

**Democratic innovation or symbolic participation?
A case study of participatory budgeting in Germany**

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Abstract: *Participatory budgeting gained renown due to its results in the Brazilian city of Porto Alegre and other cities in Latin America. In contrast to this, in Germany, where participatory budgeting is the flagship of the democratic innovation debate, the effects are diffuse. For this reason, this paper provides an analysis of the possible effects of participatory budgeting in Germany. Citizen participation can only be deemed 'democratic innovation' if it has the potential to lead to improvements; otherwise, it is only 'symbolic.' With this in mind, twelve participatory budgets are analyzed during the main periods of diffusion: 1998-2004 and 2005-2008. The analytical frame consists of four dimensions: modernisation-related effects, social changes, ecological changes, and the question of empowerment. The findings show that, in contrast to other European cases, participatory budgeting in Germany has led to few changes. As explanation, the hypothesis is offered that German councillors opted irrationally for participatory budgeting without reflecting on the question of conceding power. Hence, the scope of power delegation has become an important variable for democratic innovation analyses.*

Key Words: local democracy, citizen participation, democratic innovation, participatory budgeting, modernization of public services.

Introduction

There is a fad of citizen participation in Europe. With so-called ‘democratic innovations,’ political representatives invite citizens to participate in political decision-making processes (Saward, 2000; Graham, 2009). But the results of these innovations are ambiguous. Especially in Germany, where new social movements put pressure on political representatives, the effects of these new forms of participation are diffuse. The flagship of the current debate is an instrument called participatory budgeting (PB), invented in the late 1980s in the Brazilian City of Porto Alegre, where PB contributed to an inversion of infrastructural projects in benefit to the poor (Abers, 2000; Baiocchi, 2001). Due to this experience, the new form of citizen participation first became widespread in Latin America, then in other parts of the world. In Germany we can currently count more than 30 participatory budgets; in the sense of a narrow definition more than 100 municipalities are active in this topic. Meanwhile, politicians, consultants, and official agencies are celebrating a democratic renewal; and there is a lack of systematic and objective evaluation. In contrast to the positive outcome in Latin America, the outcome of PB in Germany is decidedly unclear. Some scientists who are working on this topic have a ‘functionalist’ view: They suppose that technically good procedures automatically deliver good results and have a substantial impact on local democracy (e.g. Klages & Daramus, 2007). Furthermore, the existing analyses which are more critical are limited to single cases (Engel, 2009; Weise, 2007; Franzke & Kleger, 2010). Hence, it cannot be judged whether the observed effects are connected to local conditions or represent a general tendency. This paper addresses this shortcoming. Instead of a limited, single case study, the most important and nationally discussed experiences will be presented. Data from at least 12 experiences – nearly half of all experiences existing at this time – were collected. Furthermore, the findings will be discussed within a European context, where PB has spread to more than 250 cities (Sintomer et al., 2011). This may help to point out German specifics.

The evaluation of an instrument like participatory budgeting in a state of Western Europe is important for the general discussion about democratic innovation. In these countries, the implementation of new forms of citizen participation is linked to the hope that participation can overcome some of the problems of ‘post-democracy’ or ‘audience democracy’ (Crouch, 2004; Manin, 1997). In this way Graham Smith stresses that ‘embedding democratic innovations that increase and deepen citizen participation in political decision-making could thus be perceived as one strategy (amongst others) for re-engaging a disillusioned and disenchanted citizenry’ (Smith, 2009: 4). But, if democratic innovation might help to overcome political disenchantment it should, however, demonstrate some effects. In Porto Alegre these changes are evident. Specifically, the poor have gained access to basic infrastructure such as drinking water, sanitation, nurseries, and schools through the process of participatory budgeting. But what is the case in Germany and Europe? If democratic innovation is purely symbolic, without any rational impact, it could endanger the idea of democratic renewal. Of course, this paper cannot show how ‘democratic innovation’ can overcome problems of legitimacy. It will not prove that, after implementing new forms of citizen participation, the political system runs better. But it will discuss a precondition for

political improvement. Hence, the question is: what kind of impact can be expected in Germany, where living conditions are very different from those in Latin America?

Due to contextual conditions, the social effects in Germany cannot be on the same level as those in Brazil, but a social dimension should be taken into account, because European cities also face growing social problems. Hence, which kind of social improvements can participatory budgeting lead to in Europe? Apart from the social dimension, three others should be considered. First of all, it must be mentioned that the discussion of participatory budgeting in Germany was in its initial phase tied to the modernization of public administration. Instead of being asked to comment on infrastructure projects, citizens were asked to give recommendations on how to improve the functionality of public libraries, swimming pools etc. PB in Germany was born in a context of fiscal stress, and the idea was to improve the competitiveness of public administration with the help of citizens' feedback. Another dimension that has to be followed is the ecological. In its beginning, participatory budgeting was also linked to Local Agenda 21. More than 2,500 municipalities have let their citizens participate in the improvement of environmental issues. But in the end, the impact of these procedures - which incorporated open discussion forums, conferences, and working groups - was limited. In her overview study of Local Agenda 21, Brigitte Geissel concluded that 'LA 21 [Local Agenda 21] processed in Germany were only able to fulfill a fraction of the hopes invested them' (Geissel, 2009: 412). Therefore, participatory budgeting represented for some Local Agenda 21 groups the hope of obtaining concrete financing for their projects. But would PB be able to bridge the gap between the expectation and the disappointing reality of Local Agenda 21? Or is it condemned to the same fate? At the very least, participatory budgeting can be analyzed in terms of citizens' empowerment. In this context the issues of the degree of power delegation and the autonomy of participants have to be taken into account.

