Integrating participatory institutions into the traditional representative and bureaucratic model of public governance

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Abstract
There has been a growing demand for increasing citizen participation on public governance in the last three decades. But, can more citizen participation improve the democratic quality and/or the effectiveness of government? What forms of participation have the potential to accomplish these goals? And more important, how can these participatory mechanisms be integrated into the traditional representative and bureaucratic model of public governance, in order to grasp these potential? These are the questions we try to answer in this paper, building on theories and empirical evidence provided by both political and public administration scholars. We find that formally integrating some new forms of participatory and empowered governance institutions – popular initiatives and referendums, and public-private co-governance councils – into the regular functioning of the political-administrative system can enhance the effectiveness and responsiveness of public governance. But that in order to secure these benefits and not compromise equality, the introduction of popular initiatives and referendums needs to be accompanied by reforms that equalize the powers and augment the representation capacity of interest groups; while the introduction of public-private co-governance councils needs to come with strong and highly representative legislatures.

1. Introduction
The demand for augmenting citizen participation in public governance has been on the rise during the last three decades. The reasons are various and different from the perspectives of democratic theorists and public administration scholars. The former point to the serious democratic deficits that traditional representative institutions are suffering (Goodhart et al., 2012; Warren, 2009), while the latter emphasize how governments’ overload and increasing policy complexity are demanding more participatory and interactive governance mechanisms (Peters and Pierre, 2004; Torfing et al, 2012). As only to be expected, democratic theorists stress input deficits of the traditional political-administrative process, while students of public administration focus on its output problems.

All democrats are certainly in favor of citizen participation in public issues - mainly because this is what democracy is about -, but political scholars are still very far from any agreement on what citizen participation actually means and implies. On one side of the spectrum we can find the view of “participatory” or “radical” democrats stating that citizens should directly participate, at least in those decisions that most affect them, and not only in the political arena, but also at the firm and at home (Barber, 1984; Gould, 1988; Pateman, 1970). On the opposite side we can find a “minimalist” or “realistic” democratic view which states that all we can reasonably and necessarily demand from
democracy is to guarantee that lay citizens can freely vote their preferred party in periodic competitive elections, and then leave all concrete decisions to elected politicians and professional bureaucrats (Przeworski, 1999; Schumpeter, 1942).

On a less but still rather minimalist view of citizen participation, we can also find a latter-day civic republican view of democracy that emphasizes the need to strengthen traditional representative institutions, in terms of creating appropriate checks and balances of powers, and of insulating these institutions from the pressures of particular interests, with the aim of increasing their capacity to rationally engage in deliberation about the common good and ensure their legal accountability (Cohen and Rogers, 1995). Different proposals can be found, ranging from Schattschneider’s (1960) defense of public subsidies to augment political party competition, to Sunstein’s (1988) emphasis on the need of a deliberative legislature that sets clear standards of performance to executive agencies, to O’Donnell’s (1999) stress on strengthening horizontal (public) accountability, and to Melo’s (2009) insistence on strengthening local legislatures and public oversight agencies, before introducing newer local participatory institutions in Brazil. This view is not against increasing citizens’ political participation between elections, but it assigns this participation a rather secondary role, like the provision of information to the state or the “stimulation” of law enforcement by public horizontal accountability agencies (O’Donnell, 2006).

Meanwhile, public administration scholars have reached more agreement on that participation can enhance the effectiveness and legitimacy of public policy design and implementation, especially on complex and inter-sectoral policy areas (Rhodes, 2000). They also tend to agree that in order to grab these potentials, participatory governance arenas must be carefully metagoverned by politicians and public officials (Klijn and Koppenjan, 2000; Sørensen and Torfing, 2009; Torfing et al, 2012). Metagovernance is defined here as the governance of governance (or the regulation of self-regulated) arenas, and is needed in order to promote inclusion, trust building, coordination, and accountability. Researchers in this area are making important contributions describing and analyzing the wide array of different tools that bureaucrats and politicians can use to effectively and democratically metagovern governance networks. However, they have not yet dig into why or why not would politicians and public officials follow these practices. In order to grasp how this challenge can be met we must take a step back into the political side of the political-administrative process.

Along with this brief description of some important ongoing debates on participatory governance, comprehensive examinations of both the political and administrative sides of public governance, and efforts to conceptualize the possible relationship between traditional representative-bureaucratic institutions and the introduction of new participatory mechanisms remain highly underdeveloped in the academic literature. In order to contribute to bridge this gap, and advance our understanding on what type of participatory and/or reform strategies could have important potentials to enhance the effectiveness and equality of our political-administrative systems, in this article we try to: first, analyze the democratic and effectiveness deficits that traditional representative and bureaucratic institutions show; second, study if currently existing, more participatory governance institutions are showing the potential to at least partly close some of these deficits; and third - and this is our most specific contribution to the debate - examine and argue how different forms of participatory institutions can be successfully integrated into different forms of representative institutions.
2. The deficits of current representative and bureaucratic institutions

Current political-administrative systems rest on elections, political parties and the legislature as the main elements to represent citizens’ needs, preferences and views (the input side), and on a meritocratic bureaucracy to implement policies (the output side). Beginning with the input side of the process, the problem is that representative institutions seem to show important deficits in core democratic normative values like equality, deliberation and accountability. And these deficits appear to be structural in the sense that they arise in probably every polity, though of course at different levels.

