



Does the economy really matter for satisfaction with democracy? Longitudinal and cross-country evidence from the European Union



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ARTICLE INFO

Article history:

Received 18 March 2015

Received in revised form

16 November 2015

Accepted 24 February 2016

Available online 27 February 2016

Keywords:

Satisfaction with democracy

Economic conditions

Political institutions

Bayesian cross-classified mixed models

European Union

ABSTRACT

Research focusing on the relationship between the economy and satisfaction with democracy often presents mixed results. This article argues that this uncertainty is mainly due to model specification, number of surveys and measurement. After discussing why the role of the economy should not be overlooked, by using an empirical strategy that applies Bayesian cross-classified mixed models to 572 national surveys in 28 European countries from 1973 to 2013 drawn from the Eurobarometer, it is shown that objective macro-economic indicators and a subjective indicator seem to substantially affect citizens' satisfaction with democracy in Europe. The findings are robust when controlling for various institutional and political variables and using alternative model specifications.

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1. Introduction

More than two decades ago, Clarke et al. (1993) lamented a lack of comparative research on how the economy affects people's satisfaction with democracy. In their analysis of eight European countries, the authors showed that macro-economic indicators were only weakly associated with satisfaction, concluding that they had a real but limited impact. From that time onwards, a large body of work has focused on the relationship between the economy and supportive attitudes (e.g. McAllister, 1999). However, reviewing the literature, Dalton (2004) emphasizes that the results are contradictory and that the “economic performance model” has only a marginal role in predicting trends in political support. Lately, its value has been reduced somewhat further, while factors concerning the political process and the institutional context have increased their importance in explaining how content people are with the functioning of democracy (Norris, 2011). Now, do we need to completely discard the role of the economy in political satisfaction?

There are several reasons for revisiting the importance of the

economic hypothesis. First, along with the recent global financial crisis there has been a resurgence of scholarship that has analyzed the political implications of business cycles in contemporary democracies (Bermeo and Bartels, 2014). An economic downturn is allegedly considered to affect voter behavior, punishing incumbents at elections (Lewis-Beck and Stegmaier, 2000). Then, in hard times, protest and extremism may increase, threatening regime consolidation and survival or favoring regime change (Przeworski et al., 2000). The demand for political change may actually increase during periods of economic distress and citizen dissatisfaction (Morlino and Tarchi, 1996).

Another reason is that, as shown by survey data, satisfaction with democracy greatly fluctuates over time and across countries. Political satisfaction may depend on contextual conditions (e.g. Torcal and Montero, 2006; Norris, 2011). However, institutional arrangements can hardly be considered the main source of variation. With the exception of a few cases where major reforms have been introduced, as in New Zealand (Banducci et al., 1999; Karp and Bowler, 2001), Japan (Christensen and Johnson, 1995) or Italy (Martini and Quaranta, 2015), institutions are relatively stable and they might not be the most appropriate factors to account for satisfaction. Conversely, contingent conditions, such as economic performance, which have a higher degree of variation, may be more suitable.

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Third, as can be seen from the evidence available so far, the role of economic factors varies from one study to another. Then, when an association is found, it is indeed weak. One potential reason for this uncertainty might be that the majority of these studies mainly rely on cross-sectional surveys including a relatively low number of countries, and which account for specific points in time and do not capture the dynamics of satisfaction. Apart from a few instances, despite data availability, the problem has rarely been addressed over time (Linde and Ekman, 2003). The inclusion of the temporal dimension and expanding the number of surveys analyzed might uncover the importance of economic performance and improve the results both in clarity and substance.

Using data from the Eurobarometer surveys held in the 28 European Union member countries from 1973 to 2013, this article provides a comprehensive explanation of the trends in satisfaction with democracy in these countries. As will be shown, economic performance seems to have a prominent role and this holds true even when controlling for several features of the political context. Contrary to previous findings the impact of objective and subjective economic performance is greater than other concurrent institutional predictors. Lastly, the use of a more complex strategy, based on repeated cross-sectional surveys and cross-classified mixed models, allows accounting for both the spatial and the temporal dimensions of the data. The findings are generalizable to all the European Union member states and over the whole time span, not just to specific periods or limited groups of countries.

2. Explaining the trends in satisfaction with democracy

Political support is fundamental for the stability of democratic regimes (Almond and Verba, 1963; Easton, 1975). In its more refined conceptualization, this might be oriented towards different political objects such as the political community; regime principles, norms, procedures, and institutions; and the political authorities. Moreover, this might be “specific” when it entails evaluative beliefs and a judgment of the political outputs of the system or of the actions of certain political actors. Instead, this might be “diffuse” when it implies affective beliefs capturing the meaning given to the object and identification with it (Dalton, 2004).

