Lessons from Abroad:
What US Policymakers Can Learn from International Examples of Democratic Governance

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The Climate and Community Project is a progressive climate policy think tank that mobilizes a network of leading academic and movement researchers in developing cutting-edge research at the climate-inequality nexus. The Climate and Community Project has produced multiple research briefs alongside movement and political partners, including the "Green New Deal for Public Schools," "Achieving Zero Emissions with More Mobility and Less Mining," and "Building Public Renewables in the United States."
## Table of Contents

### Executive Summary 5

### Introduction 6

### Section I: Real-World Examples of Democratic Governance 10

1. Deliberative Democracy in Ireland’s Citizen Assembly 11
2. Digital Democracy in Taiwan: vTaiwan 14
3. Public Water: Remunicipalization and the Paris Water Observatory 15
4. Workers’ Democracy in Spain: Mondragón’s Cooperative Movement 17
5. Promotional Banking in Germany’s Kreditanstalt für Wiederaufbau (KfW) (“Credit Institute for Reconstruction”) 18
6. Participatory Governance in Costa Rica’s Banco Popular y de Desarrollo Comunal (BPDC) 19

### Section II: Learning From Experiments with Democratic Governance 20

1. Inclusive governance structures help protect against power asymmetries and ineffectual attempts at public input. 21
2. The way public investments are implemented can help dictate both the ownership and governance of production. 21
3. Oversight and accountability mechanisms are critical to decreasing the chance of mismanagement. 22
4. Building a strong civic infrastructure is a long-term, multi-coordinated commitment. 22
Executive Summary

The passage of major legislation over the past two years has made the goal of a green economic transformation possible. With these policy wins secured, attention has turned to implementation, sparking an important debate on the left about the capacity of democratic governance to rapidly build the infrastructure necessary to combat the mounting threats of the climate crisis. Some argue that public input mechanisms result in delays to implementation of critical projects—that public participation is too onerous and time-intensive, and that the imminent threats posed by the climate crisis demand circumventing participatory requirements. However, this need not be the case. In fact, strengthening public engagement throughout the policy process can lead to greater speed in implementation, because concerned community members are given a chance to shape the process, making it less likely that they will eventually challenge projects through costly and lengthy mechanisms—such as litigation or organizing—that often cause implementation delays.

This issue brief explores six international, real-world experiments with democratic governance that show the power of public input. These cases illustrate how different policy design features can help ensure that policymaking and implementation are democratic, quick, and efficient, with a focus on decision-making along three overlapping dimensions: 1) producing goods and services, providing utilities, and building or developing infrastructure democratically; 2) making regulatory decisions democratically; and 3) making public investments democratically.

From these six cases, we draw four lessons for democratic governance in the US. First, crafting inclusive governance structures can help protect against power imbalances and ineffectual efforts at fostering public inclusion in decision-making processes. Second, the way in which public investments are implemented informs both the ownership and governance of production. Third, the risk of mismanagement is greater in the absence of oversight and accountability mechanisms. Lastly, crafting a robust civic infrastructure is a long-term, multi-coordinated effort that requires commitment from policymakers. The international examples we explore in this brief and the lessons we draw from them can help guide US policymakers as implementation efforts continue.
Introduction

In the last two years the United States has witnessed unprecedented legislative wins for a green economic transformation. The passage of major legislation, including the American Rescue Plan Act (ARPA), the Infrastructure Investment and Jobs Act (IIJA), the CHIPS and Science Act (CHIPS), and the Inflation Reduction Act (IRA), signals a newfound political willingness to embrace industrial policy to achieve critical environmental and social objectives. Collectively, these laws boost public investments in the infrastructure and manufacturing sectors, with a mandate to advance climate and economic resilience objectives (Tucker and Malhotra 2022). After decades of harmful “free-market” fundamentalism and deliberate efforts to reduce state capacity for contending with pressing economic and existential concerns, the Biden administration’s large-scale investments create conditions in which it becomes possible to imagine rebuilding a robust economy that puts the well-being of everyday people—and not corporations’ profit margins—at its center.

But we know that zombie neoliberalism, 1 embraced by billionaires and corporations that profit from the status quo, has a tendency to creep back into the picture, steering money away from the industries and communities that need it most (Wong 2021). Lessons learned from decades of corporate capture among both Republican and Democratic administrations caution against leaving governance solely to administrative personnel, and instead demand that democratic mechanisms be baked into policies and institutions. Moreover, there is more than one way to break from neoliberal hegemony, including regressive paths that maintain the punitive and exclusionary dimensions of the US experiment with neoliberalization, while simultaneously intervening more directly in markets—an approach that appears to be increasingly embraced by the right. Without the proper standards and guardrails in place, large-scale public investments can fall prey to special interests or be channeled toward those already in power while bypassing those in need, and deepening historic injustices.

