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Participatory Budgeting: Heading Towards a ‘Civil’ Democracy?**

This paper provides a theoretical evaluation of the recent spread of participatory budgeting practices worldwide. Several different participatory initiatives are emerging, but participatory budgeting (PB) seems to be the most valid option for dealing with the crisis of democracy. PB is discussed from the background of the various approaches of democratic theory and the implications on the discourse of the governance role of civil society. The systemic involvement of civil society actors through multiple, open and deliberative arenas make PB not just an example of participatory democracy among the others but, rather, a potentially new model of ‘civil’ representative democracy.

Keywords: Participatory budgeting, democratic theory, state-society relations, civil society

In recent years, the idea of participatory budgeting (PB) has found itself at the centre of an international debate as an instrument to improve local governance and enhance civil society participation. Insofar as there is no clear definition yet and no unambiguous model of it, PB can be generally described as a mechanism of inclusive local governance through which citizens contribute towards managing municipal financial resources. It is quite a recent experiment, born 20 years ago in the Brazilian metropolis of Porto Alegre, but it has quickly gained attention worldwide for its ability to ‘democratize democracy’ (Santos 2007), inverting priorities, improving economic redistribution and social development as well as reducing corruption and clientelistic politics through open and transparent governance. Almost every international development agency promotes it, and nearly 1000 municipalities have recently begun attempting to reproduce it, from small towns to mega-cities. In addition to its spread to more than 180 Brazilian cities¹ (such as São Paulo, Belo Horizonte, Recife, For-

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taleza and Belem) and to many cities throughout South America (Mexico City, Montevideo, La Paz, Caracas, Buenos Aires, Rosario³), experiments of PB have taken place in western cities such as Toronto (Canada), Saint Denis (France), Berlin (Germany), Seville, Barcelona and Cordoba (Spain⁴), Lisbon (Portugal⁵), New Castle and Bradford (UK), and Rome, Modena, and Grottammare (Italy⁶) and in many other parts of the globe.⁶

The interest in participatory politics is widespread. The term ‘participation’ and the cooperation between state and civil society are, respectively, the keyword and the blueprint for many democratic reforms and democratic theories nowadays, on both local and global level. Since the third wave of democracy, civil society has reached the apex of its significance because it has (re)acquired its democratic character and the capacity to contribute towards the definition and realization of the common good (Putnam 1993; Cohen/Arato 1992; Habermas 1996). Moreover, both its involvement and advice can broaden the channels of communication between state and citizens, and hence it can support and improve public governance by providing more effective and representative outputs. Civil society seems to be the panacea of the legitimacy crisis of contemporary democracy. Nonetheless, there are no clear ideas on how and to what extent such an inclusion can be conceived and how to deal with the interaction with the state.

There is a remarkable flourishing of innovation in and around the forms of democracy which benefit the turnaround regarding the nature and the role of civil society. Associative, deliberative and participatory approaches are the main examples of new democratic patterns which aim to overshadow the competitive democratic elitism at the base of the hegemonic political narrative. In this context, PB is probably the most participatory initiative to date, as it represents a bottom-up design and an all-civil society process (Avritzer 2009). Indeed, PB is more than just participation and probably more than a means of simply budgeting as well. It also has deliberative and associative features and an effective representative nature as well, wherein civil society is the principal actor. Hence many innovative elements make

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1 See: Rede Brasileira de Orçamento Participativo, www.pbh.gov.br/redebrasileiraoop/
3 See RedFAL (Ful Network), http://redfal.org/.
6 Probably the biggest world network to date is the Observatorio Internacional de la Democracia Participativa (OIDP - International Observatory on Participatory Democracy), created in 2001 within the framework of the European Commission’s URB-AL programme, www.oidp.net/en/index.php.
PB definitely relevant in terms of contemporary democratic theory and in civil society debate. Among these elements, the deliberative and the self-regulating capacity mark it as a valid potential alternative decision-making system.

The shape and the outcomes of PB will differ according to the cultural and socio-political context in which it is developed. However, the interpretation of the nature and the role of PB in the political framework also affects its concrete form and results. An attempt at conceptual clarification is therefore required. Accordingly, after a preliminary empirical and descriptive introduction regarding the spread of PB, the similarities, the differences and the current debate on it, a normative and theoretical reasoning will take shape, taking as a reference the original model of PB developed in Porto Alegre. The reference to such an example is due to the necessity to develop an ideal-type and it must take into consideration the case which has been the point of departure for the worldwide expansion, which is the most structured and sustainable to date and the most recognized internationally as best practice. The question which will follow the argument is: is PB a tool in the hands of the state or in the hands of civil society?

The structure of this chapter is thus the following: the first part provides a general overview of PB: what it is, where it has been developed, and the similarities and differences among the many approaches. It describes the state of the art of PB throughout the world and, thereafter, provides a clear-cut definition, based on the original pattern and the most important characteristics. The second part concentrates on the particular involvement of civil society in PB and deals with placing PB in the democratic theory debate, with particular reference to the state-society relationship: how and to what extent PB relates to the several different perspectives of democratic theory and the innovations which contribute towards the idea of political institutions and their democratic link with civil society.

