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Democratic reforms and legitimacy in established Western democracies

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Citation

Ziemann, K. (2014, September 17). *Democratic reforms and legitimacy in established Western democracies*. Retrieved from <https://hdl.handle.net/1887/28768>

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Title: Democratic reforms and legitimacy in established Western democracies

Issue Date: 2014-09-17

Chapter 6

The Impact of Reforms on Satisfaction with Democracy and Trust in Institutions

6.1 Introduction: Linking Reforms to Legitimacy

The previous chapter concluded that there is no congruence between mass-level cultural dispositions and the type of reforms that are implemented. The results demonstrate that despite a decline in hierarchical culture it seems that most reforms implemented in the 1990s fall under the indirect and integrative category.

This chapter aims to further our understanding of the effects that institutional changes have on attitudes of the citizenry. The debate on the effects of reform on legitimacy is mainly concentrated around the issue of procedural justice (which I will discuss in the coming sections). The link between institutional change and the attitudes of the citizenry is often made in the contexts of either non-majoritarian reforms and reforms that increase citizen participation.

6.2 Increase in Non-Majoritarian Institutions and their Link to Legitimacy

Various scholars (such as Levi-Faur (2005), Vibert (2007), Jorana et al. (2011)) have shown that over the course of the last 20 years there has been a major increase in

the number of unelected institutions across the world: “*Unelected bodies have become the operational and practical arm*” of governments in the US and Europe (Vibert, 2007, p.33). In this indirect form of democracy citizens vote for representatives. These representatives delegate powers to experts and the experts are the ones who develop and execute various policies. Non-majoritarian institutions are independent from governments and parliaments.

Coen and Thatcher (2005, p.330) define one category of unelected institutions as the Non-Majoritarian Regulator (NMR), which is an “*unelected body that is organizationally separated from governments and has powers over regulation of markets through endorsement or formal delegation by public bodies*”. The authors refer to formal delegation as the transfer of official authority by parliament and government through public law and endorsement means actual recognition. Regulators have been given power by elected bodies to create and administer laws that command the activities of environments, citizens and markets (Coen and Thatcher, 2005).

Different kinds of non-majoritarian regulators exist alongside each other. Coen and Thatcher (2005) provide us with three types of NMR: Private NMRs develop informal standards of conduct or production for different sectors. These standards can only be enforced if third parties demand them. Empirical evidence shows that some national governments have either shifted formal powers to such private regulators or formally recognized their role. The second type of NMR is the supranational or international NMR. Examples include the World Trade Organization (WTO) with its binding conflict settlement measures, and the European Union (EU), which is able to advance a single market. The third type of NMR is the National Independent Regulatory Agency (NIRA). Until the 1960s this type of institution existed primarily in the United States. Since then, it advanced all over the Europe. Some examples of NMRs in this category include competition authorities, utility regulators and financial market regulators.

Other non-elected institutions that have increased in number and importance are the various courts of justice. Ginsburg (2008) argues that after the Second World War, as the notion of human rights and peaceful dispute resolution became more important, many countries introduced a formal provision for constitutional review. Judges are supposed to oversee that laws are honored and to ensure that government does not breach the rights of its individual citizens. Recently, courts have used their powers to influence policy-making, thereby weakening the monopoly of government in key policy areas. Cichowski and Stone Sweet (2003) confirm this finding by showing how judges have widened the gateway for citizens leading to a substantial growth in judgments on policy issues (often compensating for the failures of political parties to specify the content of rules).

6.2.1 Non-Majoritarian Institutions Against the Tyranny of the Majority

There are a couple of frameworks within which delegation to expert institutions is legitimated in the current literature. The first, unlike traditional majoritarian democracies, proposes to share, divide, restrict and delegate authority (Majone, 1998). Direct democratic mechanisms depend on political judgments that are often based on the passions and interests of the majority of the citizens. At the same time, legislatures in representative democracies have the inclination to expand their own powers. Some faction (or group of factions) would be able to use the system for its own benefit while ignoring the rights of the minority and the general good. The best solution against such threats is further dispersion of power into the hands of many more groups. This would create a better system of control and would guarantee the rights of the minority. Majone (1998) uses Madison's model to rationalize the emergence of non-majoritarian organizations within democratic theory. The majoritarian tyranny should be avoided by taking power away from citizens and representatives and placing it in the hands of experts (who are independent and not under the jurisdiction of any majority or minority group).

6.2.2 Non-Majoritarian Institutions and Procedural Legitimacy

Beyond the protection of minority rights, another motivation Majone (1998) offers is that of procedural legitimacy. To begin with, non-majoritarian organizations in modern democracies are never completely autonomous entities but rather entities that operate within specific legal boundaries. The boundaries are often predetermined by an elected organ such as a parliament or a government. Non-majoritarian institutions are considered to be professional institutions, unbiased towards any group but rather able to incorporate widespread interests. Furthermore, they possess the appropriate problem solving abilities and they are able to focus on goals specific to their institution. Thatcher and Stone Sweet (2002) identify four main reasons that could explain why politicians would decide to delegate powers to Non-Majoritarian Institutions (NMIs): one reason for delegation to expert organizations is the desire for expertise in areas of law, economy and industry. With the increasing complexity of society and technology, politicians (who are often generalists) need the insight of specialists to compensate for information asymmetries in order to ensure efficiency in rule making. Another reason politicians agree to transfer powers to independent organizations is because it increases the credibility and neutrality of policy making in the public eye. Regulatory institutions are not subject to influence from political parties regarding policy and appointments of officials. Furthermore, unlike governments, which are elected every four years,

Non-Majoritarian Institutions can concentrate on long-term issues and offer continuity. Finally, the authors also agree that more often than not governments and parliaments are motivated by blame avoidance. When necessary measures are undesirable for the majority of the population, politicians can argue that their hands are tied because authority had been delegated to experts (Thatcher and Stone Sweet, 2002).

6.2.3 Citizen preferences and expert institutions

One reason why citizens might prefer the introduction of expert institutions is the need to avoid risk. Critical events in society (such as the BSE epidemic or the dioxin affair, oil leaks, the collapse of the banking sector or discrimination cases) have created space for new groups with different worldviews in the policy-making process. The introduction of expert regulation has been a method for challenging the authority of vested groups in the policy process (Moran, 2000). One could also argue that it is not risk per se but the increase in the perception of risk by the public that leads to an increased need for regulation (if not yet in place). This argument stems from the idea that modernization has transformed society into a risk society (Giddens, 1990, Beck, 1992). Unlike primitive societies, modern societies are subject to new illnesses, violence, and environmental hazards that are a product of modernization processes itself. These risks are manufactured risks that humans can either alleviate or aggravate. Another factor that would make the public more favorable towards the emergence of the regulatory state is the shift of the public from being “accepting subordinates” to “demanding consumers” (Moran, 2000). Citizens in our time anticipate public services similar to the ones they receive in the private sector. They are no longer impressed by authority figures and are more likely to question and criticize their decisions. This phenomenon is often referred to as the “audit society” (Power, 1999) or “stealth democracy” (Hibbing and Theiss-Morse, 2005).

Linking back to the need to protect minorities, Hibbing and Theiss-Morse (2005) find an anti-minority group sentiment among their respondents. These sentiments are based on their respondents’ assumption that most citizens share similar ideas about politics; that there is a so-called national consensus. As a result of this belief in a national consensus, citizens believe that conflict, debate and compromise in politics are unnecessary and should be avoided. Given that there is a general agreement among the public about the most important issues facing the state, it should be easy for politicians to respond to their needs. Special interest groups are the ones who create and perpetuate conflict as it is often to their benefit.

When people observe politics, brimming with conflict, they conceive politicians as serving their own or some lobby group’s narrow self-interest. The current political

arrangement, it is argued, allows politicians to enrich themselves and if there is anything people dislike most, it is being taken advantage of. Although fellow citizens are most often seen as uninformed and incompetent, Hibbing and Theiss-Morse (2005) find that almost 80 percent of respondents in their study agreed that citizens should receive more direct powers. At the same time, their analysis shows that most people cannot be bothered with politics and have no desire to become active themselves.

