people in the audience respond in large numbers to requests from the activists to stand or raise their hands and signs in opposition to the cuts. There was vocal support from the audience, with loud objections when City Council tried to cut off anti-austerity testimony. Testifiers also spoke to how we will have more power if we unite against all cuts rather than beg the City Council not to cut individual programs. In contrast to previous public budget hearings, the event on April 11 took on the character of a fierce protest.

And this protest had an impact. The City Council had to adjust their tactics. Two more public hearings were added to those already scheduled. It was announced that the General Fund deficit was now reduced to \$21.5 million rather than \$25 million. City officials began to "find" funding for some of the popular programs on the chopping block.

Nevertheless, opposition to the City Council's austerity measures continued at the next public budget hearing on May 16. Ahead of it, at a press conference outside City Hall, firefighters stood side by side with housing advocates from Right 2 Survive, city workers from AFSCME 189, and social workers focused on treating victims of human trafficking, demanding no cuts to their services. The press conference was accompanied by street theater, a pie giveaway and a banner saying "Bake a Bigger Pie!" — in reference to the need to raise revenue by taxing the wealthy and big corporations, who are currently being provided huge tax breaks rather than paying their fair share.

About an hour before the start of the budget hearing, the mayor announced they had devised new ways to lessen cuts by working with the Multnomah County Government. Many programs had their funding at least partially restored from the cuts they were expecting. SUN community schools, a domestic violence center and a needle exchange program were given a reprieve — for this year at least.

The lesson? Had it not been for the outpouring of opposition on April 11, combined with demands for an alternative to austerity, the City Council would not have been compelled to "find" additional sources of funding.

Results

This outcome was not what Mayor Hales wanted, but grassroots public opposition forced him to take a more flexible approach. Nevertheless, we are still left with a cuts-only budget. The Office of Healthy Working Rivers is gone. Firefighters and maintenance workers are being laid off. There will be at least \$100,000 less for homeless shelters; \$200,000 will be cut from Friends of Trees; \$50,000 will be cut from Hillsdale and Alberta Street programs. Janus Youth, which works with human trafficking victims, will be cut 25 percent. These are just a few of the already underfunded programs taking a big hit.

The Portland city government has announced that there will only be 26 pink slips handed out as a result of cuts. However, at least 142 jobs are slated for elimination, the majority

being currently unoccupied positions and new openings that come as a result of early retirements. These are jobs that should be filled, not disappeared. The City Council's line that there will be only 26 pink slips handed out is an attempt to cover up the long-term damage their cuts will inflict on our communities.

The City Council has not even entertained the idea of raising revenue from the wealthy individuals and corporations who can most easily afford higher taxes. This is particularly scandalous since their wealth has been growing so rapidly while everyone else is losing ground. Without progressive tax measures, big corporations and the wealthy will continue gobbling up an obscene share of any economic gains that have been made in the age of austerity, and Portland will undoubtedly face additional cuts next year.

Other deep-rooted problems revealed themselves in this budget process. The non-profit non-partisan U.S. Public Interest Research Group (PIRG) has given Portland's budget a D- for its lack of transparency. Not even the City Commissioners have a full grasp of the budget, as was clear when Commissioner Dan Saltzman said of the newly found funding sources, "I'm glad these things were added, but I'm not sure where all that money came from."

The lack of transparency is especially apparent when it comes to Portland's Internal Service Funds (ISF) budget. The way the fund works is that city bureaus are charged for a range of administrative services that are centrally provided, such as facilities, fleet, printing, IT support, employee health insurance, liability, workers' comp, and legal needs. It is set up as a money-in money-out fund, and therefore should remain at roughly the same amount every year. However, this fund has grown from \$68.8 million five years ago to \$106.7 million today.

According to the City's own documents, the Internal Service Funds are unrestricted and available for any legal purpose. Opponents of austerity argued that the \$21.5 million deficit in the General Fund could be filled by transferring money from the ISF. This one-time emergency measure could fix the immediate crisis and give the City Council time to develop revenue-raising measures. Yet at one of the last public budget hearings, the City Council announced that the ISF was not as "unrestricted" as they thought. The reasons for the ISF's growth, what programs it funds and why these funds are restricted in contrast with what the city government's own documents state have yet to be explained.

Of Transparency and Democracy

All in all, Portland's budget process lacked any genuine democracy based on an informed public. At the budget hearings, attendees were told that there just wasn't any money available and that they'd better explain why the particular programs they favored should not be cut — end of story. The City Council even went so far as to solicit ideas for cuts from the community. The false claim that Portland is broke was meant to rig the outcome of these hearings, push aside the issue of economic inequality in Portland, and leave Portland's communities fighting among themselves for crumbs.

Even within the narrow world of the City Council, democratic processes fell far short of what would normally be expected. This was part of the motivation behind Commissioner Amanda Fritz's "No" vote on the budget. Explaining her vote she said of the process:

"From my perspective, this has been a less collaborative Budget process than any of the past four years. Services that I consider highest priority for City funding have been dismissed as either not important, or someone else's responsibility. Until today, the five members of the Council have not met as a 'board of directors' to discuss the information we heard in the Budget work sessions, or to set shared priorities. There wasn't even one work session to air each Council member's concerns. Since the release of the Mayor's Proposed Budget, over half a million dollars of new money has appeared, yet there was no discussion about how to allocate this new money."

Fritz's statement gives the impression that budget priorities are being decided by Mayor

Hales away from the oversight of the public and even other elected officials. Her remarks also stand in stark contrast to Hales's prior public statements on the budgetary process. The Portland Mercury recently reported that the mayor rebuked Janus Youth workers for "embarrassing him" with their public testimony about human trafficking and "strongly urged them not to come to future hearings." All of these accounts make us question Hales's regard for democratic public participation.

Where To Go From Here

If long-term solutions are to be found for Portland's budget and economic difficulties, they will come from a social movement independent of the politicians and their corporate backers. For too long Portland's budget has benefited big business and the wealthy at the expense of the vast majority. For a budget that puts Portland's communities first, these priorities will have to be reversed. That means that even Portland's 1% will have to pay their fair share to make this "The City That Works" for the uplift of all, not the greed of a few.

In an Oregonian op-ed entitled "Austerity is not the way to fix Portland's budget," economics professors Robin Hahnel (Portland State University) and Marty Hart-Landsberg (Lewis & Clark University) put forward a number of concrete proposals that would start to do this. Their ideas include a progressive county income tax, changing the city's flat business licensing tax to a progressive system, and restructuring the Portland Development Commission policies to make sure that gains from redevelopment are shared. These measures could raise enough revenue so that we would no longer be talking about filling holes in the budget but would instead be providing jobs, expanding social services, hiring more teachers, and sustainably rebuilding our infrastructure.

The grassroots struggle over the city budget in 2013 helped to spread the popularity of such an approach and established a network of union and community members who are willing to unite around it. By focusing on building unity around concrete revenue-raising proposals, by exposing how budget priorities are set and how they hurt our communities, and by organizing to expand our movement, we will be better able to face the challenges coming our way in 2014.

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