Even President Biden’s historic climate legislation came at the cost of deepening fossil fuel production in sensitive ecosystems, despite fierce opposition by local communities. Debt ceiling negotiations led to the approval of the Mountain Valley Pipeline’s construction, a

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1 While neoliberalism has a variety of definitions, we use the word here to describe the dominant ideology of economic and social governance that emerged in the US during the 1970s. Neoliberal ideology privileged market operations as the optimal regulatory mechanism, while limiting most of the nonpunitive functions of the state. While the Trump and Biden presidencies signaled a shift away from neoliberalism—with the former embracing state power for authoritarian purposes and the latter signaling a return to a Rooseveltian view of using government to keep markets in check—elements of neoliberal thinking throughout policymaking linger. Specifically, the governance regimes that emerged under neoliberalism continue to exacerbate existing inequities, which industrial policy and planning must now contend with.
300-mile-long fracked gas pipeline spanning from northwestern West Virginia to southern Virginia—a clear violation of the climate movement’s demands of no new fossil fuel projects. While construction of the pipeline has been blocked by a federal appeals court, the matter will probably end up in front of the conservative Supreme Court, making its approval likely.

The Federal Reserve’s Paycheck Protection Program is another clear example of an inequitable and insufficient approach to public intervention and investment. Congress created the program to provide small businesses with forgivable loans to cover expenses, including payroll, as a way to keep workers employed. Yet large corporations, such as major fast food and fossil fuel companies, which do not have the same struggles as small businesses, gained access to the money. By contrast, the majority of minority-owned small businesses were shut out of the program (Stewart 2020).

This kind of outcome is not just something from recent history, or an exception to the rule. In the 1950s and 1960s, the federal government’s build-out of the highway system—a clear example of industrial strategy—intentionally divided Black communities and further segregated American cities to enrich powerful (and predominantly white) real estate speculators. The agricultural sector, one of the most planned sectors of the American economy, is also known for its record of promoting institutionally racist policies and practices by continuing the long-standing legacy of systemic dispossession and exclusion of Black farmers from access to land (McCammon 2015). Assistance programs were so discriminatory toward Black Americans that in 1999 the USDA was ordered to pay over $1 billion to eligible Black farmers, the largest civil rights settlement ever at the time.²

The Biden administration’s legislation presents an opportunity to end this continuous use of industrial policies that discriminate against marginalized communities and benefit extractive corporations and harmful industries. These policies allow for massive injections of public funds to jump-start a renewable energy economy, revitalize our industrial sector, expand public housing while retrofitting it to be more comfortable, safe, and sustainable, and make our economy significantly more racially and economically equitable. Given our country’s legacy of corporatocracy, however, realizing these goals is far from assured. How these policies are implemented will dictate whether we fall into the tired cycle of corporate capture or if we can truly leverage these funds to build an equitable economy that centers human and planetary well-being. We believe that a key strategy to achieving the goals set out

² Despite this massive legal victory, there were significant problems with the settlement’s implementation that led to future litigation and even congressional action. More than two decades later, many farmers have yet to receive their settlements, and continue to face ongoing hurdles. In 2021, the Biden administration attempted to provide debt cancellation for aggrieved Black farmers through the ARPA, but the move has faced swift backlash in the form of lawsuits alleging that such action amounts to “reverse discrimination” against white farmers. As a result, relief for Black farmers has stalled yet again.
by the recent federal investment bills will require mechanisms that ensure democratic accountability and prevent special interests from wielding power.

Integrating robust democratic governance into investment is no small feat. The United States as a whole is experiencing democratic backsliding (Cornish, Sundaresan, and Kenin 2021), with the right spearheading legislative attacks on trans and reproductive rights, weaponizing public schools and libraries as battlegrounds for so-called culture wars, and introducing restrictive voting laws throughout the country. Furthermore, even policy advocates on the left question integrating democratic process into investment, arguing that the procedural requirements seeking to protect democratic accountability typically amount to burdensome, unnecessary legal barriers. They worry that these hurdles make implementation too cumbersome, hindering the swift and efficient build-out of projects that demand urgent execution. But this framing relies on a false dichotomy.

Democratic governance and transparency can often strengthen the effectiveness, efficiency, and speed of projects. In fact, strengthening legislation aimed at protecting democratic accountability by engaging community members earlier in the process could lead to greater speed and efficiency in the long run (Karlsson 2023). Consider the National Environment Protection Act (NEPA), a foundational environmental protection law that requires agency review and community consultation of certain projects’ environmental impacts. Currently, community engagement takes place toward the end of the permitting and review process required by NEPA, at which point site selection, design, and funding have all been determined. When communities are consulted at this point in the process, it is often too late to change the contours of a project in a meaningful way, leaving community members who are concerned about these key elements with no option other than organizing or litigation—both time-consuming processes that will typically stall a project. Amending the law to ensure that communities engage in the process earlier means that different groups can address or negotiate concerns without having to resort to costlier, lengthier, and more burdensome options down the line.

Fortunately, we can draw on existing examples of democratic governance in the United States as we craft more robust mechanisms for public participation in decision-making processes. For example, between 1996 and 1998, the Texas Public Utilities Commission used a deliberative polling process to discuss climate action. The end result—participants’ recommendations to increase renewables in the state—has been credited with the well-documented expansion of wind energy in Texas. Similarly, building on Porto Alegre’s innovative participatory budgeting idea and successful experiences around the globe, New York City implemented its own participatory budgeting program to include community engagement in its funding decisions. The program allows city council districts to run
participatory budgeting processes in which the community makes the decision about district investments. Within just a few years of its launch, the program had already begun to successfully shift some historical power imbalances: Nearly 60 percent of participatory budget voters identified as people of color, just under 30 percent reported an annual household income below $25,000, more than a quarter were born outside the US, and a quarter experienced barriers to engaging in regular elections (O'Connor n.d.). While this program was an important step in the right direction, New York City's participatory budgeting program is still peripheral to the city's larger budget and economic plan process. Other American cities, such as Philadelphia and Chicago, have also experimented with participatory budgeting models.

