# Scale-Sensitive Socioeconomic Democratisation

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This paper tries to re-appropriate the progressive spirit of democracy in an age and on a continent where rhetorical and ideological use and misuse are widespread, undertaking three parallel efforts: First, by defining democracy in a broad sense, it will be freed from its identification with a specific political order of majority rule via parliament dominant in Western societies. Democracy is not understood as a state of order, but an ongoing process of popular rule (*demo-kratie*), enlarging capabilities and freedoms of all members of a society. To talk about democratisation instead of democracy clarifies this open and dynamic element and stresses the need to experiment with democratic innovations in a variety of societal fields, from media and schools to fabrics, city-regions and the planet.

Consequently, second, the notion of democracy will be extended to domains beyond the political, as defined in Western societies. The resulting socio-economic democracy includes adequate forms of deliberation and participation, majority rule and joint decision making in political and socioeconomic development. Cooperative, self-managed, participatory modes of organisation in the field of politics, but also in business, culture and education form part of this type of democratisation. Socio-economic democratisation challenges the conventional understanding of democracy as territorially-bound decision making without denying its crucial contributions to emancipation.

Third, the spatial transformations of the last decades have eroded the national power container which institutionalised democracy in the 20th century. Linking sovereignty, membership, rights and obligations to the clearly delimited national territory created citizens as political subjects, entitled with civic, but also social rights. While non-citizens were excluded from this privileged status, it permitted a degree of internal equality hitherto unknown in class societies. These new, territory-based republican values were linked to a strong nation state. However, neoliberal socio-spatial restructuring puts pressure on this type of social and political democracy. Democratic theory has to integrate recent reflections on space, territory and scale which have stressed the importance of linkages, networks and the politics of scale (Swyngedouw 2004; Jessop et al. 2008). The increasing role of city-regions, regionalisation, continental integration projects and other forms of re- and de-territorialisation calls for new types of belonging, rights and democracy. New notions of socio-economic democratisation must not abandon, but have to go beyond political and territory-based conceptions of democracy.

## 1 A short history of democracy: procedural and content dimensions

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. In ancient Athens democracy was seen as opposing freedom (Canfora 2006: 21). Greek "democracy" was indeed based on a slave-owning and patriarchal socioeconomic system which promoted the liberty of free men – a minority. 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 Liberty" which enlarges liberty by reducing coercion (Hayek 1978: 12, chap. 7). Concerning different approaches to democracy, a rough distinction can be made between a liberal and republican understanding of democracy which are related to direct and indirect forms of democracy.

- The liberal vision of democracy is based on a strict separation of the political from all other realms of human life, including civil society (cf. Diamond 1994; Dahl 2006). State and civil society as well as 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. Proponents are suspicious of majority rule (Hayek 1978, as they rather aim at limiting the tyranny of the political leader (Mill 1985 [1859]: 59f.) and protecting the individual – its wealth as well as its ideas – from the will of the majority (Canfora 2006).
- The republican approach, in contrast to liberal theory, is inspired by the idea of the *res publica* and the ideal of the *polis* of ancient Greece where citizens gathered in a public space to discuss common problems and collectively find solutions (Arendt 1998). It became a modern concept as antagonistic to monarchy during the French revolution, and inspired diverse emancipatory policies of broad socio-economic democratisation. Republican democracy is based on the principle of equality and universality and has affinities with direct and inclusive democracy, direct rule by all citizens based on popular sovereignty. While critics stress its totalitarian traces, as it puts the public above the private interests, a sympathetic view emphasises its integral approach and egalitarian focus. Citizenship is a central concept of republican theory (Janoski 1998), focusing on lessons in democracy learned by politically active citizens.

We part from the ample republican concept of democracy which, furthermore, embraces both the political and the socioeconomic field. The political structures the procedural dimension of decision making and the possibilities to influence decisions. The socioeconomic field structures the entitlement dimension, where an inclusive society provides universal social and eco-

nomic 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:<br>Control of state apparatus: bureaucracy/ public control/ private control<br>Participation/ empowerment | Access to resources<br>Social & economic rights as entitlements: universal or targeted |
| **Forms of democracy** | Direct, representative, participatory | Socioeconomic citizenship (welfare) |
| **Utopian form of socio-economic organisation** | Democratization and participation; *res publica* | Embedded capitalism, post-capitalism, solidarity-based economy, socialism |

For long, democracy was limited to the political and the erudite and wealthy few. 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 the tension within the liberal identification of capitalism, freedom and democracy (Bowles/Gintis 1986: 27). In the following sections, these tensions will be dealt with dialectically, elaborating an integral understanding of democratisation which is sensitive to these important moments in socio-economic development.

