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Governance and Democracy - KATARSIS Survey Paper

Coordination: Bernhard Leubolt, Andreas Novy, Barbara Beinstein

Wirtschaftsuniversität Wien

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ABSTRACT

Although the welfare state is currently being transformed, it continues to exist in new forms. These vary in different cities and regions. They have in common to involve citizenry in micro-participation, while managing macro-participation by the elite. Especially community-based management and participatory democracy turn out to be concepts for socially innovative strategies which are fundamentally Janus-faced, as they tend to be strategically selective – including some actors, while excluding others. Critical social movements may be co-opted into the state and lose their potential to contest political decision. But bottom-up participation can also be a step towards the proposed utopia of democratic governance.

Bernhard Leubolt
Andreas Novy
Barbara Beinstein

INTRODUCTION

This paper contains some findings of the project "KATARSIS – Growing Inequality and Social Innovation: Alternative Knowledge and Practice in Overcoming Social Exclusion in Europe" (**http://katarsis.ncl.ac.uk**) which was financed by the European Commission within the Sixth Framework Programme on "Citizens and Governance in a Knowledge-based Society". KATARSIS worked as an interdisciplinary platform on which research teams specialised in the study of the consequences of growing inequality and social exclusion exchanged their knowledge and work towards a better integration of their research programmes and methodologies among each other. Additionally, practitioners from local governments, social movements, NGOs and so forth collaborated with their ground based knowledge. Within the resulting transdisciplinary framework, the thematic focus has been on a unique type of response to growing exclusion, namely the creative and socially innovative strategies by which people react to conditions of exclusion. This paper was part of a literature survey, covering five existential fields: (1) Labour Market and Social Economy, (2) Education and Training, (3) Housing and Neighbourhood, (4) Health and Environment, and (5) the field of this paper: Governance and Democracy. Besides the survey of the relevant academic literature to governance and democracy, the first steps towards linking theories to actor's strategies were taken by introducing case studies, which were taken as contradictory examples where socially innovative strategies have taken place.

"Governance and democracy" (WP 1.5) is an existential field of KATARSIS that differs from the other four in an important respect. While these focus on specific loci of socioeconomic inequality the issues covered in WP 1.5 have a double role – they are examined as specific loci of social exclusion and as processes leading to social inclusion or exclusion in other fields. This approach is based on the understanding that social exclusion (and therefore social inclusion as well) has two dimensions – a content and a process dimension. This differentiation is reflected in the discussion about "exclusion from" or "exclusion through" in the other existential fields and can be traced back to two different underlying ideals of social justice. When targeting "exclusion through" the focus is on equality of opportunity, while fighting "exclusion from" needs to rest on some notion of equality of outcome. Interestingly enough, Labonte (2004: 119) argues that these different conceptions of social justice are also what differentiates the concepts of social inclusion (focus on equality of opportunity) and social exclusion (focus on (in)equality of outcome). However, discourses on social exclusion tend to be mainly concerned with the content dimension of social inequality whilst those concerned with social inclusion focus on creating equal opportunities (process dimension).

In our inquiry we have tried to overcome a single-focused analysis through the parallel examination of the content and the process dimension of inequality. Nevertheless, we will elaborate on the process dimension in somewhat more detail, focusing on *democratic governance* as an important prerequisite for social innovations.

The main exclusionary dynamics in the field of governance and democracy will be presented in box 1. These tendencies refer to the problematic of exclusion *from* governance, whereas exclusion *through* governance is given less emphasis. Concerning the links between governance and democracy, the main concern is with people who are being excluded from political decision making. Nevertheless, exclusion *through* governance remains important as it leads to exclusion *from* areas being explored in the other existential fields. The organizational design of governance mechanisms may also lead to exclusionary dynamics, which leads to cases where exclusion *through* governance also implies exclusion *from* governance.

Box 2 shows the socially creative strategies to overcome the exclusionary dynamics being displayed in box 1. The main emphasis is given to democratic innovations which foster the public spirit of political decisions – especially concerning participatory innovations and community-based initiatives. These can be regarded as innovative as they are responses to problems concerning the bureaucratic character of the welfare state. However, these innovations are Janus-faced, as they may also reinforce exclusionary dynamics which will be explained in the paper.

The paper deals with the issues of "Governance and Democracy" and relates them to questions of social exclusion from and through governance mechanisms and possible socially creative strategies to overcome the exclusionary dynamics. This text is a focussed survey, relating the recently emerging "governance" theories to the field of democracy. It is a joint effort which includes the input of various partners from different institutions[1]. In this introduction, the most important terms are explained to clear the ground for a first approximation to the relevant exclusionary dynamics and the concerning socially innovative responses. This will provide the basis for the identification of particular foci being dealt with throughout the paper in chapter 1. Chapter 2 will then summarize important theories for the empirical cases being dealt with in chapter 3. In chapter 4 we will identify specific initiatives which have the potential to represent 'best practices'. These practices will be analysed critically to show the problems resulting from the application of the socially innovative responses to exclusionary dynamics. Chapter 5 will focus on the aspects of multi-level governance to give further emphasis to

[1] The contributions by the non-coordinating partners will be either explicitly marked in the document or appear in the technical annex, if not previously published.

questions related to scale. Chapter 6 will focus on methodological implications of the findings from the previous chapters.

BOX 1
Main Exclusionary Dynamics

- Liberal forms of governance privatise the public domain, thereby limiting access to public goods.
- Elitist forms of governance undermine democracy and produce political exclusion.
- Republican value "one (wo)man – one vote" is replaced by flexible forms of elite representation and limited participatory spaces.
- Proliferation of clientelist patterns of political decision making.
- Strengthening of the leadership-role of political and business élites.
- Relations between the local level and higher territorial levels induced by recent globalisation processes: effects on specific territories and processes of local differentiation.
- Tension between (economic) space of flows and (political) territory.
- Restructuring of existing national and regional institutions (hollowing out of existing parliamentary democratic institutions – tendency towards managerial forms of governance and growth alliances).
- Rule-bound governance imposed on public budgets, agencies and enterprises limiting democratic space of manoeuvre (e.g. New Public Management).
- Tension between plurality of cultures (diversity) and a single market (homogenisation).
- Exclusion of women from and through governance settings.
- Strategic selectivity.
- Voting rights.
- Differing capacities for political mobilisation.

BOX 2
Socially Creative Strategies "out" of Exclusion

- Bottom-up empowerment strategies (democratisation and participation of civil society, local self-organisation).
- Experimentation with the democratisation of society, economy and politics: There are no creative strategies “out” of exclusion that only have to be copied. Social innovation and experimentation is needed to increase participation of all the populace.
- Combine universalistic elements of the welfare state with pluralist service delivery at the local level.
- Valorisation of participatory methods at the local and initiative level (new forms of participation and new actors in the process of institutionalisation; integrated approach in territorial policies and practices).
- Sovereignty and multiscalar politics: search for a new definition of sovereignty in Europe: How to reconcile democratic sovereignty in a territory with multi-scalar dynamics, diversity and transborder modes of governance?

1. IDENTIFICATION OF FOCI: GOVERNANCE AND DEMOCRACY IN EUROPE

In this chapter we will first define the concepts of democracy and governance to move on to distinguish between normative and analytical discourses on governance to provide the framing for the following analysis of the institutional context of governance and democracy in Europe.

The term democracy stems from the Greek words *demos (=people) and kratein (=domination, government and rule)*, which means popular domination or a government which is exercised by the people. Concerning different approaches to democracy, a rough distinction can be made between *direct and indirect forms of democracy* which are related to a liberal and republican understanding of democracy.

- *Liberal democracy:* The liberal vision of democracy is based on a strict division of the political from all other realms of human life (including civil society; cf. Diamond 1994). State and civil society, state and the economy are conceptualised as antagonist. But even in the political sphere democracy is restricted to the repeated election of representatives, whereby the classic form is *parliamentary democracy*, which rests on the institutional separation of powers between the executive, legislative and judiciary branches. Representation from this point of view is conceived as being an institutionalised mode of conflict resolution. It is suspicious of the majority rule and aims at protecting the individual – its wealth as well as ideas – from the will of the majority.

- *Republican democracy:* In contrast to liberal democracy the republican approach is based on the idea of the *res publica* and the ideal of the *polis* of ancient Greece, the citizens gather in a public space to discuss common problems and collectively find solutions (Arendt 1998). The concept of republican democracy which has affinities with direct democracy has been further developed by Rousseau during the French Revolution. His ideas of direct rule by all citizens lead towards a more inclusive form of democracy. A sympathetic view calls it integrated, critics stress its totalitarian traces which do not protect privacy. *Citizenship* is a central concept of republican theory (Janoski 1998), focusing on lessons in democracy learned by politically active citizens.

Democracy dates back to the Greek polis where it was not a popular idea. In antique Athens democracy was seen as opposing freedom (Canfora 2006: 17). Greek "democracy" was indeed based on a slave-owning and patriarchal socioeconomic system which promoted the liberty of free men. This *tension between liberty and democracy* has accompanied political history in Europe until today and became prominent again with the rise of neoliberalism as a "Constitution of Freedom" (Hayek 1978).

From the Greek to the American slave-owner democracy advancing to universal franchise of men and later on women as well, the history of democracy is a history of the struggle for popular participation in decision-making. Over the last centuries there has been an ongoing tension between capitalism and democracy, between civic and personal rights and the right of property. An emblematic moment and an important progressive agenda-setting initiative were the sit-ins of the US-American civil rights movement: the right of the black clients to be served stood against the right of the white owner of the lunch bar to withhold. This symbolizes very well the tension within the liberal identification of capitalism, freedom and democracy (Bowles/Gintis 1986: 27).

The 1960s and 1970s were decades of *democratisation*, of the increase of the range and content of democracy, a process of increasing inclusion of all members of a commonwealth. The civil rights movement in the US, the post-1968 implementation of reforms by social democratic governments in Europe and the struggle against dictatorships in Southern Europe (García et al. 2007: 2), and, later on, at the periphery of the world economy and in state socialist countries, showed a general will for more democracy. Sometimes this even went as far as to "permeate society with democracy" and to deepen socioeconomic democracy (Willi Brandt in Germany and Bruno Kreisky in Austria). A more recent, but influential, approach towards democracy is *deliberative democracy* which is similar to the republican concept, apart from one major topic. It emphasises the discursive process of political decision making within the ideal type of the "public sphere", too (Habermas 1962/1990). The consensus reached in collective discussion defines the common wealth – what is good for society as a whole –, but is not implemented by civil society itself. In this idealistic and power-naive model, civil society is formed solely by educated and "disinterested" actors who gain influence due to competence, but do not aspire to political power. Pressure through public opinion should force issues to be addressed formally by the state (Habermas 1992). Thus, consensus is only an intermediary step to political action, with civil society pressuring the politicians to act in their interest. Today, democracy is no key word for alternative social movements or progressive movements anymore (Novy 2003a). This is related to the substitution of the political by politics, and the denial of diverging interests (Mouffe 2006). It has been successfully denounced. Since the 1990s, "participation" has taken over large parts of the progressive expectations associated with popular involvement of citizens in communal and public decision-making. *Participatory democracy* is the corresponding concept, which is also favoured by some of the social movements connected to the World Social Forum (Fung/Wright 2003; Roussopoulos/Benello 2005; Santos 2005).

We suggest to use an *ample concept of democracy* which embraces both the political and the socioeconomic fields. The political field structures the procedural dimension of decision making and the possibilities of the affected persons to influence the decisions. The socioeconomic field structures the entitlement dimension, where an inclusive society provides universal social and economic rights. For this purpose, we propose a two-dimensional concept of democracy which takes both the procedural and the material dimensions of democracy into account (cf. Table 1).

TABLE 1
Modalities of Democracy

	PROCEDURAL DIMENSION	**CONTENT DIMENSION**
Domain?	Political	Socioeconomic
What about?	RULE-MAKING	RESULT-ORIENTED
Prime Value?	Freedom	Equality and justice
How?	Access to decision making: Control of state apparatus: bureaucracy/ public control/ private control Participation/ empowerment	Access to resources Social & economic rights as entitlements: universal or targeted
Forms of democracy	Direct, representative, participatory	Socioeconomic citizenship (welfare)
Utopian Form of Socioeconomic organisation	Democratization and participation	Embedded capitalism, post-capitalism, solidarian economy, socialism

Governance theory is generally applied to rethink the role of the state. Differing from the usage in former times when it was either synonymous with government or with steering by market forces, governance can be defined as the totality of theoretical conceptions on governing, which, according to Jan Kooiman (2003: 4), "can be considered as the totality of interactions, in which public as well as private actors participate, aimed at solving societal problems or creating societal opportunities". This indicates a shift in the conceptualisation of state and power. The state is no longer treated as the only agent responsible for societal development but is recognized to have a crucial role in steering society. The emphasis thus shifted towards the analysis of the interplay between state and non-state actors (Kooiman 1993; Rhodes 1997).

Therefore, the rising interest for governance analyses has to be related to the exhaustion of the old ideological dispute between market and state concerning their respective failures. While neoliberalism was successful in discrediting top-down state planning, its inner contradiction led to a process which Polanyi already described for liberalism before World War II: The self regulating market is a liberal utopia which destroys people and environment (Polanyi 1978: 19f.). Governance seems to be a conceptual reaction, reintroducing other agents and organisations than markets. It is an institutionalist approach which reflects on how to organize socioeconomic coordination. "Governance is a *negotiation mechanism* for formulating and implementing policy that actively seeks the involvement of stakeholders and civil society organisations besides government bodies and experts" (García 2006: 745, emphasis added). It is a *mode of coordination*, relating to the questions of control, resistance and steering (cf. Arthur et al. 2007: 2), *analysing fields of power where states do not hold monopolies* (cf. Fontan et al. 2007: 2).

1.1. Normative and Analytical Discourses on Governance

The highly normative concept of *good governance* – favoured by important international institutions such as the World Bank (1992), the OECD (1995), the United Nations (UNDP 1997) or the European Commission (CEC 2001; 2003) – recognizes the importance of the legal framework. These institutions have developed various slightly different but nevertheless similar notions of 'good' governance (cf. Weiss 2000 for a good comparison) which are all based on a clear commitment to economic liberalisation. Thus, the state has been recognized as the central regulatory institution to guarantee functioning markets, which themselves are seen as necessary for socio-economic development (cf. especially World Bank 2002). The way governance and democracy are related by the major international financial institutions can be

shown by the World Bank and the way structural adjustment programs are used to implement a liberal mode of governance. The good governance approach came up due to the exhaustion of the so-called "Washington Consensus" (Williamson 1990) based on privatisation, liberalisation and deregulation. Structural adjustment programmes imposed by the international financial institutions on developing countries resulted in weak productivity gains and the rise of poverty and social crisis (Adedeji 1999, Cornia et al. 1988; Lopes 1999; Imhof 2003), and it became evident that the Washington Consensus was outdated. "Governance" was a welcome response and helped to foster a "Post-Washington Consensus" (Williamson 2004; cf. also JEP 2/2003; Helleiner 2003; Schwank 2003; Burchardt 2004) and to "bring the state back in" (Evans et al. 1985), without having to withdraw from the arguments against state intervention (cf. Abrahamsen 2000: 47ff.; Ziai 2006: 70ff. for discourse analysis).

