

# 1 *Introducing Power Diffusion in Democracies*

If they do at all, democracies come in a wide variety of political-institutional flavours. Some like to elect powerful presidents, while others trust a collegium to carry out executive duties. Some are divided into powerful subnational units, while others are unitary to the extent that almost all politics plays out in the capital. And some care about direct democracy and hold frequent referenda, while others prefer a pure model of representative democracy. On the question which of these variants and combinations thereof yields the best outcomes, ‘the jury remains out’ (Gallagher 2014: 25). This book offers an encompassing, fresh take on this seemingly perpetual puzzle. It assesses the character of democracy and its consequences, addressing the overarching research question whether the institutional character of democracy affects its performance and legitimacy via the level of deliberation. This yields a number of subquestions: What is the character of democracy? Why is it relevant? How can it be measured? What is the quality of democracy? Which mechanisms connect the character and the quality of democracy?

The contribution of the book is a theoretically motivated, methodologically sound remapping and analysis of power diffusion in democracies. It argues that institutional power diffusion affects legitimacy and performance, with the degree of deliberation in the political process serving as an intervening variable. Specifically, the main innovations are both theoretical, spelling out a micro-foundation for the effects of power diffusion relying on deliberation theory, and empirical, measuring and analysing power diffusion in sixty-one democracies around the globe. Combining conceptual work on power diffusion, a theoretical argument of deliberation, methodological improvements as well as empirical breadth and depth allow for the formulation and investigation of the relationship between power diffusion and democratic quality.

Such a research enterprise is timely and relevant as institutional power diffusion can restrain actors, for instance, when populists are seeking to undermine democratic institutions. For illustration, imagine the power and impact of the Trump presidency on democracy without parliamentary, federal and judicial veto players, or his added arsenal if he could trigger plebiscites. The theoretical argument of the book acknowledges a longstanding literature on veto players, empirical patterns of democracy, power sharing, consociational democracy and deliberation (Immergut 1992; Lehmbruch 1967; Lewis 1965; Lijphart 1968, 1977, 1999, 2012; Neidhart 1970; Steiner 1974; Steiner et al. 2004; Tsebelis 2002). It seeks to find an essence where political-institutional constraints at the macro level affect the behaviour of political actors, spelling out the mechanisms involved.

The key concepts involved are ‘power diffusion’, defined as ‘the degree to which institutions allow actors to enforce their position in the face of opposition’, and ‘systemic deliberation’, defined as a ‘talk-based approach to political conflict and problem-solving – through arguing, demonstrating, expressing, and persuasion’ (following Mansbridge et al. 2012: 4–5). Taking into account that dimensions of power diffusion interact (Gerring and Thacker 2008), the expectations are that certain combinations of proportional power diffusion at the centre and decentral veto players either maximise some kinds of legitimacy, for instance, satisfaction with democracy, or performance, for instance, corruption.

To be sure, the book is about *varieties* of democracy (as in presidential vs. parliamentary systems), not about degrees of democracy (as opposed to autocracy). Still, a working definition of democracy is needed. Obviously, there is a plethora of concepts of democracy, all with their own merits and shortcomings. Focussing on historical developments, Held (2006: 5) distinguishes four streams – classical democracy, republicanism, liberal (representative) democracy and direct democracy – as the origins of the concept, out of which modern variations such as competitive or deliberative democracy have developed. These variants have different normative or empirical underpinnings, respectively (see also Schmidt 2000). A minimum definition of democracy is based on electoral competition and alternation in power (Przeworski et al. 2000), which can already be at odds with some political systems such as that used in Switzerland, where there is little change in the composition of the executive (Vatter 2018: 220–2).

A well-known example of a definition of democracy, highlighting the aspects of popular sovereignty, self-government and representation describes it as ‘government of the people, by the people, and for the people’ (Abraham Lincoln cited after Schmidt 2000: 22). Some consensus appears to exist that modern democracy features elements of political freedom and equality, participation opportunities, popular rule, competitive processes of preference formation and decision, representation of popular interests and deselection of those in power (Held 2006: 2; Schmidt 2000: 21–2).