## 2 Scale-sensitive socio-economic citizenship

In this section, reflections on how to achieve scale-sensitive socio-economic democratisation is based upon case studies carried out within the framework of the EU-funded coordinated action project Katarsis, where local strategies to fight social exclusion "from below" were analyzed jointly with the involved agents. As development is an integral process, we tried to capture multiple aspects of the case studies and to present them in their contradictoriness (a detailed description of research activities is available at http://katarsis.ncl.ac.uk). In line with current debates on poverty and inequality (Grusky/Kanbur 2006), research has been based on a broad understanding of cohesion and exclusion as relational and structural (Jenson 1998; Byrne 2005). No clear-cut best practices were deduced, although the case studies offered important lessons on power, scale and socioeconomic democracy. Without entering into detail about the broad diversity of creative strategies, policy lessons for democratisation can be drawn.

Socioeconomic democratisation dates back to social innovations in the 19th century, originating in socialist, anarchist and Christian movements and deepened during the 20th century, especially in the form of co-management within capitalist firms and the public sector. This latter process was accompanied by the emergence of the notion of social citizenship, which, according to T.H. Marshall (1950), emerged in the 20th century after the civil rights were established in the 18th century and the political rights in the 19th century. The precious contributions of conventional territory-based democracy to peaceful conflict resolution must not be underestimated. For Balibar (2008), second modernity as a new era differed from first modernity due to its focus on issues of social justice. The main new factor were social rights – first materialized via the educational system and social services and then in the post-war era culminating in the emergence of the welfare state. According to Marshall, this led to the partial replacement of class divisions by the unifying notion of citizenship – a process also observed by Korpi (1983) and Esping-Andersen (1990) who demonstrate the importance of an alliances of the working and middle classes.

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, in general nation-state bound. 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, and, later on, at the periphery of the world economy and in state socialist countries, showed a popular will for more democracy (Collier 1999). In some social-

democrat governments (e.g. Willi Brandt in Germany, Olof Palme in Sweden and Bruno Kreisky in Austria) this even resulted in efforts to "permeate society with democracy", creating new channels for direct participation as well as a deepening of socioeconomic democracy.

From the 1980s onwards, neoliberal counterrevolution undermined nation-based welfare regime and democracy (Harvey 2005; Peck 2008). Furthermore, increased migration radicalises the problems of linking citizenship to birth, blood or naturalization. A static and exclusionary concept of citizenship based on a "we" and "them" deepens the cleavage between "indigenous" and recent inhabitants, fostering xenophobic, racist or other culturally exclusive practices (Bhabha 1999; Ballard 2002). But citizenship in the tradition of T. H. Marshall – and not that of possessive individualism - is a hegemonic concept for enlarging democratisation. Box 1 summarizes important lessons for enlarging the concept of citizenship.

**Box 1 – Scale-sensitive socio-economic citizenship**

- Experimentation with the democratisation of society, economy and politics
- Urban and regional citizenship (access to socialised consumption, valorisation of participatory methods at the local and regional level)
- Bottom-up empowerment strategies (participation of civil society, local self-organisation and integrated area development)
- Socialisation of knowledge, transdisciplinary research techniques
- Combine universalistic elements of the welfare state with pluralist service delivery at the local level

The decisive prerequisite to tackle the challenges posed by scale-sensitive socio-economic democratisation is a culture prone to experimentation. There are no creative strategies "out" of exclusion that only have to be copied. Social innovation and experimentation is needed to increase participation of the whole population. The new challenges of world economic crisis, climate change and threats to socio-ecological justice demand a willingness to look for social and organisational innovations able to handle these problems.