Satisfaction with democracy is one of the most common indicators employed in surveys to measure citizens' support for regime norms and procedures. However, there is not a complete consensus on its meaning. For instance, it has been noted that it might tap an evaluation of democracy as an “ideal” form of government, capturing more diffuse attitudes (Canache et al., 2001). Others have instead remarked that this may reflect more closely partisan evaluations and agreement with the performance of the incumbent (Anderson and Guillory, 1997). This article considers satisfaction with democracy to elicit citizen's evaluations of the functioning of regime procedures in practice (Linde and Ekman, 2003; Dalton, 2004; Norris, 2011), as a rational response to the outputs of the system (Torcal and Montero, 2006). Indeed, satisfaction with democracy does not indicate legitimacy, although when dissatisfaction is widespread there might be requests for reforms, also influencing affective loyalties towards the authorities or the system in general (Easton, 1975; Linde and Ekman, 2003). Briefly, satisfaction with democracy gives us an idea on whether the system is responsive in the eyes of its citizens (Morlino, 2011).

When trying to explain trends in satisfaction with democracy, scholars have often referred to supply-side theories of political support, which consider citizens able to express positive or negative assessments depending on whether the system achieves certain desired policy outcomes. Therefore, citizens should express

a judgment based on their preferences, which in turn raises the question of what people actually think when they evaluate how the regime works in their own country. It is maintained that citizens become more critical towards the political system as the economy deteriorates. Indeed, the concept of democracy goes hand in hand with better living standards and wealth (Thomassen, 1995). Following this instrumental perspective, many empirical studies argue that satisfaction with democracy fluctuates according to economic indicators such as inflation, unemployment, public debt and growth. In this respect, not all economic conditions may have the same effect on satisfaction with democracy both in sign and magnitude. For instance, unemployment and inflation may have a negative direct impact on people's life as they might have a more concrete knowledge and experience, being subject to their material and psychological consequences. As previous studies have pointed out, rising prices, the erosion of income and joblessness would undermine self-esteem (see Frey and Stutzer, 2000; Di Tella et al., 2003), which become dissatisfaction for the system (Clarke et al., 1993).

At the same time, other factors may operate differently vis-à-vis public attitudes towards democracy. For instance, in the case of economic growth, people may be not completely aware of its dynamics so that its positive influence on political support may precipitate through other connected factors such as system efficiency or broader public and private investments. A similar comment may be advanced for public debt, which is closely related to the rate of growth itself, public spending, as well as tax receipts. So people may see its negative effects only indirectly either in terms of raised taxes or in the form of cut of public spending. Additionally, it is important to notice that the state of the economy may actually be represented and filtered by the media, so that the level of exposure and people's perceptions are important to understand whether the economy matter for satisfaction with democracy. Seeing in this light, the perception of the economic situation may be more influential than the “real” economy and subjective judgments may be more appropriate to capture the effect of changing performance than objective conditions (see Bellucci and Lewis-Beck, 2011; Stevenson and Duch, 2013).

Overall, the mechanism we are studying in this article entails a close connection between the outputs of the system, personal security and judgments on the functioning of the system, which should ensure high living standards.

The most popular counter-argument stresses the role of political institutions driving the level of satisfaction. Satisfaction with democracy should be higher in consensual democracies (Anderson and Guillory, 1997; Lijphart, 1999; Anderson et al., 2005; Norris, 2011), because proportional systems allow wider representation, compared to majoritarian ones, as they often lead to multi-party coalitions and a higher number of parties in the political competition. Several studies have found a positive association between proportional rules and the number of parties vis-à-vis citizen satisfaction (Anderson and Guillory, 1997; Anderson et al., 2005). At the same time, when the system is too fragmented it might also be less accountable to its citizens. Under certain circumstances majoritarian systems may be more efficient, favoring positive attitudes towards democracy (Aarts and Thomassen, 2008). The emphasis is on the political process and whether people consider how their demands are translated into government outcomes and how the system ensures appropriate representation of political minorities. Now, do the economy and institutions help in explaining the trends in satisfaction with national democracy in the European Union member states?

Fig. 1 shows that this has greatly varied over the last four decades. The data indicate substantial fluctuations, rather than the gradual erosion of this dimension of political support as has often

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