The authors explain this paradox in the following way: Although direct democracy is considered to be an inadequate system of governance by many of the respondents, to them it remains a necessary evil to counter the self-serving behavior of representatives. However, when alternative options are offered a different account emerges: governing is perceived as nothing more than a “management problem” which comes down to nothing more than deciding what is the most efficient way to accomplish common aims. As a result, more than half of those interviewed agreed that government should be run like a business and that it ought to be the responsibility of experts even if it means that direct accountability to citizens suffers. The authors’ conclusions are supported by prior findings where judges and independent commissions of all sorts often retain high levels of popularity.

6.2.4 Expert Institutions and Legitimacy: Some Expectations

One way to understand the relationship between legitimacy and delegation to NMIs is that an increase in regulation by expert institutions will eventually increase legitimacy. There are three ways in which the state can communicate that it is fair and trustworthy (Levi, 1998). The state can coerce those who do not conform to the rules, it can produce universal policies, establish credible courts or “*other impartial institutions for arbitrating disputes and ensuring that those who lose can sometimes win*” (Levi, 1998, p.90). Expert institutions are such impartial institutions that give individuals assurance that procedures are fair and that the state is able to harmonize the interests of different parties. They also protect the rights of the minority from the tyranny of the majority and give the impression of reduced risk to citizens. Expert institutions will eventually help “*legitimize markets and facilitate transactions by enhancing trust*” (Levi-Faur, 2005, p.20). The expectation here is that regulation by expert institutions will increase legitimacy.

- An increase in regulation by expert institutions will increase legitimacy

There are those who claim that there is no link between delegation to regulatory institutions and trust. O’Neill (2002) argues that there might be no crisis of legitimacy: Although people might respond as having little trust, this might only hint at a “*culture*

of suspicion". The author admits that there are numerous cases of untrustworthy incidents and untrustworthy representatives; however, there is no evidence across time to suggest an increase. The assumption here is that expert institutions will not affect legitimacy. In essence O'Neill's argument can refer to any reform. Finally, there are those who argue that the rise of expert institutions can actually harm the legitimacy of the representative institutions. The shift of state capacity to supranational, national and sub-national expert organizations might limit the room for maneuver of representatives and representative institutions such as the government and the parliament. As a result, these institutions will be perceived as redundant and perhaps less legitimate. Much has been written about the decline and decay of representative democracy: evidence shows a decline in party membership and decline in voter turnout (for an overview see: Pitkin (2004), Dalton and Wattenberg (2002), Dalton (2007), Schmitter and Trechsel (2004), Alonso et al. (2011)).

Another way a state can enhance legitimacy is by giving citizens access to the policy-making process "*so that they become aware of what is at issue and are included in the give and take that leads to compromise*" (Levi, 1998, p. 92). However, citizen participation is completely absent within regulatory institutions. This argument leads some to believe that the roles and powers of expert institutions can pose problems for democracy given that these institutions are unaccountable to the public (e.g. Coen and Thatcher, 2005). More expert regulation can constrain and immobilize those who have to adhere to the rules, further damaging trust rather than supporting it (O'Neill, 2002). Mair (2009) argues that the gap between responsive and responsible government has widened and according to him this is one of the most important factors behind the democratic deficit in Western countries. Proponents of more participatory democracy expect that a shift towards expert democracy will cause a reduction of trust. The next section focuses on the increase in participatory reforms and its impact on legitimacy.

6.3 Increase in Participation Opportunities

Many have argued that in the last two decades there has been an increase in the number of reforms that allow more citizen participation in the democratic decision-making process (Butler and Ranney, 1994, Fishkin, 1991, LeDuc, 2003, Scarrow, 2001, Dalton et al., 2006, Zittel, 2007, Van Deth et al., 2007). Political participation is generally defined as those "*legal activities by private citizens that are more or less directly aimed at influencing governmental personnel and/or the actions they take*" (Verba et al., 1971, p.9). The literature identifies shifts in different mechanisms that allow the public to express its opinion and exert influence in various policy areas. One group of researchers has suggested that the

introduction and use of direct democratic instruments such as referendums, initiatives and citizen assemblies has increased. These instruments have been used at the national level (Butler and Ranney, 1994, Setälä, 1999, Scarrow, 2001, LeDuc, 2003) and they have become acceptable at the supranational level as well (Lupia and Matsusaka, 2004). A second group of scholars focuses on the increased participation of citizens through traditional representative institutions. Dalton et al. (2006) find an increase in the introduction of elections to public offices (such as an introduction of a directly elected president or prime minister, the directly elected mayor and other regional executives, the introduction of primaries within political parties or changing electoral systems to allow more parties access to parliaments). A third group of scholars recognizes the emergence of what they call “advocacy democracy”. Reforms that help advocacy democracy are those reforms that (1) give citizens more access to the policy making process through transparency laws and open information laws (Cain et al., 2006), (2) devolve government programs and decision-making to lower levels (Ansell and Gingrich, 2003), and (3) revise administrative processes through citizen-consultation, hearings and advisory groups (Ansell and Gingrich, 2003). Unlike direct democracy, advocacy democracy is not about making decisions but rather about influencing the process. In this view the introduction of new judicial organizations and the increase of the power of judges could increase citizen participation because it would give citizens another access point to policy-making (Cichowski and Stone Sweet, 2003).

Institutional theorists agree that once institutions change they can often have great impact on political outcomes. One argument is that the introduction of direct democratic reforms would lead to elites losing control over the legislative processes (Brunetti and Straubhaar, 1991). In Switzerland, for instance, citizens can collect signatures to call for a referendum against a decision made by parliament or to force parliament to put an issue on the agenda. Others, point out that elites are not completely powerless as they can anticipate what the citizens want and so come up with decisions that are acceptable to the wider public (Trechsel and Sciarini, 1998). Furthermore, elites may affect public opinion through providing information and running campaigns (Trechsel and Sciarini, 1998, LeDuc, 2003). This would also mean that special interest groups with substantial financial resources have the opportunity to manipulate public opinion formation and thus skew the political process to their advantage. Furthermore, Dalton et al. (2001) warn that those at the “periphery of politics” and those who support anti-establishment populist parties are more likely to support reforms towards direct democracy. The authors expect that reforms might actually support extremist and populist tendencies and lead to a decline in the legitimacy of the representative bodies. The authors do not provide any evidence for this claim and urge further investigation of the subject.

6.3.1 Preference Among Citizens for Participation

If we look at the demand side, evidence shows that citizens do support more direct democratic reforms. Dalton et al. (2001) find that those who are dissatisfied with the way democracy and political parties work in their own country are more supportive of direct democracy than those who are satisfied (they report a 44% difference between the two groups). They also find a negative correlation between satisfaction and support in public opinion datasets in Germany as in other cross sectional European surveys. Donovan and Karp (2006) too find that support for direct democracy remains high across the countries in their investigation. Unlike the previous authors, however, they find that a wide range of citizens support direct democracy rather than only those who are disaffected. Furthermore, even though Hibbing and Theiss-Morse (2002) argue that most people do not want to be more active in politics they do not propagate getting rid of participation altogether. Their data show that people still want to be able to participate if they deem it necessary. Supporting an expert type of democracy:

"[...] does not mean people think no mechanism for government accountability is necessary; They just do not want the mechanism to come into play except in unusual circumstances. The people want to be able to make democracy visible and accountable on those rare occasions when they are motivated to be involved. They want to know that the opportunity will be there for them even though they probably have no current intention of getting involved in government or even paying attention to it. Just as stealth bombers can be made to show up on radar when desired the people want to know that their government will become visible, accountable, and representative should they decide such traits are warranted" (page 2).

The authors' data show that what American citizens are most concerned about is the procedural integrity of their political institutions. Social psychologists have been able to confirm this view in various studies since the 1970s.