The EU's concept of good governance differs somewhat from the World Bank's concept. The five principles of good governance are openness, participation, accountability, effectiveness and coherence (CEC 2001: 10). As the EU's "legitimacy today depends on involvement and participation […] the linear model of dispensing policies from above must be replaced by a virtuous circle, based on feedback, networks and involvement from policy creation to implementation at all levels" (CEC 2001: 11). The main emphasis lies on improved communication to and consultation of national and sub-national governments and civil society by the European Union, while the "European Commission alone makes legislative and policy proposals. Its independence strengthens its ability to execute policy, act as the guardian of the Treaty and represent the Community in international negotiations" (CEC 2001: 8). Thus, the principles designed to reinforce subsidiarity and democratic governance (García 2006: 745) are accompanied by a centralization of powers at EU executive level, which is legitimized by the principle of "effectiveness". Thus, governance claims *normatively* to be a concept of an integrative form of governing which "is *supposed to correct both state and market failure*" (Wassenhoven 2007: 12).

In a more *analytical perspective*, governance represents an approach to politics different from the state-centred perspective on government being employed before. This was linked to socio-economic transformations which will now briefly be explained. During the crises of Fordism, the neoliberalism of Friedrich Hayek and Milton Friedman grew in importance in connection with the criticisms of the welfare state and was explicitly anti-socialist (Harvey 2005). In fact, it was directed against all efforts to limit the liberty of the few via the power of the majority (Hayek 1978). Neoliberalism criticised not only big government and planning in general, but *democratic* planning and government as well: "democracy is an enemy of freedom – perhaps not the worst enemy, but an enemy nonetheless" (Lehmann 1990: 79). Right from the

beginning, neoliberalism was not an attack against the state, but via the state against democratic forms of government. Traditional and newly emerging business and technocratic elites have been supported to the detriment of the majority of the population. As a consequence, social inequality and poverty have risen considerably (Milanovic 2002). New patterns of social exclusion have thus been created (Duménil/Lévy 2001). Women were affected in a double way by privatizations and the downsizing of the welfare states as jobs got lost in the social sector and parts of the social work were re-privatized to the families, where mostly women took over those responsibilities (Young 1998; 2000a)[2]. Apart from the social crisis resulting from rising inequality and poverty (Wade 2004), neoliberalism also produced vast economic and financial crises in the 1990s (Allegret et al. 2003; Becker et al. 2003). These crisis-tendencies were rooted in structural contradictions (cf. Jessop 2002: 103ff.) and led to a revision of neoliberal policies.

The invention of governance as an analytical and normative term was linked to these developments. However, discursive shifts must not be confused with reality. Governing was never reduced to sovereign government, neither in Feudalism when power was exercised indirectly, nor in Fordism when corporatism systematically integrated civil society. Nevertheless, we will first present modalities of governance (table 2) to be employed within the framework of KATARSIS to present ongoing restructurings in European governance-structures in a second step. The proposed modalities of governance relate to the two classic modes on the one hand: the market and the state, which we will further differentiate. The market works with the principle of exchange. The core principle for the functioning of a market society is private property, which has to be secured by the state, which normally works by the principle of command which is therefore the concept employed to represent the bureaucratic state-apparatus. Hybrid forms of governance are represented by the two forms of multilateral governance and citizen's governance.

[2] The exclusionary dynamics concerning women were even more complicated. As career chances for upper-class women partly increased during the last decades, household work in the corresponding families is increasing being done by domestic servants, which was described as a relationship between the "mistress" and the "maid" by Brigitte Young (2000b).

TABLE 2
Modalities of Governance

DIMENSIONS OF ANALYSIS	GOVERNANCE BY COMMAND	MULTILATERAL GOVERNANCE	CITIZEN'S GOVERNANCE	MARKET-BASED GOVERNANCE
Definition of general interest	Imposed by the state	Co-produced by various agents	Co-produced by various actors	Sum of particularistic interests
Definition of rules and evaluation	Command, Control	Consultation, negotiation	Interpellation and public debate	Reputation, efficiency, satisfaction
Actors	Dominance by the state	Plurality of actors	Plurality of actors with preponderance of associated actors	Plurality of actors with preponderance of commercial actors
Instances of coordination	Top-down Closed	Top-down Open	Bottom-up Open	Bottom-up Closed
Organisation and management of collective goods	Direct or delegated production	Coproduction, contractualization	Citizen's initiatives, revelation of social needs	Demand and supply
Public finance and logics of attribution	Direct financing Due to bureaucratic rules	Mixed finance (Public – Private Partnerships) Negotiated	Mixed finance Project-based or experimentation	Potential to pay for demand Incentives
Criterion of success	Efficient Allocation	Negotiated consent	Negotiated consent	Effective goal attainment
Sources of failure	Ineffectiveness, bureaucratism, corruption	"Talking shop", secrecy, distorted communication	"Talking shop", secrecy, distorted communication	Inefficiency, market inadequacies

Sources: Jessop 2006; Fraisse 2007

1.2. Corporate Governance and Managerial Governance

Governance also refers to problems posed by organisational studies and *business administration*, especially in the fields of *corporate governance* and corporate social responsibility (CSR), where their growing importance hints at the legal dimensions of the blurring boundaries between government and business actors. In recent years, Corporate Social Responsibility (CSR) has turned into an important concept for the creation of stakeholder value. Companies claim to take care of social and environmental regulations (Thompson 2005). This can be seen as a response to the criticism by NGOs, e.g. the Clean Clothes Campaign or the Fair Trade movement. Corporate governance aims at the above mentioned blurring of the private and the public spheres as some of the legal regulations formerly provided by the state are dismantled and provided voluntarily by private companies. Results, however, are meagre, which reduces the concept of CSR to a marketing strategy (Soederberg 2006). The growing importance of corporate governance also hints at the emerging regimes of multilateral governance (cf. tab. 2), where the classic liberal distinctions between the state and the market begin to blur (cf. Picciotto 2006; Leubolt 2007: 11f.)

Governance approaches emphasise the shift from input – to output-oriented public management which means that the main emphasis should be on the efficiency of political actions (Peters/Pierre 2006). This development is linked to the increasing use of "new public management", which emphasises the new role of the state to perform less "rowing" in the sense of direct government involvement but more "steering" in the sense of output-oriented governance (Osborne/Gaebler 1992: 34ff.). This has tended to mean that participation in the management of public services is limited to stakeholders who possess the necessary expertise to guarantee an efficient output (as e.g. in the conception of "participatory governance" featured by Grote/Gbikpi 2002: 120), excluding large groups of the population and, thus, leading to democratic deficits. Thus, managerial governance has highly exclusionary dynamics.

1.3. Corporatism, Pro-Growth-Regimes and Welfare Governance

Corporatism is an important concept related to governance. It developed in authoritarian variants under fascism and in more inclusive variants in the Keynesian National Welfare State (Jessop 1990). It is compatible with more or less democratic configurations. As it entitles representatives of social groups to influence politics directly, its democratic potential depends on the internal democratic organisation and the transparency and representativeness of

decision making. Advocates of governance now claim to overcome bureaucratic and hierarchical forms of government, characteristic of Fordism, by offering participation and the integration of civil society and the citizenry in planning and community development. NGOs and Public Private Partnerships are new organisational forms seen as innovative responses to the crisis of the state and politics (Kooiman 1993; Demirovic 2003; Kamat 2004; Smith et al. 2006). Therefore, the governance approach copes with the interplay between government and private actors and how it can be managed most efficiently. The "cooperative state" (Mayntz 2004: 68ff.) leads to the re-emergence of corporatist arrangements (Jessop 2003: 35f.), which are referred to as "networks" (Rhodes 1997; Börzel 1998; Hillier 2000; Genieys et al. 2004; Damgaard 2006; Hadjimichalis/Hudson 2006; Moulaert/Cabaret 2006), "partnerships" (Lowndes/Skelcher 1998; Geddes 2000; Wakeford/Valentine 2001; Abrahamsen 2004; Geddes 2006), "associative democracy" (Hirst/Bader 2001), etc.

Currently, corporatist structures are restructured, dismantling national arrangements of corporatism and adapting to the schemes of public–private partnerships and "stakeholder"–participation schemes: The structures where workers' and employers' representatives had equal representation rights and had to reach consensual agreements have been replaced by more selective forms of corporatism where the institutional (input-)dimension is rather vaguely defined (Jessop 2003). These new corporatist structures are often designed as *pro-growth governance structures* which rest on shared interests in economic growth between governments and business elites. According to Jon Pierre (1999: 385) it is "a distinctly elitist governance model. Restrictive participation is necessary to prevent distributive objectives to be infused in the governance", as institutionalized public-private partnerships enjoy substantive operative discretion and autonomy. Therefore, pro-growth structures are forms of multi-lateral governance which are likely to foster social exclusion.

Welfare governance is a more inclusive way of corporatist governance, which includes a crucial role of the state in social spending and employment programmes, leading to income redistribution and the social inclusion of deprived groups of society. As stressed by the case study on Montreal (cf. Fontan et al. 2005a; Fontan et al. 2005b; Fontan et al. 2007), welfare governance arrangements still exist, especially in connection with other types of governance, such as pro-growth alliances or managerial governance. The Montreal experience also shows that current welfare governance arrangements have been redesigned to fit into the new Post-Fordist society. Case studies show combinations of the two above mentioned ideal types, leading to processes of reinforcing the hegemonic bloc and giving rise to opportunities for weaker agents, as also emphasized by Isabel André (2007: 2). Concerning the above

mentioned typology of governance (cf. tab. 2), these arrangements can either represent governance by command, multilateral or citizen's governance.

As welfare governance represents the only clear-cut ideal type in Pierre's typology aiming at solving problems of social exclusion, different European variations of this type of governance will now be introduced more thoroughly. The work of Esping-Andersen (1990) on the three different forms of the welfare state can be an interesting starting point for this sake (cf. also Jessop 2002: 62f.): (1) The Anglo-American *liberal welfare regime* attributes only a minimal role for the state, emphasizing the individualization rather than socialization of the risks related to labour market participation and preferably seeks for market solutions to economic and social problems. (2) The *conservative welfare regime* privileges the traditional family form. Welfare rights are attached to class and status rather than national citizenship, and have a limited redistributive impact because they reflect rather than reduce existing class and status inequalities. Conservative welfare regimes also allocate a key role to the voluntary sector. (3) The *social democratic welfare regime* is most strongly developed in the Nordic economies, and is strongly committed to social redistribution. It accepts an extended role for state action in compensating for market failures, socializes a broad range of risks, and offers generous levels of universal benefits and redistribution.

As Andreotti et al. (2001) show, this typology does not grasp (4) the *Southern European welfare regime*, which relies on the family with a male breadwinner and female care-work. The weak state is thus heavily dependent on reciprocity networks and family support. Women bare most of the burden of social welfare and therefore participate considerably less in the labour market than in other European countries. The transition from dictatorships to liberal democracies led in some cases to the establishment of new welfare structures and to experiments with new forms of democracy. (5) The *former state socialist countries* form another distinct group (Berend 1996: 55). Until 1989, it was an authoritarian regime that gave universal access to social services. Afterwards, transition to neoliberalism was radical, leading to severe cases of social exclusion (cf. Winkler 2007).

2. THEORIES OF GOVERNANCE: POWER, EXCLUSION AND INCLUSIVENESS

2.1. Coordination, Organisation and Domination

Governance theories focus on the *coordination and organization of society*. Governance can also be treated as a concept to cope with the liberal transformation of society and a relational conception of space with a focus on the inclusion of segments of civil society. Concerning actors in politics it describes a new mode of governing which transcends the rather mechanical view of governing as government: a normative claim that governance is a more integrative and efficient form of governing. In a territorial dimension governance tries to capture ongoing spatial restructuring by introducing global, regional and local dimensions beside the national state (cf. Stoker 1998; Rhodes 2000; Kjær 2004; Benz/Papadopoulos 2006a; Leubolt 2007 for literature reviews). To be able to deal with questions of power relations, including the relationship between governance and socioeconomic development, an adequate understanding of capitalist market economies and the role of the state therein is necessary (Jessop 1990). Transforming governance theory into a "modern theory of domination" (Mayntz 2005), within the framework of Gramscian state theory is a promising approach. Antonio Gramsci (1971; 1992ff.) had a broad understanding of the "*integral state*", including civil society as well as state bureaucracy and government[3]. The corresponding theories on the state have always treated the state as the concrete form of power relations (Jessop 1990; Poulantzas 2001; Hirsch 2005), thereby differing from the widely used definition of the state as neutral arbiter of the common good as applied by mainstream governance theorists (Kjær 2004: 124ff.) and of civil society as an autonomous sphere.

2.2. Main Mechanisms of Social Exclusion

Dominant discourses concerning the role of the state in society/in the economy usually rest on the neoclassical assumption of the state and the market constituting two completely independent realms (cf. e.g. Williamson 1979). The market is conceived as the natural – and efficient – order of things, whereas the state is seen as being highly bureaucratic and non-transparent and therefore to lack efficiency. Yet this understanding neglects the fact that

[3] This historical heritage is hardly ever taken into account in governance theory, with the important exception of the strategic-relational approach (e.g. Jessop/Sum 2006).

markets, far from being the naturally arising order, are man-made institutions as well (Dugger 1989: 609), embedded in society (Polanyi 1978). Markets are institutionalised patterns of behaviour whose concrete appearance is heavily influenced by, amongst other things, the existing legal framework. The legal setting predetermines the "relative rights, relative exposure to injury, and relative coercive advantage or disadvantage" (Samuels 1981: 100) of the different actors. Thus, it partly anticipates the allocative and distributive results of the market forces. It goes without saying that different market participants have a strong interest in having a legal framework favouring their respective interests. The place where the contest for control of the legal setting is fought out is the state as the central law-making institution, which has to mediate between the competing interests (cf. Jessop 1990; Poulantzas 2001), as it is impossible to secure all interests at the same time (Samuels 1981). Law is essentially of a dual character, protecting some interests while at the same time necessarily restricting others (Samuels 1989: 430). As the legal framework in modern societies is not static but constantly evolving, the control of the state apparatus is being incessantly contested for (Brown 1992: 13). The chances for success of the different actors are largely dependent on their relative power positions (Medema 1989: 422). Capital owners – by way of their "exit option" (Hirschman 1970) – can disrupt whole economies. Thus, Jessop (2002) insists that the capitalist state is a "*strategically selective*" terrain, which creates social exclusion by structuring decision making power unevenly.

