

Participatory Budgeting in Germany: Increasing Transparency in Times of Fiscal Stress

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Abstract

Participatory budgeting (PB) is one of the most popular democratic innovations of recent times. Since its first implementation in Germany in 1998, a growing number of municipalities have experimented with it. Unlike in other countries, PB processes in Germany follow primarily the goal of increasing transparency, efficiency, and service orientation as part of an effort to modernise public administration. Since the constitutions of the 16 German Länder stipulate that decisions on the budgets rest with the elected politicians at the municipal levels, the rather homogeneous PB process designs concentrate on the information and consultation stage, less on the accountability stage. Although overall empirical evidence is rather scarce, it shows that this results in a low participation rate of citizens. This raises the question as to the motivation of municipal politicians to introduce PB processes at all. According to empirical analysis by the authors, municipalities with a PB process are on average in a worse financial situation than those without. Consequently, PB seems to be used as a tool to spread responsibility, gain legitimacy, and raise understanding by citizens for necessary cutting decisions. Changing the PB design so as to give citizens some say on how to spend a fixed amount of money might increase participation rates. In addition, better integration with other forms of direct democracy at the municipal level might also increase the overall impact of PB in Germany.

Key words

Institutional innovation, Municipal Finances, Participatory Budgeting, Public Choice

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