1. Participatory Budgeting: Spread, Differences and Principal Characteristics

1.1 Framing the context: The spread of participatory practices

In recent decades, the direct involvement of citizens and civil society in the political sphere has become the cornerstone of local, national, as well as international political strategies, after the long hegemony of elitism and the scepticism about the broad participation of ordinary people (Schumpeter 1942; Dahl 1956; Sartori 1987). The theoretical and political framework has been enriched by new and non-state actors which shape the meaning and the effective functioning of the political sphere. Civil
society organizations (CSOs) are among the most important ones. Participation is today reckoned to further democratization in developing countries and restore legitimacy in contemporary representative democracies. Recent democratic reforms aim to move towards more open political institutions and governance processes to take account of an increasingly more ambitious civil society.

In some respect, to allow people to become really involved in political matters, participation requires some sort of decentralization. Paradoxically, as far as globalization demands world-wide political institutions, there is a growing attention towards the local as well (Robertson 1995). For example, international development agencies have made a radical shift in their aid strategies towards strengthening local governance and developing participatory practices involving community based organizations (CBOs). The UN-Habitat’s Global Campaign on Urban Governance states, for example, that ‘participatory processes are the best means for ensuring the effective use of scarce development resources, for the equitable distribution of development benefits, and for ensuring the sustainability of hard-won benefits’ (UN-Habitat 2002: 9).

However, decentralization refers not only to geographical terms but also to the actors involved. Political power at every level is going to be shared by many different stakeholders, ranging from private companies to CSOs. This shift has probably paved the way for the emergence of the term governance, which substituted that of government to stress the sharing of decision-making power between public institutions and ‘non-state actors’. The involvement of civil society is conceived not just at a local level. From this perspective, the European Union (EU) is the most interesting example, for its effort to conciliate the needs of enlargement and centralization with those of participation, in an attempt to reduce the democratic deficit and build up a new creative democratization. Transparency goes side by side with advisory mechanisms and a close relationship with citizens and organizations which all encourage enhancing the establishment of a European public sphere (Fossum/Schlesinger 2007).

Thus, there are many approaches to participatory reforms (Fung/Wright 2003; Chavez/Goldfrank 2004; Santos 2007; Wainwright 2007). They differ in the extent to which they involve and provide decision-making power to the citizens, ranging from the simple voice and scrutiny – increasing information and government transparency – towards an effective engagement in decision making, with a clear deliberative role. PB is one of the most important and developed participatory initiatives in the world, probably the cornerstone and the cutting-edge of participatory local governance. It is and it can be a very powerful instrument in the hands of citizens as it includes them directly in the decisions about public expenditures, which are at the base of every public policy.
1.2 Participatory budgeting today

Defining PB is a hard task. PB is an umbrella term which broadly refers to a collection of experiences and a variety of mechanisms of local participatory governance worldwide through which ordinary citizens deliberate on or influence the economic spending and the investment priorities for a defined public budget of a municipality. Direct participation and budgetary policies are the two principal ingredients, but there are many others which alter the recipe of a process which has a precise origin, history, characteristics and results. In fact, the first PB dates back to little more than 20 years ago, when it was just an experiment developed in a Brazilian metropolis, Porto Alegre (Fedozzi 2000). After a few years, the extraordinary results in terms of efficacy, redistribution and development have made this singular experiment a model of reference at an international level. This reputation was recognized with the UN’s acknowledgement of PB in 1996 as one of the world’s 40 ‘best practices’ in urban governance and by support received from the World Social Forums – which were first hosted in Porto Alegre itself – and from wide-ranging opponents of the neo-liberal globalization (Sintomer et al. 2008: 169). PB-styled initiatives have since been taken up by a growing number of cities across the whole of Brazil initially, before spreading across South America and, finally, all over the world (Shah 2007).

The mechanism of PB has rapidly gained attention from national governments (UK 2008\(^7\)), international development agencies (OECD 2003; UNDP 2002; UN-Habitat 2002; WB 2008\(^8\)), the EU (URB-AL – Network 9), and a great number of formal and informal networks of institutions and civil society worldwide. There is a body of evidence from international research that shows a range of potential benefits from PB including: (a) government efficacy and efficiency (transparency, government accountability, fighting corruption, government understanding of social needs, investment quality, etc.), (b) democratic legitimacy (equity, social inclusion, deliberation, redistribution, confidence in public institutions), and (c) citizen empowerment (skills, self-confidence, responsibilities, understanding of public policies and problems, strengthening of civil society, sense of citizenship and political community).