Voting rights represent the most obvious and also a very crucial procedural exclusionary mechanism. As stated above, law generally serves some interests at the expense of others and although universal suffrage has gradually become commonly regarded as a general goal to be fulfilled (cf. Sen 1999) there obviously still are groups of people who are not granted the right to vote – be it because of their age, their nationality or whatever other reason there might be. Thus, the question of citizenship (cf. Bhabha 1999) and questions of ethnicity and age are crucial dimensions concerning exclusionary dynamics in the field of governance and democracy (cf. Kimberlee 2007). This is particularly relevant as although participatory governance structures are gaining importance democratically elected governments still play the major role in determining the working rules of their societies and thus heavily influence the lives of their nationals. It should therefore always be borne in mind that the regulations concerning the right to vote – and thus the ability to participate in decision-making – are socially determined institutions and not "naturally given" (cf. Canfora 2006). Another important issue is the turnout of voters. Are there group-specific differences in turnout? In his analysis of "The positive functions of poverty" Gans (Gans 1972) hypothesised that the poor contribute to the stability of the American political system through voting and participating less than the rest of the society. The stabilising effect of this behaviour is due to the resulting political negligibleness of their interests which would most probably stand in contrast to the

interests of powerful sectors of society. Some recent empirical evidence supporting this hypothesis is supplied by Gattig in his analysis of class specific differences in voting behaviour and voter turnout in Germany and the US (Gattig 2006).

A more subtle form of exclusion is represented by *clientelist practices* (cf. the case study on Greece below), where patterns of personal dependency on the decision making power of politicians lead to patrimonial relationships (cf. Weber 1922/1980). These practices often represent "contemporary leftovers" of traditional societies (e.g. in the form of employment in the local state apparatus). Clientelism is likely to be fostered by decentralization processes (Hutchcroft 2001) which often are part of reforms towards participatory democracy, because these processes promote the shifting of political power and responsibilities to the local scale. On the other hand, participatory democracy can also serve as a kind of "antidote" to clientelist patterns of decision making, if decision making processes are opened to the public (Abers 2000).

Lobbying is the attempt to influence decision-making by parties who are stakeholder, but not in a position to decide. This often leads to an overrepresentation of interests which command either resources or other sources of power. It spans a very broad and diverse range of activities which can be located on a continuum from institutionalised to increasingly informal and non-transparent modes of influence-seeking. Located at the one extreme are corporatist arrangements (through which formal interest groups participate in advisory boards and so on), followed by the so-called formal lobbying activities (e.g. the writing of memoranda and reports directed at decision-makers), informal lobbying (e.g. the filling of strategically important positions with persons well-disposed towards the interests of the group) (Biedermann 2005: 20) and culminating at the other end of the scale in corruption. Although especially the more formal modes of lobbying are often considered as being essential in representative democracies it should nevertheless be borne in mind that lobbying activists usually lack democratic legitimation. Lobbyists are hardly elected into their positions. Lobbying activities are thus problematic if one takes into account the varying "lobbying-power" of the different parts of society – lobbying risks favouring the interests of the already powerful at the expense of the underprivileged. This is especially the case if lobbying activities take place in informal settings where the lobbyists are not accountable to the public.

Another important issue when talking about exclusionary mechanisms in the field of governance and democracy is the *gender* dimension. The role of the state in the exclusion/inclusion of women is a very ambiguous one. Some scholars see the state as contributing to the empowerment of women through the implementation of laws and policies

for their benefit, others stress its role as a protector of the powerful and the status quo, therefore suppressing women's emancipatory endeavours (Peterson 1992). Concerning the institutional dimensions, Birgit Sauer (2001) stresses the importance of the state as organizer of gender relations. Kreisky (1994) identifies "*Männerbünde*" (men-only clubs) as a widespread form of internal organization in the political and business domain which permits male control over decision-making. "Masculinity" is an important mechanism which organizes governance in a way that favours male behaviour and material practices (Sauer 2001: 56). Nevertheless, the welfare state was also an important element concerning the emancipation of women, as state provision of reproductive services also provided women with the possibility to enter the labour market. However, they have done so mainly in part-time positions, which are seen as inferior, considering both income and internal hierarchy (Sassoon 1987). In any case, governance centrally steers gender relations and is therefore responsible for exclusionary dynamics, which mainly affect women.

Another related exclusionary dynamic – elitism – can be situated at the interface of the procedural and the content dimension. *Elitism* has become deeply rooted not only in conservative groups but also in apparently progressive organisations, like NGOs or left political parties. These elitist convictions even within progressive actors affirm neoliberal prejudices against collective and democratic decision making, denounced as populist and emotional. Thereby, it delegitimises the political as a choice between alternatives (Mouffe 2006). To grasp these deep-rooted dynamics, a short detour is helpful. Joseph Schumpeter is considered to be an "emblematic thinker" of Post-Fordism (Jessop 2002: 120). He insisted on the crucial role of introducing new modes of organisation (Schumpeter 1932; Becker et al. 2002), but focussed on the creative and enlightened individual in his reflections on innovation and entrepreneurship. His balanced account of capitalism, socialism and democracy is a further strengths of his work (Schumpeter 1947). But as he disregards the collective search for socially-creative strategies, he serves well current interests: by substituting the focus on mass consumption (and therefore of mass participation in economic development) present in Keynesian ideas, with entrepreneurship and innovation, he fosters a more elitist and authoritarian conception of innovation and development. Schumpeter´s view is more in line with a conception of development via the elitist trusteeship than a conception that aspires self-development and popular sovereignty (cf. Novy et al. 2006). Schumpeter´s reflection on capitalist creative destruction was inspired by Marx, but focuses more on individual brilliance than conscious and collective self-realisation of labouring human beings (Cowen/Shenton 1996). Therefore, it does not come as a surprise that Schumpeter reduces democracy to an act of choice between different leaders (März 1983: 39). Schumpeter´s conception is influenced by Pareto and other social theorists who conceptualise society as a natural pyramid, led by the best and fittest (Pareto 1975: 111). Even when Schumpeter refers to socialism, it is more in

line with an elitist trusteeship than with popular sovereignty, heroising the creative entrepreneur as a great individual – this time in line with Weber and Sombart (März 1983: 99).

These tendencies of the capitalist form of state have been described as "authoritarian statism" (Poulantzas 2001), which is characterized by the degeneration of liberal-democratic institutions – especially the parliament – on the one hand and the concentration of decision making power within the executive branch on the other hand. Furthermore, formal personal liberties are severely limited. The state is being weakened and strengthened at the same time, as steering functions grow in importance to the detriment of direct involvement in the economy via state-owned companies (cf. Kannankulam 2006). While sticking to the argument that the new emerging modes of governance involve the phenomena described above, *elitist governance* describes ongoing restructuring more precisely.

2.3. Possibilities for Socially Creative Strategies

Strategies for social inclusion have to take the dialectic between agency and structure into account. Can initiatives based on small-scale agency successfully counter social exclusion? "How does one go about including individuals and groups in a set of structured social relationships responsible for excluding them in the first place? Or, put another way, to what extent do efforts at social inclusion accommodate people to relative powerlessness rather than challenge the hierarchies that create it?" (Labonte 2004: 117). This is important for a critical reflection of socially creative strategies as they should be evaluated for their capacity to transgress the dominant structures in order to create alternative social spaces. Such alternative social spaces should provide sufficiently demarcated freedom for action that permits alternative social practices to emerge. These emancipated spaces should offer resources to survive in a sustainable way and possibly expanding their scope and influence, pushing against and challenging other social spaces. The accumulation of many small changes obtained through such alternative social spaces finally has the potential to challenge the powerlessness of excluded groups and thus the dominant structures that excluded them (Arthur et al. 2007).

This would permit avoiding one of the biggest dangers inherent "in the shift towards agency-based local policy practice" (Alcock 2006: 249) – the idea that the excluded people themselves are responsible for their exclusion. This "blaming the victim" strategy is not only problematic for moral reasons; it also significantly reduces the potential for success of the initiatives undertaken, because "area-based poverty is not always a product of area-based problems" (Alcock 2006: 246f.).

Finally, the dialectical relationship between agency and structure points to another important issue as well: strategies that set out to better include a group of excluded people without taking into account the excluding structures risk redistributing instead of eliminating exclusion because "[i]n the absence of changes to the rules by which we trade and govern, the process of including some will almost inevitably exclude others" (Labonte 2004: 120).

In the following paragraphs we will describe three generic examples of socially creative strategies to combat exclusionary dynamics, two concerning the process dimension (participatory governance and the rights discourse) and one focusing on the content dimension (citizen's governance).

Participatory governance, through which active citizens are encouraged to participate in discussions concerning possible actions by the state, has gained in importance during recent years. Within the large field of participatory democracy, there are many different approaches, "where two crucial political choices have to be made with regard to who has the right to participate and what the decision-making rules will be" (Grote/Gbikpi 2002: 21). In contrast to the model of majoritarian indirect democracy, "participatory governance is definitely less a matter of democracy in the sense of institutionalizing a set of procedures for electing those in charge of the policy-making, than it is a kind of second best solution for approaching the question of effective participation of the persons likely to be affected by the policies designed" (Gbikpi/Grote 2002: 23). Participation is an important field for innovative practices concerning the public character of the state, especially as it can go as far as to question the bureaucratic character of the state apparatus: according to Erik Swyngedouw (2005: 1993), it is "one of the key terrains on which battles over the form of governance and the character of regulation are currently being fought out".

An important question in the field of participation concerns who should participate and who actually does participate. The decision concerning who should participate is itself already quite complex and potentially problematic (Who has the right to decide who is "interested" and thus should participate? Which criteria should be used?), but the actual participation of the relevant actors is even more difficult to achieve. This is especially relevant when talking about social exclusion as excluded people often encounter various barriers to participation and thus risk being subjected to patronising top-down initiatives. This difficulty can be summed up in a simple paradox, namely that "[p]articipation is required to ensure that local people are included in policy action and yet the long-term aim of the policy action is the social inclusion of marginalized individuals and communities" (Alcock 2006: 245). Those crucial political choices are often made in a top-down fashion by government officials, who only invite the

relevant stakeholders for a given policy field. Political relevance and representation is attributed to the "possession of some quality or resource relevant to the substance of the problem that has to be solved" (Gbikpi/Grote 2002: 21). The decisions on which features are considered as relevant and on who recognised as possessing them leaves much scope of discretion and risks thus to be taken arbitrarily if not even consciously one-sidedly. This excludes large parts of the population from the decision making process. Nevertheless, participatory governance offers new possibilities to foster the political – and in some cases also the socio-economic – participation of formerly excluded groups.

Another quite promising socially creative approach is the strategic use of the *discourse of rights*. According to Brown it seems that "it is the clash of rights that provides the communicative medium through which social change takes place" (Brown 1992: 24). Thus, the discourse of rights is probably a good medium to challenge the established order – a strategy successfully employed by diverse social movements in the 1960s and 1970s (Bowles/Gintis 1986; Brown 1992). This discourse also forms an important element of the concept of citizenship, which expressed the claims of the social movements for political and social rights in the democratization processes of Latin America during the 1980s (Alvarez et al. 1998) and is also important for European cities (García 2006). Thus, a strategy of enforcing equal rights is an important element to consider when thinking about socially creative strategies. Thus, the transformation of civil rights into political rights and finally into social rights between the 18th and the 20th centuries, which historically culminated in the establishment of the welfare state (cf. Marshall 1950) is an important element to consider when thinking about social inclusion.

Concerning citizenship, important contradictions with some of the proposed socially innovative strategies occur, which have to do with the employment of the concept of *communitarianism* (Etzioni 1994; 1998; Fyfe 2005; Defilippis et al. 2006). In a positive sense, it empowers the third sector to play a more important role in governance settings, the social economy is expanded, and an emphasis on social cohesion leads to initiatives such as the movements for a solidarity based economy, Fair Trade, a citizen's wage, etc. Contradictions to socially inclusive strategies occur, if communitarian tendencies counterpose the idea of citizenship and the according rights. Sandy Hager (2006) identifies communitarian citizenship as a third way strategy to implement what he calls "embedded neoliberalism", where citizens are no longer treated as social beings as in traditional social democratic conceptions of the welfare state or as rational individuals as a strict liberal understanding would imply, but as ethic individuals. In such a setting, responsibilities can be outsourced from the state to communities. This reinforces tendencies towards unpaid work, mainly being done by women

on the one hand and on the other hand, the communitarian discourse also calls for the emergence of a kind of entrepreneurial spirit, where individuals are responsible to actively include themselves into the labour market, instead of passively relying on the welfare state. This strategy, Hager identifies to be part of the ideology of the EU-Lisbon Agenda, has been referred to as "workfare" (Peck 2001).

Nevertheless, the communitarian agenda also contains important traits concerning possible socially creative strategies. For this sake, Laville's (2005) differentiation between democratic solidarity and forms of philantrophy or charity seems promising. The democratic character is thus reinforced by reciprocity and equality of the participants and not by relations of personal dependence which are often being (re-)established if private agents take over or take part in the management of formerly state-owned services. Laville also relates to the field of economic democracy, which would require forms of business organization which are internally democratic as well as the chances for the citizens to participate on an equal basis concerning their economic power. This leads to the notion of public spaces (Habermas 1962/1990; Avritzer 2002) and associated concepts of participatory governance (Grote/Gbikpi 2002; Fung/Wright 2003). These concepts point towards the notion of citizen's governance, standing somehow in opposition to governance by command, but need to be critically re-examined to form a basis for socially innovative practices towards democratic governance. In the mode of governance by command, the so-called public sector has been managed by state bureaucrats in a hierarchical way, following roughly the concept of Max Weber (1922/1980) which emphasizes impersonal hierarchies[4]. Contrary to socialist and anarcho-syndicalist tendencies of the interwar-period – e.g. the Austro-Marxists (Bauer 1919/1976b; 1919/1976a; Bottomore/Goode 1978) and the Dutch Anton Pannekoek (1950/2003) – who distinguished the "socialisation" of the means of production from state management of the latter, post-World War social democracy turned to a Keynesian strategy, where key industries and services were nationalized (Przeworski 1980). Nicos Poulantzas (1978: 79) criticized this strategy heavily as "techno-bureaucratic statism of the experts", which alienates the people from the state. This was the basis for the criticism of the social movements during the 1970s against state involvement which was perceived as patriarchal and authoritarian. The liberal offensive to privatize formerly state-run enterprises and services only had to simplify and channel them into the distinction between state vs. private property or service delivery – so market-based and multi-lateral governance (cf. tab. 2) arrangements were installed. Today, experiments of self-managed service delivery can be seen again as a creative reaction against exclusionary dynamics, this time created by privatization of formerly state-run services. This might improve

[4] This leads to more accountability as decisions are taken on a technocratic basis – a trend which is also visible in current reforms of New Public Management. According to Kieser (2002) this strengthens charismatic leaders, who link bureaucracy and society, fostering de-democratization.

the quality of life at the same time as it teaches civic virtues. Pointing to the notion of citizen's governance, these practices represent interesting socially creative strategies, to be analyzed in case studies in this report, as well as in WP 1.1-1.4 of KATARSIS.