But we need not look only to domestic examples to see how democratic practices could enhance industrial policies. A survey of democratic industrial policies around the globe—and experiments with democratic governance more generally—can be instructive as the US continues implementation. By combining clear objectives (mandates) and standards around labor, social equity, and the environment with governance structures that include and empower those most impacted, the United States can make major strides toward ensuring that the institutions we build or through which we funnel money can achieve their transformative potential—all while ensuring democratic accountability and without causing unnecessary delays or inefficiencies in implementation. In this issue brief, we discuss real-world, international examples of democratic governance that can provide guidance and inspiration for US-based initiatives as industrial policy continues its revival.

Ensuring meaningful public input across governance structures may seem like a lofty goal, but the real-world examples we explore below illustrate how we can build democratic governance into public investments and institutions. Operating within a global capitalist system characterized by massive concentrations of power and ownership, paired with institutions that are either designed to or nonetheless result in deepening asymmetries, means that the examples we highlight are, inevitably, imperfect. But each provides lessons and helpful design elements for crafting 21st-century governance structures for public institutions—structures that hold community control of investment and accountability as core principles.
Section I: Real-World Examples of Democratic Governance

A truly equitable, democratic, and green economic transformation will require policymakers to embrace innovation to protect against capture by corporations and the economic elite. Luckily, existing international examples of democratic implementation can help guide the US in this undertaking. The cases we examine in this section show how different kinds of policy design features can help democratize policymaking and implementation. Specifically, we focus on decision-making along three dimensions: 1) producing goods and services, providing utilities, and building or developing infrastructure democratically; 2) making regulatory decisions democratically; and 3) making public investments democratically. As the examples we explore will show, these categories are not mutually exclusive and often overlap. Furthermore, institutions and tools for democratic governance used in one domain (e.g., regulation), can often be used just as easily in another domain (e.g., infrastructure development).

We can learn from models that promote deliberative democracy and civic oversight, such as Ireland's Citizen Assembly, Taiwan's vTaiwan and Pol.is platforms, and Paris' utility remunicipalization efforts with the Paris Water Observatory. In these examples, everyday people gain a way to participate in important decision-making and accountability processes involving infrastructure development, public utilities, and regulatory policy. The spaces where this participation takes place are often oversaturated by powerful interests pursuing their own economic agenda, usually at the expense of the larger community, or technocratic elites whose expertise often means that the perspectives of everyday people are left out of the decision-making process. Workers cooperatives like Mondragón show how democratic ownership and governance of production can break out of the shareholder and CEO-supremacist paradigm and empower workers. In the public investment space, two examples are well known for their unusual publicly accountable governance: Germany's Kreditanstalt für Wiederaufbau, or KfW for short, and Costa Rica's Banco Popular. With clear public interest mandates and a diversity of civil society stakeholders governing investment strategy, both organizations offer a route for reorienting the trajectory of capital toward investments aimed at fostering human and planetary well-being.

1. Deliberative Democracy in Ireland’s Citizen Assembly

In recent years, many cities and states have attempted to integrate more community input into hot-button issues by using deliberative mechanisms such as citizens’ assemblies and polling. Citizens’ assemblies are “mini-publics,” deliberative forms of engagement centered
on empowering citizens to address common concerns and, at times, make concrete decisions. For instance, in 2016 the Irish parliament established a permanent Citizens’ Assembly to consider some key political issues (Citizens Information n.d.). Following six key principles intended to ensure fairness while avoiding bias, the Citizens’ Assembly agrees to a set of rules and procedures for its deliberations. After considering the issues at hand, the Assembly compiles a set of recommendations and votes on each one. The Assembly submits its recommendations to the Houses of Oireachtas, Ireland’s legislature, which provides a response to each recommendation and arranges for a debate in the Oireachtas. If the government accepts a recommendation, a referendum follows.

The Citizens’ Assembly has addressed both regulatory and infrastructure development issues. On the regulatory front, one of the first issues the Assembly considered was the Eighth Amendment to the Irish Constitution, which, prior to the Assembly’s convening in 2016, effectively banned abortion in Ireland. That year, the Irish parliament appointed a chairperson to run the Citizens’ Assembly and randomly selected 99 citizens entitled to vote at a referendum to come together over a five-month period. The Assembly’s first task was to consider the nation’s laws regarding abortion. The deliberations were televised and the Assembly became a nationwide phenomenon, ultimately recommending that abortion be legalized and catalyzing a national referendum in which 66 percent voted in favor of access to abortion.

The Citizens’ Assembly exemplifies how even the most controversial issues can be resolved democratically, and without undue delay. Within a year of its creation in 2016, the Citizens’ Assembly convened, deliberated, and released its first report, recommending a change in the nation’s abortion laws. Based on the Assembly’s recommendation, the issue was put to a referendum in the spring of 2018. By September 2018, the 36th Amendment to the Constitution of Ireland had been signed into law, loosening restrictions on abortion. In just a little over two years, Ireland had expanded abortion rights through a deliberative, democratic process, strengthening the freedom to make reproductive decisions for oneself—a freedom that is necessary to be able to fully and equally participate in a democracy.