In order to obtain answers in these four dimensions, this paper uses the results of a qualitative survey of the twelve most important participatory budgets in Germany (Herzberg, 2009). The data was mainly collected between 2000 and 2008, when participatory budgeting was expanding at a rapid rate. The data is completed by some observations of the recent development of PB in Germany, where the internet increasingly replaces neighbourhood meetings. The research was integrated in a broader study of participatory budgeting in Europe (Sintomer et al., 2011), which helped to make judgements about the findings in Germany and to compare them with other examples of the 'old continent.' The methods were based on interviews with different local stakeholders (mayors, employees of the administration, citizens, and members of the local council), observation of meetings organized in the frame of participatory budgeting, and an evaluation of central documents published by the municipalities.

Before showing evidence of this data, the paper provides some general information about local democracy in Germany and the potential connections for developing participatory budgeting. What is the fertile ground on which PB could develop social, ecological or modernization-related effects or lead to an empowerment of citizenship? After this, the analytical frame of the dimensions will be elaborated before demonstrating the diffusion and the real effects of PB. This process contains a first phase (1998-2004) in which PB was, at least rhetorically, linked to participatory modernization; in the second phase (2005-2008) the experience of Porto Alegre was also discussed in Germany and nurtured some hope for social

effects and the delegation of power to citizens. Meanwhile, the outcome of PB is evaluated in every period; the conclusions summarize the relevant factors that have molded the impact of PB in Germany, and compare it to other European experiences.

Which fertile ground for PB in Germany?

In order to understand the specific development of PB in Germany, national context has to be described. It will systematically be shown that PB didn't necessarily have to be linked to participatory modernization. There are also ecological and social developments with which PB could be connected. Furthermore, the dimension of empowerment has to be taken into account, because the more the citizens are heard, logically, the more of their proposals are realized. But before setting the frame, it first of all must be said that there is no precisely fixed procedure for participatory budgeting. Participatory budgeting is defined generally as the process of involving citizens in the discussion of incomes and expenditures of public budgets. In order to define participatory budgeting more precisely and identify its specific characteristics in contrast to other democratic innovations, four criteria taken from an international survey on participatory budgeting can be applied. Sintomer et al. (2011) propose a practical definition based on the following points:

- (1) The financial and/or budgetary dimension must be discussed; participatory budgeting is dealing with scarce resources.
- (2) The city level has to be involved, or a (decentralized) district with an elected body and some power over administration (the neighbourhood level is not enough).
- (3) It must be a repeated process (one meeting or one referendum on financial issues is not an example of participatory budgeting).
- (4) The process must include some form of public deliberation within the framework of specific meetings/forums (the opening of administrative meetings or classical representative instances to 'normal' citizens is not participatory budgeting).
- (5) Some accountability on the output is required.

Within this frame PB can pursue different goals. In Germany, the modernization of local administration was one option for the dissemination of participatory budgeting. The 'New Steering Model' ('Neues Steuerungsmodell'), a major 1990s reform project, recommended applying some private sector management criteria to administration with the aim of improving public services by increasing their competitiveness. This new model was a Social Democratic version of international New Public Management theories and was different from the purely market-oriented model of modernization, which essentially relied on privatization, increasing competition in services, and introducing profitability-related criteria. Following the example of the Dutch City of Tilburg, hierarchies were compacted, the autonomy of departments' resource management were strengthened, the methodology of budget planning shifted from classical incremental budgeting to budgeting by-product, etc. But, by the end of 1990s the success of the reforms was still limited (Reichard, 1997). For the fortification of the reform movement, citizen participation was seen as an important factor. Hence, a new vision for local democracy called 'Citizens' Community' ('Bürgerkommune') became famous (Bogumil &

Holtkamp, 2004). Under this concept, citizens were not only considered 'clients' who should profit from good quality of provision; they were also charged with new responsibilities: as 'co-producers' there were invited to participate in public service by volunteering. As a consequence, many efforts were made to promote civic engagement in order to care for grounds, libraries, green space, etc. Furthermore, citizens were seen as 'co-deciders' in political decisions. With all these new roles, the 'citizen community' opened the door for democratic innovations. Participatory budgeting in particular has the potential to respond to these new roles.