6.3.2 Linking Participation to Legitimacy

Democratic theorists generally tend to mention three positive transformations that would occur in society once more participatory democratic instruments are introduced. It is believed that participation increases legitimacy and acceptance of government decisions- that it integrates more groups into the decision making process and that it stimulates the growth of more knowledgeable citizens (Pateman, 1970, Warren, 1992). However, it still remains unclear which type of participation is more likely to bring about these renewals. Social psychological research on procedural justice provides

some vital empirical evidence with regard to many of the propositions presented by participatory theories, i.e. about how political participation can affect citizen attitudes towards their democratic system. Work from as early as the 1970s shows that people are more likely to assume that results will be in their benefit if they are allowed to make their opinions known during decision-making (Thibaut and Walker, 1975). Others contradict the notion that merely possessing a voice in the decision-making process can make people more satisfied and trusting towards their political system. It is the relationship with the authorities that counts. There is a difference between the effect of participation and the effect of the existence of participatory opportunities. Lind and Taylor (1988), for instance, agree that the way citizens are treated when they decide to participate has a strong impact on how they will evaluate the whole experience. The fairness of procedures will eventually be evaluated positively if citizens are recognized as equal members of the group and if they are handled with dignity. More recently Ulbig (2008) agrees that external political efficacy is a concept that should not be ignored when studying the relationship between participation and legitimacy. Her research finds that if people perceive that the voice they possess does not carry any authority this would actually decrease their satisfaction and trust in the system. Thus if participation is perceived as unequal one could expect that more participation leads to less legitimacy. Overall this can be more damaging to democracy than not having a voice at all. Just as in the debate among democratic theorists, it remains unclear which type of participation or which combinations of participatory procedures increase people's perception that they can influence their political environments.

Participation at the Ballot Box

One way of restoring trust and satisfaction in the system might be by reforming the major participatory institution of democracy, namely, the electoral system, whereby citizens and elites are linked. Various industrialized democracies, such as New Zealand, Italy, Japan and Israel, decided to change their electoral system partly due to increasing dissatisfaction amongst their citizens (Norris, 1995). Electoral systems are important because they influence election results, the parties, the party system and the legitimacy of the democratic system. There are those who argue that proportional electoral rules (PR) create a more inclusive parliament and are therefore more likely to have a positive impact on the legitimacy of the system. Lijphart (1999) confirms that satisfaction with the functioning of democracy was approximately 17% higher in countries with a PR electoral system¹. Then there are those who claim that a majoritarian system is

¹However, more recently Aarts and Thomassen (2008, p.5) find that their "evaluative measure of satisfaction with democracy is negatively related to proportional electoral systems".

more accountable to the citizens and therefore more likely to have a favorable effect on trust and satisfaction. Norris (1999), for instance, uses World Value Survey data to demonstrate that countries with majoritarian systems enjoy higher levels of trust than proportional systems. A third group of scholars finds a more complex effect of electoral systems. Anderson et al. (2005) show that there are substantial differences between winners and losers within the two systems. While losers are more trusting in proportional systems, where power is shared between executive and opposition parties, winners are more trusting towards the system in majoritarian systems. Others insist that the complexity is of a different nature: that the relationship between electoral system and legitimacy is a curvilinear one (Mariën, 2012): In other words, that political trust is higher in countries that have either ideal type proportional systems or ideal type majoritarian systems; mixed systems are expected to have lower levels of political trust.

Participation Between Elections: Referendums, Initiatives, Deliberation and More

Additional groups of scholars share the view that citizens' assessment of the political system is conditional on how open political institutions are to their efforts to influence policy. These groups have diverging opinions about which types of structures promote citizen influence either during elections or between elections, or either at the national or local level. Barber (2003) claims that direct democratic participation would increase citizen action and positive perceptions about democracy and its processes. Direct democratic instruments are capable of resolving many of the principal-agent difficulties presented by representative democracy. That is, the opportunity for citizens to participate through for instance referendums, initiatives or consultations, further inhibits elites from pursuing their own narrow self-interests. As a result of their involvement (procedural utility) citizens feel that government outputs are brought in line with their own opinion (outcome utility) and this, in turn, helps develop higher levels of satisfaction (Bowler and Donovan, 2003, Frey and Stutzer, 2002). There are numerous case studies looking at the effects of direct democracy such as participatory budgeting in Porto Alegre, neighborhood councils in France, deliberative opinion polls in Denmark or local citizen juries in Spain (Papadopoulos and Warin (2007), Kübler and Schwab (2007), Sintomer and De Maillard (2007), Andersen and Hansen (2007), Font and Blanco (2007), Fournier et al. (2011)). Studies at the local level also validate the positive effects of direct democracy on citizen attitudes (see for instance: Stadelmann-Steffen and Vatter (2011), Frey and Stutzer (2000a,b,c)). On the supranational level Culpepper et al. (2008) find that citizens who took part in European level citizen deliberations were more likely to have favorable attitudes towards EU membership and EU institutions at

the end of the process.

However, others are more skeptical and find no evidence of a positive relationship. Moravcsik (2006) is less optimistic about the use of direct democracy at the European level. The failure of the constitutional experiment to boost trust and support for the European project leads him to conclude that the experiment was based on a false premise and that further democratization of Europe would only make it less popular. Participation and deliberation do not lead to trust and legitimacy but insulated institutions do. Furthermore, Hooghe and Marks (2008) point out that elite initiated European referendums have not cured the democratic deficit of the EU. So far they have only managed to intensify the contrast between elite and mass positions.

Size Matters

Proponents of advocacy democracy argue that decentralization of authority from central to subnational state institutions offers citizens an additional venue to exert influence over the planning and delivery of policy that is close to their hearts. The idea here is that size matters. It is more likely for participation to have real effect and contribute to responsiveness in smaller political communities (Oliver, 2001, Dahl and Tufte, 1973). More recent studies into the effects of size on political trust and satisfaction have found that citizens in small municipalities are more satisfied than inhabitants of bigger communities (Van Assche and Dierickx, 2007, Denters, 2002). These arguments would lead one to conclude that the introduction of participatory instruments at the sub national level is perhaps more likely to have an impact on democratic legitimacy.

However, Dahl and Tufte (1973) also warn that smaller democracies are more personal and affective while citizens in larger democracies are able to keep politics impersonal and at a distance. Small democracies are more prone to nepotism, favoritism and clientelism. In this case small-scale might actually have a detrimental effect on legitimacy. Given the complexity of political issues in modern societies it remains unclear which participatory instruments would be able to have an impact on legitimacy at which level.

6.3.3 Participation and Legitimacy: Some Expectations

The expectations about the relationship between participation and legitimacy are contradictory. Allowing citizens more participation will eventually increase legitimacy. Research (discussed in section 6.3.2) has shown that people are more likely to assume that results will be in their benefit if they are allowed to make their opinions known during decision-making. The expectation here is that allowing citizens more access through the ballot box and/or more participation between elections will increase

legitimacy. Others (such as Ulbig 2008; see discussion section 6.3.2) contradict the notion that merely possessing a voice in the decision making process can make people more satisfied and trusting towards their political system - it is the relationship with the authorities that counts. A meaningful relationship between government and citizens can for instance be established in smaller political communities (as discussed in section 6.3.2). It is more likely for participation to transform into real effect and responsiveness at the subnational levels. The expectation here is that decentralization of powers and participatory opportunities to the sub-national levels will increase legitimacy.

- Allowing citizens more access through the ballot box will increase legitimacy.
- Allowing citizens more participation between elections, through referendums or consultation, will increase legitimacy.
- Decentralization of powers and participatory opportunities at the sub-national levels will increase legitimacy.

Others (such as Dahl and Tufte, 1973; section 6.3.2) warn against the possible increase in nepotism, favoritism and clientelism in small communities. There are also those who argue that an increase in citizen influence and participation (either on the national or sub-national level) can actually be detrimental to the legitimacy of representative institutions. The shift of decision-making power to the citizens might limit the possibilities of representatives and representative institutions such as the government and the parliament (such as for instance in Switzerland (Brunetti and Straubhaar, 1991)). They may be perceived as inhibitors of the real will of the people, as redundant and thus less legitimate. The expectation here is that increasing the influence and participation of citizens at the national or sub-national levels would harm the legitimacy of representative institutions such as the government and parliament.

6.4 Hypotheses, Data and Method

The main aim of the current study is to find out which reform (if any) has an impact on democratic legitimacy.