The speed with which the abortion issue was resolved is not an anomaly. Since 2016, the Citizens’ Assembly has continued to deliberate on important issues by discussing the range of viewpoints on a given issue, analyzing studies and reports, hearing from experts and affected everyday people in Ireland, and considering how other countries have dealt with the topics at hand (The Citizens’ Assembly n.d.-a). After convening in 2020-2021, the Assembly made a range of recommendations on a variety of issues, some of which called for enshrining general equality and nondiscrimination in the country’s constitution. In November 2023, voters will decide if the proposed constitutional amendments become law.
The Citizens’ Assembly has also considered important infrastructure development issues. In 2017, the Assembly met to discuss how the state can make Ireland a leader in combating climate change (The Citizens’ Assembly n.d.-b). Ireland is the first country in the world to hold a citizens’ assembly on the issue of climate change. Members of the public, citizen organizations, and representative groups were invited to cast submissions on the topic prior to the Assembly’s meetings, which culminated in a list of 13 recommendations for the Irish government to adopt. These recommendations included the enactment of mitigation measures such as retrofitting public buildings, renewable generation on public buildings, and increasing infrastructure and public land resilience, ensuring community ownership in all future renewable energy projects, and undertaking a complete assessment of potential vulnerabilities of existing critical infrastructure to build resilience to the threats posed by climate change, with the outcome of the assessment being implemented.

In July 2018, the Joint Oireachtas Committee on Climate Action (JOCCA) was founded to respond to the Assembly’s recommendations. After six months of deliberating, JOCCA released its first report in March 2019 (JOCCA 2019), followed by the Government of Ireland’s release of a whole-of-government Climate Action Plan in June 2019, which identified 183 actions spanning general themes brought up by the Citizens’ Assembly (Government of Ireland 2019). Ireland’s legislature had already passed the Climate Action and Low Carbon Development Bill in 2015, its first large-scale legislation aimed at combating the climate crisis, but after the Citizens’ Assembly and JOCCA’s convenings the law was amended to include some key measures for meeting Ireland’s commitment to reach a 51 percent reduction in emissions by 2030 and net-zero emissions by 2050.

Irish officials acknowledge that while climate action is urgent and necessary, rapid implementation of such an ambitious agenda comes with challenges. To address these concerns, the Climate Action Delivery Board (CADB) was established in 2019 to oversee delivery of the Climate Action Plan (Department of the Taoiseach 2019). CADB is responsible for identifying early signs of implementation challenges to the Cabinet Committee on the Environment and Climate Change—a key player in the Climate Action Plan. More broadly, CADB is also responsible for overseeing delivery of the Climate Action Plan, in addition to helping to identify solutions to delivery challenges. Similarly, the Climate Action Unit (CAU) was established to help in monitoring implementation of the Climate Action Plan, and to help strengthen delivery capabilities (Government of Ireland 2023).

Despite the steps Ireland has taken to become a leader in tackling the climate crisis, there have been some challenges with implementation. The CADB, for example, has not met as often as it is obligated to under the law (Boland 2022a), and it has scrapped its own
requirement to report to the Irish government every quarter (Boland 2022b). Perhaps more significantly, EPA projections from June show that Ireland is projected to fall substantially short of its climate targets (EPA 2023). These are important issues that demand action, but it’s unlikely they would be resolved by scrapping community input requirements. Instead, more robust enforcement mechanisms and stronger community oversight throughout the entire policy process—including implementation—could help ensure that bodies like CADB meet their legal obligations.

Ireland has experimented with similar participative democracy initiatives in the past, perhaps most notably in 2012 during the Irish Constitutional Convention, bringing together 66 randomly selected Irish residents to consider the nation’s constitution and possible amendments to it. Members ultimately overwhelmingly recommended that the Constitution recognize same-sex marriage, and in 2015 a referendum legalizing same-sex marriage passed.

While the Citizens’ Assembly is a significant step toward more robust democratic participation in determining which rights are enjoyed by the Irish people, one significant limitation is that the Assembly’s recommendations are non-binding. The Irish government holds veto power on any given issue and is free to reject recommendations offered by the Assembly. These limitations could be addressed by vesting greater enforcement power in citizen input, giving their findings some binding authority. Nonetheless, Ireland’s Citizen Assembly stands as a strong example of democratic participation that we can learn from and build upon.

2. Digital Democracy in Taiwan: vTaiwan

In 2014, Taiwan citizens decided to innovate deliberative processes by creating a crowdsourcing, open-source online poll—vTaiwan—to debate, propose solutions for, and vote on pending issues in a transparent fashion. vTaiwan was inspired by g0v (pronounced “gov zero”), a similar initiative created by civic hackers. It is a neutral platform designed to facilitate conversation with the purpose of increasing democratic participation and reaching solutions on contentious issues more quickly, as crowdsourcing that uses digital platforms allows for governments to rapidly and more efficiently solve issues with public input (Liu 2021).