Although the social situations of German municipalities are far removed from those in Brazil, there is a discussion about increasing the spatial division of the city (Mansel & Heitmeyer, 2009). The sociologist and town planner Hartmut Häußermann (2000) states that the 'elevator which allowed poor in the 1970s to better their social conditions takes today less and less people'. But it is not only the number of poor neighbourhoods that has increased; the demographic composition of these neighbourhoods has changed as well. In former times the social homogeneity of traditional working class citizens was prevalent, whereas today different groups with different cultural backgrounds and normative convictions live together: classic poor or working class, immigrants from different cultures, families with numerous children, single mothers, etc. In reaction to this, the German government implemented from 1999 on a specific urban renewal program called 'Social City' ('Soziale Stadt'). The program is financed by national, federal and local government organizations, with an annual amount of 100 million euros. Approximately 300 cities participated in it. The program seeks not only to better urban infrastructure as traditional programs do; it also aims to coordinate common actions between stakeholders of different concerns (social, culture, leisure, etc.). Participation is one of the key principles of the program. The idea is to discuss and solve problems with the support of the residents. With this goal in mind, citizen juries are implemented, where active citizens can apply for small project financing. This process could be linked to a city-wide participatory budgeting process. At the minimum PB could profit from urban renewal programs.

The ecological dimension has its base in the declaration of the Local Agenda 21. In 1992, during a UN-Conference in Rio de Janeiro, more than 170 states signed the declaration. One of their key concepts was sustainable development. As in the program 'Social City' the idea of bringing together different stakeholders is one of the key principles of this approach. In Article 28, the declaration especially recognizes municipalities as relevant agents of change. Although Local Agenda 21 was a worldwide process, it became very famous in Germany, where more than 2,500 municipalities joined the movement. The activities usually began with the elaboration of a sustainable development strategy. These documents were formulated in collaborations of local representatives, associations of civil society, and interested citizens. For its implementation, thematic cooperative groups on energy, public transport, waste treatment, or other topics were established. The process is usually accompanied by different types of meetings, conferences, and workshops, etc. But with the exception of some cities which came to be regarded as ideal examples, most of the proposed activities lacked money. Thus, some of the Local Agenda 21 activists were very interested when they heard about the experience of Porto Alegre. They hoped that Local Agenda 21 could profit from PB. Furthermore, PB would invert the orientation of classical development cooperation. There are

not so many examples in which institutional innovations are exported from the Global South to Western Industrial countries.

While the 'Social City' program and its citizen juries contain some delegation of power, the process of Local Agenda 21 was purely consultative. This was one of the factors which limited its success. But PB was not necessarily doomed to the same fate. In the frame of reform of local government constitutions, there was an increase of local referenda initiatives in the 1990s. In contrast to other Western European countries' local governments, local referendums in Germany can not only be initiated by citizens; in addition to this they are binding. If PB were to be linked to this tendency it could become a powerful instrument. In summation, when participatory budgeting came to Germany in the late 1990s, its future traits were still unrealized. There was not only the possibility to link it with social, ecological or modernization-related aspects, but various degrees of power delegation were also conceivable.

The analytical frame

Before describing the diffusion of PB it is necessary to develop an analytical frame, which allows one to distinguish symbolic experiences of PB from those which represent real democratic innovation and show important impacts. For this analytical framework, clear criteria are needed. Concerning the dimension of participatory modernization, some criteria can be defined by the concept of 'citizens' community.' For example, in the role of 'clients,' citizens are in daily contact with public transportation, waste collection, street cleaning, etc. Because of their experience with public service delivery they gain knowledge about its functionality, strengths, and weaknesses. On the basis of this '*clients' knowledge*' citizens can provide feedback that might help to improve the quality of service delivery. Another role of 'citizens' community' concept, the 'co-producers', has an influence on participatory modernization, because the *devolution of tasks* could also discharge public administration from costs. In this way devolution can, for example, range from simple volunteer work in a public library to self-management of a specialized neighbourhood library by citizens. Beyond the roles of the 'citizens' community' further can be established: One key issue of participatory modernization is the *public control of local administration*. For example, access to central documents such as budget plans would enable citizens to determine if public finances are economically well-planned or if waste occurs. In the context of PB, moreover, it can be expected that citizens formulate suggestions on *costs reductions*. Here, citizens feel responsible for the limited public money and propose cutbacks in order to avoid fiscal stress.

For the social and ecological dimension, some common criteria can be defined pertaining to the specificity of each area. First, it must be determined whether participatory budgeting contains *proposals with social or ecological concerns*. An impact can only be expected if there is some consideration for social and ecological questions. Secondly, the *participating public* has to be considered. Who knows social problems better than the concerned, marginalized citizens? In regard to the ecological dimension, environmental groups should participate in the PB process to help identify solutions for ecological problems. Third, the *scope of proposals* does not have to be neglected. Using a metaphor from Parkinson (2004), three degrees can be distinguished: Parkinson labelled small scale changes as 'painting;' in

this case citizens decide on marginal topics. In the figurative sense they would decide on the color of a door, but not on crucial points. In contrast to this, Parkinson uses the metaphor 'building' for important projects, which need a considerable amount of money. Thus, the realization of these types of proposals would better the living conditions of a neighbourhood. The highest level of change is called 'housing.' In this case the proposal is directed to the whole city, for example a new sustainable system of waste collection. Beyond the scope of projects, the *establishment of new norms* can be defined as a fourth criteria. Based on what participatory budgeting in Brazil has shown, this could mean that criteria of social justice are applied when money is distributed to different proposals. Using this method, PB in Porto Alegre provided important benefits to the poor. In the ecological dimension the establishment of new criteria could be, for example, legal norms that limit CO₂ emission.

