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Institutional Analysis Model for Examining Direct Democracy Phenomena: a Case Study of Participatory Budgeting

Abstract: Direct democracy, the tradition of which dates back to ancient Athens, is now widely practised in many countries around the world. In this paper, a case study of participatory budgeting is given as an illustration of how residents can decide directly about their common resources. The paper is theoretical in nature. It aims to present a model of institutional analysis of direct democracy phenomena based on the example of participatory budgets analysis, taking into account variables related to two novel approaches: Varieties of Capitalism and intersectionality. This model can be used for diagnosing aspects of local democracy, comparative studies of participatory budgeting processes taking place in various countries around the world, as well as for further research into other processes of direct democracy, thus contributing to the development of knowledge in this field and to social sciences in general.

Keywords: direct democracy, participatory budget, new institutional economics, varieties of capitalism, intersectionality approach

JEL: B52, H3, H72, P48

1. Introduction

The term “democracy” is very potent and as such can be used as a political weapon, considering variations in its meaning due to its perception through the prism of universal connotations (Saward, 2008: 28–30). Dictionary definitions assume that it means the exercise of power by the nation, citizens, and this is exactly what it etymologically means: the rule of the *domos*, that is, the people (Watson, Barber, 1990: 9; *Oxford English Dictionary*, 2018), where people can make decisions for themselves, directly or indirectly (through elected officials). Paul Nursey-Bray adds that democracy is based on discussion – as opposed to ruling by force – a discussion that takes place between people treated equally, or their representatives, not just between representatives of a hereditary clique (Nursey-Bray, 1983: 101). The emphasis in defining democracy is usually placed on two different categories: principles, i.e. an indication that citizens have power and can make decisions, and democratic mechanisms, i.e. procedures and discussion as forms guaranteeing effective exercise of universal power (Saward, 2008: 33–34). The greatest controversy related to this issue is how to determine “who the so-called people are”. Does this category consist of citizens only (Hickey, Mohan, 2004)? And therefore only those with civil rights would qualify? During the reign of Pericles in Athens, in the 5th century BCE, the most important decisions in *polis* were made by the People’s Assembly, which was held 30–40 times a year (Hamish, 2004). Citizens (to which group women, children and slaves did not belong) gathered in the ancient agora and took part in the vote, usually by raising their hands. At the time, only 40,000 out of 120,000 inhabitants of Athens had voting rights. Today, although slavery has been abolished and women have the right to vote all over the world – Brunei being the only exception (Tovrov, 2011) – living in a given country does not always entitle one to make decisions about it (see the debate on citizenship in post-war Europe related to welfare state (Turner, 1986; Barbalet, 1988), or current, often racist and xenophobic, attacks on migrants and refugees). Citizenship is not only a privilege, but also an obligation, encompassing, among others, the permission to be monitored and recorded by the state apparatus (to which the EU GDPR does not apply – Czubkowska, Ivanova, 2018) as well as being dependent on, for example, international relations (free movement of people), complying to all institutional bans and orders placed between the poles of freedom and security.

Today, in many countries, including those highly developed ones, social groups complain about a democratic deficit and deterioration of trust in governments, both of which were classified by Jack Hayward (1995) as elements of the “crisis of representation”. The crisis of representation manifests itself through an incapacity of the political system to satisfy expectations of citizens and to preserve public confidence that their interests are represented (Hayward, 1995: 1–3).