The vTaiwan platform puts agenda-setting power in the hands of users—any Taiwanese citizen who wishes to participate in the process can sign up to do so. The platform is run by

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1 The term “civic hacking” does not have a clearly settled definition, but for purposes of this paper, we use Levitas’s (2013) definition: “Civic hacking is the act of quickly improving the processes and systems of local government with new tools or approaches, conducted with cities, by citizens, as an act of citizenship.”
citizens and maintained by the government using a “digital democracy tool” called Pol.is that allows citizens to propose and debate petitions. The vTaiwan process consists of four stages: proposal, opinion, reflection, and legislation, which are complemented by a set of collaborative, open-source engagement tools. Transitions between stages are contingent on consensus from the vTaiwan community, without any strict process in place for moving from one stage to the next (Hsiao et al. 2018). Instead, the vTaiwan community decides when it has reached “rough consensus” on a given issue, reflecting the platform’s adaptable nature.

vTaiwan’s structure allows the full spectrum of viewpoints on a given subject to emerge in one place. During deliberations and in real time, Pol.is draws a map illustrating the various points of agreement and dissent as they emerge (Miller 2020). The platform gives greater visibility to those finding consensus across different viewpoints versus divisive statements, allowing for users to discover commonalities and reach consensus more quickly. As Minister of Digital Affairs and one of the pioneers of Taiwan’s digital democracy movement Audrey Tang describes, “Invariably, within three weeks or four, we always find a shape where most people agree on most of the statements” (Miller 2020). While decisions reached on vTaiwan are nonbinding, 80 percent of voted proposals have eventually turned into government action, Ministries are obliged to support the process by appointing a Participation Officer, and the country’s legislature must consider the issues that vTaiwan takes on (Noveck et al. 2020).

Taiwan has used digital democracy to reach important regulatory decisions in recent years, such as after Uber’s controversial arrival on the island in 2013, which posed several challenges surrounding regulation and fair competition. Traditional taxi drivers began losing customers to the rideshare service, as Uber’s charges undercut the legal fare structure, its drivers were not required to have insurance or professional driver’s licenses, and the company was not paying the same taxes as local firms (Rashbrooke 2017). Deliberation on vTaiwan led to a series of recommendations that garnered almost universal support on the platform, which, despite being sharply divided between pro-Uber and anti-Uber participants, centered on the best way to create a level playing field. Within a year of using the platform to address the issue, the government adopted the recommendations in the form of new regulations to bring Uber more in line with the existing taxi industry (Horton 2018).

Another regulatory issue that Taiwan’s digital democracy tools have tackled is the regulation of online alcohol sales, which was resolved in just a couple of months with vTaiwan, overcoming a six-year policy deadlock (Apolitical 2017). But despite the platform’s efficacy in rapidly finding solutions to complex problems, it is too vulnerable to the vagaries of politics. When a new administration took office in 2016, representatives withdrew the bills awaiting legislative approval—including the online alcohol sales bill that was drafted based on vTaiwan recommendations (Horton 2018). This highlights one of the most significant
shortcomings of Taiwan's experiment with digital democracy: The decisions reached by citizens through the vTaiwan platform are not legally binding, and government officials are free to decline following through with recommendations reached through citizen deliberations. Moreover, Hsiao et al. (2018) point out that while citizens can submit topics to vTaiwan for deliberation, very few cases are proposed by citizens. Because vTaiwan is funded by the government, if government authorities refuse to confront an issue, it will not go through the vTaiwan process. Strengthening the public input process could alleviate these problems by giving decisions that are reached through platforms like vTaiwan a certain amount of legislative voting or veto power.

3. Public Water: Remunicipalization and the Paris Water Observatory

After 25 years of private control, in 2010 Paris remunicipalized its water supply, taking its water utility back under public control and creating Eau de Paris (Paris Water). The initiative came after years of mounting costs and a lack of financial transparency among the two private companies that had previously contracted with the city to control the water supply (Lobina, Kishimoto, and Petitjean 2014).

Thanks to savings on financial transfers to private companies and shareholders, remunicipalization led to an 8 percent drop in water prices (ENCO 2020). Remunicipalization also allowed for the integration of what, under private control, was a fragmented water system, resulting in increased efficiency and consistent and sustainable organization: In 2021, under Eau de Paris, the yield of the Paris water network was more than 90 percent (Eau de Paris n.d.), compared to an 80 percent average across France (Pigeon 2012). Moreover, the revenues derived from services are reinvested into Eau de Paris, resulting in the development of social measures that ensure the right to water for all (Le Strat n.d.). These measures include an increased contribution to the city's housing solidarity fund, which pays a water solidarity allocation to poor households throughout Paris, commissioning a report on progressive billing, a water-saving campaign, and a systematic avoidance of water shutoffs in empty or abandoned buildings occupied by squatters (Pigeon 2012).

Eau de Paris also used remunicipalization as an opportunity to reorganize the water utility's governance structure—which is now an international model of best practices. First, the water utility board established a multi-stakeholder board including worker council-elected representatives and civil society representatives. Wary of the new structure, civil society groups initially refused voting rights, but accepted them once the board proved to be a transparent space, largely thanks to its second core innovation: The Paris Water Observatory, a vanguard system of checks and balances.
An autonomous institution, the Observatory acts as a platform for transparent data sharing, oversight, and community debate. It consists of citizens and civil society representatives who play a consultative role. The decree that created the institution mandates that the Observatory consist of at least four groups: 1) local elected representatives, 2) representatives of Paris water users (including tenants associations, trade unions, and environmental associations), 3) Parisian institutional actors involved in water and sanitation, and 4) academics and researchers (Water UK 2019).

The Observatory discusses any plans put forward by the Board prior to its approval, and can present new items for debate. While the Observatory does not hold decision-making power, all information is made available in an accessible manner, meetings are open to any Parisians, and participants’ views are taken into account.