Table 1 shows the criteria for each dimension. Furthermore, the criteria are grouped into different levels of impact. The first level represents a limited impact and can be understood above all as a precondition for change. For example, the pure articulation of citizen knowledge does not mean that this information is ultimately used for bettering service delivery. Or, corresponding to the social and ecological dimension, a pure discussion on social and ecological issues does not mean that any project is implemented. As a consequence, if the evaluation of participatory budgeting mainly falls in the first category, the process can be considered 'symbolic,' because provoked changes are rarely visible. For this reason, the second level indicates projects within the scope of 'building' or 'housing.' The outcome of such projects would be perceptible, and with this participatory budgeting would start to be a 'democratic innovation.' The last group contains criteria which are supposed to have a very strong impact, but not all PBs reach this level, and this is not a necessary condition for being qualified as 'democratic innovation.' For example, it can be supposed that it is not easy for citizens to define proposals for considerable cutbacks, because they do not have an overview of all incomes and expenditures. Furthermore, in the social dimension, the degree of corruption in Western European municipalities may be lower than in Latin America. Consequently, municipalities will be less willing to reconsider the general distribution of public resources.

Table 1: Analytical frame for the evaluation of participatory budgeting

	Participative Modernization	Social dimension	Ecological dimension	Empowerment
Little impact	<ul style="list-style-type: none"> • Articulation of citizen's knowledge • Task devolution 	<ul style="list-style-type: none"> • Social topics are discussed • Integration of socially marginalized groups • Projects on the level of 'painting' 	<ul style="list-style-type: none"> • Ecological topics are discussed • Integration of environmental groups • Projects on the level of 'painting' 	<ul style="list-style-type: none"> • 'Selective listening'
Important impact	<ul style="list-style-type: none"> • Public Control of administration 	<ul style="list-style-type: none"> • Project on the level of 'building' and 'housing' 	<ul style="list-style-type: none"> • Project on the level of 'building' and 'housing' 	<ul style="list-style-type: none"> • Prioritization of proposals • Autonomy as influence of rules
High impacts	<ul style="list-style-type: none"> • Cost reductions 	<ul style="list-style-type: none"> • Criteria of social justice distribution 	<ul style="list-style-type: none"> • Establishment of new standards 	<ul style="list-style-type: none"> • (De-facto) decision making competence

Finally, table 1 defines criteria for citizens' empowerment. Here, three different degrees of power are classified. The lowest one is labeled 'selective listening'. This expression was coined during the discussions on the European Participatory Budgeting Research project (Sintomer et al., 2008) while participants directly compared Germany's experiences with those of other countries. 'Selective listening' means that citizens' proposals are collected without any hierarchy. It is the government's task to select the most important ones, but there is always the danger that only the proposals that fall in line with the government's opinions will be included, and those that do not will not have a chance to receive funding. In order to overcome this logic, the second degree provides that the participants of PB decide on proposal order. Through voting, citizens determine which proposals inhabit the top of the list. Ultimately, the last degree of empowerment would be closed to direct democracy competency. In the context of PB, however, it would be more appropriate to label it a 'de-facto' decision-making competence, because the local council is required to officially approve the budget plan; thus, a high commitment would be reached if city council assumed the list of PB proposals. The dimensions of empowerment are completed by a criterion of autonomy. This means that citizens participate in the definition of the rules of PB's methodology.

The first period (1998-2004): The hope of participative modernization

As shown above, PB in Germany also had the chance to be linked to social and ecological issues. In particular, the ‘Social City’ program and the Local Agenda 21 provided a good platform to integrate PB into these frames. But, as signaled previously, in the beginning of PB, the dimension of participatory modernization was the most relevant. Participatory budgeting might have completely passed Germany by were it not for a financial crisis affecting municipalities which increased in severity in the 1990s. The reasons were structural: towns were not receiving adequate funding from the state or *Länder* to cover the increased number of tasks for which they were responsible, while tax reforms and the difficult economic situation reduced local business tax revenues. The aim of PB was to make the financial stress comprehensible to citizens, and to provide the administration with recommendations to improve services. Did PB respond to these expectations? And, in respect to the criteria outlined before, is it possible to use democratic innovation to improve service production or is participation mainly symbolic and therefore ineffective? What is the methodology needed for participatory modernization? These questions will be addressed, and in doing so will describe concrete experience of the first period of PB.

The establishment of the ‘Communes of the Future’ network (1998–2002) can be seen as an effort to promote participatory modernization. The Bertelsmann and Hans Böckler Foundations launched a project with the KGSt¹ to design effective administrative tools for citizen participation. Participatory budgeting was part of the project, and at this stage certain distinguishing features of German participatory budgets were already appearing. For example, in the first PB cities, such as Mönchweiler, discussions centred on the quality of the administration’s services and not, as in Porto Alegre, on investments and the redistribution of public resources between neighbourhoods in the name of social justice. Also, politically independent entities played an important role, particularly institutions involved in modernizing the administration, which used the ‘citizens’ community’ as a model.