Two often cited experiments have taken place in Kerala in India and Porto Alegre in Brazil (Abers 2000; Heller 2001; Heller/Isaac 2005), all representing a decade-long struggle for a broad concept of democracy and citizenship. Both cases show the innovative interplay of an open and democratic party – the Workers Party in Brazil and the Marxist Communist Party in India – and non-partisanship forms of participation (Novy/Leubolt 2005; Williams 2008). Both cases point 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 "enlightened 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. The democratization of the municipal budget in Porto Alegre, as well as the four year experiment of democratising the state budget in Rio Grande do Sul also hint at the connection between material and formal democracy (Baierle 2002; Avritzer 2006; Leubolt 2006; Leubolt et al. 2009). A certain level of material security (time and money to participate) is a precondition for participation.

The pillar of the welfare state has always been its territorialisation within the power container of the nation state (Balibar 2008, Taylor 1994) to which the notion of citizenship has been bound. Socio-economic democratisation has needed rules and boundaries, as citizenship rights have been granted by state authority. But it created social closure based on a "we" and a "them", inherent in the "imagined communities" of nationalism (Hobsbawm 1990; Gellner 1999; Anderson 2006): Either you are insider or outsider (Balibar/Wallerstein 1998; Williams 2003). To go beyond the nation-state-based welfare state requires new forms of democracy that deal with different scales: In times of strong mobility and transnational migration social citizenship has to grant rights to inhabitants in localities and regions. Thus, innovative models – be it urban or regional citizenship (Isin 2000a; García 2006) – have to be based on negotiated sets of rules and obligations which differ from the relatively clear cut and binary form of citizenship bound to the nation state. If citizenship is defined in terms of socio-economic relations rather than of hereditary belonging to a fixed geographical space, citizens have an incentive to contribute to their commonwealth as a socially constructed homeland, be it local or European. This facilitates collective learning by the participating citizens and to the notion of a "public state" based on participatory and parliamentary democracy. This broader democratic perspective would lead to a structural empowerment of citizens (Novy 2003). Within an emancipatory framework, belonging to a political order is constantly negotiated. Socially creative strategies to tackle issues of membership and rights have to be looked for and experimented with (García 2006: 748), grasping the dialectics between the content and the process dimensions of social exclusion. This consists in struggling for improved public and universal access to socialised consumption, like housing, transport, education and health (Saunders 1981), which have been fought for by urban social movements over the last decades (Castells 1983; Mayer 2006). Giving equal access to public services and goods in the city to all its inhabitants is a crucial step towards socio-economic citizenship. Furthermore, integrating non-passport holders in local decision-making amplifies political citizenship.

Bottom-up empowerment strategies are crucial for fostering new forms of citizenship. The crisis of clearly bordered politics and policies has led to the spread of new, often local, decentralised, private and fragmented activities. Many efforts at social inclusion start from these types of innovative activities; often linked to some form of participatory governance. If participation is attentive to socioeconomic development, and not exclusively to politics, it has a huge potential. This is true for forms of self-management and cooperative movement as well as solidarity-based economy (Singer 2002; Altvater/Sekler 2006; Santos 2006; Laville 2007). Important steps towards institutionalisation have been undertaken by strategies of integrated area development and participatory planning (Moulaert 2000). Further strategies of bottom-up empowerment refer to culture, public education, the arts and grassroots creativity (Isin 2000b; Mac Callum et al. 2009). But localist strategies beyond the political contain problems as well. 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. Nevertheless, 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. If the full potential of such an approach should be realized, the decision-making power of local actors has to be increased. Local socially creative strategies have to consider regional, national and international influences and find ways to widen their scope to avoid the trap of localism, currently inherent in many participatory governance settings (Purcell 2006; Moulaert et al. forthcoming - 2009).