4. Workers’ Democracy in Spain: Mondragón’s Cooperative Movement

The Mondragón Corporation is the world’s largest voluntary association of independent worker cooperatives. Comprised of 95 self-governing cooperatives, Mondragón is one of Spain’s biggest enterprises: Collectively, its network of cooperatives employs more than 80,000 people in the country. Mondragón cooperatives exist across a variety of sectors, but the worker-owned industrial enterprises have been particularly relevant compared to the other cooperatives throughout the corporation because of their ability to compete in niche markets at an international level (Bamburg 2017). The total revenue of Mondragón companies in 2020 was more than €12 billion, with about 40 percent coming from the corporation’s manufacturing firms (Fortune 2020).

Mondragón has no outside shareholders. Members may become member-owners of their respective cooperatives after a temporary contract period. The collective’s democratic governance structure ensures that all members, regardless of position or rank, enjoy equal decision-making power, with each member belonging to the corporation’s general assembly and voting on important matters such as salaries, strategies, and policies. The worker-composed general assembly elects Mondragón’s governing council, which is responsible for executive and management. Mondragón’s governance structure has elicited praise for its ability to strike a delicate and critical balance between member input and managerial discretion (Bamburg 2017). Along with democratic organization, one of Mondragón’s principles is pay solidarity, which is reflected in the corporation’s mandate that salary differences not exceed a one-to-six ratio—that is, the highest-paid member-worker of
each cooperative cannot make more than six times the salary of the lowest-paid member-worker (Reuten 2022).

All too often, a cooperative model is painted as inefficient. But Mondragón’s management model—which places participative decision-making and decentralization at its core—has been shown to positively impact organizational commitment, which in turn has an indirect but positive influence on business performance (Agirre, Reina, and Freundlich 2015). Moreover, participation in ownership and management also foster workers’ involvement in, identification with, and emotional attachment to their respective cooperatives, elements which are thought to decrease employee turnover and ultimately strengthen businesses (Rodríguez-Oramas et al. 2022). One study of Eroski, the largest member of the Mondragón Corporation, found that the company’s cooperative-owned stores performed at least as well as conventional stores with no employee ownership, and in some cases outperformed these stores (Arando et al. 2015). In comparing certain stores with more significant employee ownership and voice to cooperatives with less employee ownership, the stronger cooperatives were found to enjoy significantly faster sales growth. Cooperatives’ greater efficiency may come from the better opportunities they provide for employee training and involvement, as well as the stronger economic incentives inherent in member-owned business models.

In order to implement public investments in a way that builds economic democracy and worker power, policymakers should give preferential funding to firms that demonstrate similarly equitable structures of ownership and governance.

5. Promotional Banking in Germany’s Kreditanstalt für Wiederaufbau (KfW) (“Credit Institute for Reconstruction”)

KfW is a state-owned public development bank created in 1948 as part of the Marshall Plan, governed by a multi-stakeholder board of directors that includes 37 representatives from the government alongside representatives from groups like trade unions and housing associations. Its large and institutionally diverse board decreases the risk of capture by any particular group (Marois and Güngen 2019).

As a government-owned development bank, KfW serves as a locus of broader coordinated industrial planning. It provides loans, loan guarantees, grants, and equity investments and holds shares on behalf of the German state in companies such as Lufthansa, Deutsche Post, and CureVac. As Senior Vice President of KfW Dr. Velibor Marjanovic explains, “KfW’s loans supplement banks’ lending offers and make projects possible that in some cases would not
have materialised at all without it” (KfW n.d.-a). The bank thus serves a critical role in a broad, coordinated industrial planning approach in Germany (Naqvi et al. 2018).

KfW’s significance lies largely in its active involvement throughout the domestic policy cycle, as it enjoys significant influence over how (and which) policies are proposed, designed, implemented, and evaluated (Moslener, Thiemann, and Volberding 2017). But the bank’s activities are not limited to Germany; about a third of KfW’s lending is internationally oriented, and it has 70 offices globally (Griffith-Jones 2016).

KfW’s primary goal is to offer low-interest loans and grants to advance productive activities that serve public interests—rather than to maximize returns (Marois 2017a). KfW’s public ownership structure, democratic board membership, and hefty financial backing from the German government allow for prioritization of public interest goals (Marois and Güngen 2019). Beyond financial return, the bank pursues social, environmental, and economic goals. As one of the world’s largest financiers of renewable energy, KfW is particularly noteworthy for its emphasis on sustainability and its green lending portfolio. Moreover, the KfW is required to perform tasks set forth in its legal mandate, which focuses on financing and promoting sustainable development (KfW n.d.-b). The KfW is larger than the World Bank, and is one of the main drivers behind Germany’s energy revolution, with about 53 percent of its promotional business focused on environmental protection and climate action (KfW 2021).

Despite its large size, the KfW’s administrative capacity means it can quickly and efficiently adapt to shifting circumstances, and in some cases chart new paths for others. For example, about a month after the World Health Organization (WHO) declared COVID-19 a pandemic, KfW introduced the “KfW Instant Loan” for small- and medium-sized enterprises. Under the program, the bank assumed 100 percent of the credit risk (KfW 2020). Full risk assumption meant that the credit approval process was relaxed, allowing for quicker disbursement. Additionally, KfW created a digital application for companies to apply for the KfW Instant Loan, with the full application process taking about five minutes and the bank receiving the application immediately, further adding to the efficiency of disbursement (EQS Group 2020). In November of 2020 the program was expanded to include self-employed individuals and companies with up to 10 employees, allowing for even the smallest entities to receive rapid and unbureaucratic access to liquidity (OECD 2021). The program ended in 2022 but became known for its nearly instantaneous delivery (Marois 2020). The foundational administrative infrastructure provided by the KfW allows for this kind of rapid deployment and wind-down of ad hoc programs.