Nevertheless, despite this wide commitment, it is difficult today to obtain comprehensive and comparable data on this phenomenon (spread, characteristics, indicators, outcomes). As PB is still too recent and evolutionary, it cannot be easily defined. Moreover, because of its informal character and its reliance on government commitment and election results, it also difficult to view PB as a stable and coherent phenomenon. Too many different types of participatory approaches have been developed and referred to as PB, acquiring different features from city to city. This has

\(^7\) Conference Habitat II, held in Turkey on June 1996 (Navarro 2002b: 86-87).
\(^8\) See also www.participatorybudgeting.org.uk/.
\(^9\) See also http://go.worldbank.org/S9ZD1PNIJ0.
also led to the assumption that there is no universal and normative way of applying PB as it changes according to the specific local socio-political context (Cabannes 2004). PB differs worldwide according to its:

- **proponent (state/society):** PB can be the result of a *top-down* and/or a *bottom-up* initiative, proposed by the government in the majority of cases or promoted mainly by the civil society, as in many cases in South America;
- **resources (total/partial budget):** PB can cover 100% of the municipal budget, the full capital budget, or just a limited part of it;
- **decision-making power (deliberative/consultative):** the decision-making power delegated to the citizens varies, ranging from providing the administration with information about citizen preferences to placing the budget under direct citizen control;
- **institutionalization (formal/informal):** PB is almost always an informal process which is built up by the government. Its informality makes PB consultative or deliberative under the government’s approval. Laws can also favour it, like in Buenos Aires and recently in the Dominican Republic;
- **decision-making process (aggregative/deliberative):** PB is generally made of forums where people debate and set their priorities. Sometimes they have called for polls or e-Participatory Budgeting, as in Belo Horizonte (Brazil);
- **autonomy (social institutions/hybrid institutions):** PB is completely autonomous, and it is self-ruled by the civil society. The government always supports the process, but sometimes PBs are hybrids as the government is also represented internally;
- **time (cyclical/irregular):** PB is usually an ongoing process which keeps pace with the municipal budgeting process, but sometimes, less deliberative procedures are taken *ad hoc* to improve decisions which have already been taken;
- **participants (individuals/organizations):** PB usually involves citizens individually. There are examples of direct involvement of associations;
- **size (city-wide/regional/sectoral):** PB is city-wide but decentralized into regions, themes or social segments\(^{10}\), but many experiments are limited to neighbourhoods or sectors, or some sort of participatory urban planning.

According to the original model, PB is the result of the encounter between state and civil society, it is cyclical and city-wide, although highly decentralized, and participation is on an individual basis. However, in many cases, as in almost all western countries, PB is a top-down strategy of a government in a weak social context, thus

\(^{10}\) For example, Fortaleza (Brazil) has forums for six different social segments: women, blacks, young, elderly, disabled, and lesbian, gay, bisexual and transgender (LGBT) persons. See www.fortaleza.ce.gov.br/op/index.php.
it is consultative, limited in the control of resources and in the decision-making
target, involving few or just well-connected persons. The differences between the
two are evident. Starting from some of these variables and from the analysis of 20
cases in Europe, Sintomer et al. (2008) built six ideal-types which are far from simi-
lar. As a result of a larger and more accurate study, Cabannes (2004) provides a
wide range of variables and for each one of them he determines 3 different types of
arrangements: ‘minimal’, ‘medium’ and ‘advanced’ PB. The differences mostly
derive from the specific socio-economic and political context. However, any difference
in these variables probably affects the outcome and definitely alters the nature
of PB too. From this respect, it is useful to follow the work of Avritzer (2009) who
studied the theoretical aspects of participatory institutions and found specific examples
to identify the main characteristics of quality. According to him, real participa-
tory designs should follow the original pattern developed in the PB of Porto Alegre
which is society-wide, autonomous from the government and deliberative. It is not
surprising that it is the most structured and sustainable experience which exists, with
the most impressive results. As a result, it will here also be the ideal-type – the offici-
model – from which will be detected the main characteristics and observations,
especially extraordinary, useful and also indisputable elements which relate specific-
to civil society and its political role.

1.3 Definition and principal characteristics

PB can be broadly defined as an informal and autonomous yearly ongoing process
of democratic deliberation and decision making, in which every ordinary city resi-
dent is eligible to participate in order to decide how to allocate part of the public
budget, setting the priorities and the projects for the city, through a multilevel and
complex array of open and autonomous neighbourhood, regional, thematic and city-
wide forums, and according to objective criteria of justice and equity.

Basically, PB as developed in Porto Alegre is an all-embodying process, involv-
ing diagnosis, deliberation, decision making, and control. It is also a clear institution
composed of rights, duties, roles, functions, bodies, and internal self-regulations.
However, it is only social insofar as it is formed by an all-civil society constituency.
It is self-regulated and therefore autonomous from the political institutions; it has no
need of any constitutional requirement to function, but simply the agreement be-
tween civil society and the government. There is a large decentralization of the deci-

11 The author proposes 18 variables which are organized into 4 key dimensions (participatory;
financial, fiscal and budgetary; legal and normative; territorial) resulting from the compara-
tive study of 103 Brazilian cases and 25 other experiences (11 Brazilian, 9 from the rest of
Latin America and 5 European). This analysis has been produced under the aegis of UN-
Habitat’s Global Campaign on Urban Governance.
cision making, developing horizontally and vertically in many decision-making stages: the city is divided into district and thematic decision-making spheres, and the institutional process is organized into three levels — plenary assemblies, representative forums and a central council — which define also the main phases over time.