I will investigate the relationship with individual reforms and at the same time I will investigate which type of reform (aggregative or integrative ; direct or indirect) has an impact on whether citizens are more satisfied with their democratic system and whether they trust their institutions. This typology was introduced in the previous chapter. Although the impact discussion has focused on the direct and indirect dimension. Chapter 5 has also shown the importance of the integrative and aggregative aspect of

reform. As described previously, the aggregative versus integrative dimension focuses on how power is executed. In this typology, *integrative* also suggests that deliberation essentially takes place when minorities are integrated. The second dimension is the direct versus indirect dimension. This dimension deals with who is executing power; either the people or the elites (see table 5.2 in chapter 5).

In other words, does delegation of powers to international organizations or to national experts have an effect? Do citizens prefer more decisiveness in the system (pendulum reforms) or reforms that maintain or bring about more proportionality (consensus reform)? To answer these questions I will use the dataset of reforms I presented in chapter 3. The various expectations found in the literature will be tested simultaneously (where available). Moreover, the impact of other reforms and situational effects will also be assessed.

6.5 Hypotheses based on the Typology of Democracy

As previous studies (discussed in sections 6.2 and 6.3) have shown, it remains unclear whether reforms have any impact on perceptions of procedural justice. Various expectations emerged from the literature review presented above:

- An increase in regulation by expert institutions will increase legitimacy.
- Allowing citizens more access through the ballot box will increase legitimacy.
- Allowing citizens more participation between elections, through referendums or consultation, will increase legitimacy.
- Decentralization of powers and participatory opportunities at the sub-national levels will increase legitimacy.

These hypotheses can be extended to include the different types of reforms identified in chapter five in the following ways:

In chapter 5 consensus reforms were categorized as reforms that are indirect and integrative.

Indirect and Integrative reforms - Consensus reforms - at the ballot box: Reforming the electoral system to make it more inclusionary will increase citizen trust and satisfaction with democracy

Indirect and Integrative reforms - Consensus reforms - size: Introducing or extending the powers of local and regional authorities will increase citizen trust and satisfaction with democracy

Indirect and Integrative reforms - Consensus reforms: Reforming the parliament and the functioning of political parties will increase citizen trust and satisfaction with democracy

Indirect and Integrative reforms- expert institutions: Introducing or delegating more powers to national or international (regulatory) institutions and courts of justice will increase citizen trust and satisfaction with democracy

Pendulum reforms were categorized as reforms that are indirect and aggregative.

Indirect and Aggregative reforms - Pendulum Reform: Introducing direct elections of executives will increase citizen trust and satisfaction with democracy

In the previous chapter voter reforms were reforms categorized as direct and aggregative.

Direct and Aggregative Reforms - Voter reforms: The extension or introduction of referendum laws, citizen charters, satisfaction surveys, procedural simplification will increase citizen trust and satisfaction with democracy

Participatory reforms are categorized as direct and integrative.

Direct and Integrative Reforms - Participatory reforms: The extension or introduction of new freedom of information laws and consultation for administrative procedures will increase citizen trust and satisfaction with democracy

6.5.1 The Variables and their direction

The independent variables, reform variables, were taken from the dataset presented in chapter 3 constructed with existing datasets. Such as: Jorana et. al. (2007), Bedcoak et. al. (2012), Gallagher and Mitchell (2005), C2D dataset, Marks et al. (2008), Cain et. al. (2006) and Banisar (2006) and Ansell and Gingrich (2006). If a reform has occurred in a certain country in a given year then it is given the value of 1. If there is no reform this is coded as 0.

The following electoral system reforms have been categorized under consensus reforms (direction inclusive): Increase of preference vote, corrective tiers in majoritarian systems, expansion of proportionality of the electoral system, gender equality, reduction of territorial discrepancies, facilitating postal voting, facilitating registration procedures, allowing citizens abroad to vote or (non) EU citizens, lowering voting age.

Parliamentary reforms which were categorized under consensus reform types include: the reduction in the duration of terms, increase in the number of MPs, reducing the majority needed to pass legislation, changing the (voting/ deliberation) procedures of parliament, changing the powers of the chambers, increasing the powers of parliamentary committees.

Decentralization reforms coded as consensus reform include: extending the powers of or introducing new regional and local authorities. Increasing the ability to cooperate

with other municipalities.

Party subsidy reforms included in the consensus reform category include: reforms which introduce or lower the threshold for access to or reimbursement of campaign costs, access to state funding for individual MPS and political parties, tougher regulation for individual and organisational donations and reduction of campaign expenditure.

Non-majoritarian reforms include delegation of power to regulatory agencies, (national and international) courts and extension of power to the EU. Extension of regulation includes the health, water, work safety, post services, environment, food safety, pharmaceutical, pensions and social security, gas, competition, insurance, electricity, security and exchange, telecommunications, central bank and financial services sectors.

Directly elected executives, coded as pendulum reforms, are reforms that introduce the direct elections of the president, mayors, regional or provincial presidents.

Referendum Laws are coded as part of voter reforms. These includes reforms that introduce, facilitate or increasing citizen's initiative. For instance, reforms that decrease the amount of signatures necessary for referendums or initiative. This can occur for the local, national and regional level. New Public management type reforms consist of citizen charters, one-stop shops, satisfaction surveys, and procedural simplification.

The introduction or extension of national freedom of information laws and consultation for administrative procedures were coded as participatory reforms (see appendix C for all the variables).

Situational Variables

Other variables such as the quality of government (Van der Meer, 2010), economic development and the nearness of elections have been added to the analysis as control variables. These have been proven to have an impact on citizen satisfaction and trust in previous research (Anderson and Tverdova, 2003, Karp et al., 2003, Cusack, 1999, Clarke et al., 1993, Wagner et al., 2009, Blais and G lineau, 2007). The data was found in existing datasets, such as, the quality of government dataset for quality of government (a scale of 0-1) and the World Development Indicators for economic growth. The EJPR Data Yearbook was consulted for election dates (for detailed references see appendix C).²

²Another factor that has an impact on citizen's perception of democracy is whether they are winners or losers of the system (did they support the winning or losing party in the elections). Unfortunately, this variable was unattainable for the different countries and years selected for my analysis (See Table 6.1 for an overview of the hypotheses and Appendix C for detailed information on the operationalization of the variables)

The Dependent Variables Empirical Legitimacy

In this study, the legitimacy of democracy is measured by the variable 1) satisfaction with democracy and 2) trust in parliament and government. These variables assess the system's support at a relatively low level of abstraction (Norris, 2011). They do not concern the norms of democracy but the actual functioning and performance of the democratic system (Linde and Ekman, 2003).

In chapter 2 I elaborated on how I understand legitimacy within the context of this research. Many researchers using variables of empirical legitimacy often tend to blur the differences between specific and diffuse variables in their analysis which leads to differences in results at times showing a clear relationship between attitudes and institutions and at other times not (Kaase, 1988, Canache et al., 2001). There is an abundance of debate about whether citizens are able to discriminate between their democratic values and the way different institutions work. Although the different attitudinal variables are often correlated, recent factor analysis using World Value Survey data shows that they constitute separate sub-dimensions (albeit non-orthogonal dimensions) (Norris, 2011). Nevertheless, it has been advised to use multiple indicators to increase the validity of results (Linde and Ekman, 2003).

In my analysis, I use the variables trust in parliament and trust in government as separate variables (rather than as one compound trust variable) to measure the legitimacy of the current representative system (the status quo system)³. The scores report the percentage of those satisfied and fairly satisfied with democracy in a specific country in a specific year. The impact of reforms from 1990 to 2007 will be evaluated in a range of established European Democracies. Comparable data are available in the various Eurobarometers for 12 European countries the corresponding numbers of these Eurobarometers can be found in appendix C.

³By using the variables satisfaction with democracy and trust in institutions researchers make several assumptions about the meaning of these indicators without actually testing them. Attitudes about what democracy is and how it functions can be quite ambiguous. We use these indicators because no better alternatives are available over time. Researchers and policy makers also make certain assumptions about which reforms citizens might want without actually asking citizens what it is they want. These complaints about problems in conceptualization and reductionism are not new. Acknowledging these shortcomings some researchers are trying to fill our knowledge gaps in this terrain by holding focus group sessions in which citizens are asked how they understand democracy and the functioning of democratic institutions, and which reforms they would like to introduce (such as for instance: Ganuza et al. 2013 who find that what people in Spain don't want are more expert institutions).