Electoral systems are not only designed with the aim to represent as fair and accurate as possible the will of the people, but also to produce capable and responsible governments. This is specially so in majority and plurality types of electoral rules, which, aiming for these other goals, show significantly lower congruence between the preferences of the legislature and the preferences of the voters (Powell and Vanberg, 2000), and less deliberative capacity of the legislature (Steiner et al, 2004), than proportional representation rules. There seems to be a non-resolvable trade-off between democratic ideals of equality and deliberation on one side, and efficiency ideals of decisiveness and accountability on the other side (Okun, 1975; Diamond, 1990; Tsebelis, 2002).

Even if a proportional electoral system is used, equality is seriously compromised if the only formal devise for citizens to equally influence government is voting, say, every four years. Informal-pluralist or formal-corporatist relationships between representatives and the represented leave many (if not most) citizens incapable to have any influence on the political decisions that affect them between elections. Only those who possess the resources to mobilize and exert influence or only a few organizations that have been granted formal powers, have the possibility to influence political decisions between elections. Groups of poor and diffused people tend to be under-represented because they lack the resources or have high costs of organization1.

It is also well known that modern electoral campaigns concentrate on the personal image of candidates and on carefully selected slogans and sound-bites, rather than on reasoned arguments and well-structured debates about people’s problems and possible policy solutions (Gardner, 2009). The consequence is that citizens are not given the proper means to rationally form their policy preferences, and as a result they are not able to know what exactly they are voting for.

Even if citizens get to know their policy preferences and those of the different parties, their choice is limited because elections bundle an array of different preferences and values into single candidate parties (Matsusaka, 2005). The best an informed citizen can do is to select the candidate with whom she shares as many as possible important preferences, values and policy solutions. But even in this ideal case, citizens end up voting for candidates that will necessarily have differing positions with them on many issues.

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1 Most studies conducted in the United States and Europe show that governments are much more responsive to the policy preferences of some electoral sub-constituencies than others, mostly to the wealthier and well-organized particular interests, as compared to those of the middle class and the poor, or to those of general unorganized interests (Bartel, 2008; Giger, Rosset and Bernauer, 2012; Gilens, 2005; Jacobs and Page, 2005).
A final important deficit related to electoral systems is their short-run focus, which encourages governments to implement quick-win and visible policies, against more sustainable and necessary (but not so visible) policy alternatives. Results have to be visible before elections.

Moving now to political parties, scholars such as Peter Mair, Richard Katz, Ingrid van Biezen and Jaques Thomasssen have extensively argued how, within a Western European context, they are increasingly losing their capacity and willingness to function as representative organizations, tending to concentrate on their governing function (Katz and Mair, 1995; Mair and Thomassen, 2010; van Biezen, 2004). They offer two explanations for this trend, the first one external to parties and the second one internal: (1) citizens’ preferences have become more individualized and volatile, making it increasingly difficult for parties to aggregate them into coherent policy programs, and (2) as mainstream parties have become more dependent upon public subsidies and the mass media in order to win office or just survive, their leaders have been consequently freed from the need to attract and respond to the demands of party members. The consequences of this trend have been famously characterized by Katz and Mair (1995, 2009) as the cartel party thesis, which states that mainstream parties in long-established European democracies function similarly to business cartels, in this case employing the resources and laws of the state to limit political competition and ensure their survival. In short, technological changes and public finance have permitted European party elites to limit both intra-party and inter-party competition, and in this way undermined the representative role of parties.

Meanwhile, it is well known that in countries where party finance mainly depends upon private donations, the interests of the wealthier can be disproportionally over-represented, and corruption might be more easily encouraged, through the exchange of much needed money for political favors.

Regarding legislature’s deficits, one problem stands out: their increasingly limited capacity to exercise control over the activities carried out by the executive government and the public administration. Awareness of this problem in the United States dates back to the beginning of the 20th Century, when the expansion of a modern administrative state implied that the main activities of public agencies could not be seen any more as the mere execution of laws, since they were increasingly involved in the creation of norms through regulations and decrees (Willoughby, 1913). In other words, public administration was increasingly assuming quasi-legislative functions, and therefore needed to be more directly controlled by the legislature (Ferraro, 2009).

Since then, we have witnessed a worldwide proliferation of so-called “independent regulatory agencies” or “quasi-autonomous agencies”, which have gained autonomy from executive government control, in order to insulate them from narrow political pressures and to assure greater technical expertise. The problem is that this increased autonomy from the executive government has come in many countries without a corresponding legislature’s increase of their resources and powers to control them. This raises serious concerns about their lack of vertical accountability towards citizens (Maggetti, 2010).

These democratic deficits of classical representative institutions in established democracies are clearly being perceived by citizens. They increasingly distrust their

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2 Even if there is an increasing societal pressure to internally democratize parties, their elites are normally strongly reluctant, and change has mostly occurred only among opposition parties having recently suffered a disappointing electoral outcome (Cross and Blais, 2012).
political democratic systems and leaders (Catterberg and Moreno, 2005; Dalton, 2004), which has translated into decreasing or at best stagnant voter turnout (Dalton, 2008; López and Gratschew, 2002), and into a sharp decline in party membership (Van Biezen, Mair and Poguntke, 2012; Witheley, 2011) during the last decades. Meanwhile, available evidence shows that citizens are increasingly participating in other forms of political action involving collective action, like monitoring government actions, signing petitions, protesting and boycotting (Dalton, 2008; Inglehart and Catterberg, 2002). In sum, what we are witnessing is less citizen participation within the formal channels of political representation - joining parties and voting -, and more political participation through civil society organizations (CSO) and informal channels. However, it must be noted that this tendency is clearly segregated by age and wealth. That is, the young and the middle and low classes are the main protagonists of this turn to informal political participation, while the older and the richer participate much more in formal politics, via voting, donating to campaigns, joining parties, and contacting politicians and public officials (Gallego, 2007; Schlozman et al, 2005).