Two years after the Communes of the Future network was launched, the Bertelsmann Foundation and the regional government of North Rhine-Westphalia launched another pilot project: a *participatory municipal budget* (2000–2004) consisting of three phases: information, consultation and accountability. Among the six communes that took part, Hilden and Emsdetten were particularly interesting. Their participatory budgets are still in place and their systems are examples of the two main types of German-style PB: one focused on optimizing public services and the other aimed first to balance the municipal budget. In addition, the two towns were distinguished by the fact that they did not face an imminent financial crisis, unlike most communes in North Rhine-Westphalia. Emsdetten (35,000 inhabitants, conservative CDU mayor) was a model of good management and very rapidly applied various elements of the New Model of Public Management. Hilden’s (56,000 inhabitants, social democratic SPD mayor) strength resided in its proximity to its citizens.

¹The *Kommunale Gemeinschaftsstelle für Verwaltungsmanagement* is the research and advisory institute for the Assembly of German Towns. Its analyses and recommendations strongly influence commune administrations.

Functioning

Hilden keeps its residents informed about the participatory budget through brochures and the media, and bases its procedures on a central citizens' forum. There, municipal employees present their public services and institutions and answer citizens' questions at information stands. Most participants are drawn at random from the civil registry, but anyone interested can participate. It is possible to record suggestions on special forms, and anyone who makes such a proposal will receive a personal letter informing him of the local council's decision. Where appropriate, other letters follow at the project's launch and termination. In Emsdetten, the participatory budget was introduced in 2002 and has continued, with modifications, during subsequent years. There, the local council also organizes a citizens' forum with information stands during the consultation phase. In addition to the lottery system through which residents are sent invitations on a random basis, invitations are sent to citizens who have participated in previous editions of the participatory budget as well as 'active' citizens who are engaged in other participative procedures. However, the aim is not to assess public services but to generate proposals to rebalance the budget (in 2002 the deficit reached 2.8 million euros, out of a municipal budget of 63 million; 3.8 million and 86 million USD). This can take the form of staff cuts, reduced public expenditure, decreased optional spending (culture, sport, leisure activities, etc.) or tax increases. Each participant comes up with a personal suggestion by combining the various possibilities. Views are gathered in a questionnaire and quantified, with their sum total representing the citizen forum's overall vote. The local council then announces its decisions after a period of deliberation and provides feedback to the participants.

Limited effects

A strong point of Hilden's and Emsdetten's participatory budgets was budgetary transparency, and this is particularly notable when compared to the majority of the systems in existence elsewhere in Europe. Nevertheless, citizens learned little about expenditure on large flagship projects, which emerged more from public opinion than through participatory budgets. Citizens also had no real control over the process itself, and while their knowledge was used to produce concrete improvements in institutions, services, and infrastructure, these improvements mainly consisted of secondary projects at the level of 'painting,' such as putting a roof on an underground car park or lengthening a cycle path, rather than central issues.

As expected, German participatory budgets have had few social effects, the Emsdetten citizens' forum being the sole PB which has issued a recommendation with wide-ranging social relevance: citizens believed it was better to balance the budget by increasing local business taxes than by cutting services, and the local council partially followed the recommendation, which produced an additional 610,000 euros (834,000 USD) in tax revenues. A comparison between this sum and the use of neighbourhood funds in other countries does not diminish the influence of the citizens of Emsdetten. However, it should be pointed out that following the recommendation was also to the local council's benefit, as its

tax rate was lower than the level recommended by the *Land*. In the medium term, the town would have seen some subsidies withheld if it had not increased its rate.

Despite Emsdetten's experience – whose idea of rebalancing public budget has become dominant recently – until 2005 most cities followed a methodology pioneered by Hilden. In these cases the empowerment-dimension was limited to 'selective listening.' To reiterate, this notion stands for a strictly consultative process: people can make proposals, but in the end the government or the administration interprets the final recommendations. In this process, generally middle class citizens participated, two-thirds were over 40; less than 5 percent of participants were young people; and there were almost no foreigners. Women represented only a third of those involved. Withdrawals meant that the random lottery system (particularly and frequently used by German participatory budgets) did not automatically produce a representative group of residents (Röcke, 2009). The method did have its supporters, however, who maintained that it boosted participation and limited the influence of lobbies. Participatory budgets are often expected to play a part in countering the mistrust of politics that is as much a feature in Germany as in the rest of Europe, but statistics show that they neither improved the electoral results of incumbents nor reduced abstention levels.

Most surprising is the fact that, in spite of all the talk of participatory modernization, the effects in terms of administrative reform remained meagre and mainly addressed an improvement in transparency and some articulation of citizen knowledge. But there was little devolution of tasks, and the information gained did not really lead to public control. Furthermore, at this stage PB did not have any effect on cost reduction. What are the reasons for this? Maybe the lack of in-depth discussion was a major limitation on making use of citizens' knowledge. Unlike in Porto Alegre, there were no regular meetings at which small groups analyzed problems and drafted proposals.

Second Period (2005-2008): Berlin-Lichtenberg – Porto Alegre in Germany?

Nonetheless, after the first World Social Forum was held in Porto Alegre in 2001, participatory budgeting began to flourish in Europe. The number has increased from less than a dozen to a current figure of more than 250. In the first years especially, municipalities in Southern Europe - countries such as Spain and Italy - contributed to this growth. Some of them implemented a procedure which was directly derived from Porto Alegre: integrating criteria of social justice for the distribution of resources. In Germany there was also a chance to connect PB more strongly with a social dimension and with urban renewal activities such as the 'Social City Program,' which was largely implemented in the German capital. Indeed, in the beginning of the second period, Berlin became the avant-garde of the German PB movement. Here, new participants supported the diffusion of participatory budgeting. But would these changes be sufficient to strengthen the social dimension or at least the ecological?