Table 6.1: *Hypotheses and Variables*

<i>Referendum Laws</i>	Extending or introducing new referendum laws will increase citizen trust and satisfaction with democracy
<i>New Public Management Reforms</i>	Extending or introducing new public management reforms will increase citizen trust and satisfaction with democracy
<i>Freedom of Information Laws</i>	Extending or introducing new freedom of information laws will increase citizen trust and satisfaction with democracy
<i>Consultation administrative procedures</i>	Reforms introducing consultations for administrative procedures will increase citizen trust and satisfaction with democracy
<i>Direct Elections of Executives</i>	Introducing direct elections of executives will increase citizen trust and satisfaction with democracy
<i>Electoral Reform</i>	Reforming the electoral system or introducing new inclusive electoral system will increase citizen trust and satisfaction with democracy
<i>Parliamentary Reforms</i>	Reforming parliament to make it more inclusive will increase citizen trust and satisfaction with democracy
<i>Extension of Party Subsidy</i>	Extending state subsidies or reforming subsidies to parties will increase citizen trust and satisfaction with democracy
<i>Decentralization</i>	Extending the powers of or introducing new regional and local authorities will increase citizen trust and satisfaction with democracy
<i>New Regulatory Institutions</i>	Extending the powers of or introducing new regulatory institutions will increase citizen trust and satisfaction with democracy
<i>Extension of power to EU</i>	Extending the powers of the European Union will increase citizen trust and satisfaction with democracy
<i>Introduction of New Courts</i>	Extending the powers of courts will increase citizen trust and satisfaction with democracy

6.5.2 Time Series Analysis

Time-series cross-sectional analysis will be used to test the various expectations stated earlier in table 6.1. This method is most appropriate given the formulation of the research questions and hypothesis. The questions and expectations explicitly refer to a possible relationship between reform and legitimacy across time and space.

Once the dataset has been constructed, I test whether the independent variables correlate with each other by looking at vif scores. None score above the value of 10^4 (which is the current convention). Furthermore, the time series analysis also automatically removes variables due to multicollinearity. I also test if the model is properly specified (i.e. whether an independent variable has been omitted or an irrelevant variable may be included). The test concurs that the model is specified correctly.

The observations in this chapter concern the same subset of the countries discussed in the introduction of this book. The 12 countries from this subset have been included in the Eurobarometers: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Sweden, United Kingdom (and Norway for satisfaction with democracy). For some countries the data is available from the 1990s, for others commencing 1995 (for Norway it ends in 1995 and then one observation for 2008). The unit of analysis is a specific country in a specific year (country-year). I tested whether any of these cases influences the results disproportionately by analysing the Pearson residual plots. This was not the case. Other tests that were run were the linearity and normality (Shapiro-Wilk) tests which did not show any problems.

The N can vary in each analysis due to the following factors: Whether data is available for specific years, whether lag independent variables have been included, and whether lag dependent variables have been included. The time series analysis removes any observation which is not complete, that is, if the unit of analysis has any missing variables it is deleted. To give an example: In model 1 (Table 6.2 with satisfaction as the dependent variable) there are 106 cases. Most countries have data commencing in the 1990: Finland has data from 1993 onwards, Austria and Sweden commencing 1995, and Norway from 1990-1995 and 2008. Data on nearness of elections starts at 1991 and Ansell and Gingrich's data ends in 2003. To this a lag length of 4 years is added for the referendum reform variable. As a result of this Austria and Sweden have missing values for satisfaction for 1995. As I add fixed effects to the analysis (which will be explained below) Norway is removed when I run the regression because it only has one observation as a country (2008). Thus we get 9 years and 12

⁴ A vif score of 10 was advised by instructors at Essex University, Summer School in Social Science Data Analysis

countries which adds up to 108 cases. When we subtract 2 missing cases for Austria and Sweden in 1995 this results in 106 cases.

I consider the time aspect in my model by exploring different lag-structures. The hypothesized impact of reforms on the occurrence of institutional reform does not necessarily have to be immediate (Havrylyshyn and Van Rooden, 2003). At the moment, there is no theory to help us determine the number of lags necessary. Another way of determining the lag structure is statistically, by letting the data determine what is appropriate (Lake and Baum, 2011). The lag with the highest R-square and lowest Root Mean Square Error (RMSE) is added to the model. I also check whether an unexpected variation or special event may affect the dependent variable by testing for time fixed effects. This is the case for the satisfaction with democracy models (as a result I add time fixed effects to the model). An additional aspect I test is whether the data is non-stationary (trends, cycles, random walks). Results obtained from such data can be spurious. I fix the unit root problem in the quality of government variable by differencing it. Furthermore, I also check whether the series correlates with its own future or past values (autocorrelation) and the existence of heteroscedasticity. The models have a problem with autocorrelation and heteroscedacity. This can be addressed by applying a feasible generalised least squares analysis with a lagged dependent variable, an AR(1) and heteroscedasticity option.

Furthermore, I consider the cross-sectional aspect of my data by testing for random and fixed effects. The assumption of the fixed effects model is that time-invariant characteristics are unique to specific country and should not be correlated with other countries. Each country is seen to be different. In random-effects the levels are seen as samples from a larger population (the larger population in our case would be established western democracies). With a random effects model we assume that we can draw conclusions about the population from which the units of observation were drawn. In fixed effects the conclusions can not be generalized to countries not in the sample. A Hausmann test can be used to determine whether one should use random or fixed effects. The Hausmann test indicates that fixed effects should be added: therefore I control for country effects.

6.6 The Impact of Reforms on Satisfaction with Democracy and Trust in Institutions

Do political reforms have an impact on satisfaction with democracy and trust in institutions? Which reforms have an impact on legitimacy? The analysis indicates that the picture is as complicated as formulated earlier. Some reforms have a positive

impact and others have a negative or no impact at all.

Models 1 to 6 include the situational variables nearness of elections, quality of government and economic development. They includes lags of the independent variable, country fixed effects and time fixed effects. They excludes other institutional reforms which are not part of the type of reform. They also takes heteroscedasticity and auto-correlation into account.

Model 1 (Table 6.2) investigates the impact of voter type reforms on the three legitimacy variables. The model consists of referendum reforms and new public management reforms.

In the satisfaction model referendum reform is the only variable with an impact on the dependent variable. It correlates negatively with satisfaction with democracy (as is the case in the full model as well), i.e., the reform of the referendum instrument is associated with reduced levels of satisfaction with democracy. New Public Management reform correlates negatively with the trust in parliament and government variables, that is, the introduction of new public management type reforms are associated with lower levels of trust in parliament and government. Quality of government is correlated with satisfaction with democracy: the higher the quality of government, the higher the levels of satisfaction. And finally economic development has an effect on trust in parliament and government: the higher the economic development, the higher the trust.

Model 2 (table 6.3) examines the impact of participatory type reforms on the three legitimacy variables. The model consists of the variables: Freedom of information reforms and administrative procedures for public consultation reforms (plus situational variables). In this model freedom of information reform correlates positively with satisfaction with democracy, i.e., reform of the freedom of information laws is associated with increased levels of satisfaction with democracy. Administrative procedures is negatively correlated with satisfaction with democracy. Furthermore, the higher the quality of government the higher the levels of trust and satisfaction. And finally economic development has an effect on trust in parliament and government, the higher the economic development the higher the trust.

Model 3 (table 6.4) explores the impact of a pendulum type reform on the three legitimacy variables. The model consists of one reform variable: the directly elected executive reform and situational variables. In this model direct election of the executive reform correlates negatively with satisfaction with democracy and trust in parliament variables, i.e., reform of the direct elections of executives is associated with decreasing levels of satisfaction and trust. In this model economic development is positively correlated with trust in parliament and government, in other words, the higher economic development is the higher trust is.