And finally, regarding bureaucracies, their rule-bound and hierarchical nature, when added to the narrow responsibilities that are normally awarded to highly specialized departments, produces rigidity, lack of coordination and unresponsiveness, and discourages creativity and innovation. Bureaucrats are accountable to their precise rules and to their bosses, and hence much more encouraged to strictly follow procedures and orders, than to obtain specific policy results or respond to citizens’ demands and needs. This precise delineation of responsibilities and procedures also makes bureaucracies slow and highly unadaptable to changes in their environment. On the other hand, the job stability of bureaucrats discourages effort, since it is normally almost impossible to dismiss incompetent workers, and promotions tend to result just from length in service.

3. Contemporary participatory responses to the deficits of the traditional combination of representative democracy and hierarchical government

Leading American democratic theorists state that the surge of new participatory institutions over the last two decades can be explained as a response to the democratic deficits that we have described in the preceding section, and that these new institutions have to be considered as complements or supplements to the traditional representative system in order to enhance its democratic quality (Goodhart et al., 2012: 33, 37; Warren, 2009: 6, 8). However, it must be noted that the array of participatory responses that exist today differs markedly in terms of when they came into existence, the type of actors that promoted them, and the type of deficits they were aiming to close. And, even more importantly, it is not yet clear to what extent new democratic experiments are actually functioning as complements to representative institutions (Montecinos, 2012), and how can this be accomplished. Therefore, we think, first, that it is very difficult to generalize about the properties of participatory responses and that a more nuanced analysis is warranted; and second, that in order to really complement representative institutions, participatory mechanisms need to be formally integrated into the regular functioning of political-administrative systems – something that many new participatory responses are failing to accomplish (Pateman, 2012) – and their relation to representative institutions clarified. To begin with, we need to clarify whether a specific new participatory mechanism is subordinate or set above representative institutions.

We can start distinguishing between responses to democratic (or input side) deficits, and responses to policy design and implementation (or output) deficits. Among the former
we can find direct democracy institutions and deliberative forums, and among the latter we can find interactive governance arrangements. We will also analyze Participatory Budgeting, which does not fit well in this classification of responses as either to democratic deficits or as to policy effectiveness deficits, but that has gained important notoriety among participatory governance (or democracy) scholars and practitioners.

The oldest political participatory institution is direct democracy. This is an umbrella concept for different political processes that allow ordinary citizens to vote directly on laws, rather than candidates for office (Matsusaka, 2005). The oldest form is the town meeting, which is actually much older than representative democracy, dating back to ancient Athens, and which has been taking place in many New England (United States) localities from the 17th Century until today. Any citizen can attend these meetings in order to debate and vote on laws and budgets. If properly conducted, this closest version to the democratic ideal of “power by the people” or “self-government” can certainly increase deliberation and responsiveness (Bryan, 2004). However, it is only feasible in the smallest polities, mainly small towns and neighborhoods.

The most common form of direct democracy today in wider polities is an election in which citizens vote on specific law measures or propositions placed on the ballot. These measures differ in how they came to the ballot and in whether they propose a new law or to repeal an old one. Initiatives are propositions of new laws, while referendums place a challenge on a law that has already been enacted by the legislature. Popular initiatives and referendums are proposed by a group of citizens after the collection of a predetermined amount of signatures. Government referendums are placed on the ballot directly by the government, either because it is mandated by the constitution or because the government wishes to legitimize an enacted law or leave the decision to the citizens on controversial issues. We can also find minority legislative initiatives in a few countries, where a lower than 50% proportion of the legislature - for example, 2/5 in Uruguay - is allowed to place propositions on the ballot.

While government referendums are often criticized for giving representative institutions too much control of the process, popular initiatives and referendums offer the strongest potential for citizens to influence decisions, because they let them not only directly decide on laws, but also exercise some control over the political agenda. Currently, around 40 countries worldwide have legal provisions that allow these mechanisms of direct democracy, but most are very restrictive, so that only a few of them have used them with some frequency: Italy, Liechtenstein, Switzerland and Uruguay at the national level, and the US and Germany at the regional or state level (IDEA, 2008). The origins of these popular instruments can be traced back at least to the Swiss constitution of 1874, which introduced the popular referendum on a national level, and served as inspiration to the to the amendments of 20 US states constitutions during the first two decades of the 20th Century, and to the 1934 constitution of Uruguay. The main instigators of these reforms were democratic movements searching for ways to break the perceived monopoly on power by political and economic elites. It was a response to democratic deficits of representative institutions - mainly to their biased responsiveness towards benefiting the wealthier and the well-organized against the majority or the common good. And the response was to design and integrate into the political system new formal institutions of participation that could challenge or bypass the legislative majority. A popular sovereignty ideal – that government and laws are created by and subject to the will of the people - was considered the central tenet of democracy by these reformers.
Deliberative forums bring together groups of ordinary citizens in order to deliberate for one to four days on some specific policy issue and come up with a public “citizens’ report” with recommendations or an opinion poll. They were first created during the 1970s in the US and Germany, and have been refined and promoted since then mainly by some scholars and research-advocacy centers. The aim of these forums is to produce a more inclusive, consensual and informed account of citizens’ opinions and preferences on policy issues, and they try to accomplish these goals by random selection strategies of ordinary citizens, and by giving these participants the time, space and resources – mainly technical and legal information – needed to freely and rationally consider their choices, and those of the other participants.