Another approach attempts to directly measure the level of democracy, as done by a number of NGOs such as Freedom House or the Polity project.<sup>1</sup> In Chapter 3, we similarly select the sixty-one democracies studied based on Freedom House scores, comparing them to alternative criteria. Conceptually, this implies that we accept some democratic deficits, but, following Freedom House, consider the ‘electoral process, political pluralism and participation, the functioning of the government, freedom of expression and of belief, associational and organisational rights, the rule of law, and personal autonomy and individual rights’.<sup>2</sup>

Having selected a set of more or less developed democracies, the main interest of the book is in the political-institutional variation in these countries, also referred to as ‘empirical patterns’ of democracy. A central assumption is that alternative manifestations of such traits invoke a different ‘character’ of democracy, which in turn affects the quality of democracy. Throughout the book, we refer to ‘power diffusion’ as the focal latent trait (see previous definition) embodied in empirical patterns of democracy and shaping its character, and assume that power diffusion affects political elites as it provides incentives for more or less deliberative behaviour.<sup>3</sup> For instance, in parliamentary systems, cabinets can be distinguished by the degree to which they include alternative parties and whether their parliamentary backing exceeds the seat share needed to gain a majority, which is assumed to reflect stronger power diffusion as compared to one-party majority cabinets and should trigger more deliberative elite behaviour (see Steiner et al. 2004).

<sup>1</sup> See <https://freedomhouse.org> and [www.systemicpeace.org/polity/polity4.htm](http://www.systemicpeace.org/polity/polity4.htm).

<sup>2</sup> Quoted after <https://freedomhouse.org/report-types/freedom-world>.

<sup>3</sup> We follow a definition of power as ‘a capacity to achieve one’s aim in the face of opposition’ (Held 2006: 160).

Notably, this perspective implies some similarities but also a different focus compared to assessments of the level of democracy such as pursued by Freedom House. While the latter project (for instance) codes the independence of election commissions, we are more interested in the consequences of alternative political-institutional configurations for turnout.<sup>4</sup> Or, while the absence of corruption is a measure of the level of democracy for Freedom House, our interest is in the variation of corruption across alternative configurations of power diffusion, hence, using it as a dependent variable. Studying the relationship between institutions and outcomes instead of an aggregated index is a core interest of the book.

To be sure, there are well-known distinctions between parliamentary and presidential, proportional and majoritarian, federal and unitary or representative and direct democracy, with various hybrid cases adding variation. We seek to integrate these typologies into a more encompassing, multidimensional concept of power diffusion. In Chapter 2, proportional, decentral, presidential and direct power diffusion are introduced, capturing alternative dimensions. Chapter 3 translates the theoretical measurement model into empirics, and the remainder of the book is devoted to the analysis of the origins, dynamics and consequences of power diffusion.

### **Innovations and Guide to the Book**

Again, ‘which type of democracy performs best?’ (citing Doorenspleet and Pellikaan’s 2013 title). The concept of power diffusion is useful for a re-evaluation of this crucial question. Systems with the same level of democratic fairness and freedom but different character in terms of power diffusion might deliver a varying level of democratic quality – for instance, in terms of economic equality, public health, political accountability or regime support. The issue has engaged scholars from Aristotle (who was sceptical towards democracy, see Schmidt 2000: 38–41) until today (see Chapter 2 for a brief literature review). At some point in time, British ‘Westminster’ democracy, with its concentration of power in the executive and centralised state structure, has been regarded as highly favourable (Lijphart 2012: 9). More recently, proportional representation or, more broadly defined, ‘consensus’

<sup>4</sup> See [www.freedomhouse.org/report/freedom-world-2015/methodology#.UuEq87Qo71I](http://www.freedomhouse.org/report/freedom-world-2015/methodology#.UuEq87Qo71I) for methodological details of Freedom House’s measurement.

democracy has been on the rise (Lijphart, 1984, 1999, 2012). Even younger recommendations include yet another combination of proportionality and centralisation (Gerring and Thacker 2008), or point back at the necessary fit between institutions and other, for instance, socio-cultural factors (Doorenspleet and Pellikaan 2013).