The first level entails direct participation. Plenaries for every district and every theme at issue (such as transport, environment, sport and leisure, education, health, etc.) are established and open to all those citizens who want to participate (the district assemblies are reserved for the local residents, while the themes are city-wide). Everyone is equally entitled to take the floor, make proposals and vote for priorities, projects and representatives, as well as be elected; votes are individual, and priorities and projects are chosen. At the plenaries, people can thus deliberate over their territorial needs as well as over specific city-wide issues, and their decisions are definitive.

The second level involves representation: delegates who are elected in every plenary make up the corresponding district and thematic forums. They represent the people’s interests and decisions throughout the process, monitoring the implementation process and keeping citizens informed. The representative forums also hold a decision-making capacity.

The third and last level is the most important as it comprises the central decision-making body. Here all the decentralized spheres are equally represented, and the budget is agreed upon conforming to the priorities established at the plenary level while still coordinating spending for the city as a whole. Priorities and projects are selected — hence the budget is allocated — not through a majority decision but, rather, according to established and agreed-upon criteria of justice and redistribution (such as population, lack of basic services and infrastructures, and priorities voted) and technical criteria (feasibility of the projects). It is also here that the rules of the game are created.

Despite the proclaimed autonomy, the process is closely linked to the state, with unavoidable effects. The government is engaged simply to facilitate and offer technical assistance throughout the process, but the formal authority over the PB makes any single choice — voluntarily and involuntarily — politically relevant. Moreover, it is the decision of the government to voluntarily make PB deliberative and not just consultive. Therefore, the final document decided by the PB is ultimately incorporated into the municipality’s budget proposal and submitted to the City Council for final approval and promulgation. As PB has been the result of the voluntary choice of the government to give up its decision-making power over the budget, it is made socially accountable to respect this agreement. The frequency of the process is yearly, keeping pace with the municipal budgeting process.

Any of these elements could be the topic of research. They involve sociological, economic, and political insights: PB can empower people, strengthen associations and social capital, and redistribute economic resources. However this is not obvious as there are many variables which affect the results, from the socio-political context
(vitality of civil society and political will – Avritzer 2009) to external factors such as financial crisis or transfers. The aim of this chapter is to concentrate on the political and institutional aspects of PB. That is, it looks at the particular role of civil society within the specific structures of PB and the meaning of this implication from the democratic point of view.

2. Participatory Budgeting, Democracy and Civil Society: A Theoretical Matter

2.1 The participation of civil society in participatory budgeting

The literature generally agrees that the direct participation of common citizens in the decision-making process constitutes the value of PB (Abers 2000; Baiocchi 2005). However, it is worth noting that PB furthers the involvement of civil society – the aggregations of citizens – in the decision making since direct participation of citizens does not necessarily mean the involvement of civil society. Following contemporary theories, civil society is today thought of as the realm of organized social life composed of non-governmental and non-economic relations, which are also voluntary, open, egalitarian, non-violent, self-organizing, and self-reflexive, where social problems in the private spheres are articulated and amplified into the public sphere (Habermas 1996: 367; Keane 1998: 6). Hence the term usually refers to the network of families, associations, groups and movements, and the public sphere they create is the social space in which matters of public significance are discussed and rational agreement can be achieved according to the quality of argument alone (Habermas 1989 [1962]: 30). Therefore, direct participation becomes civil society involvement when it entails a deliberative process and not just aggregative forms of personal opinions, like a referendum. The participatory processes entail a set of assemblies and meetings to structure the decision making. Taking this into consideration, the decentralization of the deliberative sphere into a ‘complex array of plenary meetings’, as it occurs in PB, creates privileged spaces for public deliberations, fostering an active and fruitful participation of civil society. The reason is twofold.

First, the more people are united around common priorities, projects and representatives, the more likely it is that they will get results, that is, resources, deeds and services. Therefore, it is likely that people meet to debate informally and negotiate in order to run the PB with clear and shared thoughts. Second, the PB meetings have a dual nature, being both territorial and thematic. This point is extraordinarily important insofar as it allows citizens to be able to participate in a double capacity: as a member of a territorial community – the traditional ‘communities of fate’ – but also
as member of thematic or single-issue groups, or ‘community of choice’ (Hirst 1994: 50ff). It should not come as a surprise that the latter are the typical forms of CSOs that usually champion a particular cause or purpose or that advocate or represent special interests. Territoriality is secondary for these organizations whose interests usually are regardless of place.

Fully deliberative and autonomous territorial and thematic forums integrated into a coherent decision-making system are – this is the opinion – one of the most important elements which renders PB very innovative. Territorial decentralization principally allows neighbourhood associations (like political parties) to play a central role and leave them free to determine the priorities which are normally local. In terms of outcomes, this usually favours suburban, densely populated and poor areas whose local living conditions (basic needs such as sanitation, basic urban infrastructure, housing, etc.) are more urgently in need of assistance than others.

