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

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Abstract
Does more citizen participation necessarily 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 traditional representative and bureaucratic governance practices, in order to grasp this potential? We discuss these questions in the article, building on theories and empirical evidence provided by both political science and public administration studies. The conclusion we reach is that participatory empowered mechanisms, such as popular initiatives and referendums, and public–private co-governance councils, have a clear potential to enhance the effectiveness and responsiveness of public governance. However, we also find that in order to secure these benefits and not compromise equality and accountability, the introduction of these mechanisms needs to come together with strong and highly representative legislatures, and with reforms that align the powers and increase the representativeness of interest groups.

Keywords
Participatory governance, democratic deficit, representative institutions, bureaucracy

Introduction

The demand to increase citizen participation in public governance has been on the rise for the last few decades. The reasons are various and differ between the perspectives of democratic theorists and those of public administration scholars; the former point to democratic deficits that traditional representative institutions are suffering (Goodhart et al., 2012), while the latter emphasize how

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government overload and increasing policy complexity are demanding more participatory and interactive governance mechanisms (Torfing et al., 2012). Thus, in keeping with their different approaches to the governing process, democratic theorists tend to stress input deficits of the traditional political–administrative process, while public administration scholars tend to focus on its throughput and output problems.[1]

All democrats are certainly in favour of citizen participation in public governance. This is what democracy is about, after all. But political scholars are still very far from an agreement on what exactly *citizen participation* means and implies. At one end of the spectrum, we find the point of view represented by 'participatory' or 'radical' democrats, stating that citizens should directly participate as much as possible in those decisions that affect them, and not only in the political arena, but also at the firm, and at home (Barber, 1984). At the other end, we find a 'minimalist' or 'realist' view of democracy, which states that all we can reasonably demand is for lay citizens to freely vote for their preferred party in regular competitive elections, and thereafter leave all specific public policy decisions to elected politicians and professional bureaucrats (Schumpeter, 1942).

Somewhere in between, but probably closer to the realist side, we find the point of view of 'civic republicanism'. This perspective emphasizes the need to strengthen traditional representative institutions, in terms of creating appropriate checks and balances and 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 (Cohen and Rogers, 1995). Different proposals have been advanced along these lines, ranging from Sunstein's (1988) emphasis on the need for a deliberative legislature that sets clear standards of performance for executive agencies, to O'Donnell's (1999) stress on strengthening horizontal (public) accountability agencies, and Melo's (2009) insistence on strengthening local legislatures before introducing new local participatory institutions. This civic republican vision of democracy is in favour of increasing citizens' political participation between elections, but not through direct decision-making powers. Instead, it assigns citizens and civil society organizations an important role in the provision of information to state agents and in the *stimulation* of law enforcement by public horizontal accountability or oversight agencies (O'Donnell, 1999).

Compared to democratic theorists, public administration scholars seem to have reached a higher level of agreement that citizen participation can enhance the effectiveness and legitimacy of public policy design and implementation, especially on complex and inter-sectoral policy areas (Torfing et al., 2012). They also tend to agree that, in order to grasp this potential, participatory arenas must be carefully *metagoverned* by politicians and public officials. *Metagovernance* is defined here as the governance of governance (or the regulation of self-regulated) arenas, and is needed in order to promote inclusion, build trust, enhance coordination, and secure accountability of these arenas.

Researchers in this field are making important contributions analysing the wide array of different tools that bureaucrats and politicians can use to effectively and democratically metagovern participatory arenas. However, public administration scholars have not yet sufficiently explored the reasons or incentives that politicians, public officials and citizens have – or do not have – to follow such 'good' practices. In fact, there are also significant critical views about citizen participation, some perspectives stating, for example, that participation is a new hegemonic interpretivist resource, contributing to the stabilization of moderate neoliberal policies through the framing of the primacy of *technicalization* and local democracy (Moini, 2011). In order to undertake the challenge of understanding why many real participatory mechanisms are not being properly metagoverned, we need to take a step back into the political side of the political–administrative process.