Acknowledging the existing work on the topic, there is yet some research gap in terms of a more definitive and nuanced answer to the question of which political-institutional configuration yields the most favourable results. In our view, this gap has theoretical, empirical and methodological dimensions. Theoretically, while there have been well-founded approaches (see for instance Gerring and Thacker 2008), a micro-foundation for the study of the character of democracy in a broad sense is still in its development. Empirically, there is a perpetual need for fresh data on more countries covering the most recent period of time. Most encompassing measurement approaches of empirical patterns of democracy tend to either cover a rather restricted set of countries (such as Lijphart 2012) or rely on a small number of indicators (such as Gerring and Thacker 2008). Methodologically, much is left to do regarding the development of a measurement model of power diffusion, and the application of suitable methods to study its origins, dynamics and consequences.

This book consists of a theoretical chapter, a chapter introducing the database, the measurement of power diffusion and the resulting empirical patterns, and five empirical chapters constituting its main body of quantitative-comparative studies. Jointly, the research provides a take on the character of democracy from multiple angles, unified in all theoretical, empirical and methodological terms. A brief guide to the content of the book follows in the next sections.

### *A Theory of Power Diffusion and Democracy*

One major area of concern in the study of the character of democracy is the ongoing debate on the lack of theoretical foundations of such concepts (Ganghof 2005; Grofman 2000; McGann and Latner 2012). The early advocate of a research perspective of patterns of democracy (Lijphart 1984, 1999, 2012) largely relies on an empirical approach.<sup>5</sup>

<sup>5</sup> See an interview with Arend Lijphart where he explicitly takes a strongly empiricist stance: [www.theory-talks.org/2008/05/theory-talk-8.html](http://www.theory-talks.org/2008/05/theory-talk-8.html).

More recent attempts to strengthen the theoretical content of this line of inquiry focus on veto player theory (Roller 2005), mediation and coordination between parties (Gerring and Thacker 2008) or rational incentives in parliamentary systems (Ganghof 2005).

We propose an alternative theory. Chapter 2 reconnects empirical research on patterns of democracy with its ‘natural’ micro-foundation in deliberation theory (Steiner et al. 2004; Steiner 2012). The relevant state of the art is discussed, while devoting most of the chapter to the development of the basic theoretical argument on power diffusion, deliberation and democracy as well as the outline of a multidimensional measurement model of power diffusion. We formulate auxiliary hypotheses on the emergence, convergence and consequences of power diffusion. The chapter defines the character of democracy and also seeks to answer the question of which mechanisms connect it to the quality of democracy.

Power diffusion is defined as a latent variable that can manifest itself in four proportional, decentral, presidential and direct variants. The measurement model proposed assumes that eleven political-institutional indicators reflect these latent traits. In theoretical terms, the literature on consociational democracy (Lehmbruch 1967; Lijphart 1968, 1977; Steiner 1974) features both a treatment of institutions of power sharing as well as of the crucial behavioural elements at the level of political elites. The core argument is that without a ‘spirit of accommodation’ (Lijphart 1968), ‘amicable agreement’ (Steiner 1974), or, in other words, deliberation, consociational arrangements are bound to fail. To be sure, we do not attempt to measure the quality of deliberation, but treat it as a latent variable located between institutional power diffusion and outcomes, and assume that power diffusion generally provides favourable conditions for consensus seeking. While deliberation research is on its way from a philosophical to an empirical strand (Landwehr 2009; Steiner et al. 2004; Steiner 2012), the attempts of measuring deliberation at a large scale are still in their infancy and, of equal relevance, require heavy resources for data-gathering beyond the broadly comparative goals of the book. The assumption of deliberative processes triggered by power diffusion also does not imply that only normatively desirable effects of power diffusion are expected. Furthermore, some of the additional perspectives taken in the book rely on more rational-instrumental arguments, in particular when studying the choice of electoral systems and other political institutions.