The case studies for the field of governance and democracy in the following chapters will show the potentials and problems of these socially creative strategies in different contexts and forms.

3. CASE STUDIES CONCERNING SOCIALLY CREATIVE STRATEGIES

The above mentioned general dynamics can be witnessed in the following case studies in very different ways. The case study of Barcelona deals with the territorial employment pacts, being implemented to tackle the problems related to social exclusion by unemployment in multilateral governance settings which have the possibility of leading to constellations where democratic governance settings seem to be possible to emerge. The cases of Denmark and of participatory governance in Porto Alegre are examples of participatory governance initiated by local governments. They point out possibilities and problems associated with attempts towards democratic citizen's governance at the municipal scale. The case study of the Welsh cooperative will reflect upon the possibilities for socio-economic democracy, which deals with socio-economic citizenship and thus with democratic citizen's governance on the local scale in the productive sphere.

3.1. The Territorial Employment Pacts in Spain[5]

In 1997 the European Union launched the European Employment Strategy (EES), based on entrepreneurship, employability, adaptability and equal opportunities which has incentivated new forms of governance in terms of employment policies, integration subnational levels in the policy-making, as well as civil society. The Committee of Regions and the European Commission created a new pilot program, the Territorial Pacts for Employment. The original idea was to motivate the creation of wide agreements for employment in subnational territories that were undergoing de-industrialization processes or were suffering a long term crisis. 96 different sub-national territories were selected. One of the selected participating territories in the pilot programme was the County of Vallès Occidental, where the different actors started a wide agreement with EU funds. The county of Vallès Occidental has as main characteristics a small and medium enterprises network with a strong industrial profile. Until recent times, the industrial basis of the County of Vallès Occidental has been the textile industries. Nowadays the crisis of the textile sector is creating employment problems in the region, which is undergoing a process of transformation of its economy (Hermosilla 2003). As in many other urban contexts, the strategy towards a knowledge society is becoming dominant and has non-desired effects such as social exclusion and unemployment.

[5] This chapter was written by Marc Pradel (Universitat de Barcelona).

The original objectives of the project, located in Barcelona´s Metropolitan Region, are economic growth, employment, social cohesion and territorial sustainability. The actors involved have been city majors, trade unions, entrepreneurs, organizations of civil society, regional, and national governments as well as European institutions, a form of multi-level governance (García et al. 2004). Civil society has the opportunity to innovate both in terms of governance, social economy and job creation. But this governance system has also constrained the local creativity in many different aspects apart from the employment dimension.

The employment pacts have widened the scope of employment policies, creating a framework based on local and regional development. In that sense the pacts want to create consensus around the economic model as well as social cohesion. The main interest of the research in terms of governance is on the transformation of the decision-making employment structures from a centralized model with regulated norms to decentralized and *ad hoc* policies based on a regional strategy. In that sense, we must investigate the relevance of the local level in policy-making in comparison with the still remaining key role of the central state in employment policies. The importance of the local level can explain why and how different actors interact. In the multi-scalar perspective, it seems that local agency can implement active policies formulated at other scales but it is difficult to reformulate it at that level. In that sense, the employment pacts are being promoted following a more general development strategy based on the "knowledge society" discourse and competition between cities and metropolitan regions in attracting capitals and qualified employment. This general strategy affects not only employment policies at the local level but also the whole urban management. The *Pacte del Vallès* was based on the coordinated action of all the municipalities of the county of Vallès Occidental. In that sense the regional perspective allowed the creation of a great diversity of programs that link job creation with other issues such as environment. Nevertheless this regional level created a more institutional perspective, what constrained opportunities of participation of civil society. The two main cities of the county, Sabadell and Terrassa, created local pacts for employment with broader engagement of civil society through participation of NPOs and social movements in the creation of a city pact. In fact, the local employment pacts were treated as a part of a more general city pact formed by more than 20 local agreements such as Agenda 21 or the scholar council. This generated a greater scope for participation for the civil society that must not face the old *social dialogue* structure at local level.

A second element to take into consideration is the openness of the process in terms of participation. Traditionally, employment policies have been managed by the State, entrepreneurs and trade unions through social dialogue. These social actors have been

legitimated through representative democracy, and represented the antagonist worlds of labour and capital that arrived at arrangements with the collaboration of the State.

The new perspectives on employment policies which appeared in the nineties, being adopted by the EU with the European Employment Strategy, open the policy process to new actors, namely the third sector and civil society. The logic of this openness is linked to the idea of territorialization of employment policies in a general framework of *urban governance*. In that sense, the new management framework is aimed at establishing consensus between a wide array of actors from market, state and civil society. However, we must consider the fact, as some of the classic social actors argue[6], that opening the process of participation is not necessarily leading to a more democratic form of governance if there is no democratic legitimisation of the actors. For that reason it is important to analyse also the relationship between actors participating in the process and society. In the case of the Pacte del Vallès, entrepreneurs and trade unions have had a central role, with critical views on major participation of third sector organizations. Trade Unions have experienced some difficulties participating in the process due to their internal organization based to a great extent on the old model of centralised social dialogue. On the other hand, entrepreneurs have their own local structures due to the peculiarities of the industrial tenure in the county[7] (Hermosilla 2003).

The need of coordination between trade unions and entrepreneurs with city councils and regional authorities has created a new institutional framework where employment is understood as a general objective that is only possible to achieve with the development of the whole county (Carmona 2006). In that sense the Pact created institutional mechanisms to launch general economic promotion policies aimed at improving employment levels. Although there is a lack of visible results in terms of employment creation, the pact has created opportunities for getting public funds to launch socially innovative strategies against unemployment. One example is the creation of programs aimed at the recuperation of the Ripoll River. The program included the improvement of the environment surrounding the river, and the creation of routes and information for users and tourists. The program was based in part on civil society implication and was aimed Civil society associations looking for an environmental action in the river, whereas the pact saw it as an opportunity to create a framework where new tertiary industries could emerge. This example brings us to another conclusion: the pact emerges as a new institutional actor that can look for the collaboration of

6 One of the main arguments of Spanish trade unions to constrain participation of third sector and civil society actors is their lack of legitimacy through representative democratic processes.

7 In fact, the industrial structure of Vallès Occidental, with small familiar enterprises as its main feature, has determined the existence of two main entrepreneurs associations linked to the cities of Sabadell (CIESC) and Terrassa (CECOT).

external actors. In that sense civil society has played a secondary role in the policy process through a more informal participation.

3.2. Porto Alegre

An important example for the potential of participatory settings in local and regional politics is the Participatory Budget (PB), where the city-administration of Porto Alegre, the capital city of Rio Grande do Sul, the southernmost state of Brazil, implemented an international "best practice model" in 1989 (Novy/Leubolt 2005; Leubolt 2006). The question of participation in decision-making was first taken up by neighbourhood movements in the 1970s. Residents, mainly of irregular, poorer districts, rebelled against the government's lack of interest in acting for their benefit. Their primary demands were investments in urban infrastructure and services as well as the autonomy of neighbourhood initiatives. They criticized the city government and underscored their demands through spectacular actions, such as roadblocks. They linked their material demands to the discourse of rights. These initiatives were brought together through the active civil society and also by the Workers' Party (Partido dos Trabalhadores, or PT). Because of this background, these neighbourhood movements were already particularly well developed during the democratisation process in the 1980s. It was within this context that these movements collectively voiced the demand to democratise the budget (Fedozzi 2000), which was realized after Olívio Dutra, the PT's candidate for the mayor's office won the municipal elections in 1988.

Since its initial phase, PB has never been understood as a completed finalised concept, but as one that was to develop through conflicts, as a step-by-step institutionalisation of popular participation in local politics, combined with ongoing participant-oriented evaluation and modification of the process. PB has been conceptualised as an experiment which divides power between the government and the people. PB takes place in an annual cycle. Instruments of direct democracy are combined with committees of representatives elected from amongst the participants. This expands and decisively strengthens democratic participation in the local state's economic policymaking process. The unique feature of this model is its participatory decision-making processes. Therefore, the participants not only make suggestions but are also responsible for the ranking of the proposed projects that takes place in assemblies both on a regional and on a thematic basis. During this process, the participants of the direct democratic plenaries vote representatives from amongst themselves who will take care of further negotiations with the municipal government. The basic structure of participation also includes an annual review and any modification of the procedural rules for participatory budgeting.

This allows the committees to adapt constantly to new conditions and allows for an on-going learning process. Participatory budgeting is an instrument of decentralisation that successfully avoids spatial fragmentation. The city is the sole local authority in charge of local revenue collection.[8] It is, however, divided administratively into 16 areas which are the decentralised units of the PB. Central, transparent and publicly discussed indicators for the allocation of the local state's resources among the areas are decisive instruments in ensuring distributive equality. In Porto Alegre, civic participants also contribute to making democratic decisions on distribution criteria. Because the distribution criteria are renegotiated each year, the system is flexibly adapted to changing needs. The decisions made within the framework of PB soon showed positive material effects. Particularly between 1989 and 1996, the city's basic infrastructure markedly improved. The percentage of households with access to the sewage network rose from 46 per cent in 1989 to 85 per cent in 1996, and access to running water rose from 80 per cent to 98 per cent during the same period (UNDP 2002: 81). There were also noticeable improvements in education, as the number of children in public schools more than doubled between 1989 and 1999. Efforts to satisfy basic needs were reflected in Porto Alegre's Human Development Index of 0.865, which was among the highest of all the Brazilian capital cities in 2000 (PNUD 2003).

In a comprehensive study on the redistributive effects of participatory budgeting, Marquetti (Marquetti 2003) proves that a greater amount of public resources per person is invested in poorer areas than in richer areas, empirical studies have shown that social groups that have been largely excluded from public life – particularly the poor and women – have profited from the introduction of PB. Another important aspect of PB in Porto Alegre is that a majority of the participants are from the lower classes. In addition, there is above average participation from women and ethnic minorities (Baierle 2002). Therefore, the case of Porto Alegre is different from others, where the number of participants decreases during the process and only an elite holds on (e.g. in Denmark, c.f. Pløger 2007: 3). Discussions in the public sphere also served to broaden appreciation of the needs of others, thus building solidarity, as Roselaine, one of the participants, describes:

[8] The question of resources was very important in Porto Alegre. With only 3.2 per cent of the municipal budget available for investments and little experience in planning by the government, hardly any of the investments decided on in the first participatory budget were actually constructed. Frustration led to a decline in participation between 1989 and 1990. Threatened by these problems, the government began to introduce administrative reforms in order to be better prepared for the demands of participatory government. They worked on the co-operation of the different administrative departments as well as on an institutional setting. In 1988, a new constitution was approved which decentralised resources and responsibilities to the municipalities. A progressive tax reform further increased distributable resources leading to a boost in the share of investments in the municipal budget from 3.2 per cent in 1989 to 11.2 per cent in 1990 and 17.5 per cent in 1991. After the PT-candidate lost the elections in 2004, resources for the PB got scarce again, which led to a decline in participation again and substantively threatens the continuation of the process (cf. Baierle 2005).

> Even I only thought of my own street when I first took part in participatory budgeting. But then I met other people and communities and learned of much greater problems. What I thought of as a huge problem was nothing compared with the situations of some of the others. The question of having no place to live, sleeping under a piece of cloth, or open sewage close to where the children run and play. I forgot about my street, so that even today it still hasn't been paved. (Solidariedade 2003: 105).

This points at the significant transformation of an individualistic Weltanschauung into one based on solidarity – from 'I' to 'we', as Baiocchi put it (Baiocchi 2003). This clearly indicates the emergence of the positive educative aspects linked to citizen's governance. The number of local initiatives in Porto Alegre, in contrast to other capital cities in Brazil, increased in the 1990s. This can be attributed to the particularly high motivation of the people to mobilise because they were aware that this would allow them to directly improve their living conditions.

Problems arose in connection with long term strategic planning which was difficult to integrate into the participatory process, where the budgetary cycle restricted the horizon for participatory planning to one year. Environmental problems were also hardly ever tackled, which was illustrated by the high spending priority on paving roads, which results in cleaner and more accessible environments but also enables cars to pass through more quickly, while children lose these spaces for playing. The problematic approach to ecology is even more striking in terms of sewage management – the expansion of the sewage network was undertaken without considering waste water treatment Nevertheless, Porto Alegre is one of the most important examples for socially innovative practices and has thus been the main model for new concepts such as "participatory publics" (Avritzer 2002), "empowered participatory governance" (Fung/Wright 2003) and a public state (Novy/Leubolt 2005). Especially concerning lobbying, Porto Alegre is an interesting model, as lobbying for resources continued to exist, but was managed in an open and democratic way, thereby bypassing the above mentioned problems – this was especially visible, as groups which tend to be excluded from decision making – women, ethnic minorities and poor people were very strongly represented in the PB process. But as socially inclusive practices have to include bottom–up processes, the model of Porto Alegre cannot simply be copied to other places. Even though not copied, the PB has – apart from being adopted to various cities throughout the world – been up-scaled to the regional level of the Brazilian state of Rio Grande do Sul (cfl. Schneider/Goldfrank 2002; Leubolt 2006). This experience showed the potentials of up-scaling, as the scope of action was considerably bigger. The increased number of involved actors also led to increased conflicts with established actors. For Porto Alegre's citizens this also created problems concerning time to attend both participatory processes. Nevertheless, the idea of up-scaling still seems to be a

promising strategy, as dangers of localism can be avoided. Problems with economic policies on the national scale limited the possibilities for social inclusion on both the local and the regional scales – especially concerning employment opportunities, which largely depended on national policies and international influences and thus could only marginally be tackled in the described cases.