Critics of KfW point out that the bank is still effectively an investment arm of the German federal state, and so any shortcomings in state policy will necessarily be reflected in
investments. For example, until 2030, up to a third of KfW's energy portfolio can continue to come from fossil fuel gas projects (E3G 2022). And despite the democratic features of the KfW, such as its multi-stakeholder board of directors, other banks, such as Costa Rica's Banco Popular, have even broader representation in their governance structures.

6. Participatory Governance in Costa Rica's Banco Popular y de Desarrollo Comunal (BPDC)

Established in 1969, Costa Rica's Banco Popular operates as a hybrid, public-cooperative national bank, with 20 percent of all Costa Ricans—more than 1.2 million people—holding shares. The bank is fully owned by Costa Rican workers. Since 1986, the Workers' Assembly, a 290-member body democratically elected from the bank's worker-owners, has been the top governing body in charge of the bank's strategic direction, with its National Board of Directors subordinate to the Assembly (Marois 2019). Its latest strategic plan was implemented after a nationwide consultation that included over 1,500 participants.

The Workers' Assembly represents Costa Rica's various social sectors, from teachers and professionals to community development associations, cooperatives, and independent workers (Lopez-Franco, Cannon, and Thorpe 2020). In 1997, the Permanent Women's Commission was founded as a subgroup of the Assembly. One of the Commission's responsibilities is to ensure that the bank meets its legal requirement that women hold at least 50 percent of the bank's board positions (PGR 2022). This gender mandate makes BPDC Central America's first public organization to establish an equal gender ratio in its decision-making bodies, reflecting Banco Popular's prioritization of gender equality in its governance structure (Lopez-Franco, Cannon, and Thorpe 2020).

Banco Popular invests in micro-, small-, and medium-sized enterprises, in addition to communal, cooperative, and municipal development associations (Marois 2017b). BPDC's commitment to working with public institutions, cooperatives, and those who are typically excluded from financial services highlights its democratic orientation (Marois 2017a). The bank also stands out for its “triple bottom line” model, which emphasizes social and environmental well-being, going beyond the typical profit-maximization paradigm embraced by private banks (BPDC 2021). Through its Development Financial Fund, Banco Popular allocates 5 percent of its annual net profits to support social initiatives, like women-run businesses, young entrepreneurs, the elderly, ethnic minorities, cooperatives, and development associations, in addition to expanding access to clean drinking water for communities throughout the country (BPDC 2021; BPDC 2022).
BPDC’s democratic governance structure and social imperatives are impressive, but more research is needed to empirically assess the social, economic, and environmental impacts of the bank's investments. The lack of research regarding these impacts reflects broader gaps in the existing literature on democratically-governed public banks writ large.

Table 1. Democratic Mechanisms in Action

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<th>Description</th>
<th>Democratic Mechanisms</th>
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<tr>
<td>Ireland’s Citizens’ Assembly</td>
<td>In 2016, the Irish parliament created a permanent Citizens’ Assembly—a deliberative convening of randomly selected citizens—to consider key political issues and draft recommendations for lawmakers. Since then, the Citizens’ Assembly has weighed in on a range of issues, from recommending that abortion be legalized, to proposing mitigation measures that would combat the climate crisis.</td>
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<td>Taiwan’s vTaiwan</td>
<td>In 2014, Taiwan citizens created vTaiwan, a crowdsourced, open-source online platform designed for citizen deliberation, consensus-building, and voting on various policy issues. Consisting of four stages—proposal, opinion, reflection, and legislation—the vTaiwan platform has helped resolve important regulatory issues, like how to bring rideshare services like Uber in line with the existing taxi industry.</td>
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<td>Paris’s Water Remunicipalization and Water Observatory</td>
<td>Eau de Paris is the city's public water utility. It came back under public control in 2010. Along with remunicipalization, Eau de Paris also reorganized the water utility's governance structure by establishing a multi-stakeholder board of directors and the Paris Water Observatory, an autonomous institution that serves as a platform for oversight, transparent data sharing, and community debate.</td>
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| **Spain’s Mondragón Corporation** | The Mondragón Corporation is a voluntary association of 95 independent, worker cooperatives. Employing more than 80,000 people in Spain, Mondragón’s cooperatives exist across a range of sectors, though worker-owned industrial enterprises are particularly relevant. With no outside shareholders, each member-owner is part of the corporation’s general assembly and enjoys equal decision-making power. | Member ownership  
Worker-composed general assembly with all workers holding equal decision-making power  
Member-elected governing council |
| **Germany’s KfW Bank** | Germany’s Kreditanstalt für Wiederaufbau (KfW) is a government-owned public development bank that functions as a key player in the country’s industrial planning efforts. In contrast to private banks, KfW’s main goal is to offer low-interest loans and grants for activities that advance public interests. The bank has been especially critical for the country’s renewable energy revolution, with more than half of its promotional business focused on climate action and environmental protection. | Public ownership  
Multi-stakeholder board of directors |
| **Costa Rica’s Banco Popular** | Costa Rica’s Banco Popular de Desarrollo Comunal is a hybrid, public-cooperative national bank that invests in micro-, small-, and medium-sized enterprises. About 20 percent of all Costa Ricans hold shares in the bank. Moreover, the bank has a Worker’s Assembly—a 290-member body of democratically elected worker-owners—and endorses a “triple bottom line” model, which goes beyond the profit-maximization paradigm by also emphasizing environmental and social well-being. | Public ownership  
Worker ownership  
Board of democratically-elected worker-owners |
Section II: Learning From Experiments with Democratic Governance