### *A New Taxonomy of Empirical Patterns of Democracy*

In Chapter 3, the database on power diffusion in sixty-one democracies between 1990 and 2015 is introduced. First, the selection of cases and a time frame are explained. The choice of countries is relatively inclusive. We focus on sixty-one democracies which have been rated as ‘free’ by Freedom House for at least fifteen years as of 2015 (see Chapter 3). This generates a sample which is less dominated by European and other ‘Western’ democracies, but also features a good share of African, Latin American and Asian political systems.

Second, the choice of indicators for power diffusion is discussed, drawing on the theoretical considerations from Chapter 2. This section is guided by the desire to provide an encompassing characterisation of empirical patterns of democracy. For proportional power diffusion, some at times improved versions of classical variables are used, namely the disproportionality of the electoral system, the effective number of parties, cabinet type and the power of parliament. Similarly, decentral power diffusion is assumed to be reflected by constitutional federalism, fiscal decentralisation, bicameralism, judicial review and constitutional rigidity. Furthermore, this involves the consideration of presidentialism and an elaborated measurement of power diffusion in direct democracy.

Third, the theoretical measurement model formulated in Chapter 2 is translated into an empirical-statistical one. A Bayesian mixed factor analytical and item response theoretical approach (Quinn 2004; Treier and Jackman 2008) accommodates the continuous and categorical measurement levels of the indicators. It permits varying levels of discriminatory power on behalf of the indicators and delivers point estimates of power diffusion for countries along with estimates of their inherent uncertainty. Missing indicator values can be imputed. Such a strategy does much justice to the data as well as the subject of (latent) power diffusion studied, highlighting the associated measurement error. Fourth, the model is implemented using the data assembled, and the results for all countries including the running examples introduced below are illustrated graphically as well as discussed.

### *Assessing the Consequences of Power Diffusion*

Classical questions studied in research on empirical patterns of democracy are of the ‘so what?’ type. The book prominently picks up this

issue in two alternative perspectives on the quality of democracy. Chapter 4 is concerned with the macro-level performance of democratic systems, and Chapter 5 moves to the level of individual citizens and the aspect of legitimacy. The outcomes are operationalised using a small set of indicators. The motivations for a restricted set are that we first want to avoid reporting random results, which is likely once a large number of dependent variables are studied. Second, the four items chosen to measure performance (income inequality, migrant integration policy, corruption and infant mortality rates) as well as the four items used for legitimacy (policy congruence, turnout, perceptions of accountability and satisfaction with democracy) span conceptually crucial differences within the two broad areas. In particular, they operationalise potential trade-offs such as between inclusiveness and effectiveness or input and output legitimacy.

For performance, and in a stylised view, proportional systems are often portrayed to outperform majoritarian ones in terms of representation and inclusiveness, but not accountability and effectiveness (Powell 2000). Considering the various alternative and at times contradictory accounts of how the character of democracy affects performance (Doorenspleet and Pellikaan 2013; Gerring and Thacker 2008; Lijphart 2012), we formulate hypotheses in line with the deliberative argument proposed in Chapter 2. These expect power diffusion to outperform power concentration in some but not all areas (mainly inclusiveness), and also consider difference and interactions between proportional, decentral, presidential and direct power diffusion following the centripetal perspective which is sceptical towards decentral veto players (compare Gerring and Thacker 2008). Using the Gini index of income inequality, the Migrant Integration Policy Index (MIPEX), perceptions of corruption as well as infant mortality rates, the empirical analyses show that income inequality is low in proportional (and parliamentary) systems. Moreover, proportional decentralised systems have the most inclusive migrant integration policies, while corruption is mainly a function of economic development and infant mortality is reduced by proportional power diffusion in interaction with decentral power diffusion.