3.3. Tower Colliery: Nurturing Alternative Space[9]

Tower Colliery is the last deep mine in the UK South Wales coalfield. It is situated in one of the most economically disadvantaged areas in Great Britain. In 1994, under the Conservative government's energy re-structuring policy, the mine was closed. However, despite a vote by the miners to accept redundancy, a campaign was started by Tower members of the National Union of Mineworkers (NUM) which organised an employee buyout to establish a workers cooperative. A group elected by the workforce, the Tower Employment Buyout Team (TEBO), assembled a business plan, a technical plan, bank loans, support from the local authority and the Wales Co-operative Centre, donations and, finally, a pledge of almost £2 million composed of the £8,000 redundancy money from each of 239 miners. The Department of Trade and Industry (DTI) accepted the TEBO's bid of £10m in November, 1994 and Tower reopened on 2nd January, 1995 as a worker-owned co-operative business enterprise. The stated objective was to create jobs and, at the time of writing, it has prospered as an alternative business enterprise for over 10 years.

Legal ownership of these physical assets is vested in the employee-owners who enjoy all the conventional rights of company shareholders. In common with the initial personal financial investment made by the original members, any new member has to invest £8k in a share when starting "employment" at Tower. Low interest bank loans are available for new starters to purchase the share. (In addition, whenever possible, arrangements are made to ensure new members are given overtime to help them pay off these loans.)

The co-operative is a private limited company which is structured to ensure members enjoy direct control over company policy on the basis of 'one-share-one-vote'. Although the value of individual shares varies depending on when the member joined the co-operative, no member has more than 1 vote.

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9 This chapter was written by: Len Arthur (UWIC, Cardiff), Tom Keenoy (University of Leicester), Molly Scott Cato (UWIC, Cardiff) Russell Smith (UWIC, Cardiff).

The Board is comprised of 6 directly elected 'working' Directors two of whom have to stand for re-election each year. Only two of the existing Directors are members of senior management and all have to account for their actions at the company AGM. Annual elections to the Board and the extensive formal and informal work consultation processes serve to sustain an open discourse and democracy in all the dimensions of relationships within the Tower 'space'.

It is important to emphasise the significance of this break with past social practice. The continued usage of such traditional terms as 'Directors' and 'the Board' should not be permitted to obscure what is a radical shift in power relations with respect to the ownership and control of economic capital, for the organisational decision-making processes outlined above indicate a quite fundamental shift to bottom up democracy and accountability. The members' votes decide operational policy and the collective enjoys direct responsibility for decisions and their consequences; the possibility of blaming distant bureaucracy is a luxury of the past. Thus, collective ownership, control and democratic accountability are the source of a different social space and community, enabling a redistribution of economic, political, social and cultural capital resources.

For many producer cooperatives, the most troublesome spatial location they need to occupy successfully is 'the Market' for their goods or services. In this respect, Tower is fortunate for their product – anthracite – remains a valuable commodity and, because all the potential competitor mines have been closed, there are no effective alternative suppliers in their prime market. This product is the foundation of Tower's power resources both in contract negotiation and in the consequent strategic freedom to choose how to deploy the revenue stream. The cooperative has been financially successful over its 10 years of operation.

Perhaps the most 'novel' space now occupied by the members is their direct responsibility for financial decision-making. Although there is some limited profit distribution (but not every year), the vast proportion of the revenue goes on reinvestment and member rewards. The balance between these respective needs is not uncontested. More generally – reflecting Tower's symbiotic relationship with the local community – the cooperative supports a range of local projects, including rugby, opera, motorcycle racing, schools, a children's hospice and community regeneration. The leading figures are acutely aware of the socio-economic significance of all revenue being returned to the locality and, unsurprisingly, many of the Tower employees are allowed time off to support these activities.

Although the provision of jobs was the main aim in establishing Tower, members were also determined that this would not be achieved without the provision of the best possible terms and conditions of employment. The initial workforce of 239 has expanded to 299 cooperative members with a further 100 employed as contractors in face development, the bagging plant and in security. Employees enjoy well above average terms and conditions of employment. Pay, basic conditions, welfare and safety are comparable with those in other UK mines.

A complex cooperative 'work culture' can be seen to be emerging with distinctive tensions and trajectories. There is an emerging process of joint working and joint problem solving. Several respondents remarked on how 'they' are now responsible for their own destiny. Work issues are discussed at the start of shifts, there are regular informal meetings in the single canteen, weekend maintenance work is planned collectively and there are fortnightly meetings between the underground shift captains and surface managers. These practices are engendered and sustained through the power shift stemming from collective ownership and reflect the wider democratic structures and accountabilities.

Thus, the creation of the worker-owned colliery has permitted those involved to nurture and develop a range of social practices which constitute a persistent, coherent and significant challenge to the existing socio-political and economic order. The analysis of the data involves an assessment of the extent to which the cooperative can be seen to be an autonomous, different and alternative space. In terms of social movement theory, our suggestion is that the Tower venture can be seen as a 'repertoire of contention' and that the 'autonomous geography' created by the activists represents a significant challenge simply because it opens up a range of possibilities which permit workers and their communities to take control of their own socio-economic destiny.

What are the contours of Tower's 'autonomous geography'? The terrain we are concerned with relates, firstly, to the available and potential organizational socio-economic space and, secondly, to workers effective influence and control within and over such space. All social space is bounded by history, context and culture (Lefebvre 1991). Of course, space itself does nothing: it is always mediated by social action and different spaces are articulated and constructed through interactive social processes. Our data suggests that social actors can develop and deploy different discourses which 'imagine' alternative (or competing) spaces which other actors are then persuaded or cajoled to occupy and enact. It is not that 'new' spaces (which did not "exist" before) have been created but that social actors have refocused attention away from one 'dominant' space to an alternative possible space which, for a variety of reasons, has become visible, available and, perhaps, necessary. In this sense we have

proposed that the social process can be described as *deviant mainstreaming* and that collectively similarly processes taking place in other organised settings can be described as *incremental radicalism*. In both the individual and collective case there is the potential for organisation such as workers cooperatives to move from being 'contained contention' to 'transgressive contention' within the conceptual framework suggested by McAdam et al. 2001.

3.4. The Janus Face of Urban Governance in Denmark[10]

Danish urban policy and urban democracy can be characterised by a striking duality and tension between:

- Participatory empowering welfare oriented community strategies, which targets deprived districts and neighbourhoods, which are based on notions of the Inclusive City. This trend is founded on priorities of welfare inclusion and citizens empowerment.
- Neo-elitist/corporative market driven strategic regional and global growth strategies, which are based on notions of the Entrepreneurial Globalized City where the dominant rationality of urban policy is facilitation of the "growth machine".

In international comparisons Denmark is regarded as a relatively successful welfare model, but the "Danish Job Miracle" has to a large extent bypassed the deprived districts (Andersen/Hovgård 2003; Andersen 2005) Hence *exclusion dynamics* in terms of ethnic and social segregation, collective stigmatization of these areas – and very often combined with lower quality of public services (in particular schools etc.) came on the agenda since the eighties. The national response to this development came in 1993 (when the social democrats came back into power) in the form of a long-term social action programme based on the principles of multidimensional area-based action, participation (including participation of the Social Housing Associations) and partnership. The programme quickly became an innovative and experimental part of public planning and welfare policy. It had elements of a "politics of positive selectivity" (targetting the multidimensional dynamics of exclusion in deprived urban areas) and "social mobilisation" approach. In the implementation, the National Urban Committee ("Byudvalget") has, in the negotiations about project contracts with the Municipalities and Housing Associations, insisted that citizen participation and empowerment orientation in the projects should be taken seriously. Hence the *socially creative strategy* in the best cases part was the "top-down" facilitation of local holistic social action programmes,

[10] This chapter was written by: John Andersen, Department of Environment, Social and Spatial Change, Roskilde University, Denmark.

which empowered community activist and NGO's and represented "added value" to existing welfare policy.

However the "Entrepreneurial City" growth policy and the area based social action programmes are not well orchestrated and integrated, but manifest themselves as two disconnected and contradictory parts of a new urban governance. (Fotel/Andersen 2003).

3.4.1. Political Ambivalences – Summing up

Looking back to the urban policy scenes of the seventies it is obvious that urban social movements are excluded from the new powerful Entrepreneurial City elite networks. On the other hand the voice of community activists re-entered the urban political scene since the mid nineties, not least because the state initiated the implementation of area based social action programmes in deprived districts. Many former activists now found a platform in which they could use their local knowledge and participatory skills in a new setting (Andersen/al. 1995). Hence, an ambiguous duality can be identified between (a) the strategies for economic revitalisation dominated by neo-corporatist, elitist governance and (b) the area based programmes for deprived districts influenced by planning ideas of social mobilisation (Friedmann 1987) and community empowerment (Craig/Mayo 1995). This dualism was also manifest at the state level, where the 1990s showed a growing tension between the Ministry of Financial Affairs, which emphasises the entrepreneurial and market aspects of urban governance, on the one hand, and the Ministry of Urban Affairs and Housing on the other, because they emphasised the need for comprehensive urban policy concerned with social integration, local creativity and empowerment and the avoidance of socio-spatial polarisation on the other.

3.4.2. Conflicting Agendas and Lack of Cross Scale Strategies and Linkages

The two-faced urban policy and governance present consist on the one hand of a Schumpetarian strategic growth policy, which sets the agenda at state, regional and municipal level, and on the other hand we have at district level a reinvention of participatory planning instruments supported by nationally funded social action programmes for the deprived urban areas. The *missing links* are, however, still those between the corporate growth and entrepreneurial strategy and the participatory programmes for social renewal in the deprived urban areas.

3.4.3. New government – New ideology – New policy

At the end of 2001 national government changed and the Liberal and the Conservative Party came to power. Since then, it has changed the political climate and institutional framework for the Danish urban policy completely. In general, the new government has favoured/upgraded the entrepreneurial side of urban policy and downsized the holistic and social dimensions. At the institutional level, the change has been very dramatic. The new government for the first time in Danish history abolished urban politics as a policy field and even closed down the newly established Ministry of Urban Affairs. The abolition was a clear signal about less emphasis on the social dimension of urban policy, and for instance housing renovation and physical planning was transferred to the Ministry of Business ("Erhversministeriet") and the "Kvarterløft" programme was transferred (with some budget cuts as well) to the new Ministry of Integration.

Compared to the initial holistic social action programmes in deprived neighbourhoods, this was a clear signal about redefining and reducing the issues about social cohesion and integration in deprived neighbourhoods to a question about ethnic related tensions in these neighbourhoods. The signals from the government with regard to urban policy are, therefore, that urban policy is no longer a comprehensive holistic district policy field, but should be split into separate entrepreneurial issues and "ethnic control" issues. This will most likely lead to a further widening of the gap between the two faces of urban policy.

3.5. Governance and Democracy: A Reflexion Inspired by the Quebec Experience[11]

This text is a collaborative work and constitutes the response of CRISES' members of the KATARSIS network to a survey sent out by the WP1.5 leaders. In a first step, each of four authors formulated their own answers to the survey questions. In a second step, these researchers met to discuss and identify the principal elements to include in the summary. While inspired by global theoretical and social reflections on governance, their approach was also shaped by the Quebec context, which is the focus of their work.

[11] This chapter was written by : Jean-Marc Fontan, Denis Harrisson, Juan-Luis Klein and Benoît Lévesque, CRISES, Université du Québec à Montréal, Montréal, Québec, Canada.

3.5.1. Preliminary Considerations

The modes of governance depend as much on the orientations, perspectives, and strategies of the main forces in power at the global level as on the institutions and arrangements that shape the conduct of actors and that concern all actors affected by the exercise of that power.

To study and characterise governance, we propose to analyse the components of these social arrangements, namely, 1) the social actors (private and public, representing the social economy and civil society); 2) the institutional forms, which may be competitive or non-competitive, coercive or incentive-based; and, 3) the organisational forms, i.e., the coordination and interaction of actors, which may be formal or informal, monistic or pluralistic. These elements will then allow us to identify many modes of governance.

In this context, we put forward the hypothesis that in Quebec, a pluralistic, almost hybrid, mode of governance has been in place for many decades, involving actors from the private sector, public authorities, and social organisations. This situation has not been impervious to neoliberal ideas that have gained ground globally. For the sake of established social compromises and historically-based institutions, governance in Quebec is characterised by social arrangements in which its actors and the various forms of the social economy play an important role. Coined in Quebec as the "Quebec Model" («modèle québécois de développement »), the mode is very distinct from those found in other Canadian provinces and in North America as a whole. Challenges to this system, inspired by recent neoliberal politics, have reoriented some of its underlying social arrangements but have not been able to dissolve them.

The work done by CRISES and its affiliated collectives on the theme of the Quebec model focus on various aspects depending on their disciplinary orientation and their theoretical leanings. For example, works based on a territorial approach offer analyses or studies that highlight local governance, whereas those inspired by sociology focus on interactions and social relations. Likewise, works realized by labour specialists tend to concentrate on the analysis of corporate governance.

The works of CRISES draw from three main theoretical orientations: neo-institutionalist theories (schools of regulation and convention theory), collective action theories (resources mobilisation and social movements), and theories of governance regimes (corporate, urban). The challenge for our team and all researchers conducting studies on governance is to offer a holistic perspective that integrates and incorporates the various theoretical and methodological

contributions from different disciplines. It is with this challenge in mind that we respond to the survey.

3.5.2. Governance: An Analytical or a Normative Concept?

The notion of governance can be regarded as both analytical and normative. It is analytical when it aims to identify social arrangements that, beyond state institutions, take part in and are structured by the exercise of power. In these arrangements, various actors from civil society as well as from private-sector organisations participate or can participate.

On the other hand, governance can also be normative. It is normative *ex ante* when organisations establish in advance, as international financial organisations do, what is «good ” or «bad ” governance based on criteria that are, moreover, not neutral. Governance can be normative *ex post* when the analysis leads to more solidarity-based propositions, as is the case with certain community or civil-society models. In the latter case, the analysis indirectly results in normative governance. But, in fact, all normativity implies an analysis and all analysis leads to normativity.

That being said, the main interest of the notion of governance lies in the analytical perspective it points to. It allows us to broaden the analysis of power and decision-making. Governance designates a field of research regarding power in contexts where states no longer hold monopolies. Within the perspective of governance, while the state cannot be considered an actor like the others, it does not hold a monopoly on the exercise of power. Moreover, in this perspective, the state is not seen as a monolithic block and, even if its measures and orientations converge on the main institutional orientations, the latter diverge on many strategic options.

Naturally, the different levels of the problem demarcate different spaces of governance, which indicates the existence of problems at various levels: micro-governance (organisations and businesses), meso-governance (local and regional territories, clusters) and macro-governance (nation state and international regions).