Instead, corruption, clientelism and losing touch with their electorate undermine the credibility of representatives/politicians and voters start to insist that they be allowed to govern directly – as it is in the case of participatory budgeting, an instance of direct democracy described later in this article (Gay, 2001; Górski, 2007). Direct democracy processes are also introduced in response to appeals to the democratic values of openness and inclusiveness (Rossmann, Shanahan, 2012), advocating the position that the process itself is as important as its ends (Cook, 1996). Direct democracy is perceived as one of the oldest innovations in democratic thought (Saward, 2008: 148). The literature on the subject indicates that it most often takes the form of a referendum and as such does not have to weaken representative governments, but is instead a complementary concept (Toplak, 2013). There are multiple questions that need to be addressed with regard to direct democracy: are all groups properly represented? Will minority groups be protected from being dominated by a populist or intolerant majority? Can only persons who have civil rights participate in direct governance? What should the public debate look like? We live in a time when access to information is facilitated by the Internet (although the level of information noise has also significantly increased) and citizens' rights are guaranteed and cannot be undermined by any referendum. The question of deliberation remains. In recent decades, direct democracy has been a new dominant trend current in democratic thought, with particular emphasis placed on engaging all citizens in the discussion as equals (Bohman, 1998: 401). The discussion is aimed at going beyond the mechanism of registering preferences and counting votes in the elections, focussing instead on the process, i.e. goals of the debate (such as understanding, reaching a consensus, arriving at an agreement), individual goals (confidence building, clarification of issues and points of view), building standards of debate (institutions¹), inclusion of all actors and parties in the process, and establishing the *agora* (e.g. a civic forum, local community, social movement, within or outside state borders) (Saward, 2008: 144–148).

Within the above-mentioned theoretical framework of direct democracy, which for me, indispensably, is also a deliberative one, I will consider the example of participatory budgeting as an illustration of this form of democracy. The aim of this article is to present a model of institutional analysis for direct democracy phenomena, exemplified by the premises of participatory budgets analysis, taking into account variables related to different Varieties of Capitalism (VoC), affecting decision-making processes and membership, and the diversity of these members in intersectional terms (both VoC and intersectionality are defined in the next part of this paper). As a result of literature research, I designed a model that, along with

1 Institutions understood as norms, conventions, formally sanctioned rules and common strategies (Ostrom, 2005; Vatn, 2005: 83).

detailed variables, constitutes the first step (preceding empirical research that will help to verify it in the future) towards finding the answer to the research question: what are the differences and similarities in direct democracy processes between different cities' participatory budgets and their outcomes in effective governance of local budget expenditures as well as the enhancement of inhabitants' position and agency? The model is designed to systematise and explain processes and institutions of direct democracy phenomena as well as gather information about changes taking place in such a way that the resulting knowledge will empower the people and engender higher efficiency of governance.

2. Varieties of Capitalism and Intersectional Approach

Varieties of Capitalism signify different models and forms of organisation of capitalist system regimes, adapted to local conditions and institutional environment (Berger, Dore, 1996; Stark, 1996; Crouch, Streeck, 1997; Hall, Soskice, 2001; Peck, Theodore, 2007). VoCs have a socially and culturally embedded nature of economic relations and structures and various degrees of (dis)connection with neoclassical economics (Peck, Theodore, 2007: 732–733). They also have, in our case, an influence on the way participatory budgeting (PB) is organised. Peter A. Hall and David Soskice (2001) distinguish two major types of capitalism: a “liberal market economy” (e.g. the USA or UK) – a model that lacks coordinating capacity, characterised by “absence of long-term stable cross-shareholding arrangements” and by an “inability to act collectively”; and a “coordinated market economy” (like the ones in Germany or Sweden) – identified by long-term strategies of employers, where their structural relationships are framed by regulatory networks (Soskice, 1999: 110–111). Poland, as well as other Central-East European states described later by Andreas Nölke and Arjan Vliegthart (2009), is perceived as a dependent market economy that relies on foreign capital, e.g.: foreign direct investments. It is a country to which transnational companies are attracted by competitive wages and sufficient knowledge of technology and can force their preferences in absence of institutions resulting from the collapse of command economy (Jasiecki, 2013; Dudziak, 2014: 73–74).

In my model, I assume that residents' motivations, the way they operate and make economic decisions, are influenced by the cultural and socio-economic context which also shapes the variant of capitalism present in the country. According to the theory of Varieties of Capitalism, the ways and forms of organisation of the capitalist system adapt to the local conditions and to the institutional environment, thus these systems differ depending on their specific context (Hall, Soskice, 2001; Peck, Theodore, 2007). Therefore, my model assumes that differences in economic systems between countries are an important factor influencing atti-

tudes and decisions of participatory budgeting. This model is oriented toward the analysis of this impact in relation to the analytical framework of the new institutional economics (NIE).