A further important element of democratisation is the way knowledge and information is made available to society. A main focus of socio-economic democratisation should be on experiments with the mobilisation of the full range of knowledge available in society. The full potential of socioeconomic development in the knowledge-based society can only be mobilised, if knowledge is socialised in innovative and creative ways (cf. Hudson 1999; Gorz 2004). Strategies of integral democratisation and the equal empowerment of all look for organisational innovations which improve the integration of local ideas and needs, the use of local knowledge and creativity as resources. Transdisciplinarity contains the potential of mobilising the knowledge of hitherto marginalised or repressed groups (Novy et al. 2008)

European mainstream in policy making, however, implicitly privileges the middle and upper classes by being apparently neutral in organising technocratic forms of common deliberation

(Giddens 1998; Fudge/Williams 2006). 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 (Andersen/Pløger 2007). The analysed efforts towards implementation of participatory democracy often fostered elitist and technocratic forms of governance of a small group of decision makers in business, state bureaucracy and international agencies. Huge parts of the population remain excluded (Novy/Hammer 2007; Pløger 2007). This is in contrast with experiences in Latin America where the popular classes elected governments and voted for constitutions against middle and upper classes, thereby imposing their interests in favour of redistribution and national sovereignty (Boris et al. 2005; Becker 2008; Sader 2008). In line with non-European experiences, European bottom-up initiatives need to engage again with politics as a confrontation of interests and political projects. The public sphere is a socio-economic and political space of contestation and conflict, not only of deliberation and consensus (Habermas 1988; 1990; Demirovic 1997; Mouffe 2000; 2006; Swyngedouw forthcoming).

The dismantling of bureaucratic Fordist organisation of welfare has led to new scalar arrangements of welfare provision. Due to the growing influence of EU´s steering role (Sbragia 2000) and the interplay with decentralisation, services tend to be privatized or run within public–private partnerships. Principles based on liberal ideology, such as openness and accountability, are opposed to traditional patterns of clientelism and patronage (Wassenhoven 2007). Partnership arrangements with so-called "third sector organisations" in connection with the tendencies towards privatization are sometimes treated as a cheaper alternative to the service provision by the state. As the majority of these voluntary or low-paid workers are female, outsourcing of state functions can exacerbate income disparities between men and women. 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. However, contradictions between path dependency and liberal transformations allow for exploiting economic and political, social and authoritarian traces of emerging liberal modes of governance. This opens up opportunities for deviant mainstreaming and bottom-up approaches to socioeconomic rights (Harrisson/Laplante 2002; Arthur et al. 2004; Fontan et al. 2007). Of crucial importance in this respect is the democratisation of decision making about the rules valid for service delivery and the minimum legal standards of working and social security. In Europe, this calls for

more transparency and joint procedures in the Open Method of Coordination and other socio-economic domains.

## 3 Scale-sensitive democratisation of multi-level governance

Scale-sensitive policies have been conceptualised over the last decade within the framework of multi-level governance and the respective dualism of territory and network (cf. table 2). Multi-level governance adds a further administrative and political level to the traditional three analytical and juridical levels of the municipality or locality, the region, province or state (Länder) level and the nation state or union level. The term level hints at a hierarchy of the different political levels involved. Marks and Hooghe (Marks/Hooghe 2004) distinguish two different types of multi-level governance, which are shown in Table 2. 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 lack of rules and regulations and the erosion of public law, which leads to problems concerning democratic legitimacy. The first type is more in tune with republican democracy based on sovereignty.

**Table 2: 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, (private) rights and obligations |
| • General-purpose jurisdictions | • Task-specific jurisdictions |
| • Non-intersecting memberships | • Intersecting memberships |
| • Jurisdictions at a limited number of levels (public law) | • No limit to the number of jurisdictional levels |
| • System-wide architecture | • Flexible design |

Sources: Marks/Hooghe 2004: 17; own elaboration

To conceptualise European policy as a proper level overlooks the way policies have become intertwined in complex programme planning, networks and economic linkages and flows (Madanipour et al. 2001; Brenner 2004; Benz/Papadopoulos 2006; Le Gales 2006). This is grasped by the discussion on scale which part from a dialectical reflection on space, territory and networks. This has implication for democracy as bounded in a geographical or social

space. The main strategies available for democratisation within the framework of global capitalist development are summarized in Box 2.