3.5.3. The Transformation of Governance: Erosion or Reorganisation of Citizenship, Welfare State, and Democracy?

One may wonder if this question is properly posed or if it should be stated the other way around. In fact, our interest in governance lies less in evaluating the effects of liberal governance than in investigating how a democratic and participative model of governance for a new, solidarity-based citizenship is built.

Governance concerns the distribution of power. Restructuring governance activates processes for reviewing relations between the forms of market and public regulation and initiates active citizen participation. Market and public regulations are relatively univocal: In market regulations, prices based on market mechanisms dictate the governance. In public governance, mandates and programmes are defined by public authorities with the help of experts within a hierarchical and centralised framework. Once participation is offered to other stakeholders, in particular civil society, the need for other forms of regulation promoting citizen involvement, solidarity, and reciprocity arises.

The development of regulation modalities that complement state regulation creates room for experimentation and highlights the importance of social actors who, until then, had not or had hardly been heard or taken into consideration: civil society in general, citizens' expression of democracy through direct democracy, and social economy in particular. These new ways have become possible because modern liberalism, with its tolerance for certain political innovations, generates room to manoeuvre. This room may allow for pockets of participative and solidarity-based governance that strive for individual, collective, sectoral, and territorial empowerment. The erosion of old institutions opens the path to new actors, thereby expanding the space for social innovation. Naturally, this does not happen on its own. It requires a context of social reorganisation, thus of social arrangements as well as new action rules, where roles are redistributed on the basis of power relations between the stakeholders of the society. It represents *empowerment* for some and *disempowerment* for others, the whole taking place in context of conflict and struggle. *Empowerment* is here the fruit of collective action, social struggle, and social compromise between actors.

Restructuring governance can unleash potential for building a more just society. Contemporary neoliberal capitalism creates room to manoeuvre up to a certain level of transformation, depending on a determined level of tolerance for social change. The implementation of solidarity-based modes of governance lowers the tolerance thresholds and broadens the scope for solidarity. This calls for forums to discuss, debate, and negotiate, to

create approaches to mediation that allow for the establishment of new forms of coordination between the market sphere, the public sector, and civil society. In order to arrive at a more democratic, more solidarity-based whole, mediation must be brought to the meta-governmental sphere of decision-making, and thus, to a higher level where the social values likely to dictate the direction we want to pursue as a global society enter into play.

We are thus thinking of a governance that is more in line with the general interest and the needs of the collectivity. This reflection essentially concerns two levels:

- Governments of nation states. These are prompted to rethink their functions (regalian fonctions, regulation, redistribution, production, and delivery of services) and their priorities due to the complexity of their problems. Unlike "corporate governance", governance applied to public administration can be regarded as a search for alternative modes of public action for the public good without reverting to coercive instruments. Also referred to as "partner state", "facilitator state", or "subsidiary state", these modes promote the autonomy of actors/partners. The resulting practices aim to redefine the relations between the state and society as well as the modes of public intervention. The new governance thus seeks to surpass the limits of the hierarchy and of the market by calling on a plurality of public and private actors, including those from civil society, the mobilisation of which is based on reciprocity and solidarity.

- The territory, in particular the decisions concerning development and planning at the global, national, regional, and local scales. Elected officials and the public service are not regarded as the only representatives of the general interest. While the former pursue electoral goals, the latter tend to defend corporate interests and individual interests. This explains the shortcomings of representative democracy, which should be complemented by a range of institutional means and mechanisms developed by, among others, participative and social democracy. Similarly, this entails bringing decision-making closer to those that are directly concerned. Moreover, as the general interest is shaped socially and historically along solidarity-based lines, this leads to a plurality of general interests. This in turn allows for a "geography of constituted general interests", namely, sub-groups of a whole, the geographical boundaries (national, regional, local) of which are only one form among others.

3.5.4. Is Democracy a Political or Socioeconomic Concept?

With each discipline developing its own approach to democracy, the concept often tends to be regarded as cut off from social reality. An analysis therefore must be more comprehensive and transgress disciplinary boundaries, even if the disciplines imply instituted corporations. This calls for the identification of modes of governance that allow to expand democracy.

The increasing importance of civil society, partnership-based governance, and the expansion of democracy have prompted a review of the fundamental stakes involved in the problematics of governance. These stakes are intrinsically linked and feed on each other to some extent, as the expansion of democracy is essential to a solidarity-based governance that includes all of the actors. This also implies broadening the understanding of democracy. While representative democracy can sufficiently maintain government-market relations on a social level, the same cannot be said of participative democracy, which is dominated by a new actor, specifically, civil society. The latter demands new means of expression (public-hearing offices, consultation forums, etc.). Thus, while mobilisation suffices to implement an inclusive and solidarity-based governance project, participative democracy is required to put it into operation.

3.5.5. The Transformation of Governance in Businesses

Although this paper focuses on modes of governance that concern the general interest, governance in businesses also merits attention. We point out here that the renewed interest for governance is inherent to a new attitude towards business management, in which shareholders delegate power to decision-makers who have special interests. In this sense, businesses have often made their CEOs into shareholders in order to align their own interest with those of the other shareholders.

When owners (an increasingly dispersed set of shareholders) mandate managers to ensure the direction and management of a company, the modes of organisational governance must be restructured. In large firms, shareholders mandate agents (managers) to make decisions, all the while knowing that the latter can act on the basis of their own interests (in line with the notion of a *Homo Economicus*). The concept of "stakeholders" indicates that the shareholders are not the only interested parties. The latter include contractual stakeholders (workers, suppliers, clients) and miscellaneous stakeholders (those affected by positive and negative externalities, such as the local collectivities and civil society).

Applying the "stakeholder" theory to a company can serve a purpose when the modes of exercising power show their limits and are challenged, and when the actors, dissatisfied with the decisions made on their behalf, reclaim a part in the decision-making process.

3.5.6. Governance and Social Inclusion at the Local and Regional Levels

Governance is the fruit of the social, economic, and territorial arrangement of actors. Capitalism is not "disorganised", as was claimed in the 1980s, but rather, is in a process of reorganisation, which is different. Within that reorganisation, democratic, state-centred institutions that were built in the spirit of the so-called "nation states" of developed Western countries are brought into question. The social arrangements are refocusing on diverse issues at various levels, each of which has a different territorial scope. This structures multi-scalar governance at many levels. The territorial dimension of those arrangements corresponds to the scale at which coalitions and alliances take shape, at times corporate (urban regimes), at times solidarity-based (community development), as a result of the actions initiated by local identities.

This process has positive and negative sides. On the positive side, it calls on the participation of actors that are otherwise excluded from the exercise of power, according to formulas and modes that vary according to each case. In this context, often as a result of the struggle of collectivities for their viability, social innovations emerge from certain localities, minor experiences, and local initiatives before being distributed by recognized networks. The former very often emerge from cooperative movements or unions, municipalities, school networks, or the health-services network. These experiments leave a lot of room for the actors, their competencies, their available resources, and their capacity to form alliances and networks. On the negative side, the actors' focus on local interests, even in the context of participative governance, can give rise to intense interterritorial competition to attract or maintain investments. This erodes solidarity at the supra-local (regional, national, and international) scales.

3.5.7. The Case of Quebec

As mentioned in our introductory thesis statement, Quebec has demonstrated that a type of governance characterised by the participation of a plurality of actors and by the hybridisation of the diverse forms of governance is possible in the context of current-day capitalism. In Quebec, three forms of governance (public, partnership-based, and neoliberal) have taken place successively throughout the past forty years. However, two main forms predominated initially, namely, hierarchical and public governance (1960–1980) and partnership-based governance (1981–2003). The rise to power of the "Parti libéral du Québec" (PLQ) in 2003 and its more neoliberal agenda then favoured a more competitive mode of governance for

PPPs (public and private partnerships). The agenda also included the consultation of individual citizens that were randomly chosen to participate in various forums, which challenged both the mechanisms of joint action with collective actors, and the partnership-based forms of governance. However, these directions have had to adapt to the instituted modes of decision-making and the Quebec Liberal Party has not been able to dismantle the "Modèle québécois" as it had foreseen.

3.5.8. Conclusion

In light of the limits of hierarchical and public governance as well as the pitfalls of Fordism and Providentialism, the future relies on innovations in governance. Research shows fairly clearly that partnership-based governance, which mobilises not only the state and the market but also civil society, cannot take place without an institutional framework favourable to the participation of stakeholders in the broader sense and without a deepening of democracy. It involves not only adding civil society to the state-market dyad, but also redefining the role of each in a world where their respective spheres of intervention become porous, and governance emphasises horizontality more than verticality. Such a governance should be a participative one, rather than authoritarian or restrictive.

Although the predominance of neoliberalism seems to have done well to re-establish the value of market- and competition-based forms of governance, one could argue that the hegemony of these types of governance is not absolute and that it often goes hand in hand with partnership-based types of governance, particularly in societies and regions where new and old social movements have insisted on experimenting with forms of governance that aim at social democracy and economic democratisation.

The sphere of action in which these social movements evolve to expand and to conquer spaces of solidarity is limited but nevertheless offers possibilities. However, the weakening of democratic institutions allows representatives of the main neoliberal forces to strengthen and expand their power in decision-making processes. Thus, while social movements implement innovations that promote the inclusion of excluded groups and that offer solutions to poverty, new barriers are concurrently imposed by new standards of competitiveness and economic profitability.

Thus, while societal mechanisms do depend on the modes of governance implemented by to promote their development; these mechanisms cannot automatically transform unjust societies

into just societies. To understand how the quality of community life evolves, we must look beyond forms of governance. It is essential to comprehend the global nature of the relations between individuals and societies in the context of globalisation, the weakening of institutions, as well as the emergence of new opportunities in order to build a truly solidarity-based society. In this way, the efforts to implant democratic and participative forms of governance will allow society to free itself from the forces that aim only at productivity and profitability and for whom governance is nothing more than a matter of efficiency.

3.6. Tower Colliery: Nurturing Alternative Space[12]

3.6.1. Context

Tower Colliery is the last deep mine in the UK South Wales coalfield. It is situated in one of the most economically disadvantaged areas in Great Britain. In 1994, under the Conservative government's energy re-structuring policy, the mine was closed. However, despite a vote by the miners to accept redundancy, a campaign was started by Tower members of the National Union of Mineworkers (NUM) which organised an employee buyout to established a workers cooperative. A group elected by the workforce, the Tower Employment Buyout Team (TEBO), assembled a business plan, a technical plan, bank loans, support from the local authority and the Wales Co-operative Centre, donations and, finally, a pledge of almost £2 million composed of the £8,000 redundancy money from each of 239 miners. The Department of Trade and Industry (DTI) accepted the TEBO's bid of £10m in November, 1994 and Tower reopened on 2nd January, 1995 as a worker-owned co-operative business enterprise. The stated objective was to create jobs and, at the time of writing, it has prospered as an alternative business enterprise for over 10 years.

3.6.2. Spatial Consequences of Ownership

Legal ownership of these physical assets is vested in the employee-owners who enjoy all the conventional rights of company shareholders. In common with the initial personal financial investment made by the original members, any new member has to invest £8k in a share when starting "employment" at Tower. Low interest bank loans are available for new starters to

[12] This chapter was written by Len Arthur (UWIC, Cardiff), Tom Keenoy (University of Leicester), Molly Scott Cato (UWIC, Cardiff, Russell Smith (UWIC, Cardiff).

purchase the share. (In addition, whenever possible, arrangements are made to ensure new members are given overtime to help them pay off these loans.)

The co-operative is a private limited company which is structured to ensure members enjoy direct control over company policy on the basis of 'one-share-one-vote'. Although the value of individual shares varies depending on when the member joined the co-operative, no member has more than 1 vote.

The Board is comprised of 6 directly elected 'working' Directors two of whom have to stand for re-election each year. Only two of the existing Directors are members of senior management and all have to account for their actions at the company AGM. Beneath the Board, senior operational and engineering managers meet on a regular basis although 'executive authority' remains the province of the Board that meets officially monthly, but often weekly. The mine manager – who enjoys a unique 'legal authority' equivalent to that of a ship's captain – has never been a Board member. Annual elections to the Board and the extensive formal and informal work consultation processes serve to sustain an open discourse and democracy in all the dimensions of relationships within the Tower 'space'.

It is important to emphasise the significance of this break with past social practice. The continued usage of such traditional terms as 'Directors' and 'the Board' should not be permitted to obscure what is a radical shift in power relations with respect to the ownership and control of economic capital, for the organisational decision-making processes outlined above indicate a quite fundamental shift to bottom up democracy and accountability. British Coal, the previous owner, had a UK wide Board that effectively owned and controlled at that level. Mine management at Tower was accountable to a South Wales office based in Cardiff and then ultimately to British Coal. Managers were just 'managers': they were not directly responsible for the economic capital of Tower. The TEBO broke this link. The land, mineral assets and capital were legally vested in a cooperatively owned company, which also became the employer. Direct control is now in the hands of the on-site Tower Board – all of whom are working employee-owner directors. Power, once so distant and disembodied, is now local. The members votes decide operational policy and the collective enjoys direct responsibility for decisions and their consequences; the possibility of blaming distant bureaucracy is a luxury of the past. Thus, collective ownership, control and democratic accountability are the source of a different social space and community, enabling a redistribution of economic, political, social and cultural capital resources.

3.6.3. Space in the Market

For many producer cooperatives, the most troublesome spatial location they need to occupy successfully is 'the Market' for their goods or services. In this respect, Tower is fortunate for their product – anthracite – remains a valuable commodity and, because all the potential competitor mines have been closed, there are no effective alternative suppliers in their prime market. This product is the foundation of Tower's power resources both in contract negotiation and in the consequent strategic freedom to choose how to deploy the revenue stream. The cooperative has been financially successful over its 10 years of operation. On an annual turnover of between £24m and £34m, annual profits have ranged from £1m to £4m. As coal prices have been steadily falling during this period of operation, revenue has been sustained by an increase in output from 380k tonnes per year to around 600k per year. This production level has been at a plateau between 2001 – 2004. Much of this success reflects the product being energy efficient high-grade anthracite.

The main power station contract accounts for about 80 % of output and the retention of this contract is not only a considerable marketing success but has also been critical to securing control over the market context throughout the life of the cooperative. The Director of Marketing learned his skills 'on the job'.

3.6.4. The Space of Resource Allocation

Perhaps the most 'novel' space now occupied by the members is their direct responsibility for financial decision-making. Although there is some limited profit distribution (but not every year), the vast proportion of the revenue goes on reinvestment and member rewards. The balance between these respective needs is not uncontested.