For its part, functional or thematic decentralization can involve civil society at large, which generally shares some interests or specific priorities, differing perhaps just on the solutions. This generally excludes territorial specification, since the issues are cross-cutting. It is not by chance that these decision-making arenas are city-wide. This would also ease the involvement of the so-called middle class and all those who share specific needs or interests and claim or act for sectoral policies (e.g. environment, traffic, health services, education) which are not necessarily territorially based and which otherwise would probably not have space in territorially-centred deliberative arenas: they can be associations of women, ethnic groups, mothers, students, or any minority groups. This particularly makes PB tailored to the characteristics of civil society as it tends to follow the voluntary aggregation (and representation) along the line of themes or identities into and beyond territories.

To conclude, because of this articulation into forums, PB ends up enhancing deliberations among citizens and between them and the government. It is not by chance that PB has been widely defined as an emergent public sphere which provides a new and privileged space for civil society and social movements – the ‘participatory publics’ (Avritzer 2002) – to be incisive in the political sphere.

There is another fundamental aspect. Besides being simply tailored to the civil society’s direct participation, PB is also ‘democratically tailored’ for this, insofar as it predisposes an institutional framework able to promote the mathematical equality among all citizens through the principle of ‘one person, one vote’. That is to say, participation is individual, open and potentially universal, and CSOs become genuinely representative as they are thus legitimated\(^\text{12}\). There are no formal requirements

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\(^{12}\) The growing political power of civil society has given rise to a large literature on this topic and on the representative aspect. Many authors now attempt to re-examine the question focusing on and reappraising the non-electoral forms of social representation (Mansbridge 2003;
for organizations to participate, neither top-down authorizations, nor organizational or economic skills, but simply the power of the rank-and-file and the political support from the bottom.

Nonetheless, there is also a severe limit resulting from this kind of participatory structure. Direct and deliberative processes leave little room for extensive individual involvement. This affects the representativeness of PB and of the CSOs too, legitimizing those who charge PB of being exclusive and condemning it to be under the government’s authority and political discretion. This impedes PB to claim to be ‘politically’ democratic. This point introduces the last – but definitely not the least important – section which deals with the role of PB into the democratic debate.

2.2 Participatory budgeting in democratic theory

Participation is one of the principal elements of democracy. However, it has declined in many different ways, according to the world’s progress and world understanding: from the direct involvement in the political life of the ancient city-states, to the periodical vote for political representatives in the 19th century’s nation-states; from the right to vote of only free citizens, towards universal suffrage. Many forms of participation have been classified as political, but voting for political representatives is decisive today (Pitkin 1972; Manin 1997). This has been partially due to the enlargement of democratic boundaries (Dahl 1989), but it has been emphasized by the dominant elitist theories of democracy, which were developed in the aftermath of the Second World War, in response to the threatening and dangerous involvement of the ‘masses’ in politics (Schumpeter 1942; Sartori 1987).

Participatory movements and initiatives in general have today shaken theories and practices of democracy. The downfall of the Iron Curtain has also finally shifted the attention towards the shortcomings of the overestimated but also oversimplified dominant elitist view of democracy and has paved the way for the blossoming of many democratic innovations and new strands in democratic theory (Saward 2000; Held 2006). The emergence of ‘new’ social movements (Ofte 1985; Melucci 1996; Tarrow 2005) and civil society as a part of the global surge of the third wave democracy (Diamond 1994; Linz/Stepan 1996) has prompted theorists to focus on the threatening and unexplored world of participation and the role of – now ‘civil’ – society beside the political class (Cohen/Arato 1992; Walzer 1995; Habermas 1996; Kaviraj/Khilnani 2001; Chambers/Kymlicka 2002). Within this framework, PB definitely plays an important role. It is the opinion here that it is in fact fundamental.

At this point, it might be easy to say that PB enters widely into the all-embracing democratic debate. In fact, alongside the obvious inclusion within the theoretical frames of participatory democracy, PB is generally acknowledged as an embodiment of deliberative democracy and as a model able to complement and combine representative with direct democracy. Moreover, it might also add value to the theory of associative democracy. PB has also been the recipient of new and more specific strands which have been rising recently: Fung and Wright (2003) consider PB as one of the best examples of what they call ‘empowered participatory governance’; Santos (1998; 2007) speaks of ‘redistributive democracy’ stressing the output results, whilst Gret and Sintomer (2005: 130) focus more on the role of the empowered citizens as a ‘fourth power’. Similarly, for Avritzer (2002), PB generates new ‘participatory publics’ in civil society, while for Dagnino (2005), it strengthens the concept of (active) citizenship.