**Box 2 – Scale-sensitive democratisation of multi-level governance**

- Territorial forms of democracy and multi-level governance
- From post-democracy back to popular sovereignty and multiscalar politics
- Democratising newly emerging territories like city or transborder regions
- Codifying CSR (from corporate self-discipline to democratically decided rules, amplifying participation at the workplace)
- Socialising investment and financing (Keynes)
- Joint deliberation and decision making on a new civilisational model based on an accumulation strategy geared towards socially and ecologically useful production (Marx)

Discussion on multi-level governance indicates a shift in the conceptualisation of state, territory and power. The state is no longer treated as the only agent responsible for societal development at a specific level but is recognized to have a crucial role in steering society in a multi-scalar way. Despite the discourse of "rolling back the state", the state remains crucial in capitalist development due to its monopolies in tax collection (decisive not only in periods of liquidity crisis), violence and public law (Becker 2002), as shown by recent empirical studies (Castles 2007). However, analytically, the emphasis has shifted towards the interplay between state and non-state actors (Kooiman 1993; Rhodes 1997). 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 and shows its validity in the current crisis: The self regulating market is a liberal utopia which destroys people and environment (Polanyi 1978: 19f.). Governance was a conceptual reaction in line with inclusive liberalism to reintroduce other interests, agents and organisations than business.

Within most governance arrangements there is a drive towards more consensual and rational forms of the political resting on common deliberation in complex situations. The thereby employed notion of "deliberative democracy" (Habermas 1992) encourages the participation of a wider audience but encounters several problems at the same time. First, there is a contradiction between consultation and participation on the micro scale whereas macro-decisions are taken within expert teams and exclusive lobby groups with a low grade of accountability (Mohan/Stokke 2000; Purcell/Brown 2005). This hints at problems concerning participation, which has been denounced as a "new tyranny" of disciplining micro-participation

(Cooke/Kothari 2001). The parallel process of elite-decision making on macro-issues has been termed "post-democracy" by Crouch (2004: 4):

> Under this model, while elections certainly exist and can change government, public electoral debate is a tightly controlled spectacle, managed by rival teams of professional experts in the techniques of persuasion, and considering a small range of issues selected by those teams. The mass of citizens plays a passive, quiescent, even apathetic part, responding only to the signals given them. Behind this spectacle of the electoral game, politics is really shaped in private by interaction between elected governments and elites that overwhelmingly represent business interests.

The elite-based decision making process increases the danger of a tyranny of consensus (Mouffe 2006). In post-democracy, societal antagonisms based on the ideological categories of "left" and "right" are replaced by the apparently neutral categories of "right" and "wrong". The resulting apathy in the political domain paves the way for right-wing populism and terrorism which represent the dismissed adversarial model – in different ways than the "left-right" divide. The arising "hegemonic consensus" (García/Claver 2003) makes it difficult to articulate different interests based on class, gender or ethnicity within the given field of politics. Oberhuber (2005) has treated this phenomenon in his discourse analytical study of the drafting of the European Constitution, describing 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) 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" (García et al. 2007: 6). 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). The European Union is a peculiar supra-national arrangement with a major focus on type II arrangements, but different from other arrangements of (supra-) regional governance. Decision-making processes at EU-level are particularly vulnerable to exclusionary dynamics due to an institutional setting which privileges the executive and judiciary branches to the detriment of the legisla-

tive (Puntscher Riekmann 1998; Buckel 2007: 266ff.). While democracy is exported as a precious Western mode of politics, European integration has increasingly taken a post-democratic turn, favouring technocratic and elite management via consensus based policies (Leubolt 2007).

A crucial challenge for Europe as a political project is to conciliate the scalar contradictions which emerge from its leitmotif of "unity in diversity". For those interested in enlarging not only the political, but more specifically the democratic room of manoeuvre the question is how to reconcile democratic sovereignty in a territory with multi-scalar dynamics, diversity, subsidiarity and transborder modes of governance? This implies up-scaling of those local and bottom-up initiatives described in section 2. Local diversity in arts, culture, nature and heritage is an asset which can be strengthened together with universal political and social rights. Scale-shifting or scale-jumping by subaltern actors has been recognized as an important part of socio-economic democratisation, as coordinated territorial-based activism integrates national und supra-national perspectives (Pendras 2002; Purcell/Brown 2005; Boyer 2006). Urban and regional forms of citizenship (García 2006) which emphasise the territorial dimension of social innovation in the context of multilevel governance (Moulaert et al. 2005; Swyngedouw 2005) might be one step in this direction.