The use of such a perspective in this paper stems from the fact that, unlike the standard neoclassical assumptions, it rejects beliefs such as that individuals have access to perfect information, so that their actions are driven by unbounded rationality, and that transactions are costless and rapid (Ménard, Shirley, 2008). At the same time, however, NIE does not abandon the orthodox assumptions of scarcity and competition – it is “not [...] giving new answers to the traditional questions of economics – resource allocation and the degree of utilization. Rather it consists of answering new questions, why economic institutions emerged the way they did and not otherwise” (Arrow, 1987: 734). Claude Ménard and Mary M. Shirley in their “Handbook of New Institutional Economics” explain further: “[n]ew institutional economics (NIE) studies institutions and how institutions interact with organizational arrangements. Institutions are the written and unwritten rules, norms and constraints that humans devise to reduce uncertainty and control their environment” (Ménard, Shirley, 2008: 1). Institutions are, therefore, created to reduce risk as well as transaction costs (e.g. to acquire information) and take either a written form – in the case of formal institutions such as laws, contracts and regulations – or an unwritten form – in the case of informal institutions such as codes of conduct (norms), habits or beliefs. In such settings, people define various modes of organisation that motivate them, as well as others, to act, offering particular incentives. On the basis of the above-presented definitions, as well as by reviewing the existing models, I have sketched my own model, profiled to meet the needs of future empirical participatory budgeting research. My model is taking into account the characteristics of the actors involved (from the intersectional perspective), the course of transactions and institutions defined above, i.e. norms, rules and common budgeting strategies (Ostrom, 2005; Vatn, 2005; Łapniewska, 2016). Detailed model variables for the VoC framework are discussed in the fourth part of this paper.

The second innovative concept used in my model is the intersectional approach (Hankivsky et al., 2012). The intersectionality framework is a new and complex approach generating knowledge necessary for achieving more just, inclusive and efficient policies (Hankivsky et al., 2012: 7). It goes beyond earlier methodologies that focused on social determinants such as gender, race or socio-economic status, encouraging researchers to reflect on multifaceted relationships and interactions between social locations (forces, factors and power structures) and identities (e.g. gender expression, sexuality, age, indigeneity, immigration status, religion and ability) that shape and influence human life. These social locations, as well as access to power and resources, are constructed socially by policies that target certain groups, and therefore might exclude others. Still, there is a growing expectation from governments to deliver policies advancing social justice and correcting

power imbalances, by addressing, among others, damaging stereotypes (Marmot, 2012). There is also a growing civic interest in analysis and monitoring of governmental policies, as mentioned in the introduction to this paper, and with it comes pressure to improve the measurement of their effects by showing their impact on diverse populations (Braveman, 2003). Their development cannot be founded on simple premises, i.e. cost, effectiveness of the policy, feasibility and social acceptance only (Kraft, Furlong, 2009; Dye, 2010), but should be contextualised and “define and deliver values” (Schneider, Ingram, 1997: 2) behind offered goods and services, as well as regulations contributing to an improved social status and well-being of all citizens. Policies need evaluation in terms of determining which groups or individuals benefited most and which experienced burdens, what problems were acknowledged as legitimate and which as unimportant, and finally, what broader multi-level relations of power influence the interrelated structural factors of social experience (Hankivsky et al., 2012: 16). These policies interact with local values, norms and practices (that are subjects central to the analysis of institutional economics), and therefore have a different impact on people, giving them privileges or penalising them. To address these shortcomings – in the case of this paper in reference to participatory budgets in different countries – the paradigm of intersectionality, aimed at understanding, analysing and responding to multiple inequalities, will be adopted. Specific variables, characteristics of actors’ identities, which can be translated into power relations, are presented in the fourth part of this article.