In sum, PB contributed toward bringing the earlier approach of participatory democracy once again to the centre of the theoretical inquiry (Pateman 1970; Bachrach/Botwinick 1992), developing it in an original way. In fact, it not only aims towards the democratization of the social sphere through incorporating citizens into the principal areas of social life, such as the workplace, but it ‘democratizes’ the political sphere itself through direct participation. From the deliberative viewpoint (Dryzek 2002; Guttman/Thompson 2004), PB tends to promote open-ended and public-minded discussions among equal citizens about resources and policies (Baiocchi 2003) and vis-à-vis the government. PB is also inclined to increase ‘preference structuration’, that is, ‘the systematic alignment of the preferences of all individuals along the same shared set of underlying dimensions’ (Fishkin/Laslett 2003). In this sense, PB opposes the aggregative conceptions of contemporary democracy based on votes and elections. However, it also differs from the known existing deliberative models (Gastil/Levine 2005) to the extent that it is not committed solely to specific questions arising in special moments, nor does it involve a ‘sample’ of the population or those selected at random, nor is it led by experts. Rather, it is autonomous and cyclical and involves a wide range of citizens who are personally interested.

As a result of the previous considerations, PB also makes a contribution to the theory of associative democracy because of its original capacity to place CSOs at the centre of the democratic process (Perczynski 2000; Sward 2000; Hirst/Bader 2001), acknowledging also their self-governing potential. For example, PB seems to be close to Cohen and Rogers’s ‘new arenas for public deliberation’ (1995), but it also seems to overcome their state-led and corporatist approach which has been widely criticized (Young 1995: 210; 2000). Also, PB differs from Hirst’s liberal and market-oriented model (1994), to the extent that it does not split society into many competing communities but, rather, it fosters deliberation among them towards the attainment of shared outcomes. In general, within PB organizations play an important role too, but – unlike in the current associative models of democracy – they do not
have formal privileges as they are involved only indirectly, as a result of the individual participation in multiple spheres. This would probably be the most interesting point that PB can offer to the current debate.

Finally, like every other new democratic model to date, PB also is merged with and works within the formal representation structures of liberal democracy, as a supplement and a complement to them. Principally, there is a common agreement that PB is a useful tool in the hand of a representative democracy at risk since it strengthens the relationships between the government and citizens, reinforcing the legitimacy of the public bodies through legitimate outputs (Scharpf 1999). It sets up an alternative mechanism of accountability through direct and diffuse citizen control and implements the political capacity of the public sphere. In this sense, PB would be an innovative combination of direct and representative democracy, framing a new space of dialogue between state and society, the space for the Avritzer’s ‘participatory publics’ (2002). PB is probably ‘one of the most effective strategies for state society collaboration’ (WB 2004: 14). However, unlike the other approaches, PB is built to be more autonomous from the representative structures of liberal democracies, and this does not seem to guarantee a peaceful cooperation. Here lie the most interesting aspects.

As it has already been stated, PB is also a democratic way for civil society to self-organize, deliberate and then have influence in the political sphere. This is due mainly to the openness and the voting process which characterize each deliberative sphere, but also to the particular federal structure which makes it possible to combine and conciliate the different outcomes coming from them. It is due to this decision-making capacity that PB is generally acknowledged to be not simply consultative, and scholars speak of ‘co-management’ (Fedozzi 2001), ‘joint governance initiative’ (Gret/Sintomer 2005: 131), or ‘co-government’ (Santos 2005: 331) between society and the state.

2.3 Participatory budgeting and the ‘political’ role of civil society: New insights into the state-society relationship

Participatory budgeting places itself within the general contemporary debate about democracy and the governance role of civil society. According to the dominant view, civil society differs from the state, which is instead the realm of the political society. They are two different and separate spheres or sub-systems (Habermas 1996) which interact and are in permanent conflict with each other in a way that (a) civil society must keep the (democratic) state accountable and (b) the state has the duty to ‘frame, constrict and enable’ civil society’s activities (Keane 1998: 6). On the one hand, civil society is indispensable to consolidate and guarantee democratic political institutions, influencing, sensitizing and monitoring the decisions of the elected representatives (Young 2000: 189) and providing them with social capital
and cultural and normative democratic values. On the other hand, the state is a necessary force to enhance a legal order (Diamond 1994: 6) which will protect such civi
ceness. In fact, not all CSOs are democratic or committed to advancing democracy. Some may lack of a spirit of civility – an ‘uncivil society’ (Keane 1998: 114-
156) – and others may be decidedly antidemocratic or have such an effect (Warren 2001). Actually, as this involves a normative judgement, there is no agreement on
what ‘civil’ could really mean and who should be entitled to be part of civil society (Anheier 2004). Therefore, civil society is an arena of power relations and conflicts among competing identities and interests as well as Habermas’s deliberative and egalitarian public sphere. However, it is clear that civil society cannot go it alone anyway, due to the problems of accountability and of effective representation (Young 2000: 189). State is necessary, and it also seems that it is a precondition for the existence of civil society (Chandoke 2003).

This ambiguity also involves the democratic theory which detaches itself from civil society and offers only vague definitions on its role in interaction with the political sphere. For example, no one questions the necessity for a state as external to civil society – as it is partial by nature – and the corresponding need for an independent social sphere. However, because of the legitimacy crisis, there is also the need to include civil society into the decision-making process, far beyond the traditional idea of the purely external influence through parliamentary politics (lobbying, demonstrations, etc.) or the simple production of social capital. But then, while the government has to maintain the leading role, once again, it risks threatening the independence of civil society through the influence of the state and clientelist politics. To conclude, as Young clearly synthesizes it (2000: 190):

> [d]emocratic institutions thus face a certain dilemma. On the one hand, state and civil society are both necessary elements in a democratic process that aims to do justice. On the other hand, their attributes and actions seem to undermine one another.