Promising fields of democratising are those which extend over scales which are not yet covered by democratic institutions. New democratic bodies that organise and regulate these flows, exchanges and networks have to be bottom-linked, flexible and context-sensitive as well (Hirst/Bader 2001). Unfortunately, democratisation is marginal in discussions on city-regions (Herrschel/Newman 2002; Scott 2002). Yet, city regions could get democratic bodies with deliberative powers, as there is an urgent need for joint decision making and conflict resolution (Purcell 2007). Large agglomerations could be the experimental field for democratic policies to deal with climate change and social and ecological justice. Innovations in the organisation of transport could cover different scales and participation and interest mediation implies integrating different interests from commuters to residents, local producers and consumers. City regions could be territories which experiment with transborder forms of democracy (Coimbra de Souza/Novy 2007).

This leads to the next domain which needs to be democratised by taking up insights from economics which have fallen victim to collective amnesia: The first relates to the simple fact that rules which are not binding are no rules. The whole discussion which popped up over the last years referring to corporate social responsibility (CSR) has overlooked the fact that private

actors need public rules and regulations. Therefore, the broad discussion on CSR and the laudable effort to introduce ethics in business has to advance from voluntary and PR-based commitments to binding rules of ethical business (Shamir 2004; Soederberg 2006; Banerjee 2008). Instead of relying on corporate self-discipline, CSR has to lead to democratically decided rules. It will be again up to creative and pragmatic solutions to organise a form of democratisation which integrates NGOs, social movements and committed citizens while respecting the legislative power of parliament. Finally, democratisation in capitalist market economies must not stop at the entry of the office and fabric: Amplifying participation at the workplace is decisive for all efforts of broad democratisation and creatively mobilising collective knowledge in favour of the public.

Second, Keynes insisted on the necessity of regulating capitalism. In his reflection on the world economic crisis of the 1930s, he stressed the need to socialise investment and financing in capitalist market economies (Keynes 1964: 378). The current self-destruction of private banking, the credit crunch and its severe effects on productive investment enforce the necessity of state intervention. This requires a renewed reflection on the content of socialisation and its links to decentralisation, cooperativism and democracy. Today, socialisation must be different from nationalisation and centralisation as pursued not only in state socialism, but in Fordist capitalism as well. Alternative banking, micro-credit arrangements and municipal banks which represent different forms of economic democracy have been answers to classical capitalism before World War II. They might well become the looked for social innovations to overcome the current world economic crisis (Altvater 2005; Hadjimichalis/Hudson 2006; Gibson-Graham 2007; Klein/Harrisson 2007).

While Keynes, a convinced liberal, remained within the logic of capitalist market economies, Karl Marx has stressed the need to go beyond a society whose organising principle is the profit motive; aspiring a society which conciliates the freedom of everybody and all (Marx/Engels 1986). The current crisis with its economic, social and ecological dimensions calls for resolute steps to free certain socioeconomic domains from the logic of capital, as has already been done after World War II by implementing a universal welfare state in Western, Northern and Central Europe within the respective power container (Esping-Andersen 1990; Rhodes 2005). This old organisational model could be reinvented in a creative way, given the new circumstances of increasing disparities in wealth, income and life chances (Byrne 2005; Hartmann 2007). Joint deliberation and decision making pave the way to a new civilisatory model based on an accumulation strategy geared towards socially and ecologically useful

production. Blueprints do not exist, but the current crisis shows the need to start experimenting in diverse socially innovative initiatives (Hadjimichalis/Hudson 2007).

## 4 Conclusion

To put it in a nutshell: To place democracy at centre stage in urban and regional development is an inspiring undertaking with severe implications for theory and politics. First, only a multi-scalar approach is able to grasp the deadlock which territory-focused democratic theory is suffering today, stressing the need of multiple strategies of democratisation. Second, urban and regional development policies have to be freed from a post-democratic approach which mystifies the logic and power of global capital and privileges technocratic solutions over the resolution of societal antagonisms. Third, more, not less democracy has to be the answer to right-wing populist electoral success. Democratisation is not a hindrance to, but a decisive element in countering irrational politics. In this respect, the global South in general and Latin America in specific, offer interesting lessons (Avritzer 2002; Santos 2005).

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