Initially, a key objective was to pay back bank and government loans. Within the first year (1995-96), a £2m loan from Barclays Bank was repaid and by 2002 the final instalment of the £11.5m DTI loan cleared the last external debt. In addition, £2m a year has been invested in developing each new face. Innovative investments include a plant generating £1m worth of electricity per year from methane extracted from the colliery – this effectively pays for all the power consumed at Tower; and a new venture in making low carbon emission briquettes from sawdust and coal dust. More generally – reflecting Tower's symbiotic relationship with the local community – the cooperative supports a range of local projects, including rugby, opera, motorcycle racing, schools, a children's hospice and community regeneration. The leading

figures are acutely aware of the socio-economic significance of all revenue being returned to the locality and, unsurprisingly, many of the Tower employees are allowed time off to support these activities.

Although the provision of jobs was the main aim in establishing Tower, members were also determined that this would not be achieved without the provision of the best possible terms and conditions of employment. The initial workforce of 239 has expanded to 299 cooperative members with a further 100 employed as contractors in face development, the bagging plant and in security. Employees enjoy well above average terms and conditions of employment. Pay, basic conditions, welfare and safety are comparable with those in other UK mines. For example, average gross weekly pay for face workers is currently about £540 compared with the UK average of £589.8. (ASHE, 2005) Dividends and bonus payments can be added to this. The sick scheme provides for 6 months full and 6 months half pay for all members – this is unique to mining in the UK; and holiday entitlement at 38 days per year is the highest in mining. Safety with no fatalities and total injuries of 25 per 100,000 work-shifts compares with the UK average of 31 injuries per 100,000 work-shifts. Under British Coal an output related bonus system had been operated. One of the first agreements within the cooperative consolidated these payments into the basic wage, enabling wages to be predictable. Other benefits include a 1-year salary in-service death benefit (a provision agreed at the very first co-operative Board meeting in February 1995.)

3.6.5. 'Culture-change' in Cooperative Organisational Space

A complex cooperative 'work culture' can be seen to be emerging with distinctive tensions and trajectories. Respondents gave examples of how, at least initially, the common practices under British Coal had been reproduced. Managers continued to expect their orders to be obeyed and NUM members still wanted an enemy to fight. Such tensions can be seen to be behind the mildly embarrassing 24-hour strike when a manager's legitimate order was disobeyed.

In contrast, it is also clear that there is an emerging process of joint working and joint problem solving which is clearly the consequence of letting go of these historically based expectations. Some fairly dramatic examples of working together to resolve some critical production problems were cited. On one occasion, coaling stopped for three months due to a gas incursion from old workings. Employees were paid in full during this time and worked together to overcome the problem. On another, the cutting machine was buried in a roof fall and – rather

than abandon it – the members dug it out and refurbished it. This level of commitment was seen by all respondents as reflecting how ownership has translated into cooperative survival behaviour. Under British Coal, it was claimed, either of these episodes would have led to the colliery being closed. Such 'survival' behaviour reflects a constant theme in the interviews which emphasised that the core aim of the cooperative was to preserve jobs. While these various crises have generated a remarkable resilience in the face of potential catastrophe, as soon as coaling re-started, divisions re-emerged over revenue distribution issues ranging from pay differentials to cost control. This may seem not unlike what occurs in organisations owned and controlled in more traditional ways, but these interest debates have consistently been situated in a wider socio-political understanding of the need to survive and a collective sense of responsibility and ownership of this basic aim. Several respondents remarked on how 'they' are now responsible for their own destiny.

More generalised evidence of the emergent work culture comes from a series of seemingly marginal but inter-linked changes in how 'management' is accomplished. Work issues are discussed at the start of shifts, there are regular informal meetings in the single canteen, weekend maintenance work is planned collectively and there are fortnightly meetings between the underground shift captains and surface managers. 'Under British Coal they had to be demanded'. These practices are engendered and sustained through the power shift stemming from collective ownership and reflect the wider democratic structures and accountabilities. Who is the management and what this means has become increasingly difficult to define – no longer simply them and us on all issues – as one respondent put it they 'could talk to Tyrone [the company Chair] like a butty' [South Wales term for a close work friend who you could take the piss out of as well as work with].

3.6.6. Space and Alternative Spaces

Our central argument is that the creation of the worker-owned colliery has permitted those involved to nurture and develop a range of social practices which constitute a persistent, coherent and significant challenge to the existing socio-political and economic order. The analysis of the data involves an assessment of the extent to which the cooperative can be seen to be an autonomous, different and alternative space. In terms of social movement theory, our suggestion is that the Tower venture can be seen as a 'repertoire of contention' and that the 'autonomous geography' created by the activists represents a significant challenge simply because it opens up a range of possibilities which permit workers and their communities to take control of their own socio-economic destiny.

What are the contours of Tower's 'autonomous geography'? The terrain we are concerned with relates, firstly, to the available and potential organizational socio-economic space and, secondly, to workers effective influence and control within and over such space. All social space is bounded by history, context and culture (Lefebvre, 1991). Of course, space *itself* does nothing: it is always mediated by social action and different spaces are articulated and constructed through interactive social processes. Our data suggests that social actors can develop and deploy different discourses which 'imagine' alternative (or competing) spaces which other actors are then persuaded or cajoled to occupy and enact. It is not that 'new' spaces (which did not "exist" before) have been *created* but that social actors have refocused attention away from one 'dominant' space to an alternative possible space which, for a variety of reasons, has become visible, available and, perhaps, necessary. In this sense we have proposed that the social process can be described as ***deviant mainstreaming*** and that collectively similarly processes taking place in other organised settings can be described as ***incrementally radicalism.*** In both the individual and collective case there is the potential for organisation such as workers cooperatives to move from being 'contained contention' to 'transgressive contention' within the conceptual framework suggested by (Macadam et al 2001).

3.7. Relations to other existential fields

Governance and democracy are relevant for all existential fields due to the dialectics of form and content. Socially creative strategies in the labour market, education and training, health and environment and housing and environment all have a strong content dimension which is always related to the way the initiative is undertaken.

The case studies of the Territorial Employment Pacts and the Tower Colliery relate to questions of employment being tackled in WP 1.1. In the latter case, the workers took over the management of the company and thereby created a cooperative – a classic form of solidarity – based economy. This form of a socially innovative strategy not only created employment opportunities and relatively high salaries but also formed the basis for the emergence of forms of socio-economic citizenship. The social learning aspect of this sort of citizen's governance will be discussed in the next paragraph. The case study of Porto Alegre highlights important elements concerning socially creative strategies in the fields of education and housing. Concerning housing, the provision of social housing was directly linked to participatory democracy as budgetary decisions taken within the participatory setting favoured housing for socially deprived groups. This focus was facilitated by the use of democratically discussed technical criteria. The strongest socially creative impact was registered in the field of education, as the direct confrontation of people with their fellows fostered mutual learning

processes in a sense of popular education (Freire 1968/1996). The satisfaction of basic needs was linked to the emergence of a republican notion of citizenship which hints at the emergence of citizen's governance. Similar processes could also be registered in the case of the Tower Colliery, where these processes of mutual understanding and democratization occurred between the workers. Thus, the case is a very good example of the links between socio-economic citizenship and popular education.

Environmental issues were problematic in the case of Porto Alegre, which showed the difficulties of linking participatory settings with a strong social focus to environmental issues. This is especially striking, as the report on health and environment of WP 1.4 shows that poor people are especially vulnerable to threats posed by environmental degradation (cf. Dietz 2007 for a governance perspective). Concerning Environmental issues, being dealt with in WP 1.4, the perspective of multi-level governance counterposes the potentials of solutions to problems on a local scale. Especially concerning climate change, international organizations are extremely important. Thus the danger of localism is especially inherent in this field, where strong strategic selectivity excludes marginal actors – especially on the international scale (Brunnengräber 2007).

4. BOTTOM-UP CREATIVE AND SOCIALLY INNOVATIVE INITIATIVES

This chapter summarizes and structures the reflections by analyzing the new modes of governance and relates democracy to governance by focussing on key questions of socioeconomic development. For this sake, we will compare the case studies being exposed in chapter 4 with other European governance practices, derived from studies which appear either in the annex and were thus specifically written for the purpose of KATARSIS or with research in relevant governance practices being published in academic journals. This shall then provide the basis for a further understanding of the described case studies.

4.1. Consensus and Deviant Mainstreaming

It is difficult to apply a 'pure' notion of neoliberal governance, as attempts at re-embedding the economy have often resulted in more hybrid and open forms of governance. Nevertheless, both conservative and progressive forces have increasingly accepted liberalism as the dominant discursive field, as the "discourse of social change" (Bowles/Gintis 1986: 25). "Liberalism rarely, if ever, exists in pure form; it typically coexists with elements from other discourses, strategies, and organisational patterns. Thus it is better seen as one set of elements in the repertoire of Western economic, political and ideological discourse than as singular, univocal, and internally coherent discourse of its own right" (Jessop 2002: 453). Today diverse forms of liberalism exist. Not only extremist neoliberalism, but national, authoritarian, economic, but also "advanced" (Isin, cited in: García 2006: 751), left and social currents of liberalism try to become hegemonic and to impose their variant of liberalism as dominant (McNeill 2003; García et al. 2007: 5). Current dominant models are hybrid and contested variants of liberal governance, as the cases of Barcelona, Montreal and Denmark (Andersen/Pløger 2007; Fontan et al. 2007; García et al. 2007; Pløger 2007) show. While Barcelona avoids opposition by a form of consensus building and inclusive policies, Montreal integrates diverse interests in a corporatist model. In Denmark a progressive holistic approach has been politically aborted and neighbourhood policies have become ethnisized. In neither of these cases, textbook neo-liberal governance patterns cannot be diagnosed in a strict sense. But liberal traits do exist in all the presented cases, as variants of "actually existing neoliberalism" (Brenner et al. 2005). Corporatist modes of governance re-emerge in different settings, which we referred to as multilateral governance in table 2. Especially the case of Quebec has demonstrated that a type of governance characterised by the participation of a

plurality of actors and by the hybridisation of the diverse forms of governance is possible in the context of current-day capitalism.[13]

In Quebec, three forms of governance (public, partnership-based, and neoliberal) have taken place successively throughout the past forty years. However, two main forms predominated: public governance (1960–1980) and partnership-based governance (1981–2003). The rise to power of the "Parti libéral du Québec" (PLQ) in 2003 and its more neoliberal agenda have challenged them favouring a more competitive mode of governance based on PPPs (public and private partnerships). The agenda also included the consultation of individual citizens that were randomly chosen to participate in various forums, which challenged both the mechanism of joint action with collective actors, and the partnership-based forms of governance. However, these directions have had to adapt to the instituted modes of decision-making and the Quebec Liberal Party has not been able to dismantle the Quebec model as it had foreseen. Indeed, recent neoliberal politics have reoriented some of Quebec model underlying social arrangements but have not been able to dissolve them.

The case of Quebec thus highlights the complexity in which new modes of governance appear, which aspire to be more inclusive and to aim at consensus. Contradictions between path dependency and liberal transformations allow for exploiting economic and political, social and authoritarian traces of emerging liberal modes of governance. Principles based on liberal ideology, such as openness and accountability are opposed to traditional patterns of clientelism and patronage, as the Greek case indicates (Wassenhoven 2007). Their application would lead to increased opportunities for social inclusion. The cases of the Tower Colliery and Participatory Budgeting in Porto Alegre show the importance of linking these principles to the notions of socio-economic citizenship and participation to create possibilities for the emergence of socially creative strategies.

In contrast new kinds of authoritarian traits also emerge with the adoption of some of the proposed elements of the European governance agenda (EC 2003). Problems occur in connection with decentralization and devolution, which is an important process in the implementation of the new principles. In some cases, decentralization led to the proliferation of clientelist patterns, as the local "chiefs" have been granted more power (Hutchcroft 2001). These tendencies can be reinforced by the increasingly important role of the "strong mayor" in many European cities (Borraz/John 2004). Another important issue in newly emerging multilateral governance settings – *consensual arrangements* – also poses problems, which are

[13] The following paragraph was written by Jean-Marc Fontan, Denis Harrisson, Juan-Luis Klein, Benoit Lévesque (CRISES, Université du Québec à Montréal).

somehow linked to the EU-governance-principles of effectiveness and coherence. Concerning "coherence", a "*hegemonic consensus*" (García/Claver 2003; García et al. 2007: 6) is emerging, which Oberhuber (2005) calls "mainstreaming" in his discourse analytical study of the drafting of the European Constitution. This means that "a 'stream' of communications is inconspicuously but steadily narrowed down, extremes on both sides are discarded, divergent questions and issues are marginalized, deviant positions ignored or ostracized, the stock of taken-for-granted assumptions, which must not be called into question, thus, is accumulated, and a dominant discourse (a 'mainstream') is established" (Oberhuber 2005: 177). As García et al. (2007: 6) also note for local governance in Barcelona, "institutions exercise strategic selectivity, meaning giving support (or even co-optation) to certain grassroots activities and repressing others according to specific interests", with "the purpose of legitimising decisions taken in advance" (ibid.). Within the discourse of technically "efficient" solutions, questions on who benefits from the "hegemonic consensus" mostly remain untouched.

Many newly emerging multilateral governance arrangements tend to favour short-term output efficiency at the expense of long-term democratic legitimacy and socio-economic sustainability undermining the legitimacy of European integration (Peters/Pierre 2004). But liberal governance is not limited to one outcome and a pre-given mainstream. The case of Tower Colliery pointed out a strategy of "deviant mainstreaming" which might extend the dominant modes of governance towards more progressive variants like the "Quebec Model" which is a "pluralist, almost hybrid mode of governance" which has been able to put brakes on the imposition of a pure neoliberal model (Fontan et al. 2007: 6ff.). The case studies pointing at socially creative strategies thus all highlight notions of socio-economic citizenship and citizen's governance, representing alternatives to the "hegemonic" consensus, where technical efficiency is prevalent to social and democratic goals. This is achieved within the framework of neoliberal restructuring, but reinforcing the notion of citizens' rights, which should not be reduced to formal political rights, but have to include social as well as economic rights. During Fordism, in Western and Northern Europe the welfare state provided the basis for granting social and political rights via the provision of a social wage, via liberal democracy and state-provided services. In the economic sphere, co-participation existed via corporatist arrangements, where trade unions could negotiate working conditions with employers' representatives. In the newly emerging market and multilateral governance arrangements, services tend to be privatized or run within public–private partnerships. This leads to exclusionary dynamics but also opens up new opportunities for socially creative strategies in a sense of bottom-up approaches to socioeconomic rights. These approaches have been shown by the case studies of Porto Alegre and the Tower Colliery, where the newly emerging governance arrangements opened up space for increased socio-economic participation.