Empirically, the individual-level perspective is investigated using survey data from the Comparative Study of Electoral Systems (CSES). Legitimacy is considered both from input and output perspectives (see Scharpf 1970). We opt for testing the classical aspects of representation



(ideological party congruence) and electoral participation as measures of input legitimacy and perceptions of accountability and satisfaction with democracy as measures of output legitimacy. Again, some trade-offs between systems and interactions between dimensions of power diffusion are expected. Chapter 2 derives hypotheses stating that proportional power diffusion should enhance representation but not accountability (unlike direct power diffusion), suppress turnout and (along with direct power diffusion) increase satisfaction with democracy. Decentral power diffusion arguably reinforces some of the effects. The results are mixed but reveal some intriguing patterns. Against expectations, policy congruence tends to be lower given higher levels of proportional power diffusion. This relationship is altered by the presence of decentral power diffusion, though. Also unexpectedly, reported accountability is not only more likely given higher levels of presidential but also (in tendency) proportional power diffusion. More in line with conventional wisdom, the probability of reported individual turnout tends to be lower in proportional or decentral systems. Satisfaction with democracy tends to be more probable given pronounced proportional and also presidential power diffusion. Election winners are less likely to be satisfied with democracy given stronger direct power diffusion.

### *Explanation, Convergence and Subnational Patterns*

While historical and qualitative research has always studied how democracies emerge and where political institutions come from (compare Chapter 6), less work has been done on the explanation of quantitative empirical patterns of democracy. Considering existing studies on the endogeneity of institutions (see Benoit 2007), Chapter 6 specifies power diffusion of the proportional, decentral, presidential and direct type as dependent variables. These are regressed on a number of potential independent variables such as historical partisan power constellations, country size and ethnic heterogeneity. Additionally, we adopt a truly geographic perspective by adding a spatial error term capturing similarity among neighbouring countries. Thus, the chapter goes some way in explaining patterns of democracy. Proportional power diffusion cannot be traced back to the strength of ruling and opposition parties. Spatial proximity as well as former membership in the British Commonwealth or a post-communist legacy discernibly

influence power diffusion, though, and the decentral dimension is related to structural factors such as country size.

The dynamics of power diffusion are studied in Chapter 7. We are interested in the variance in particular of proportional power diffusion and its development over time. This relates to the discussion of potential political-institutional convergence, and hence the idea that a certain type of political system might become dominant in the democratic world (Blondel and Battagazzorre 2002). After showing some increased similarity in proportional power diffusion in the sixty-one democracies studied between 1990 and 2015, we proceed to test hypotheses on international organisation membership and the joint impact of economic globalisation and veto players as potential drivers of convergence. The results are partly interpreted as a consequence of democratic consolidation. They also point at the relevance of the European Union and the interactive effects of globalisation and the decentral veto structure in a country.

The final empirical chapter, Chapter 8 takes the research concept of power diffusion to the subnational level. To this end, an additional database is introduced, covering political-institutional traits in US, Swiss, German and Austrian states (or *Länder* or *Kantone*). We use the same methodological approach as in international comparison, adapting the measurement as well as the selection of indicators to the subnational level. The chapter shows that systematic variation in power diffusion exists at this level as well. An exploratory attempt is made to compare the subnational patterns to some international cases, showing that subnational units can be rather similar across countries. They do not need to resemble the national level; direct democracy varies and is at times much more pronounced in German and American states than in their national-level parent systems. Proportional power diffusion in Austrian and German *Länder* can be almost as low as in Great Britain at the national level.

### Running Examples

A number of running examples are used throughout this book to enrich the quantitative-comparative analyses presented with some qualitative illustrations on the origins, dynamics and consequences of empirical patterns of democracy. A further goal is to demonstrate the implicit theoretical mechanisms such as interest-guided constitutional choice and, in particular, the quality of deliberation as an intermediate step