3. Participatory budgets

Both theoretically and practically, participatory budgeting is recognised as a part of the field of democratic innovations (Sintomer, Herzberg, Röcke, 2008). Around the world, new ways of involving citizens in making political decisions spring up and affect people’s daily lives. They are not limited to binding decisions of citizens’ assemblies or direct legislation but also include a wide range of e-democracy instruments (Smith, 2009). Participatory budgeting encompasses all the elements mentioned above and – most importantly – allows citizens to apply their ideas on changing or refining their nearest surroundings. These could be investments in physical as well as in social infrastructure (Frischmann, 2012; Himmelweit, 2016) that improve their well-being (by e.g. investment in training, studies or care services). Although the phenomenon of participation in fiscal decisions by citizens, as mentioned in the introduction to this article, goes back to ancient Athens (Hansen, 1987; Manville, Ober, 2003), the popularisation of participatory budgets in the last two decades in Europe was mainly due to numerous studies of two cases: Brazilian Porto Alegre and Christchurch from New Zealand (Ruesch, Wagner, 2012).

In Brazil, after years of military dictatorship, since 1989 the Workers' Party has allowed the inhabitants of Porto Alegre to dispose of local infrastructure expenditure (Górski, 2007; Su, 2017). Better access to fresh water, longer average life expectancy, higher literacy rate and lower infant mortality are just a few of many considerable improvements of inhabitants' well-being reported by the World Bank after ten years of exercising participatory budgeting in the city (Marquetti, Schonewald da Silva, Campbell, 2009). It should also be mentioned that Porto Alegre, a port city, the capital of the Rio Grande do Sul region, remains one of the richest cities in the country. It is an important industrial centre of Brazil with several universities, but at the same time a significant part of the population (25–30 per cent) lives in *favelas* (Górski, 2007: 66). Many people claim that this unique character of the city was conducive to the introduction of participatory budgets. After the success of Porto Alegre, participatory budgeting was adopted by more than a hundred cities throughout the country, confirming that it is not financial resources, but the residents, their needs and deliberation processes, that matter most. In Porto Alegre, the investment plan and the accompanying budget were discussed in three dimensions and three stages. The dimensions included: neighbourhood assemblies (geographical base), a comprehensive vision for the future of the city (thematic base) and, finally, the city administration (technical and programme database). All residents over 16 were able to participate and submit their ideas at neighbourhood and thematic meetings (stage 1). 16 districts, as well as 5 thematic assemblies, selected their representatives to be sent as delegates to the district and thematic forums, which held debates, negotiations and voting (stage 2). After the delegates returned to their districts and thematic areas, in the second round of debates open to all, councillors were elected to the participatory budget council. Finally, they were responsible for approving the plans for infrastructural investments and, consequently, the financial resources allocated to them (stage 3) (Górski, 2007: 73).

The city of Christchurch from New Zealand adopted a different form of participation. Between the late 1980s and early 1990s, it implemented a reform called "participation for modernisation" (Sintomer, Herzberg, Röcke, 2008), placing particular emphasis on social consultations and the assessment of the proposed budget by the residents (the budget plan is presented annually in October). Residents also decide on priority spending during formal public meetings which usually take place in April. From May to June there are additional public hearings, after which the budget is accepted. In 1993, the city received the Carl Bertelsmann Award for the "best-managed city" (Bertelsmann Stiftung, 1993) and became a model for, among others, German cities. In contrast to the previously discussed example of Porto Alegre, here "participation" is set top-down and is devoid of bottom-up mobilisation and dynamics of neighbourhood meetings present in Brazil.

In Poland, participatory budgets are more similar to the Brazilian example, although residents are given about 1 percent of budget funds and they do not necessar-