The first German study of the Brazilian city's participatory budget was published in the same year as the inauguration of the World Social Forum (Herzberg 2001). The

*Bundeszentrale für politische Bildung*² became interested in the development of the system and local citizen initiatives multiplied following the visit of two delegates from Porto Alegre. Discussions were further boosted when the new local government of Berlin, elected in the 2002 elections, adopted a series of measures aimed at modernizing the city-*Land*'s administration.³ The PDS (former communist party, today unified with another leftist party under the name 'Die Linke') persuaded its Social Democrat coalition partners to undertake a participatory budgeting experiment at the borough level. Two boroughs in the east of the city were selected. Marzahn-Hellersdorf (250,000 inhabitants) then began a process involving high-quality deliberation and partially linked it to urban renewal policies. However, the experiment remained incomplete and was abandoned following a change of mayor in 2007. Lichtenberg (252,000 inhabitants) proved to be more committed. The borough in East Berlin, some parts of which are dominated by large, grim socialist housing developments, has a reform-minded administration. It implemented a series of modernization measures but appeared torn between innovation and tradition. A PDS stronghold where the party achieved its best results, and home to the greatest concentration of party members in the entire country, the borough's reputation suffered as a result of extreme right-wing violence. The non-partisan objective of the participatory budget was to contribute to firmly entrenching democracy and improving the borough's image. In addition, the PDS aspired to turn Lichtenberg into a showpiece for its policies.

When Berlin-Lichtenberg formally inaugurated its participatory budget in September 2005, some activists compared it with Porto Alegre. Berlin's alternative newspaper *Taz* announced humorously that Lichtenberg had become a 'People's Republic.' This provocative title reflects the high expectations that the participatory budget provoked. Indeed, in the German context the efforts made in preparation for the participatory budgets were impressive: the borough government concluded numerous cooperation agreements with external service providers for public relations, citizen mobilization, Internet presence, process moderation and evaluation. With official expenses of 125,000 euros (171,000 US\$)⁴ for the organization of the process, Lichtenberg no doubt spent more on its participatory budget than all the other German PBs combined. Was the money well spent?

Beyond 'selective listening'

Despite some scepticism with regard to the implementation of a participatory budget in a large city, Lichtenberg found an appropriate methodology by using a model specifically designed for the capital and drawn up under the *Bundeszentrale für politische Bildung*. In

² A federal government body tasked with improving citizens' knowledge of democracy and the German political system.

³ Germany is a federal state composed of 16 *Länder*, among them three cities with *Land* status, including Berlin. For this reason Berlin is both a federal state and a municipality. Below the city level, there are 12 semi-autonomous boroughs with their own council and administration, but with limited political authority. For example, the state of Berlin has to approve the boroughs' budgets.

⁴ Total expenses for the organization of participatory budgeting might even be higher. However, the borough has now reduced its public relations efforts. Less money is spent on the process, because external agencies have been replaced by civil servants or by community management agencies which are already under contract to run community centres.

many ways, the method seemed to be different from the previously described procedures. One notable difference was the empowerment dimension. Participants were not limited to the logic of selective listening, because priorities were indicated through a voting system in which each participant was given five points to distribute among the various proposals. Proposals could be made and prioritized during neighbourhood meetings, on Internet forums, or through questionnaires sent by the administration to randomly selected people. At the end of the participatory budgeting process, participants could give the borough council a prioritized list of proposals. The council was obliged to make a statement on each proposal (at least on the top twenty): whether it had been accepted or not, or whether financing options would be checked later.⁵ This represented a break from the logic of ‘selective listening.’ Furthermore, it is worth noting that Lichtenberg ran a major communication campaign to mobilize its citizens. Mini-meetings were held to attract immigrants and other groups considered outsiders in the participative process. This was somewhat unprecedented in Germany, where citizens are usually mobilized by random selection or by the invitation of already ‘active’ inhabitants.

Box: A Neighbourhood Meeting in North Hohenschönhausen (Berlin-Lichtenberg)

In Lichtenberg’s neighbourhood of North Hohenschönhausen the public meeting for citizens took place in a school. Around 100 residents from the nearby blocks of flats were present. The majority were aged between 40 and 50, but there were also some young people and pensioners. Those present sat in a large circle. The mayor opened the meeting by welcoming those present and presented the ‘participatory budget project’. The moderator, from a communication company, then took the floor and reminded those present of the different ways in which it was possible to participate: the Internet, forums and meetings. She explained that three-quarters of the budget corresponded to fixed expenditure that could not be changed. The borough council did, however, have a direct influence over 31 million euros (42 million USD). These ‘manageable’ funds had been arranged into outputs that could be changed through the participatory budget. A catalogue describing the services was distributed. According to the moderator the purpose of the session was to gather proposals with a view to their adoption or rejection. She wanted to elect an editing team to work on the proposals, but nobody volunteered. The meeting therefore focused on discussing existing proposals and making new suggestions. The administration had set up information stands to this effect and each service had its own information chart. At the ‘construction and traffic’ stand, participants discussed matters with a representative of the local administration. They then used the appropriate form to recommend improving access between the school and the cycle path. A group of young people wanted the skate park to be repaired and another one enlarged. Someone announced that the meeting would be closing in ten minutes. The noise in the different corners of the room showed that participation was active, but nothing had been proposed with regard to health care. On the other hand, this time an editing team was elected and included a member of the skateboarding group. During the voting that followed, the

⁵ The third (but popular) way of meeting this obligation is a vague answer, declaring that it is not clear whether this proposal will be realized one day or not. Sometimes this is used as a tactical answer, because if funding is not decided on immediately, it is likely that it will never be forthcoming.

young people's proposals showed that they had garnered considerable support and came first, followed by maintenance for a commemorative monument.