Deliberative forums have thus risen during the last four decades as a response by activist scholars to democratic deficits of representative institutions related to the limited citizen’s capacity to acquire informed and other’s regarding policy preferences. It must be noted that these forums cannot be granted formal powers because none of the participants are (directly or indirectly) elected by “the people” and cannot be held accountable for their decisions. This means that their role is limited to the provision of recommendations or guidance, and therefore should not be considered as governance mechanisms by their own. They can however serve as important complements to other governance arenas, as we will see on the fourth section. The most important problem that these forums face is that they have not yet been integrated into formal political institutions, and therefore do not currently offer citizens a permanent or regular tool that they can use to influence policy decisions. They remain as isolated, irregular events, promoted by some politician and/or research center.

Interactive governance is also an umbrella concept for more or less institutionalized arenas of collaboration and negotiation between a plurality of actors, in order to address public issues. Its origins can be traced back to the economic crisis of the 1980s, when (mainly neoliberal) governments begun reforming their public administrations in order to confront the inefficiencies of bureaucracies and the lack of sufficient public resources. These reforms aimed to limit the role of elected politicians to the formulation and monitoring of policy objectives (steering), while leaving the responsibility of production and delivery in the hands of special purpose quasi-autonomous agencies and a host of private providers. This type of reforms were soon labeled under the name of New Public Management (Hood, 1991), and, among other innovations, developed interactive governance mechanisms like “relational contracting out” and “public-private partnerships” (Torfing et al, 2012) to deal with private firms.

However, already by the end of the 1990s, the increasingly autonomous and fragmented nature of the public sector was clearly showing symptoms of illegitimacy and incapacity to effectively confront many important policy problems, especially in cross-cutting or inter-sectoral policy areas like regional or local development, public safety, and preventive health. This situation motivated executive governments and public administrators to search for new ways to bring together, not just some public administration with private providers as in New Public Management (NPM) type of reforms, but several public administrations and different civil society actors or

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3 The most well-known deliberative forums are: the citizens’ juries created in the 1970s in the US by professor Ned Crosby; the planning cells created in Germany in the 1970s by professor Peter Dienel; the deliberative opinion polls created in the US in the 1980s by professor James Fishkin; and the America Speaks 21st Century Town Meeting, created in the US in the 1990s by professor Carolyn Lukensmeyer.

4 The only exception that we are aware of is the Oregon’s Initiative Review, which is briefly described bellow.
stakeholders, in order to mobilize ideas, come up with more flexible, innovative and coordinated policy solutions, and increase the public sector’s legitimacy. These newer interactive governance arenas have been commonly termed governance networks by public administration scholars. We can state therefore that governance networks are mainly a contemporary response from governments to perceived legitimacy and effectiveness deficits of both traditional-hierarchical and NPM-market-like public administrations. They have little to do with social movements fighting to close democratic deficits, which is the reason why they have tapped some concerns, especially among European scholars and practitioners, about their democratic qualities (Klijn and Skelcher, 2007; Sørensen and Torfing, 2009).

There are many different types of governance networks, but we still lack a commonly accepted terminology to name them. Some are formed between different public organizations, while others are formed between public and private actors. Some are rather informal, while others are formally institutionalized. Most of them aim just to gather information or consult stakeholders (private participants have voice but not vote), but some have been granted formal decision-making powers. Having not found a widely accepted term, we shall give the name of public-private co-governance councils to those institutionalized governance networks that bring together public and private actors in order to jointly decide on some specific and predetermined policy issues. This formal, participatory and empowered type of governance network has the strongest potential to affect the functioning of the political-administrative system and will be the focus of our following discussions.

Finally, although some scholars include Participatory Budgeting (PB) as a sub-type of public-private co-governance networks (e.g. Smith, 2005), we believe it has important differential elements that warrant classifying them apart. Regarding its origin, this participatory arrangement was first developed by the leftist Partido dos Trabalhadores (PT) after winning mayoral elections in the city of Porto Alegre (Brazil) in 1989, and then rapidly travelled to other cities in Brazil, Latin America and the rest of the world. Whereas in public-private co-governance networks the actors participating are public officials and civil society organizations (CSO) sharing decision-making power, the actors participating in PB are individual citizens. In other words, CSO do not participate as such in PB, and public officials only participate as facilitators of the process, with no formal powers. Within neighborhood assemblies, ordinary citizens debate public infrastructure priorities and elect delegates, which in a second stage elect councilors for the so-called Municipal Budget Council.

Analyzing PB in Brazil, Marcus Melo explains how the majority of these experiences were originated by elected PT mayors in municipalities where they lacked the support of the local legislative chamber, with the aims of overcoming political opposition and gaining legitimacy. PB has actually created a parallel mechanism of political representation—the Municipal Budget Council— that is granted decision-making power on some proportion of the available budget for public infrastructure investments, and an implementation monitoring task, which are traditionally seen as two of the major roles of city legislators. In this way, it has downplayed and delegitimized local legislatures, reinforcing the long and widely noticed problem of excessive predominance of the executive power over the legislature in Brazil (Melo, 2009). Benjamin Goldfrank has comprehensively studied the performance of PB in Latin America, observing the almost inevitable confrontation that it has provoked on opposition parties. He has actually identified the presence of weak opposition parties as one of the most important conditions needed for PB to be successfully implemented (Goldfrank, 2007, 2011).
We can therefore conclude that PB, as originated in Brazil, has been an experiment to come up with an alternative representative institution at the city level - alternative to the legislature and to interest group representation politics. This situation has provoked at best an uneasy relation with opposition parties and CSO with political agendas, which can explain why Brazilian PB – the most well-known and praised innovation by participatory democrats in the last two decades – has not been formally integrated into Brazil’s or other countries’ political institutions, and why it has shown little continuity. Meanwhile, public-private co-governance councils are being formally integrated by law in many countries, including Brazil.