ily allocate them for physical infrastructure. I have been interested in participatory budgeting in the country ever since its emergence in 2011 in Sopot (Łapniewska, 2017) and I have monitored its growth until now, as it has become a popular form of participatory governance for more than 200 cities in the country² (Dobiegała, 2016). The group of advocates of engaging residents and local communities in processes related to the transformation of urban space and investments in social infrastructure consists of not only activists and employees of non-governmental organisations, but also academics attributing PB's sudden rise in popularity to the "crisis of representation" and lack of trust in government, as mentioned earlier in this text (Hayward, 1995), as well as the possibilities of obtaining a better negotiating position by residents (Rossmann, Shanahan, 2012). Local government administration employees also point out an increase in the efficiency in spending allocated funds and higher satisfaction of residents, which means a translation of investments into a better quality of life (Wolbrecht, Hero, 2005; Fischer, 2012). Previous research and analysis of participatory budgeting in Poland, carried out by social geographers and sociologists (Kłębowski, 2014; Szaranowicz-Kusz, 2014), presented residents' expectations as well as the selection and implementation of the projects that won. The researchers indicated that the initial expectations such as community gatherings, fixed budgetary allocations, the binding character of their decisions, the cyclical nature and tangible results had been met to some extent by most of the cities in which this form of budgeting was analysed (Kłębowski, 2014). However, a detailed analysis has not been conducted thus far, neither in Polish cities nor in any other city in the world, of processes taking place throughout the budget cycle (preparation, approval, implementation and evaluation of the budget), of participative budget management structures, the nature of the institutions (standards, rules, common strategies) at every stage of the cycle, characteristics of actors and their motivations, methods of interaction and transactions made. There has not been either any comparative research on an international scale carried out in this respect. To fill this gap and to get a fuller picture of the participatory budgeting phenomenon in different countries, I am proposing a model, based on the assumptions of the new institutional economics, for analysing the phenomena of direct democracy based on the example of participatory budgeting processes (Scharpf, 1997; Ménard, Shirley, 2005). As PB phenomena attract more and more attention worldwide and citizens look for the best ways to implement PBs or to develop and expand their direct decision-making power, this model may be a valuable and useful contribution to social sciences.

2 In 2018, civic budget regulations were introduced to the Acts pertaining to gmina (municipal), powiat (district) and voivodeship (province) local governments, to come into force in the 2018–2022 term: "in municipalities that are cities with powiat rights [923 such cities in Poland], the creation of a civic budget is obligatory, however, the amount of the civic budget is at least 0.5% of the municipality's expenditure included in the last submitted budget report" (Journal of Laws of 2018, item 130).

4. The FoIA Model

The main motivation to create an institutional analysis model for examining direct democracy phenomena was the need to include the complexity of processes such as participatory budgeting in the research on governing the commons. Researchers often strive to simplify theoretical models and to universalise recommendations. Meanwhile, in social sciences, where it is necessary to properly recognise and analyse the relationship between socio-economic and political systems and the specific resource around which these systems are built, to see and understand a coherent whole of the phenomenon studied, the subsequent layers of complex systems should be considered where each layer contains particular variables that affect one another. The framework of institutional analysis (FoIA) presented in Figure 1, with a detailed breakdown into second-level variables listed in Table 1, attempts to answer these complexity challenges. Relations between variables, clusters of variables and holons can be transformed depending on the socio-economic context or changes in time and location. These lists are also not fixed, but they present the components that may be useful in preparing fieldwork, in designing data collection instruments, or analysing research results on direct democracy processes. They are a reasonable entry point for further work on more comprehensive future models. This model also intends to inform all the parties involved in the processes of direct democracy about what factors must be taken into account to shape local policy in accordance with accepted values or assumed goals and lead to social change.

The following model was created as a result of deliberations on other models, oriented mainly to the management of common-pooled natural resources. These were among others: Elinor Ostrom's Institutional Analysis and Development (IAD) Framework (Ostrom, 2005: 15), Konrad Hagedorn's Institutions of Stability (IoS) (Hagedorn, 2008) and Fritz W. Scharpf's Actor-Centered Institutionalism (Scharpf, 1997: 44). However, I was interested in creating an analytical framework for processes taking place in urban space. That is why I used case studies such as housing services in Kraków, a participatory budget in Sopot – both described earlier in my article published in the Review of Radical Political Economics (Łapniewska, 2017) – and global examples of active participation of women in managing joint resources to build my own model, which was originally published in the journal *Social Economy* (in Polish) (Łapniewska, 2016). In this article, the model is translated and individual holons and clusters of variables are accompanied with acronyms. An additional value of this article lies in the fact that the multitier conceptual map (Figure 1) has been supplemented with detailed variables for the case of participatory budgeting (Table 1) which constitute a common set of variables that can be potentially relevant to future comparative research on participatory budgeting in different countries (VoC perspective).