But apart from these features, the new procedure was generally in line with previous German approaches. As already stated, the general idea was to get feedback on the borough's service provision. This notwithstanding, the bulk of the local budget had to be spent on delegated state tasks such as the distribution of social security benefits. The real competences of the borough included, for example, services such as libraries, public parks, sports facilities, and so on; which are grouped into 40 'products.'⁶ For these products, the borough government spent around 31 million euros (42 million USD), including staff, operating costs, and other expenditures. It must be stressed that this budget segment is open for discussion, but it does not mean that the citizens can decide freely how to spend this money, because long-term contracts as well as commitments binding public employers have to be respected – and there is no political will to start a discussion about the borough's objectives from scratch. In the end, the total value of the proposals approved by the borough council should range between 500,000 euros and 3 million euros (between 680,000 USD and 4.1 million USD).⁷

One explanation for this limited expenditure through participatory budgeting lies in the characteristics of the applied methodology and in the concept of participative modernization: the bulk of participatory budget money – this, for example, is the case for the 38 approved proposals in 2006 – does not involve any change in the original budget composition, because the budget for the 40 self-governed 'products' is capped. 'If people want the street cleaning services to visit their street twice a week,' explained a public employee in Berlin, 'this means that the service will be reduced in other streets, where less cleaning is needed.' The central idea is to streamline service provision according to needs expressed by citizens. Only a small number of the proposals redistributed money from one 'product' to another. For example, after citizens and lobby groups mobilized support for a public music school in 2006, the school received more money than planned. In one year, Lichtenberg also allowed participants to decide on small outlays via the Internet. But these elements do not change the overall dominance of the described logic of 'participative evaluation of service provision.'

⁶ The term *product* (*Produkt*), officially used in Berlin, is derived from New Public Management. It goes along with budget reform. Lichtenberg, like many other local authorities, transformed the conventional bureaucratic budget plan into an enterprise budget format called *Doppik*. This budget is supposed to be more transparent, but is still not as clear as the programme-based budgets in Brazil and North America.

⁷ The brochures on accountability distributed to citizens and published on the Internet show which actions have been started to implement each proposal. But often there is no information on what funds are earmarked for these actions. When this is done, it is unclear whether there is a real change in priorities, or whether these are simply the same funds that were already reserved for this task. In the end, it is very difficult to answer the question of how much money is at the command of the participatory budget, and this lack of information appears to be intentional.

Few effects on the level of 'building'/'housing'

Table 2 shows that Lichtenberg is not an isolated case. Most cases share commonalities with other experiences. The borough can be seen as one of the leaders of the second period of participatory budgeting in Germany: In the social dimension there are some projects on the level of 'building,' for example, when the public library employed Vietnamese-speaking people and bought a stock of books in this language in order to facilitate the integration of this ethnic group. In general, however, there are not many other municipalities or boroughs with effects on the level of 'building' or 'housing' – projects of importance. If this occurs, it is due to special circumstances. In this sense, the city of Potsdam (150,000 inhabitants) is a very interesting case. Recently, the city council approved only one of the last 20 most-voted proposals. Only after public mobilization and criticism from the media did the government concede about 200,000 euros (290,000 USD) for a new football field, which was the most-voted proposal. That means that through mobilization, a 'countervailing power' (Fung & Wright, 2001) could lead to some improvements. But this does not happen often. In Cologne (1 million inhabitants), projects on 'building' were approved due to the municipality receiving some extra money. To sum up, in the second period the most relevant change of PB was to overcome the logic of 'selective listening' through voting preferences. But this did not automatically lead to more projects. This has only occurred in the rare cases in which prioritization has gained the support of mobilized civil society or if there is explicit political will, as was the case in Lichtenberg.