Democratic theory is struggling to find the perfect balance between two contrasting powers: state and civil society. Indeed, this is basically the same which happens with PB. In fact, PB is described and understood according to this paradigm and reproduces the same problems both in theory and in practice (Navarro 2003; Baierle 2002). However, it rather offers something more to the democratic theory.

On the one hand, the scope of PB is to empower civil society to be able to come up with autonomous and agreed-upon decisions. This fosters the growth of self-organizational skills and thus a competitive power which is not necessarily in tune with the state. PB is considered part of the social sphere which must be informal and independent from political institutions. On the other hand, this process is also normally under the exclusive purview of public officials because of the aforementioned democratic deficit. PB can be seen as a political strategy which can lead towards
better decisions but can also be used by politicians to build popular support in order to improve their re-election prospects (Goldfrank/Schneider 2006; Nylen 2003; Navarro 2003; Baierle 2003). It is difficult to understand the borders between the mere supportive and a very influential role of the state, especially when – insofar as they secure the control of the public resources – every choice has political implications. Of course, following Cohen and Rogers (1995), the state can impede that participatory processes become hijacked by interest groups or local elites. However, this can easily be transformed into manipulation by controlled participation, in order to legitimize their own political decisions and secure power. This is more likely to happen when PB projects have been initiated by government institutions instead of emerging as a bottom-up initiative from a vibrant civil society.

This leads to further limits: first, since citizens feel like stakeholders in government operations, they can also be de facto co-opted as they are less likely to criticize it. Second, PB can also marginalize the role of the legislature as the only institutional counterweight to executive power. Third, the reliance on the party system raises the problem of sustainability: if a political party that gains office is not committed to PB, the process dies. This can easily happen when civil society is so weak that it does not have enough electoral influence, but it is always likely to happen insofar as PB involves a small percentage of the total voters and there are no formal requirements to oppose the state power. But once again, a stronger civil society would here be able to counter the sovereignty of the government, though. The contrast, as Young (2000) noticed, seems to be endless, but in actual fact, it is one-sided.

Avritzer (2009) claims that PB requires the commitment of both a willing political society and a robust civil society. That is true, and it would be desirable. However, there is little room for them to be complementary which could be, at the least, unstable. Indeed, the stronger they both are, the more they both want to, and can, have the last say, as they are both entitled to deliberate. If political institutions are formally legitimate to claim such power, PB makes civil society substantially able to do the same, in a very autonomous and structured way. Despite the limited jurisdiction over budgeting, PB is another decision-making process with its representatives and deliberative bodies anyway, which differs from and yet mirrors the traditional political ones. The two differ in the extent of legitimacy and institutionalization, but not really in the decision-making capacity: on the one side, PB is an informal process, built on narrow, direct participation, but provides substantive democratic outcomes (output legitimacy); on the other side, the public institutions are universally elected and therefore formally democratic (input legitimacy), but they seem to lack the decision-making capacity and in fact, they ask for PB support. The first needs the second to turn their decision into law. The second needs the first to have substantial legitimacy, which it would not otherwise have.

Therefore, an important question arises: to what extent do governments want to implement participatory practices and empower civil society at the expense of their
ruling capacity? To put it another way, how far will an empowered and enabled civil society limit its potential deliberative capacity in favour of a legitimized power of the government? The answers lie today in Avritzer’s conclusions, that is, on the self-ruling and electoral capacity of the first, and the political will of the second. But, certainly, the state players hold the balance of power, as they are entrusted with the legitimate authority and secure the public institutional and procedural resources. These are certainly an advantage compared with any social and informal process which instead depends on them.

Since conflicts seem to be unavoidable, this dilemma can only be solved in a normative way, arguing about which one is more or less democratic or, in other terms, what democracy really is and should be (Sartori 1987). The matter is whether democracy lies in a PB-like process or in the traditional representative (or liberal democratic) one. But this is also a practical and logical issue: insofar as PB aims to be deliberative and autonomous, some institutional or formal provision is required in order to protect it from any distortion or manipulation by external forces. Yet, a similar sort of legitimation for PB should be sought, that is, a real universal representativeness. But at this very point, the current political representatives would be formally questioned by other actors.

3. Conclusion: Towards a New ‘Civil’ Democracy?

Participatory budgeting is not just direct participation, and it is probably more than a means of budgeting. The functioning of PB which has been described so far is very different from any other participatory initiatives in terms of the degree of institutionalization and the self-governing and decision-making capacity of civil society. More than direct participation, what matters is the way in which participation is structured in the whole process: the original decentralization of decision-making into multiple territorial and thematic arenas enables civil society to enter into the political sphere through democratic and autonomous processes. This ‘organized sectoralization’ suits civil society, which is basically organized and gathers around specific issues as well. But still, due to direct participation, just a small part of the whole citizenry is involved. This impedes PB – and civil society organizations – from being universally representative, therefore completely autonomous from the government and therefore legitimately deliberative. This limit is basically the theoretical foundation of the supporting role of PB to the government.