We are now able to at least begin clarifying the relationships between different participatory governance mechanisms and representative democracy. Popular initiatives and referendums bypass or are set above the legislature, something that some people might not agree with, but that has gained strong legitimacy in the countries or states were they are frequently used, because final decisions are taken directly by “the people” through the well-known and (almost) universal process of elections. Brazilian PB has created a parallel representative body, which is not clear how it can relate to the legislature, and that has not been elected by all “the people.” These issues also help explain why Brazilian PB has been so much questioned and not integrated into political systems. And finally, public-private co-governance councils are and need to be subordinate to representative institutions, because the private portion of participants in these councils are seldom (periodically) elected by the people.

Once we have analyzed the origins, and main characteristics of current participatory responses to democratic and effectiveness deficits of traditional representative and bureaucratic institutions, we can now compare their potentials and limitations. We will focus only on true governance mechanisms that have been formally integrated into political-administrative systems, because they are the only ones that have real potential or power to affect (or complement) the regular functioning of representative and bureaucratic institutions. That is, we will compare the potentials and limitations of traditional representative institutions against popular initiatives and referendums, and the potentials and limitations of bureaucratic institutions against public-private co-governance councils.

4. Comparing potentials and limitations between traditional representative-bureaucratic institutions and other institutionalized, participatory and empowered governance mechanisms

In the first section we have tried to carefully disentangle and analyze the different limitations of traditional representative institutions. To sum them up, these institutions seem to show at least seven important democratic deficits. First, they apparently exhibit

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5 Regional and/or local participatory budgeting procedures have been made compulsory by national law in some countries like Peru and the Dominican Republic, but in a form that resembles public-private co-governance councils, more than the original Brazilian PB. That is, the main participating actors stated by the laws of these countries are public officials and CSO, jointly deciding on the priorities of public investment.

6 Even in Brazil, less than half of PBs have survived the first four years of implementation (Spada, forthcoming). In Chile, only six out of 30 PB processes that started between 2000 and 2010 lasted more than one legislative period (Montecinos, 2011).

7 Any citizen can attend the neighborhood assemblies and vote for delegates, but the time cost of attending this assemblies is much higher than the time cost of voting in representative elections, which makes the latter closer to the universal principle of democracy.
an inherent tension or trade-off between equality and deliberation on one side, and accountability and decisiveness on the other. Second, equality is further compromised if the only formal devise for citizens to equally influence political decisions is voting every four years. Third, they offer a limited choice because elections bundle an array of different preferences and values into single candidate parties. Fourth, they provide incentives towards short term and visible policies, against more sustainable and necessary (but not so visible) policy solutions. Fifth, they do not promote an environment of deliberation that helps citizens form more informed and others’ regarding policy preferences. Sixth, mainstream parties have seen downgraded their willingness or capacity to represent the demands of equal citizens, either because they tend to over-represent narrow interests of large contributors when they depend on private subsidies, or because their leaders have used public funding to limit internal and external competition. And seventh, legislatures seem to be increasingly incapable to ensure vertical accountability of public administration decisions.

However, focusing on advanced representative democracies or “polyarchies”\(^8\), it is also well proved and acknowledged that they provide at least some degree of equality, accountability, efficiency and deliberation; a sufficient degree for minimalist democrats, but far from sufficient for participatory or radical democrats. Anyhow, we can (almost) all agree that our advanced representative institutions do not reach any of the democratic ideals, but have certainly accomplished significant levels. What is needed then is to compare how each of the more participatory mechanisms that we have seen in the previous section compares on these values to traditional representative mechanisms. Intuitively, we can think that there is no mechanism that will ever reach any or several ideals, but that each of them will score better on some values and worse in others. And then, we can also instinctively think that we could try to integrate them in some manner that the potentials and limitations of these mechanisms compensate each other. This is the job we are confronted to do in this and the next section of our article.

Regarding traditional bureaucracies, we also saw in the first section that problems of rigidity, lack of coordination, and discouragement of effort, creativity and innovation seemed to be pervasive. However, bureaucracies also have well-known and important positive properties: their rule-bound and hierarchical nature produces strong control, objectivity and predictability over policy decisions; and their stable and meritocratic character provides technical expertise, continuity, and some insulation from narrow interest pressures. All these are necessary elements for the design and implementation of public policies that aim for the common good.

Most empirical studies on the effects of popular initiatives and referendums have been conducted in the United States and Switzerland, showing many positive gains as compared to representative democracy alone: greater legitimacy of both political decisions and the democratic system (Papadopoulus, 2001; Bowler and Donovan, 2002); citizens are better informed on political issues (Smith, 2002; Benz and Stutzer, 2004) and participate more in elections (Tolbert and Smith, 2005); policies better reflect the preferences of the majority or the median voter (Gerber, 1996; Hug, 2011; Matsusaka, 2004); interest group and associational systems are larger and more diverse (Boehmke, 2002; Smith and Tolbert, 2004; Freitag and Vatter, 2006); and, by stripping out individual issues, citizens are given more choices to decide upon (Matsusaka, 2005).

