

DemoTrans: Rebalancing Democracy and Globalized Corporate Power



The Horizon Europe project [DemoTrans](#): Interchange between Democratic Institutions and the Globalization of the Economy was established to address a fundamental challenge that European societies are facing, namely, how can we sustain and enhance democratic governance in the era of globalization, economic power concentration, and growing public concern regarding equity, fairness and accountability in the political sphere. Responding to call topic [HORIZON-CL2-2021-DEMOCRACY-01-02](#) and coordinated by KU Leuven, the DemoTrans project unites a multidisciplinary group of leading European universities and research groups, in order to investigate the intricate links between corporate power, democratic governance, institutional design and democracy.

The motivation of KU Leuven to coordinate DemoTrans anchors in both academic and societal considerations. From an academic and research perspective, we identified a clear need to pave the path of a non-fragmented analysis of corporate political influence, public administration, policy production and fairness. These dimensions are often studied in isolation, while in reality they form an interconnected system that determines how democracy functions in practice. Likewise, from a societal perspective, we recognized the urgency of strengthening democratic institutions, given that a rising number of citizens across Europe have been questioning whether liberal democracies and democratic institutions have the capacity to tame corporate power and govern markets in an effective and equitable way. This is the gap that DemoTrans was designed to address, producing robust recommendations to policymakers, scholars and civil society, for encouraging stronger democratic accountability and inclusion in economic processes. Stakeholders were actively involved in the project through the advisory board, invitations to webinars and conferences, and by targeted discussions on the policy briefs and research outcomes.

DemoTrans central argument is that innovative policies to increase transparency and to promote good governance are crucial tools to mitigate these negative impacts, to promote inclusive growth, and to facilitate the sustainability of democratic societies. The project focuses its research work on four interrelated pillars: a) the capacity of democratic institutions to shape markets; b) corporate accountability and tax justice; c) organizational design and institutional

legitimacy; d) mechanisms through which lobbying and political connections influence decision-making. Bringing these research paths together, DemoTrans adopts a holistic approach in studying democracy as a system of economic and social actors, governance structures and public institutions.

The coordinating role of KU Leuven has been to guide the coherence of the project, ensure that the collaboration between partners and disciplines is the most effective, and most importantly disseminate and communicate our research results, by facilitating a dialogue with stakeholders and policymakers. To this end, we have established structured communication channels, organized stakeholder workshops, and developed targeted dissemination strategies to ensure our findings are accessible, relevant, and impactful. This is one of the key strengths of DemoTrans: combining rigorous quantitative analysis with policy-relevant institutional and theoretical perspectives allowing us to capture both the measurable effects of corporate power and the broader governance dynamics in which these effects are embedded.

A central finding of the project is that democratic institutions are not merely passive recipients of corporate pressure. Through tools such as public procurement, standards, and administrative practices, the state can shape markets and innovation. However, these tools only work when supported by institutional capacity, learning, and appropriate design. However, this capacity depends critically on institutional design, implementation capability, and learning processes. Effective governance is therefore not only a matter of regulation, but of building robust and adaptive public institutions.

At the same time, DemoTrans highlights the structural nature of corporate power in contemporary economies. Multinational firms operate across jurisdictions, often exploiting gaps in national regulatory and tax systems. This creates challenges for democratic accountability, particularly in areas such as tax avoidance and financial transparency, where the mismatch between global economic activity and national governance frameworks becomes most apparent. The project identifies concrete policy pathways, including enhanced transparency measures and international coordination, that can help restore fairness and fiscal capacity. These pathways were communicated to policymakers through targeted policy briefs, high-level stakeholder meetings, and direct engagement in advisory forums, ensuring that recommendations were both visible and actionable within relevant decision-making processes.

Another important contribution of DemoTrans lies in its focus on organizational design. The project shows that the way public institutions are structured through fiscal rules, monitoring systems, and administrative arrangements, has profound implications for both policy outcomes and citizens' perceptions of legitimacy. Institutional design is not a purely technical issue; it is central to democratic governance. Similarly, our research on lobbying and political connections demonstrates that corporate influence often operates through indirect and systemic channels, embedded in governance structures such as procurement systems and professional networks, rather than only through visible forms of advocacy.

All in all, a key lesson of DemoTrans is that strengthening democracy in Europe requires more than incremental policy adjustments. It calls for a comprehensive approach that combines improved institutional capacity, more effective accountability mechanisms, and careful attention to the design of governance systems.

More info

DemoTrans (CORDIS): <https://cordis.europa.eu/project/id/101059288>

DemoTrans project website: <http://www.democracy-transparency.eu>