Table 2: Effects of participatory budgeting in Germany

	1 st Period (1998-2004)						2 nd Period (2005 -2008)					
	Rheinstetten	Esslingen*	Groß-Umstadt	Hilden	Emsdetten	Vlotho	Lichtenberg	Marzahn-H.	Potsdam	Hamburg*	Cologne	Leipzig
Partizipative Modernisierung												
Citizen's knowledge	1	0	1	1	1	1	1	2	1	2	1	2
Task devolution	0	0	1	1	?	2	0	0	0	0	?	0
Public control of administration	0	0	0	0	0	0	0	0	0	0	0	0
Cost reductions	0	0	0	0	1	0	0	0	0	0	0	0
Social dimension												
Social topics are discussed	1	1	?	1	1	1	1	1	1	1	?	1
Marginalized groups integrated	0	0	0	0	0	0	1	1	0	0	0	0
Projects on level of 'painting'	1	0	2	1	1	1	1	1	1	?	1	0
Projects of 'building'/ 'housing'	0	0	0	0	0	0	1	0	1	0	1	0
Social justice distribution	0	0	0	0	0	0	0	0	0	0	0	0
Ecological dimension												
Ecological topics are discussed	1	1	1	1	1	1	1	1	1	1	?	1
Enviromental groups	0	0	2	0	0	?	0	0	0	0	0	0
Projects on level of 'painting'	?	0	2	1	1	1	2	2	1	?	1	0
Projects of 'building'/'housing'	0	0	0	0	0	0	1	0	0	0	0	0
New new standards	0	0	0	0	0	0	0	0	0	0	0	0
Empowerment												
Selective Listening	3	3	3	3	3	3	0	2	0	1	0	
Prioritization of proposals	0	0	0	0	0	0	3	0	1	0	1	2
Influence of rules	0	0	0	0	0	0	1	2	0	0	0	2
(De-facto) decision making	0	0	1	0	0	0	0	0	0	0	0	0

Legend: 0 = no effects, 1 = some examples; 2 = few examples; 3 = many examples; ? = no data available; * = These cities are not PB in the strict sense of the established criteria

Democratic innovation and the question of power

Taking all the effects of PB into consideration, it seems that the overall judgment may be slightly more than symbolic. One explanation is that citizens' proposals compete with local councils' own priorities, and in times of financial crisis there is in the end often no money left for projects proposed by PB projects. In order to avoid this problem, it would be helpful if, before starting the annual PB process, the amount of money that the people could influence were predetermined. But in reality, the opposite occurs. From 2008 until now, the approach used in Emsdetten has become a fad. The overriding aim of new PB processes, such as those in Worms, Bonn, Trier, Stuttgart and Fribourg, is to discuss solutions to financial problems. The people are invited to make proposals to economize a predetermined amount of money. In contrast to the experience of Emsdetten, the solution is not raising taxes. Furthermore, participation seems to become even more symbolic than before. Discussions on the internet have failed to provide sufficient information, especially on results of budget cuts. This information gap prohibits people from elaborating complex strategies and makes them unaware of the consequences of their suggestions. It seems more evident that governments use this kind of PB to explain the necessity of fiscal policy. The fact that these PBs are exclusively organized online also creates a backlash concerning empowerment, because the internet lacks the possibility to pressure the government to answer displeasing questions. This is different from meetings in which citizens, due to the force of their presence, can demand to be heard.

The German case shows that procedures of democratic innovation are not necessarily linked to perceptible policy improvements. Although they were often technically well organized, PB has not led to remarkable results. Perhaps in PB cities, the public is now more informed about the financial situation and citizens have a better understanding of how local administration functions. PB has also made it possible for citizens to express their concerns, even if most of them remained unheard. In contrast to Germany, PB in other European countries showed stronger effects (Sintomer et al, 2009). Although it must be stressed that - as is also the case in Porto Alegre - only a small part of the annual budget is participatively discussed: in Sevilla (700,000 inhabitants) this sum represents 14 million euros. With this money, at least the realization of some projects on the level of 'building' is possible. In Great Britain, PB is linked to urban renewal programs. In Bradford (290,000 inhabitants), marginalized neighbourhoods received a certain amount of money for the realization of proposals. A fund is also used in the Polish city of Płock (130,000 inhabitants). In this case, enterprises like the oil company PKN Orlen participate in the financing of PB projects. All these cities show that PB could contribute to some perceivable improvements. Although there are no changes comparable to the magnitude of those in Porto Alegre, the realized projects clearly extend beyond pure symbolism.

The remaining open question is: why have the effects of PB been so limited in Germany? It can be surmised that the procedure and its orientation to modernization is not a sufficient explanation. Seen from a technical viewpoint, the PBs were very well organized. At the end of the process, the government received a list of proposals on which it had to decide. Maybe political will is one explanation. In Spain and Italy, PB was part of political vision: Left governments wanted to prove their ability to transform local administrations into

attractive and innovative partners, open to communicating with citizens. In Germany, PB was supported by all kinds of parties, without any deeper vision at its foundation. To state that all German PB cities are not willing to listen would be an oversimplified explanation. Were this the case, politicians would not be obligated to create a PB and such processes would never have begun. For this reason, another hypothesis is proposed: Local representatives acted in an irrational way without truly reflecting on the consequences of their attitude. They agreed that in the face of fiscal stress, protest movement, and political disenchantment, it was necessary to open the discussion. Terrified by referendums, they were against the delegation of power. But they were not aware that even pure consultation means that, in the end, some proposals have to be realized. They were expecting a miracle: they just wanted to be re-elected, without changing anything. In this way the case study of participatory budgeting in Germany has shown that the question of power has to be considered when democratic innovations are evaluated: a clear decision on the scope of power transfer is required. It should be the responsibility of politicians to clearly define the power they intend to delegate, or alternatively, there should be social movements in place which facilitate this if the government is unwilling or indecisive. As the case in Potsdam shows, civil society has to mobilize in order to obtain some concessions. Hence, the scope of power delegation has become an important variable for democratic innovation analyses.

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