Table 6.2: *The Impact of Reforms on Citizen Attitudes Model 1*

Variables	lag	Satisfaction	lag	Trust in Parliament	lag	Trust in Government
<i>Referendum Reform</i>	4	-14.29 (5.36)**	4	0.76 (4.55)	4	1.26 (4.23)
<i>New Public Management Reform</i>	0	1.67 (1.97)	0	-4.92 (1.62)**	0	-3.69 (1.29)**
<i>Freedom of Information Reform</i>						
<i>Administrative Procedures and Public Consultations Reform</i>						
<i>Direct Elections of Executives Reform</i>						
<i>Electoral System Reform</i>						
<i>Parliamentary Reform</i>						
<i>Party Subsidy Reform</i>						
<i>Decentralization</i>						
<i>Regulatory Institutions Reform</i>						
<i>European Union Reform</i>						
<i>Courts Reform</i>						
<i>Nearness of Elections</i>	1	-0.12 (0.39)	1	0.41 (0.33)	1	0.41 (0.31)
<i>Quality of Government (FD)</i>	0	41.19 (18.60)**	0	10.95 (15.49)	0	2.68 (14.16)
<i>Economic Development</i>	3	-0.09 (0.37)	2	0.69 (0.25)**	2	0.89 (0.24)**
<i>Lagged Dependent Variable</i>		included		included		included
<i>Country Fixed Effects</i>		included		included		included
<i>Time Fixed Effects</i>		included				
Constant		35.62 (6.76)***		17.64 (4.11)***		12.41 (3.29)***
N		106		72		72
Years		9		6		6
Number of Countries		12		12		12
Wald		1468.20***		1352.85***		1563.51***

Entries report feasible generalized least squares coefficients with Heteroscedacity and AR (1) Standard errors are reported within brackets. *** > 0.01 ** > 0.05 * > 0.10. FD = First Differenced.

Table 6.3: The Impact of Reforms on Citizen Attitudes Model 2

Variables	lag	Satisfaction	lag	Trust in Parliament	lag	Trust in Government
Referendum Reform						
New Public Management Reform	0	7.31 (3.77)**	1	-1.72 (3.29)	3	2.77 (3.51)
Freedom of Information Reform	0	-4.79 (2.49)**	1	1.58 (2.15)	1	0.84 (1.66)
Administrative Procedures and Public Consultations Reform						
Direct Elections of Executives Reform						
Electorate System Reform						
Parliamentary Reform						
Party Subsidy Reform						
Decentralization						
Regulatory Institutions Reform						
European Union Reform						
Courts Reform						
Nearness of Elections	1	0.00 (0.42)	1	0.06 (0.38)	1	0.38 (0.35)
Quality of Government (FD)	0	40.52 (18.31)**	0	-11.87 (14.99)	0	-27.93 (14.30)**
Economic Development	3	0.35 (0.35)	2	0.99 (0.33)**	2	1.82 (0.38)**
Lagged Dependent Variable		included		included		included
Country Fixed Effects		included		included		included
Time Fixed Effects		included				
Constant		23.09 (5.22)***		10.71 (3.97)***		5.79 (4.02)
N		108		88		77
Years		10		8		7
Number of Countries		12		11		11
Wald		1426.02***		560.77***		595.68***

Entries report feasible generalized least squares coefficients with Heteroscedacity and AR (1) Standard errors are reported within brackets. *** > 0.01 ** > 0.05 * > 0.10. FD = First Differenced.

Table 6.4: *The Impact of Reforms on Citizen Attitudes Model 3*

Variables	lag	Satisfaction	lag	Trust in Parliament	lag	Trust in Government
<i>Referendum Reform</i>						
<i>New Public Management Reform</i>						
<i>Freedom of Information Reform</i>						
<i>Administrative Procedures and Public Consultations Reform</i>						
<i>Direct Elections of Executives Reform</i>	4	-5.56 (2.91)**	4	-6.59 (2.58)**	2	-9.25 (4.99)*
<i>Electoral System Reform</i>						
<i>Parliamentary Reform</i>						
<i>Party Subsidy Reform</i>						
<i>Decentralization</i>						
<i>Regulatory Institutions Reform</i>						
<i>European Union Reform</i>						
<i>Courts Reform</i>						
<i>Nearness of Elections</i>	1	-0.37(0.39)	1	0.02 (0.31)	1	-0.14 (0.33)
<i>Quality of Government (FD)</i>	0	18.78 (20.86)	0	-5.15 (15.75)	0	-21.16(16.13)
<i>Economic Development</i>	3	-0.05 (0.31)	2	0.57 (0.24)**	2	0.65 (0.25)**
<i>Lagged Dependent Variable</i>		included		included		included
<i>Country Fixed Effects</i>		included		included		included
<i>Time Fixed Effects</i>		included				
Constant		23.09 (5.22)***		19.75 (3.21)***		17.47 (3.75)***
N		166		132		132
Years		14		11		11
Number of Countries		12		12		12
Wald		1233.05***		1029.12***		1312.19 ***

Entries report feasible generalized least squares coefficients with Heteroscedacity and AR (1) Standard errors are reported within brackets. *** > 0.01 ** > 0.05 * > 0.10. FD = First Differenced.

Model 4 and 5 explore the impact of indirect and aggregative reforms on the three legitimacy variables. Model 4 includes the representative variables within consensus type reforms while model 5 includes the Non-majoritarian reforms.

Model 4 (Table 6.5) consists of the following reform variables: Electoral reform, parliamentary reforms, party subsidy reform and decentralization reform. It includes the situational variables. In this model the variables parliamentary reform and party subsidy reform are negatively correlated with the legitimacy variables. In other words, reforms of parliament and reforms of party subsidy are associated with decreased levels of satisfaction with democracy and trust in government and parliament. Furthermore, reforms of the electoral system have a positive correlation with trust in government. Reform of parliament on the other hand, has a negative effect on satisfaction with democracy. And as was the case in the previous models, economic development is correlated with trust in parliament and government variables, the higher the economic development, the higher the levels of trust and satisfaction.

Model 5 (Table 6.6) consists of the following reform variables: regulatory reforms, EU reform and court reform. It also includes situational variables. The only significant variable is the delegation of powers to the EU. More delegation of power to the EU is associated with lower levels of trust in government. And once again economic development is correlated with trust in parliament and government variables.

In the full model (Table 6.7), which includes all the reforms from models 1 to 5, we see that referendum reforms have a negative effect on citizen satisfaction with democracy. The introduction of new public management type reforms too has negative effects on trust in parliament and government. The introduction of aggregative and direct participation possibilities are negatively associated with levels of legitimacy.

Public consultation reforms have no impact on satisfaction with democracy and trust in government, but it is negatively associated with trust in parliament. The results in Table 6.7 also indicate that the introduction or extension of freedom of information reforms have a positive impact on satisfaction with democracy and trust in institutions. The introduction of integrative and direct participation possibilities for citizens have mixed effects on legitimacy.

The direct elections of executives reform has no impact on satisfaction with democracy but it is negatively associated with trust in parliament and trust in government. The introduction of this indirect and aggregative reform does not positively correlate with legitimacy.

In this analysis I am testing whether more inclusive electoral reforms have any impact. Adjusting the electoral system has a positive impact on trust in parliament and trust in government (the latter only at a significance level of 10%).

Parliamentary reforms and party subsidy reforms attempt to reform core repres-

Table 6.5: The Impact of Reforms on Citizen Attitudes Model 4

Variables	lag	Satisfaction	lag	Trust in Parliament	lag	Trust in Government
<i>Referendum Reform</i>						
<i>New Public Management Reform</i>						
<i>Freedom of Information Reform</i>						
<i>Administrative Procedures and Public Consultations Reform</i>						
<i>Direct Elections of Executives Reform</i>						
<i>Electoral System Reform</i>	1	1.91 (2.14)	2	3.23 (2.15)	2	5.12 (1.99)**
<i>Parliamentary Reform</i>	4	-6.68 (2.43)***	4	-2.92 (2.09)	4	-4.43 (2.67)*
<i>Party Subsidy Reform</i>	1	-7.90 (2.62)***	1	-6.15 (2.87)**	1	-5.94 (3.00)**
<i>Decentralization</i>	0	2.53 (2.28)	4	0.70 (1.92)	4	-0.62 (2.07)
<i>Regulatory Institutions Reform</i>						
<i>European Union Reform</i>						
<i>Courts Reform</i>						
<i>Nearness of Elections</i>	1	-0.54 (0.38)	1	0.05 (0.31)	1	0.02 (0.32)
<i>Quality of Government (FD)</i>	0	15.19 (20.28)	0	-5.62 (16.04)	0	-19.79 (15.42)
<i>Economic Development</i>	3	-0.07 (0.31)	2	0.57 (0.26)**	2	0.73 (0.26)**
<i>Lagged Dependent Variable</i>		included		included		included
<i>Country Fixed Effects</i>		included		included		included
<i>Time Fixed Effects</i>		included				
Constant		37.90 (5.73)***		21.50 (3.66)***		20.47 (3.86)***
N		166		132		132
Years		14		11		11
Number of Countries		12		12		12
Wald		1425.38***		849.83***		1198.18***

Entries report feasible generalized least squares coefficients with Heteroscedacity and AR (1) Standard errors are reported within brackets. *** > 0.01 ** > 0.05 * > 0.10. FD = First Differenced.