The framework of institutional analysis presented in Figure 1 allows us to map direct democracy processes, including PB processes, presenting all significant interactions and links between them, and covers four holons: the institutional environment of community/inhabitants (IE), actors involved (A), transactions (T) – in this case making decisions on the budget – in reference to the cultural, social, political, physical, natural, financial and legislative capital of the community, and finally, outcomes (O). It is important to note the fact that the four categories are not separate spaces in which variables are placed, but interact with one another, which is illustrated by arrows in the diagram.

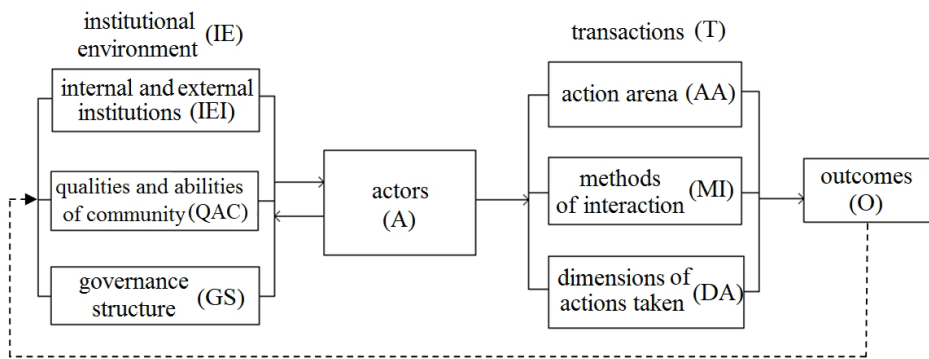


Figure 1. The Framework of Institutional Analysis (FoIA)

Source: adapted from Łapniewska, 2016: 66

Table 1. Examples of second-level variables for analysing participatory budgeting under first-level fields in the framework (FoIA)

| Institutional environment (IE) | Actors (A) |
|--|--|
| IE1 legal framework (IEI) | A1 number of people involved (civil society) |
| IE2 political stability (IEI) | A2 number of people involved (local government) |
| IE3 economic development (IEI) | A3 history |
| IE4 institutional support (IEI) | A4 socio-economic characteristics of the community (intersectional approach) |
| IE5 local government work evaluation (IEI) | A5 social capital of actors |
| IE6 media organisation (IEI) | A6 ability to work in a group (collective action) |
| IE7 joint strategies (IEI) | A7 leadership/entrepreneurship |
| IE8 trust in the local/national government (QAC) | A8 importance assigned to participatory budgeting |
| IE9 political capital (QAC) | A9 technology |
| IE10 degree of involvement of residents at every stage of the budget cycle (QAC) | A10 other involved entities (e.g. companies) |

| Institutional environment (IE) | Actors (A) |
|---|---|
| IE11 community knowledge and skills (QAC) | |
| IE12 (non)hierarchical structure and common customary law (QAC) | |
| IE13 property rights (GS) | |
| IE14 operational principles (GS) | |
| IE15 self-organisation (GS) | |
| IE16 monitoring and sanctioning (GS) | |
| Transactions (T) | Outcomes (O) |
| T1 owning fixed assets (AA) | O1 efficiency of budgeting processes |
| T2 financial capital (AA) | O2 expenses are perceived as appropriate |
| T3 legal and economic systems (AA) | O3 expenses contribute to raising the quality of life of residents |
| T4 methods of deliberation (MI) | O4 position and agency of the inhabitants is raised |
| T5 decision making (MI) | O5 greater equality achieved (in particular of the marginalised groups) |
| T6 level of cooperation (MI) | |
| T7 exchange of information in the community (MI) | |
| T8 conflicts and their resolution (MI) | |
| T9 lobbying (DA) | |
| T10 networking (DA) | |
| T11 social dimension of actions taken (DA) | |
| T12 ecological dimension of actions taken (DA) | |
| T13 political dimension of actions taken (DA) | |
| T14 value of actions taken (DA) | |
| T15 local/ regional/ national dimension (DA) | |