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\(^8\) We follow Dahl’s classical procedural requisites for existing representative institutions to be called advanced democracies or “polyarchies”: Periodic free and fair elections, inclusive suffrage and rights to run for office, freedom of expression and association, and alternative sources of information (Dahl, 1989).
One of the oldest criticisms from opponents to direct democracy argues that ordinary citizens lack the competence to directly participate in decision-making (Schumpeter, 1942; Sartori, 1962; Dahl, 1989). The contra-argument by proponents is that if citizens are not able to decide adequately on specific policy issues, how will they be able to hold politicians accountable through informed electoral decisions? (Budge, 1996; Mueller, 1996). In this sense, Downs (1957) convincingly argued time ago that voters relied on short-cuts and simple cues to make competent choices with limited information on elections for representatives; the same types of strategies have been observed in voting for ballot law measures (Bowler and Donovan, 1998; Gerber and Lupia, 1999; Kriesi, 2005).

More uncontested are three important democratic deficits that popular initiatives and referendums face: ordinary citizens lack the capacity to deliberate and negotiate different law propositions that legislatures have (Gerber, 1999; Gastil, Reedy and Wells, 2007); resourceful interest groups have more means to develop initiatives and referendums, and to campaign for their preferred position (Allswang, 2000; Stratmann, 2006); and they might exacerbate the problem of majority tyranny.

The main potential of public-private co-governance councils relates directly to the reason they were first created for: they can increase public policy effectiveness and sustainability because stable and institutionalized collaboration between various public, business and civil society organizations is expected to produce more creative, innovative, informed, coordinated and long-run regarding policy solutions. And, as we have seen, these potentials are becoming increasingly important in order to confront complex and interdependent policy problems like job creation, health prevention, and environmental sustainability. Their main limitation is that they can significantly raise transaction costs, in terms of money and time spent in arriving to collaborative solutions. This does not translate into co-governance councils being necessarily more inefficient, because coordinated-collaborative solutions might make better use of available resources. But it raises the need to make sure that these councils are actually arriving to better solutions than those provided by hierarchies or markets. Regrettably, whether and under what specific circumstances networks are actually more effective has received very little attention in the academic literature (Kenis and Provan, 2009).

Meanwhile, the democratic implications of establishing public-private governance networks are not straightforward, but depend on their particular rules and context. Their most important deficit is that vertical accountability and equality can be compromised because civil society participants are normally not periodically elected by the citizens of a given territory. In co-governance councils, they are more often appointed by the executive government, which diminishes the problem of vertical unaccountability – the government can be deemed responsible for the council’s performance – but increases the problem of inequality – stronger and ideologically closer to the executive government organizations will likely prevail. On the contrary, in less formal and less empowered governance networks, participants are often self-appointed, which increases the problem of vertical unaccountability, but equalizes participation.

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9 However, it must be noted that the power of money seems to have an impact on the outcome of ballots only when issues are closely contested. In other words, money is not able to win against clear preferences of the majority (Lupia and Matsusaka, 2004; Kriesi, 2005).

10 This democratic deficit is the reversal of one of its main positive properties, that is, that popular initiatives and referendums more accurately reflect the preference of the majority.
Their main democratic potential resides in their capacity to establish more fluid, transparent and deliberative mediating channels between citizens and the state (Peruzzotti, 2012), than their main alternative: bilateral informal interest group pluralism. When compared to the also common mediating channel of trilateral formal corporatism or tripartism, co-governance councils can be more transparent and inclusive, simply because there are more actors present\textsuperscript{11}.

In order to facilitate the development of theoretical propositions on how to integrate participatory institutions into political systems, table 1 summarizes this section’s conclusions on the potentials and limitations of the different existing governance mechanisms. As stated above, modern representative and bureaucratic institutions form the benchmark against which popular initiatives and referendums, and public-private co-governance councils are compared.

Table 1. The potentials and limitations of participatory mechanisms, as compared to traditional representative and bureaucratic institutions

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<th>Governance mechanism</th>
<th>Potentials</th>
<th>Limitations</th>
</tr>
</thead>
</table>
| Modern representative (electoral, party and legislative) institutions | • Inclusive representation and possibility of legislative deliberation  
   Or  
   • Strong accountability and expediency | • Trade-off between inclusive representation and deliberation, and government accountability  
   • Unequal citizens’ capacity to influence decisions between elections  
   • Limited choice for electors  
   • Limited citizen deliberation  
   • Short-term focus  
   • Unwillingness or incapacity to represent demands of equal citizens  
   • Limited capacity to control public administration |
| Popular Initiatives and referendums | • More legitimacy  
   • More and better informed citizen participation  
   • More responsiveness to preferences of majority  
   • More vibrant civil society  
   • More issues open for choice by citizens | • Less deliberative and negotiation capacity  
   • Probably more inequality to influence decisions  
   • Probably more prone to compromise minority rights |
| Hierarchical bureaucracies | • Strong control, objectivity, and continuity  
   • Technical expertise  
   • Some insulation from political pressures | • Rigidity  
   • Lack of coordination  
   • Discouragement of effort, creativity and innovation |

\textsuperscript{11} A political system that relies heavily on formal multilateral co-governance type of arrangements is sometimes called “plural corporatism”, but we will not follow this term, mainly because “corporatism” has an old connotation of defending common self-interests, while current co-governance councils often include organizations that aim, not for the particular interests of their affiliates, but for public interests or the common good (e.g. environmental, human rights and pro-poor organizations).
### Public-private co-governance councils

- More coordination, creativity and innovation.
- Longer term oriented policies
- More deliberative, transparent, and fluid channels of mediation
- Higher transaction costs
- Probably more inequality to influence decisions

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5. Integrating participatory and empowered institutions into a reformed representative-bureaucratic model of public governance

Looking at table 1, the first thing one can notice is that, contrary to the expectations of many participatory democrats, some, but far from all, democratic and effectiveness deficits of existing representative and bureaucratic institutions can be significantly counteracted by integrating existing formal participatory and empowered governance mechanisms into the political-administrative system. For those deficits that are not compensated or that could even be through increased civic participation, we need to seek either for reform solutions of existing representative and bureaucratic institutions, or for other alternative mechanisms.