Table 6.6: The Impact of Reforms on Citizen Attitudes Model 5

Variables	lag	Satisfaction	lag	Trust in Parliament	lag	Trust in Government
Referendum Reform						
New Public Management Reform						
Freedom of Information Reform						
Administrative Procedures and Public Consultations Reform						
Direct Elections of Executives Reform						
Electorate System Reform						
Parliamentary Reform						
Party Subsidy Reform						
Decentralization						
Regulatory Institutions Reform	2	0.73 (1.27)	1	-0.76 (1.15)	1	0.12 (1.18)
European Union Reform	2	-0.21 (1.61)	1	-0.95 (0.98)	3	-2.73 (1.13)**
Courts Reform	2	1.67 (2.99)	4	1.10 (2.91)	4	3.19 (2.64)
Nearness of Elections	1	-0.39 (0.38)	1	-0.06 (0.32)	1	0.01 (0.34)
Quality of Government (FD)	0	22.52 (20.32)	0	-8.79 (15.06)	0	-23.08 (17.08)
Economic Development	3	-0.02 (0.29)	2	0.69 (0.28)**	2	0.58 (0.26)**
Lagged Dependent Variable		included		included		included
Country Fixed Effects		included		included		included
Time Fixed Effects		included				
Constant		29.56 (5.31)***		17.19 (3.32)***		17.11 (3.55)
N		178		132		132
Years		15		11		11
Number of Countries		13		12		12
Wald		1409.49***		1049.95***		1209.64***

Entries report feasible generalized least squares coefficients with Heteroscedacity and AR (1) Standard errors are reported within brackets. *** > 0.01 ** > 0.05 * > 0.10. FD = First Differenced.

entative institutions. Reforming the parliament does not seem to have any effect on trust in parliament nor on satisfaction with democracy. Increasing public subsidy to political parties seems to be associated with declining levels of citizen trust in their representatives.

Decentralization has a mixed effect on our dependent variables. While it has a positive impact on satisfaction with democracy it has a negative impact on trust in government. Introducing possibilities to participate on the sub-national level has a positive impact for the democratic regime as a whole but not for the national level executive.

The introduction of regulatory institutions is negatively associated with satisfaction with democracy. Extensions of powers to the European Union too are negatively associated with satisfaction with democracy and trust in government. Extending powers to the supranational level seems to have a negative effect while increasing powers to sub-national levels seems to have favourable effects. Surprisingly, the extension of powers to national courts has a positive effect on all three indicators. This might be the case because citizens have access to courts but not to the other expert institutions. Access to judges can be seen as an additional form of participation.

When we assess the individual models to the full model it is clear that the influence of different reforms needs to be assessed concurrently. When similar types of reforms are assessed in a model without controlling for other systemic changes we could make false conclusions about their impact on legitimacy. Above we see how adding control variables has an effect on certain variables:

- To begin with, in the full model freedom of information reform has a significant impact on trust in government, while administrative procedures does have an impact on trust in parliament.
- Thereafter, direct elections of executive reforms does have an impact on trust in government but not on satisfaction with democracy.
- In the full model electoral system change does have an impact on trust in parliament, parliamentary reform does not have any influence on legitimacy and decentralisation does have an effect on satisfaction and trust in government.
- In the final model regulatory institutions and extension of powers to the EU do have an impact on levels of satisfaction, while courts have an effect on trust in parliament and government.

Table 6.7: The Impact of Reforms on Citizen Attitudes: Full Model

Variables	lag	Satisfaction	lag	Trust in Parliament	lag	Trust in Government
Referendum Reform	4	-13.53 (6.87)**	4	3.46 (5.14)	4	4.37 (4.91)
New Public Management Reform	0	0.08 (1.99)	0	-6.16 (1.38)***	0	-5.71 (1.24)**
Freedom of Information Reform	0	8.60 (4.49)**	1	-1.42 (2.82)	3	4.89 (2.33)**
Administrative Procedures and Public Consultations Reform	0	-4.79 (3.06)	1	-5.53 (1.27)***	1	2.20 (2.25)
Direct Elections of Executives Reform	4	-0.78 (3.16)	4	-7.87 (1.49)***	2	-7.16 (2.96)***
Electoral System Reform	1	-0.99 (2.24)	2	4.42 (1.99)**	2	3.48 (1.98)*
Parliamentary Reform	4	-3.42 (2.64)	4	-3.37 (2.79)	4	-2.07 (3.28)
Party Subsidy Reform	1	-3.65 (2.76)	1	-9.23 (3.51)***	1	-9.93 (4.75)**
Decentralization	0	5.02 (1.80)***	4	0.84 (2.62)	4	-5.89 (2.81)**
Regulatory Institutions Reform	2	-3.62 (1.25)***	1	0.84 (1.14)	1	0.59 (1.12)
European Union Reform	2	-8.79 (2.69)***	1	0.01 (0.77)	3	-2.26 (1.19)**
Courts Reform	2	9.18 (5.02)*	4	9.29 (3.73)***	4	6.34 (2.50)***
Nearness of Elections	1	0.36 (0.40)	1	0.14 (0.24)	1	0.14 (0.40)
Quality of Government (FD)	0	51.11 (16.89)***	0	28.90 (12.16)***	0	8.71 (14.33)
Economic Development	3	0.38 (0.44)	2	1.32 (0.37)***	2	1.85 (0.35)***
Lagged Dependent Variable		included		included		included
Country Fixed Effects		included		included		included
Time Fixed Effects		included				
Constant		38.37 (6.71)***		19.86 (5.86)***		18.71 (3.79)***
N		97		66		66
Years		8		8		8
Number of Countries		11		11		11
Wald		2170***		1238.5***		946.78***

Entries report feasible generalized least squares coefficients with Heteroscedacity and AR (1). Standard errors are reported within brackets. *** > 0.01 ** > 0.05 * > 0.10. FD = First Differenced. For further information about the analysis (operationalization of variables and diagnostics) see appendix .

6.7 Discussion

The findings reported and discussed in this chapter are mixed just as the expectations derived from the literature review. To begin with indirect and integrative reforms. Citizens do not seem to be impressed by the expert status of national regulatory agencies and the EU. In theory the majoritarian tyranny can be avoided by taking power away from the people and placing it in the hands of independent experts. Ordinary citizens, however, might have different preferences than educated experts, meaning that they might feel unrepresented by such institutions⁵.

Furthermore, as various crises erupt and the failure of expert organizations become more apparent, the media and citizens are calling the legitimacy and effectiveness of these institutions into question⁶. Europeans see how their national leaders and unelected European officials fail to deal with the Euro crisis because of lack of strategy. The media is constantly reporting on growing public resentment towards what they see as unfair and harsh EU austerity measures. In the US the media recently debated whether the Minerals Management Service (MMS) would have been more effective in avoiding the deep water oil spill of 2010 in the Mexican Gulf if it did not collect oil and gas revenues from the companies it was supposed to regulate. More recently citizens across the globe are trying to understand why financial regulatory authorities, which had abundant information on subprime exposure and its potential losses, failed to take necessary action. In both sectors regulatory agencies were weak and co-opted by the industry they were supposed to regulate. Researchers often refer to this as *regulatory capture* (Laffont and Tirole, 1991).