Source: Author's own catalogue based on Ostrom, 2009: 421

In the very centre of the model, there are actors (A) who are the most important element and the entry point of the analysis. They have specific features, listed in Table 1, that enable and help them to take actions and make transactions or, to the contrary, make it difficult to reach agreements or achieve results. In addition to the obvious variables such as the number of people participating in governing the common good (A1, A2, A10) and their social capital (relations and mutual trust) (A5) listed in Table 1, the socio-economic characteristics of the community (A4) are critical from the point of view of intersectionality. The intersectional perspective focused on the relationship between the social position of actors and their changing characteristics of identity such as: sex expression, sexuality, age, ethnic and class origin, religion, (dis)ability, experience of migration or refuge, points out to the relationship of power and its translation into achieved results. An in-depth analysis of the processes taking place in this approach can help us identify social factors affecting the efficiency and empowerment of various social groups, espe-

cially the disfavoured ones (e.g. refugees living in a camp in the Berlin-Lichtenberg district in Germany, known for participatory budgeting, which in 2013 received Theodore-Heuss Medal for “making politics together/shaping the city” – Scheel, 2013), and the possibilities of their emancipation and increasing their influence on fiscal decisions (in the case of participatory budgeting), which may translate into an increase in their quality of life (when, for example, the aforementioned residents attach particular importance to the fact that education should be at least partially provided in Arabic, or that all the procedures related to administration and health care ought to be translated into this language).

To the left and right of the actors (A), there are institutional environment (IE) and transactions (T), respectively. Within each of them, there are three significant clusters of variables, which are also detailed in Table 1. In the institutional environment (IE), stability of the environment in which the inhabitants can move is crucial. Factors that contribute to such stability are clear operational rules (IE1, IE6), predictability of changes on the macro and micro scale (e.g. continuity of financing of selected projects) (IE2, IE3, IE5, IE7) and support for activities related to participatory budgeting (IE4). If we know that due to the instability of the environment, we have no influence on decisions, or the rules of democracy are no longer valid, our hands are tied and it is difficult to self-organise. However, when the environment functions in a sustainable way and our voice counts, communities willingly get together and participate. In this case, the two clusters of variables: qualities and abilities of community (QAC) and governance structure of participatory budgeting (GS) influence the effectiveness of actions. Elements that influence fruitful cooperation are knowledge and experience of the community (IE9, IE11), the involvement of residents in budgeting throughout the entire budgetary cycle (IE10) as well as their internal organisation (IE12, IE15), and the adopted methods of action (IE14, IE16).

The second holon contains transactions, defined by the new institutional economics as a transfer of property rights or activities undertaken to transform a given good or service at the technological level (Beckmann, 2000). In the case of participatory budgeting discussed here, ownership rights remain unchanged, i.e. in public hands in the case of investment in physical infrastructure, and they belong to residents in the case of social investments (e.g. a dance course for senior citizens, a local picnic or tai-chi in the park). Activities will focus on the budgeting process throughout the entire budgetary cycle (lasting a year, or – in Germany – two years, because budgets are prepared for this perspective and have to be evaluated). The actions take place in the action arena (AA), which has a local specificity and particular resources (T1), function within a particular economic system (T3) that depends on VoC, and residents have specific funds at their disposal (T2). The actors involved (A) set the rules for cooperation (T4, T6, T7, T8), including the way of making decisions (T5). However, the effectiveness of their operation depends

on multitier actions on different levels (T15), in different dimensions (T11, T12, T13), as well as their abilities to network (T10) and lobby (T9).

The transactions lead to positive results, which among others include increased budgeting efficiency (O1) and residents' satisfaction (O2, O3). However, in order for participatory budgets to contribute to social change, it is also necessary to examine whether they have helped in achieving greater equality (O5), and, as a result, whether the agency of residents has increased (O4), especially of those from marginalised groups (intersectional perspective).