Five of these uncompensated deficits can be at least partially counteracted through reform. The first one is trying to optimize the apparent trade-off between inclusive and fair representation of citizens’ preferences on the one hand, and vertical accountability and expediency on the other hand that electoral institutions show. This has been tried in several countries through different electoral rules like requiring a minimum percentage legal threshold in highly proportional systems, combining proportional and majoritarian electoral rules – mixed-member systems – or maintaining modest district magnitudes. For example, analyzing data from 609 elections in 81 countries between 1945 and 2006, Carey and Hix (2011) find that district magnitudes in the order of four to eight seats tend to have highly representative parliaments but still a moderate number of parties in parliament and in government.

The second uncompensated deficit is that of citizens’ unequal capacity to influence political decisions between elections, which poses a major democratic challenge, not only to representative-electoral institutions, but also, and probably to a greater extent, to the other more participatory governance mechanisms that we have analyzed (see the limitation boxes in table 1).

In order to equalize the powers and increase the representation capacity of interest group systems, a feasible and possibly effective solution has been provided by Philippe Schmitter (1995). He proposes granting a semi-public or public-interest status to private interest organizations that comply with internal democratic selection of leaders, transparency of finance, nonprofit making activity, and the acceptance as members of all citizens and groups whose interests fall within the organization’s self-defined domain of representation. Meanwhile all adult citizens would be issued an equal (but small in value) amount of public-funded annual vouchers for the support of these semi-public organizations according to their free choice. Schmitter’s idea of granting vouchers, which might initially sound as complicated to implement, can be easily transformed into the currently widely used system of granting tax credits for private charitable giving through the annual filling of income taxes. In this case, individual citizens would be given a 100% tax credit on their donations to semi-public organizations, up to a small amount of, say, €100. This measure would “greatly reduce (but not completely eliminate) the existing inequalities in the capacity for collective
actions across social groups” (Schmitter, 1995: 171-172) and also reduce the ubiquitous problem of disjunction of interest between leadership and members - the well-known Michels’ law of oligarchy ([1911] 1915).

Third, we have seen how parties have also tended to unequally respond to citizens’ demands, either because private financing gives more voice to large contributors or because party leaders have used public finance to limit internal and external competition. This situation could be at least partially remedied through public finance of parties, but more equally distributed, and attached to the same conditions as those mentioned above for semi-public organizations. Some countries provide minimum public funding to all candidate parties that meet certain conditions, but if we take notice of the commonalities with Schmitter’s reform proposal, we could logically extend the same solution to the public finance of parties: the 100% tax credit on the first, say, €100 donations could also be allocated by individual citizens to political parties, if they wished to do so. Both political parties and interest groups would be eligible to receive (only) indirect – through citizen’s choice – public funds if they comply with the stricter-than-just-private requirements of semi-public status.

The fourth and fifth deficits that can be significantly reduced through reform are the limited legislature’s capacity to control increasingly autonomous and powerful public agencies, and the lack of incentives supporting effort, creativity and innovation of public bureaucrats. Both deficits can be confronted through legislative committees that control the budget and the chief executive officer’s appointment, and that set and monitor a small number of meaningful performance targets to be met by quasi-autonomous agencies (Moynihan and Lavertu, 2012). Here, an important degree of proportionality of the legislature would be necessary, at least as to prevent “manufactured” majorities that artificially set executive governments controlling the legislature, especially under highly internally cohesive party systems.

Turning now to the integration of popular initiatives and referendums, we have seen how this will augment the issues open for choice by citizens, the quantity and quality of citizens’ political participation, and law responsiveness to the preferences of the majority. However, as they bypass the legislature, they cannot be designed to directly compensate each other, so we will need other mechanisms in order to solve the loss of legislative deliberation, the probable increase of citizens’ unequal influence, and the also probable decrease in the protection of minority rights. In order to promote better informed and more others’ regarding preferences among citizens, deliberative forums could be formally established to evaluate popular propositions that will shortly after appear on the ballot. This is exactly what the Oregon’s Initiative Review has accomplished since its first successful trial runs in 2010: it has become established by state law as a regular part of the state’s initiative process (Gastil and Richards, 2013). Among other (according to our view, less feasible) ideas, these authors also suggest formally establishing the possibility for initiative petitioners to ask (and pay) the state to convene a “Design (deliberative) Panel” that would evaluate and revise their proposition before it is circulated for signatures. The incentive for petitioners to do so would be to

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12 Powerful quasi-autonomous public agencies need to be metagoverned by a representative legislature, first, because, as we stated above, these agencies increasingly undertake legislative functions; and second, because the reason they are set autonomous against the executive government is to insulate them from narrow political pressures and to assure greater technical expertise. The most well-known examples of quasi-autonomous agencies are central banks, the European Commission, and independent regulatory agencies.
substantially reduce the legally required signature threshold if they accept the recommended changes.

The associative system reform proposal explained above would serve to significantly equalize citizens’ capacity to develop initiatives and referendums, and campaign for their preferences. And finally, the fear of compromising important minority rights could be mitigated by having a rigid constitution that guarantees minority rights and that requires a special majority popular vote to be amended, and by the presence of judicial review, whereby a court can consider the constitutionality of winning ballot propositions.