4.2. Socially Creative Strategies, Participatory Governance and Socio-economic Citizenship

Collective self-management practices, not only in the workplace but also for service delivery in health, education, and housing, can foster innovative solutions to exclusionary dynamics. In their concrete agency, they stress a distinction, which has been blurred in liberal thought and in the praxis of welfare regimes during Fordism: public vs. state property. This distinction is highlighted by the cases of citizen's governance of Porto Alegre and the Tower Colliery. Whereas in the former, the state was reorganized in a way to reinforce its public nature by its democratization, the latter case points towards the socialization of private property, opposing the concept of the nationalization of private property, which has been the dominant social-democrat practice during Fordism (Przeworski 1980).

Nevertheless, the partnership arrangements with so-called "third sector organisations" also point out various problems: in connection with the tendencies towards privatization, the third sector is sometimes treated as a cheaper alternative to the service provision by the state due to its reliance on voluntary or low-paid work. As the majority of these voluntary or low-paid workers are female, outsourcing of state functions can exacerbate income disparities between men and women (Appel et al. 2003). The growing importance of the third sector has led to the professionalization and bureaucratization of big service-providing NGOs (Fyfe 2005: 550ff.). Furthermore, problems concerning accountability occur, as Smith, Mathur and Skelcher (2006) show in their analysis of British third sector involvement in the provision of services, which has been promoted by the state via the "Private Finance Initiative" (Kerr 1998; Wakeford/Valentine 2001; Khadaroo 2005). In addition, the state continues to play an important role in initiating and steering the partnership. Last but not least, the decentralization of activities poses the danger of localism. Many social problems need to be solved on regional, national or international levels and cannot be tackled effectively on the local scale (Mohan/Stokke 2000; Defilippis et al. 2006; García 2006: 753).

There is often a class bias to participatory settings: experiments with new forms of democratic municipal governance and decentralization of public power to boards of schools and kindergartens are directed towards the middle class. Participatory settings are often "dominated by élite-citizens often making strategic political alliances against other local actors" (Pløger 2007: 7; cf. also Andersen/Pløger 2007). Thus, "participatory democracy could lead to élitist democracy or technocracy" (García 2006: 751) – a tendency which can easily be worsened by the peripheral "inclusion" of critical social movements into participatory settings, which can be manipulated in new populist settings (cf. {Laclau, 2005 #1905}). If participation

occurs for micro decisions while macro decisions are taken within elitist arrangements, it can lead to a "new tyranny" (Cooke/Kothari 2001). Participation should therefore be attentive to socioeconomic development, and not exclusively to politics.

Under such conditions, participatory settings have the potential to improve the integration of local ideas and needs, the use of local knowledge and creativity as resources, an early identification of possible conflicts by the government, which stems from better insights into positive and negative consequences for the affected citizens (Pløger 2007). The case of Porto Alegre points out, that the potential concerning socially innovative strategies for social inclusion is expanded, if the participatory process is (1) open to all affected persons instead of being restricted to an "enlighted elite", (2) if the participants possess decision-making power instead of a mere consulting position and (3) if the decisions within participatory settings concern socio-economic development. Furthermore, the democratization of the municipal budget in Porto Alegre also hints at the connection between material and formal democracy. A certain level of material security (time and money to participate) is a necessary precondition for participation. Participation in decisions directly related to material security can provide the basis for inclusive strategies as collective learning and empowerment processes are likely to occur.

These possibilities and problems make Swyngedouw (2005: 1993) insist that "socially innovative arrangements of governance-beyond-the-state are fundamentally Janus-faced, particularly under conditions in which the democratic character of the political sphere is increasingly eroded by the encroaching imposition of market forces that set the 'rules of the game'". Therefore, socially innovative practices have to be promoted carefully, as they can also lead to new forms of social exclusion.

We propose that socially creative strategies need to engage with the notion of the public sphere as a *socio-economic and political space*, defined in terms of processes rather than of geographical borders, in which citizens have an incentive to lay aside "particular" interests and to adopt a "public interest" perspective. This was shown in different ways by the case studies of Porto Alegre and the Tower Colliery. In the first case, lobbying activities continued to exist, but as they were discussed within open settings, where formerly excluded parts of the populations were well-represented, instead of being negotiated by "enlighted elites" behind closed doors, this opened the space for the democratization of the local state. As decisions concerned the municipal budget as a whole instead of selected parts, such as in the case of LA 21 in Vienna (Novy/Hammer 2007), the danger of only attracting the self-proclaimed experts

– and therefore urban elites – was avoided. This is a parallel to the case of the Tower Colliery, where the satisfaction of material interests – in the form of employment under decent conditions – also played a prominent part. Due to direct engagement of formerly excluded actors, a "space that is conducive towards citizenship" (García 2006: 752) has been created in these cases. This leads to the possibility of collective learning by the participating citizens, as participation is a political learning process, and to the notion of a "public state", which is ruled more directly by its citizens than the bureaucratically administered Fordist welfare state (Novy 2003b). The proposed notion of citizenship comprises both a social and a political dimension (García 2006: 748) and is therefore able to grasp the dialectical relationship between the content and the process dimensions of social exclusion. Furthermore it is useful in dealing with the complex relationship between agency and structure and in conceptualising the question of the relevant geographical sphere or political level. We would therefore suggest the claim for equal citizenship as a concrete utopia that should inform socially creative strategies in the field of governance and democracy.

5. DIMENSIONS OF MULTI-LEVEL GOVERNANCE AND SOCIALLY CREATIVE STRATEGIES (SCS)

Multi-level governance (Bache/Flinders 2004; Eising 2004) is an important dimension in the KATARSIS-case studies. In a few cases, like Porto Alegre, upscaling is a crucial part of the politics of scale or of attempts to broaden alliances. Local empowerment has led to regional developmental efforts. In other cases, like Tower Colliery the emphasis is on proper spaces of innovation and power that permit alternatives to liberal governance. Multi-level governance is a concept which has been developed for the understanding of current transformations within the European Union. It tries to grasp the double movement which shifts power away from the national state towards trans-national and multi-national levels as well as the local and urban levels.

The term "level" hints at a hierarchy of the different political levels involved. Marks and Hooghe (2004) distinguish two different types of multi-level governance, which are shown in table 3. Whereas type I multi-level governance refers to the more classic forms of federalism, type II multi-level governance refers to more flexible arrangements with intersecting memberships and could thus be called "network governance". This second type of governance is less transparent, as there is a certain lack of rules and regulations, which leads to problems concerning democratic legitimacy. The first type is more in tune with traditional forms of liberal and republican democracy based on sovereignty.

TABLE 3
Types of Multi-level Governance and Politics of Scale

TYPE I: FEDERALISM	**TYPE II: NETWORK GOVERNANCE**
• Power container (territory)	• Relational space (flows)
• Popular sovereignty	• Overlapping identities, rights and obligations
• General-purpose jurisdictions	• Task-specific jurisdictions
• Non-intersecting memberships	• Intersecting memberships
• Jurisdictions at a limited number of levels	• No limit to the number of jurisdictional levels
• System-wide architecture	• Flexible design

Sources: Marks/Hooghe 2004: 17; own elaboration.

Governance analyses need a dialectical understanding of space and place, of the fixed and fluid aspect of space (Harvey 1989; Blatter 2004). The importance of understanding trans-scalar linkages of international, regional and local networks has grown (Madanipour et al. 2001; Novy 2001; Becker 2002: 242ff.; Le Galès 2002; Bache/Flinders 2004; Benz 2004; Brenner 2004a; Benz/Papadopoulos 2006b). But local agents have also received increasing attention (Hutchcroft 2001) and are the crucial actor in most of our case studies. During the last years and the dominance of liberal governance, borders have increasingly been perceived as obstructive to progressive politics. But democracy needs rules and boundaries, as citizenship rests on rights granted by state authority. But it creates a "we" and a "them", inherent eg. in the "imagined communities" of nationalism (Anderson 1991). None of the KATARSIS-case studies enforces this type of exclusionary agency, neither at the national nor at any other level. Governance insists on more consensual and rational forms of the political resting on common deliberation in complex situations (Habermas 1992), but leads to the dangers of a reduction to the post-political (Mouffe 2006) and a tyranny of consensus. Concerning the exclusion from governance structures, networks are treated as less democratic by definition (Sack 2006). The case studies, however, point out that these arrangements can be organized in socially innovative ways, enhancing democratic participation of formerly excluded groups. This is facilitated by forms of citizen's governance as in Porto Alegre and the granting of socio-economic rights, as in Tower Colliery.

Scale – understood as the place for political action that is highly contested and in a process of radical transformation (Swyngedouw 1992; 1997) – is important to understand exclusionary dynamics and to evaluate SCS. Differing from "level", "scale" does not necessarily imply hierarchies. Therefore, it can be useful for regional, local and urban governance (cf. Pierre 1999; Hillier 2000; Le Galès 2002; Brenner 2004b), as the interplay between political decisions taken at local, global and also national levels of decision making can be explained. Urban governance is also an important topic to grasp the ongoing scalar transformations, which reemphasize the role of cities in a contradictory way: New possibilities for action on the local scale are created whereas the steering role of higher political scale creates new restrictions (cf. the case of POLIS XXI in André 2007). But there is the danger of localism inherent in SCS. The notion of citizenship implies the territorial bordering of rights and the concept of urban and regional citizenship (García 2006) implies an important upscaling of local initiatives described in the case studies, based on a broader understanding of exclusion as not only political, but multi-dimensional. Regional governance is an important concept, which can relate to newly emerging cross-border-regions (type II; cf. Coimbra de Souza/Novy 2007 or Geddes 2000 for a more comprehensive overview) or to traditional regions within (more or less) federalist countries. The notion of scale is particularly important, if connected to the room of manoeuvre for socially creative strategies. In this sense, the growing influence of

political decisions taken at the EU level, especially in its steering role (Sbragia 2000) is of particular relevance as the case studies of the Territorial Employment Pacts and Porto Alegre show emblematically. Whereas in the latter case, employment policies could not be tackled, as they were out of scope at the corresponding urban scale, multi-level-governance employed in the case of the Territorial Employment Pacts, where EU policies were interlinked with national, regional and urban policies seems to be a promising approach. If the full potential of such an approach should be realized, the decision-making power of the actors at local scales would need to be increased. This seems to be particularly difficult, as the European Union is a peculiar supra-national arrangement (cf. also: Eising 2004; Holman 2004; Yee 2004) which differs from other arrangements of (supra-) regional governance (Payne 2000), which have their major (or unique) focus on type II arrangements. The design of the EU could enable socially creative initiatives, as its institutions have a comparably high decision-making power. Unfortunately, decision-making processes at EU-level are particularly vulnerable to exclusionary dynamics as the very institutional setting with the emphasis on the executive and judiciary branches to the detriment of the legislative (cf. Puntscher Riekmann 1998; Buckel 2007: ch. D II) favours elitist forms of governance. Thus, socially creative strategies on the local level have to consider influences from regional, national and international scales and find ways to widen their scope of influence towards these scales to avoid the trap of localism, currently inherent in many participatory governance settings.

The key hindrance of European governance to SCS is the post-political approach inherent in the liberal mainstream (Mouffe 2006) which denies the existence of antagonism and diverging interests. The hegemonic consensus, as exposed in the case of Barcelona, but also present in Vienna (Coimbra de Souza/Novy 2007; Novy/Hammer 2007), makes it difficult to articulate different interests based on class, gender or ethnicity within the given field of politics. While the participatory budget permits to articulate interests and to make choices, Territorial Pacts like in Barcelona hinder the clear definition of adversaries. But SCS often emerge out of the articulation of repressed needs and interests which need different rules of the game. Democracy has to become again a place to negotiate antagonistic interests, as emblematically shown in Porto Alegre. It needs clearly bordered forms of government, supposingly in line with Europe´s federal tradition (cf. table 3). Territorial Pacts could be a step in this direction, if they include the choice about developmental alternatives.

6. METHODOLOGICAL DIMENSIONS

The most important methodological result of this report is the continuing necessity to combat governance and democracy as "chaotic concepts" (Sayer 1984), used within very different theories and paradigms and eclectically applied to a broad range of activities and structures. It covers corporate governance as a business concept, good governance as a normative liberal best-practice model and governance as governing an enlarged state via networks. Democracy can be reduced to occasional voting, include the common deliberation in the political sphere or include the joint decision making on socio-economic and political development, including rule-setting. Therefore, conceptual clarification was crucial. Most case studies used a broader concept of democracy and a more analytical understanding of governance. However, there are cases which stressed the corporatist dimension of governance, like Quebec, Barcelona and Porto Alegre, and others than refer to more micro-organisational structures, like Tower Colliery and Denmark stressing deep political conflicts.

The most important premise followed in the elaboration of this report is the *dialectical relationship between the content and the process dimension of social exclusion and socially created innovations*. This stress on the relationship between agency and structure, as well as bottom-up and top-down strategies is crucial to consider structures of social exclusion focussing on different forms of domination to avoid a simplistic embrace of socially creative strategies that might lead to unintended negative consequences. In most of the case studies there is the inherent danger of being too localist. But overcoming social exclusion in a sustainable way needs to systematically reflect on power relations and requires a scalar-sensitive approach. This was stressed by the case studies which showed, that socially creative strategies that lead to democratization and the integration of formerly excluded actors have to include decisions on access to material resources. In this respect, scale was particularly relevant.

As development is an integral process, we tried to capture the multiple aspects of governance and democracy and to present them in their contradictoriness. Out of the case studies no best practices can be deduced, although the case studies give important lessons on power, scale and socioeconomic democracy. But context-specific lessons can be drawn from all cases which hint at underlying structural dynamics. It permits drawing context-specific policy lessons for fostering socially creative strategies. These are already relevant bridges for further elaboration in WP 2 to WP 5.

CONCLUSION

This report on governance and democracy linked conceptual clarification to empirical case studies presented by members of the KATARSIS network. It is a reflection on SCS in a context when the national power container that organized welfare and democracy is eroding and new permeable forms of welfare and democracy have to be elaborated to combat social exclusion. The end of clearly bordered politics and policies has led to the spread of diverse – often localised and fragmented – activities. Many efforts at social inclusion start from these types of innovative activities often linked to some form of participatory governance. But this has often fostered elitist forms of governance of the more powerful or better educated, paradigmatically exposed in the Danish case study. Huge parts of the population remain excluded from these new forms of governance. There is still a huge gap to bridge to organize democratic governance in a situation of eroding parliamentary politics in the nation state. The main challenge for KATARSIS consists in elaborating forms of upscaling local and bottom-up initiatives. “Urban and regional forms of citizenship” (García 2006) which substantiate the continuous relevance of territorial citizenship in the context of multilevel governance (García 2006) might be one step in this direction.

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