In each of the above-presented areas, variables are included that result from differences in the cultural context, and, thus depend on the country where participatory budgeting takes place, as well as from the variety of capitalism (i.e. socio-economic conditions). These (VoC) variables include the level of cooperation (T6), the ability to work in a group (collective action) (A6), trust towards the national/local government (IE8), local government work assessment (IE5), and efficiency of budgeting processes (O1). It would be interesting to conduct comparative research between the countries with different VoCs that would take these variables into consideration in examining participatory budgeting processes. Naturally, the above-presented model can be further transformed, becoming more detailed and constructive, as a result of deeper qualitative fieldwork. Because the proposed analysis is qualitative, hence its effectiveness cannot be quantitatively measured in a simple way, it remains a potential subject of a methodological discussion for interested researchers in the future. Several avenues seem worthwhile exploring, e.g. if institutions are associated with several actors at the same time, whether cross-sections occur between them, what processes take place and whether the most visible ones do not obscure the most important ones. It is possible to attribute significance to the variables by introducing elements of quantitative assessment, e.g. by measuring the impact of the described three categories on the outcomes achieved. Due to the qualitative differences between variables, their detailed description is necessary for making comparisons. The complexity of transactions, the fact that it is often impossible to isolate the processes, the difficulty in assigning them to specific variables and their final quantitative measurement might be treated as a limitation of the presented model.

Finally, the reader may wonder why this model deals with *sensu stricto* analysis of the phenomena of direct democracy while it seems to be more universal. When I created it, I based it on models that focus on governing common-pooled resources and case studies relevant to them, which in this article is represented by the participatory budget, for me an urban common. It is difficult to say whether the FoIA model can be applied to the analysis of governing public, private or toll goods (Ostrom, 2005: 24). Further research in this area is necessary to make such an assumption.

5. Conclusions

The model of institutional analysis of direct democracy phenomena presented in this article provides a set of potentially relevant variables which can be employed in different research settings, thus not only economists, but also other social scientists, as well as local governments, non-governmental organisations and citizens can make an efficient use of that knowledge. This paper is likely to have an impact on the development of the research field due to the novel approaches of intersectionality and Varieties of Capitalism that can be used for an international comparative study. Intersectionality deserves attention in research on all democratic innovations worldwide, thus this publication has a potential to scale up towards a comparative analysis of other socio-economic processes and their engagement with policy. This model might also be relevant when analysing political, economic or societal problems connected to the crisis of representation of local governments such as poverty and welfare, social and economic stratification, care, education etc., inspiring other social researchers to conduct analyses on these specific topics in the future. It can also remedy citizens' distrust by empowering them in terms of making decisions about local resources by showing them which PB processes to adopt – and which to avoid.

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Model analizy instytucjonalnej zjawisk demokracji bezpośredniej: przykład budżetowania partycypacyjnego

Streszczenie: Demokracja bezpośrednia, której tradycja sięga starożytnych Aten, jest obecnie szeroko praktykowana w wielu krajach świata. W niniejszym artykule studium przypadku budżetu partycypacyjnego zostało przedstawione jako ilustracja tego, w jaki sposób mieszkańcy mogą bezpośrednio decydować o wspólnych zasobach. Artykuł ma charakter teoretyczny. Ma na celu przedstawienie modelu instytucjonalnej analizy zjawisk demokracji bezpośredniej na przykładzie analizy budżetów partycypacyjnych oraz zaprezentowanie zmiennych związanych z dwoma nowatorskimi podejściami: odmianami kapitalizmu i interseksjonalności. Model ten może być stosowany do diagnozowania wzorów demokracji lokalnej, do badań porównawczych procesów budżetowania partycypacyjnego w różnych krajach na całym świecie, a także do dalszych badań nad innymi procesami demokracji bezpośredniej, przyczyniając się do rozwoju wiedzy w tej dziedzinie i w naukach społecznych ogółem.

Słowa kluczowe: demokracja bezpośrednia, budżetowanie partycypacyjne, nowa ekonomia instytucjonalna, odmiany kapitalizmu, podejście interseksjonalne

JEL: B52, H3, H72, P48

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