Although courts also receive their share of public criticism, increasing their role seems to have a positive effect on trust in the representative system (government and parliament). Nowadays citizens expect judges to oversee that laws are abided by and to ensure that the government does not breach the rights of individual citizens. Moreover,

⁵In 2010 Bovens and Wille argued that in the last decade the gap between educated and uneducated citizens has created a new type of class society. Political institutions such as the parliament, cabinet, parties, lobby groups and advisory commissions are all dominated by those with a university degree. They suggest that people don't want more experts but more representatives that are similar to themselves. Their finding, however, remains highly contested. Furthermore, I do not have the data to add these expectations in my analysis. Preliminary findings from focus groups in Spain indicate that citizens do not want to delegate powers to expert institutions Ganuza et al.(2003)

⁶Recently, in an interview in FM magazine, Professor Sandra van Thiel talked about the conclusion of the parliamentary research committee on privatization and corporatisation. In this interview she suggested that older people are more dissatisfied about privatization and corporatisation of various sectors in Dutch Society. She also concludes that the government should not see citizens as clients but rather as a "citoyens". See: <http://www.fm-magazine.net/#privatisering.html>. I do not differentiate between groups. This is for future research to investigate.

unlike other non-majoritarian institutions, courts tend to have what researchers call a *positivity bias*, i.e. exposure to courts also brings exposure to legitimizing symbols such as robes, decorum, media deference etc. which has a positive impact on citizens' trust (Gibson, 2008).

Party subsidy stands out due to its negative effect on trust in parliament and trust in government. Looking more carefully into the party finance literature reveals that

“the increasingly prominent role of the state in the funding of parties should be understood in the context of and legitimized by an ideational transition by which parties have gradually come to be seen as necessary and desirable institutions for democracy” (Van Biezen, 2004, p.702)

However,

“the increasing availability of state subvention has strengthened the orientation of the parties towards the state while at the same time contributing to their shift away from society .”(Van Biezen, 2004, p.702).

The negative effect of the extension of party subsidies may be the consequence of this shift away from society.

Surprisingly decentralization has a mixed effect on the legitimacy indicators. While it has a positive effect on satisfaction with democracy it has a negative effect on trust in government. The positive effects for democracy could be explained through the advancement of pluralism into the decision-making process. In his study of citizen satisfaction Mayne finds that participation on the lower level does matter:

“Satisfaction is fundamentally shaped by how easy a country’s architecture of government makes it for ordinary people to exercise effective influence in meaningful areas of public life, both at and beyond the ballot box. When citizens believe that the structures of governmental institutions allow them to use their personal resources to make their voices heard in the political arena—that is, when a “fit” exists between context and capacity—citizens are highly likely to be satisfied with the overall functioning of democracy in their country. When citizens believe the organization of state authority prevents them from using the resources they possess to exercise meaningful political influence, they are highly likely to be critical of their country’s overall democratic performance”(Mayne, 2010, p.iii).

Reforms of the electoral system (the consensus type) have positive effects on trust in parliament and trust in government. This is contrary to previous findings about the impact of electoral reforms. Scheiner (2008) finds that large-scale electoral reforms (such as in Italy, Japan and New Zealand) which were supposed to cure democratic

discontent, ended up being a disappointment in terms of political outcomes. The author concludes that this is the case because:

“Electoral reform is not always intended to address the problems raised by “objective” analysts. Observers of any reform should watch carefully how reform is enacted: when those who benefit from the existing rules are entrusted with reform, we should be somewhat pessimistic about the likelihood of genuine change. More important from a political science perspective, where reformers seek to address problems that are less proximal effects of electoral rules, there is a greater likelihood of a general displeasure with the results of the reform” (Scheiner, 2008, p.177).

One way to explain this difference in results is by looking at the difference in the electoral reform variable. In this study I do not look at large-scale electoral reforms alone. My indicator also takes small-scale adjustments into account. In this case I could conclude that adjustments of the electoral systems towards integration (both large and small taken together) have an impact on citizens’ trust in parliament.

Turning to pendulum reforms, introducing direct elections of officials tends to lead to a pessimistic opinion about both government and parliament. One way to explain this negative effect is that the directly elected executive is doing such a good job that it is undermining the workings of other institutions. In Israel (although not a case in this analysis but one of the more famous cases with regard to the direct election of officials), however, the introduction of the directly elected prime minister did not deliver what it had promised, leading to more disappointment among the public. This reform failed to counteract party fragmentation and instability in the Israeli multiparty environment and it even managed to backfire. The directly elected official was a “general without an army” to use Sartori’s words (quoted in Ottolenghi, 2006, p. 187).

Results concerning voter reforms are equally surprising. To begin with, we see that the introduction of referendums only leads to a decrease in satisfaction (not on trust). Disappointment with this instrument can probably be explained by its usage. For instance, in 2005 various European Union states held a referendum to ratify the European Constitution. Leaders first believed that a new European constitution should have direct support from the public in order to change the character of the EU and enhance its legitimacy. Soon, once the public rejected the constitution in France and the Netherlands, the euphoria turned into referendum phobia among elites. After this experience almost all member states decided to use parliamentary ratification only for the new Lisbon treaty which was very similar to the provisions of the European Constitution. Negative results of voter reforms are also supported by negative effects of new public management reforms on trust in representative institution.

The introduction of consultation mechanisms is associated with reduced trust in

parliament. One way of explaining this result is by looking at how these mechanisms are applied. To give an example from a study of local citizen consultation: In the case of British Labour government's *Democratic Renewal Agenda of 1998* Lowndes et al. (2001b) find that the biggest obstacle to citizen participation is citizens' perception of lack council response to the consultation. That is, people expected that the council would ignore their input and do whatever it wanted anyway. This expectation was usually based on a prior negative experience with lack of response. This opinion is also confirmed by a survey that the same authors conducted among local authorities. Only a third of local officials thought that the public's access had an impact on decision-making (Lowndes et al., 2001a). The authors argue that such public cynicism can only be cured if the public receives some feedback about the consequences of their participation and a motivation of the final decision (whether positive or negative).

Another type of participatory reform is the introduction or extension of freedom of information laws. Results indicate that the more transparent and open government or parliament are trying to be, the more likely they are to increase the legitimacy of their institutions. Absence of information can create a gap of mistrust between citizens and the state. Recent studies on the impact of freedom of information laws in the UK have not found that the laws increased trust in parliament (Worthy, 2010), although the authors do not examine the impact of the law on people's evaluation of the democratic system as a whole.

Some argue that this might change in the future, but it seems unlikely that the reform of freedom of information laws alone may be able to influence trust; other factors should also be included in the analysis (Bourke and Worthy, 2011).

Overall, the fact that freedom of information laws, decentralization and giving a stronger role to courts have a positive impact on empirical legitimacy would make a case for the positive effects of advocacy democracy. These are reforms that are not about making the decision but rather about influencing the process. Only consultation mechanisms for administrative procedures is not significant.

6.8 Conclusion

As I discussed in the first chapter of this dissertation the relationship between reform and legitimacy is complicated by the fact that reform comprises a variety of institutional changes, and there is a debate amongst scholars as to which type of reform will have a positive effect on legitimacy. On the one hand, scholars have argued that disaffection can be solved by increasing citizens' involvement in political debate and decision-making (Schmitter and Trechsel, 2004, Pratchett and Lowndes, 2004). On the other

hand, there are those who suggest that voters do not want to participate more, they rather want experts to make the right decisions (Hibbing and Theiss-Morse, 2005).

In this chapter an attempt was made to find an answer to the questions: Does the introduction of reforms boost the legitimacy of the democratic system? Does the impact of reform on legitimacy vary with type of reform.

The effects of institutional change on empirical legitimacy are limited. The analysis suggests that not all reforms are able to boost the legitimacy of the system. Reforms that are associated with a positive effect do not come from a specific category of reforms, whether participatory, voter, pendulum, consensus or non-majoritarian.

At the end of the day, reforms remain a dynamic process and its impact often depends on a combination of factors such as culture, existing institutional constellations, other institutional reforms the manner within which they are used. The manner in which reforms are adopted can also have an impact on legitimacy. The next chapter will focus on the process of reform, more specifically, the bottom-up process of reform.