Nevertheless, PB contains mechanisms of representative democracy. Here, CSOs are legitimated by the same democratic criteria which enable political parties to enter into the state machinery (Pitkin 1972): individual elections. But, unlike the
parliamentary-based state, PB is made of multiple and thematic deliberative bodies. The pattern of modern political democracy (liberal democracy) is one-dimensional and associated with territorially-based legislative bodies – the Parliament – while PB is multidimensional and thematically based. This sectoralization of decision making and the authorization through electoral procedures is at the base of the inclusion of CSOs as democratically representative. Both systems are based on the founding democratic principle ‘one person, one vote’, but in PB especially, this is simply exercised more than once. There is an enlargement of the political sphere wherein citizens can freely participate (or simply go to vote) as many times – and in as many domains – as the number of deliberative spheres which compose the PB and the public matters they are committed to.

The same democratic criteria generate nonetheless different decision-making process and decision makers. And this is not a minor detail. Indeed, this presents a major source of conflicts. In fact, a fully working, deliberative PB would reduce the exclusive mediating and decision-making role of political parties, which is the only institutional mechanism of representation so far, in favour of the CSOs. Even the aggregation of interests and their translation into political decisions (e.g., budgeting) is no longer the task of a specific person (the Mayor), a single organization (the party), a single class (the political elite), or an omnicompetent body (Parliament), but the result of an institutional process wherein single-issue or sectoral organizations pursue their specific objectives in mutual cooperation or democratic competition, each one within its own sphere of interest. From this analytical perspective, PB would represent a very radical impact on the traditional idea of politics: it raises an alternative source of political power, which is no longer concentrated on a specific elite, but is fragmented and spread into multiple social spheres and actors which represent the contemporary ‘molecular’ or ‘issue-based ideologies’ (Schwarzmantel 2008). Being another paradigm, PB would seem in conflict – rather than in harmony – with the modern political institutions. This is demonstrated by the many difficulties in finding a very committed political society which would promote a real deliberative PB, rather than powerless, subordinated and consultive initiatives.

PB seems not to be just a simple participatory mechanism like any other, whose implementation relies entirely on the control of the state. Rather, it seems to reproduce another pattern of representative democracy where decisions are taken by CSOs as a result of the participation of individuals in multiple – territorial and thematic – spheres. It seems to reveal the existence of a new paradigm for state and democracy. That is, PB merges the idea of the state with that of the public sphere. According to Avritzer (2002: 138), PB transfers the positive potential of the public sphere (the organizations involved and the principle of deliberation first of all) into a new institutional design, enabling people to work together for common purposes or compete democratically for specific needs, rather than being engaged in contentious, pressure or clientelistic politics. This mechanism increases the opportunities for people to participate, stand up for their interests and their needs, and also run for office in many different places and ways, in the way they usually do in the so-called
public sphere. To put it another way, the codes and the functioning of civil society – as described by Habermas (1996) – shape a new institutional mechanism, drawing the political sphere close to the concept of public sphere. Crudely speaking, through PB civil society becomes part of the (new) state. As a report from the World Bank (2004: 14) recognized, defining it as a sort of diagonal accountability:

"[t]his arrangement is clearly a step beyond both the traditional watchdog or society-driven horizontal role of civil society as well as protest or referendum based direct vertical roles for social actors. Instead of trying to influence policy from the outside, the citizens [...] are invited inside the governmental apparatus itself, thus confusing the neat horizontal-vertical framework for understanding accountability mechanisms."

In this sense, then, PB seems to challenge the theoretical basis of representative democracy, especially the actors and the institutional arrangement. But it does it in a constructive way, showing a valid alternative which could outline a new concept of state and democracy. From an ontological point of view, PB does not seem to fit into the modern paradigm which is based on the territoriality of politics (states, identities, communities, and representatives), and it embodies a different one which makes politics and democracy ‘civil’, that is, closer to the theories of civil society. Accordingly, PB would differ from the liberal pattern of democracy and would then have practical difficulties to work into the liberal democratic structures.

Despite this, PB is conceived and still functions within the modern perspective, and in fact this does not allow it to solve the general problems related to the inclusion of civil society in the political sphere, namely those of representation, legitimacy and accountability. This has left PB in limbo between being a potential autonomous and deliberative system and being a subordinated political initiative of another political system. From this perspective, PB seems to be just the starting point for a new (civil?) reconceptualization of democracy and the state, following the recent approaches theories of (civil) society. It is still an incomplete model as it lacks the input legitimacy which would finally give the formal consecration to an output-legitimate process. This, of course, entails a great normative work, and it also implies a different approach which would need to take off the lenses of modernity, most importantly with regard to the state-society relations. However, this work already has some empirical support: PB is able to transfer the positive potential that emerges at the public level to a participatory institutional design which is not political ‘at this point’ yet, but has many elements to be so.
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