Popular initiatives and referendums can be especially useful in those areas where the majority of legislators have incentives that run contrary to the wishes of the majority of the population. This is for example the case of reforming representative institutions, because we cannot expect a majority of legislators to be neutral or public good regarding in deciding about their own powers (Fung, 2007: 451). Empirical evidence from the United States corroborates this argument: states with the initiative are significantly more likely to adopt term (Karp, 1995), tax and expenditure (Tolbert, 1998) and campaign finance (Pippen, Bowler and Donovan, 2003) restrictions, than states that lack popular initiatives.

Public-private co-governance councils have, as argued above, an important potential to enhance public policy effectiveness and legitimacy, and also deliberation between CSO, public administrators, and politicians. They can however also significantly increase transaction costs and inequalities of representation, when stronger and closer-to-the-executive-government organizations are selected as the main civil society’s participants. For a solution to this challenge, we have found useful ideas from Cohen and Rogers’ (1995) associative democracy theoretical proposition, which has important similarities with the abovementioned Schmitter’s (1995) proposal. First, as before, we propose that only CSO granted a semi-public status – in response to internal democracy, high transparency and membership openness – would be eligible to participate in co-governance councils, besides being able to receive tax credit private donations.

And second, we propose that the legislature should be given the capacity and powers to metagovern these councils from the distance. Similar to the above proposition to increase the legislature’s strategic direction over quasi-autonomous agencies, these metagovernance powers over co-governance councils would include setting the criteria for participants’ selection and performance targets to be met, as well as periodically monitoring them. In terms of Sørensen and Torfing’s (2009) classification of metagovernance tools, legislatures would be involved in hands-off metagovernance, while executive politicians should be mainly involved in “hands-on” activities. Here, again, an important level of legislature’s proportionality would be necessary, since we can only expect an inclusive representation of CSO and some neutrality in monitoring from a fairly representative legislature.

Comparing potentials and limitations of bureaucracies and co-governance councils, we can also conclude that councils seem to be especially appropriate for complex intersectoral policy areas, but not for sectoral government functions that require strong control, objectivity and decisiveness, like the enforcement of law, taxation and defense.

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13 Cohen and Rogers (1995) do not deal specifically with co-governance councils, but with improving the functioning of pluralist corporatism. They propose granting a public interest status to those private organizations that conform to internal democracy; and, to give the powers to select participants and establish accountability rules to “conventional political institutions” (p. 74).
where bureaucracies under strict norms and hierarchies will most probably perform better.

6. Concluding remarks

We believe there is a simple but strong proposition that underlines the empirical evidence and theoretical arguments that we have gathered throughout this essay. That in order to enhance the effectiveness and equality of public governance, a three-pronged democratic deepening strategy is warranted: democratize the system of interest associations, democratize traditional electoral, party and legislative institutions, and carefully integrate new participatory and empowered governance institutions into the formal political-administrative system.

By democratizing the system of interest associations, we mean granting a semi-public status to those private associations that comply with strict standards of internal democracy, internal and external transparency, and inclusiveness of affected citizens. These semi-public associations would be eligible for indirect (citizens’ controlled) public funding mechanisms\textsuperscript{14}, and for participating in public-private co-governance councils.

By democratizing traditional representative institutions we mean, first, assuring an important degree of fair representation – that is, proportionality –, and powers to the legislature, in order for it to exercise not only a greater control, but also a strategic direction or hands-off metagovernance of quasi-autonomous agencies and public-private co-governance councils\textsuperscript{15}. And second, employing the same procedure just explained above to grant a semi-public status to political parties that would permit them to receive (only) indirect, citizen controlled, public funds, and participate in elections.

By carefully integrating new participatory and empowered governance institutions into the formal political-administrative system we mean, first of all, establishing by law the possibility for citizens to develop popular initiatives and referendums with moderate signature requirements, and also the creation of public-private co-governance councils for specific policy areas\textsuperscript{16}. Second, the word “carefully” is intended to mean taking into account the limitations or deficits that such participatory governance mechanisms carry with them and try to compensate them through the formal integration of other democratic innovations like deliberative forums and the other two democratization strategies described above. In other words, the reform of both the interest associations’ system and the traditional representative institutions of elections, parties and the legislature can be crucial for the proper integration of other more participatory governance mechanisms. As we have seen, establishing popular initiatives and

\textsuperscript{14} Our proposition is to give a 100% tax credit on a small amount of individuals’ private donations. This would also mean ending direct public subsidies to maintain the apparatus of peak organizations, like in the traditional corporatist model.

\textsuperscript{15} This conclusion supports Lijphart’s (2012) argumentative and empirical defense of “consensual democracies” – characterized, among other things, by a strong balance of powers between the legislative and the executive government, and by highly proportional legislative representation - as being more democratic and effective than “majoritarian democracies”. It also closely resembles Skelcher’s et al (2011) arguments stating that majoritarian democracies facilitate either the instrumentalization by or the incompatibility of representative institutions and governance networks; whereas a more complementary or even transformative positive relation exists between representative democracy and governance networks in consensual democracies.

\textsuperscript{16} This can be done at the national, regional and local levels, especially in those more demanded and inter-sectoral policy areas.
referendums without equalizing the powers of interest groups, or developing public-private co-governance councils without the legislature being highly representative and sufficiently powerful to metagovern them, can lead to more inequality in citizens’ capacity to influence public decisions, which runs contrary to the main democratic goal intended by proponents of these more participatory governance venues.

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