Over the course of Build Back Better negotiations, which culminated in the IRA, environmental justice leaders fought to secure a robust investment and climate package that can adequately address the multiple crises we face. Despite its historic significance, the IRA fell short in many important ways, and the failings of our democratic system mean that, once again, the communities at the frontlines of the climate crisis continue to bear the brunt of the compromises. This means that integrating democratic principles into the IRA’s implementation—as well as into implementation of President Biden’s other blockbuster legislation—is all the more imperative.

The handful of international examples we’ve discussed above are only a sampling of countless experiments in democratic governance models around the world, each of which can provide lessons and inspiration for US policymakers as they shape the governance of the massive funding streams unleashed by the IRA, IIJA, and CHIPS.

1. Inclusive governance structures help protect against power asymmetries and ineffectual attempts at public input.

When it comes to shaping the governance structures of public investment institutions, the experiences of Germany’s KfW and Costa Rica’s Banco Popular demonstrate the viability of more equitable and democratic power-sharing in national investment strategies. By including labor and civil society stakeholders in meaningful decision-making positions, both of these investment institutions form a governance structure that curbs the asymmetries inherent in private investment institutions (and which are often mirrored public investment institutions). The implementation of all investment programs embodied in recent US legislation would benefit from similarly inclusive governance structures to make decisions about how funding is allocated and administered. This is particularly true of funding allocated to institutions like the Department of Energy’s Loans Program Office and to the Greenhouse Gas Reduction fund (the remnants of the Green Bank and Climate Bank proposals put forth in recent years), which most closely approximate a public investment institution in terms of purpose and mandate. If, on the contrary, inclusive governance structures are not erected and historical precedent is allowed to prevail, impacted communities may well be relegated to advisory committees with no power, or they may be cut out of the process altogether, on the basis of claims that public participation is too onerous a
requirement. In either case, decision-making power would, once again, be reserved for corporate executives, lobbyists, and other economic elites.

2. The way public investments are implemented can help dictate both the ownership and governance of production.

The implementation of public investments can also directly shape the **ownership and governance of production itself**. To strengthen worker power, for example, policymakers can mold US investments to give preferential treatment to companies that not only respect workers' rights, but also meaningfully include workers in decision-making—or are even owned by workers. Spain’s Mondragón Corporation, the world’s largest voluntary association of independent worker cooperatives, employing more than 80,000 people, illustrates the compatibility of worker ownership with large-scale production across an array of industries, including manufacturing sectors like those targeted in recent US legislation. Beyond worker ownership, policymakers can use investments to support workers and communities by attaching labor standards and guardrails and requiring community benefit agreements.

3. Oversight and accountability mechanisms are critical to decreasing the chance of mismanagement.

Without proper **oversight and accountability mechanisms**, both public and private investments risk mismanagement. Experiments like the Paris Water Observatory and remunicipalization demonstrate how building trust between administrators and an array of civil society stakeholders—from government institutions, to water users, trade unions, and researchers—can develop robust public oversight mechanisms over time. This experience also shows how transparent, trusted oversight mechanisms can become the foundation for meaningful power-sharing that gives civil society representatives direct control over the management and provision of essential goods and services. Both policymakers and civil society actors can look to the Paris Water remunicipalization as they seek to ensure oversight and accountability for investments in energy and other utilities.
4. Building a strong civic infrastructure is a long-term, multi-coordinated commitment.

Both civil society and policymakers currently face the challenge of (re)building and innovating a civic infrastructure for inclusive governance. Examples such as Ireland’s Citizen Assembly and Taiwan’s vTaiwan and PoLi.is platforms show how digital democracy tools and deliberation can make democratic decision-making more agile and inclusive. Building these types of mechanisms into the administration of public investments can both speed up deployment and facilitate the inclusion of heretofore marginalized stakeholders. However, it bears noting that providing a vehicle for community participation, input, or leadership alone will not correct power imbalances. Building inclusive civic infrastructure also means providing access to relevant educational resources and technical assistance, as well as baseline support for childcare and financial support for participants (and more), so that democratic planning is not left to an elite class with leisure time. Furthermore, civic infrastructure can remain weak without enforceability, and failure on the part of the government to follow through with public decisions can cause unnecessary delays, waste time and resources, maintain the status quo, and lead to the public’s disillusionment with democracy.

The best way to direct public dollars toward objectives that truly serve the public interest is by placing impacted communities and workers at the helm. To the extent that democratic governance mechanisms succeed in engaging workers and communities, they can also serve as a constructive source of community and broader participation in the democratic process, creating a bulwark against the authoritarian drift championed by far-right extremists. By embedding robust, inclusive democratic governance structures throughout the broad and scattered set of institutions that administer public investments, we can create the conditions to strengthen people’s capacity to flex their civic muscle and channel resources to deliver real, long-lasting value to their communities.
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