Efforts to conceptualize the possible relationship between traditional representative–bureaucratic public governance and the introduction of new participatory mechanisms remain highly

underdeveloped in the academic literature. While most scholars agree that new participatory institutions should *complement* traditional representative–bureaucratic institutions, there are still some crucial elements that have not been sufficiently studied. Are existing participatory responses really complementing representative/bureaucratic institutions? Why? If not, how could it be done? To bridge this gap, we first briefly review the main democratic and effectiveness deficits that seem to affect traditional representative and bureaucratic institutions. Secondly, we describe the main contemporary participatory responses to these deficits, explaining how and why they arose. Third, we compare the potentials and limitations of these participatory mechanisms against those of traditional representative and bureaucratic institutions. Finally, and this we believe is our most specific contribution to the debate, we examine how different participatory institutions can be successfully integrated into different forms of representative institutions, in order to enhance the democratic quality and effectiveness of government.

The deficits of traditional representative and bureaucratic institutions

Traditional democratic systems rely 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 design and implement policies (the throughput and output side). Beginning with the input side, the problem seems to be that representative institutions show important deficits in some core democratic 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. We now offer a brief overview of these democratic deficits.

Electoral systems are not only designed with the aim to represent as fairly and accurately 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 systems, 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 systems. 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 (Okun, 1975).

Even if a proportional electoral system is used, equality is seriously compromised if the only formal device for citizens to equally influence government is voting, say, every four years. Both informal–pluralist and formal–corporatist relationships between representatives and the represented leave many (if not most) citizens without any influence on the political decisions that affect them between electoral periods. Only those who possess the resources to mobilize and exert influence, or only a few organizations that have been granted formal powers, are able to influence political decisions between elections. Groups of poor or diffused people will have less influence because they lack the resources or have high costs of organization (Bartels, 2008).

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 means to rationally form policy preferences, and as a result lack knowledge of what exactly they want or will be voting for.

Even if citizens were able 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 candidacies (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 on many issues.

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. The classical example is the excessive use of expansionary fiscal policies before elections, increasing the public debt to be paid by future taxpayers.

Moving now to political parties, scholars such as Mair, Katz, and Thomassen have extensively argued how, within a Western European context, they are increasingly losing capacity and willingness to function as representative organizations, tending to concentrate on their governing function (Katz and Mair, 1995; Mair and Thomassen, 2010). An important explanation for this trend, they argue, is that as mainstream European parties have become more dependent upon public subsidies and the mass media in order to win office or simply to 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) 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 to undermine the representative role of political parties.

Meanwhile, in other countries where party finance mainly depends upon private donations, the interests of the wealthier can be over-represented, and corruption encouraged, through the exchange of much needed money for political favours.

Regarding the deficits of legislatures, one problem stands out: their increasingly limited capacity to exercise control over the activities carried out by the executive 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 meant that public agencies could not be seen any more as the mere executors of laws, since they were increasingly involved in the creation of general norms through regulations and decrees (Willoughby, 1913). In other words, public administration was increasingly assuming quasi-legislative functions, and therefore it needed to be more directly controlled by the legislature.

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 be insulated from narrow political pressures and to assure greater technical expertise. The problem is that this enhanced autonomy from executive government has come in many countries without a corresponding increase of the legislatures' resources and powers to control such agencies. This reality has raised serious concerns about independent agencies' lack of vertical accountability towards citizens (Maggetti, 2014; Papadopoulos, 2013).

These democratic deficits of traditional representative institutions are clearly being perceived by citizens: they increasingly distrust their political democratic systems and leaders (Catterberg and Moreno, 2005), a situation that has translated into decreasing or at best stagnant voter turnout (Dalton, 2008), and into a sharp decline in party membership (Whiteley, 2011) during the last few decades.

Finally, regarding bureaucracies, their main deficit is that their rule-bound, hierarchical and stable nature tends to produce lack of coordination and innovation, unresponsiveness, and rigidity. Bureaucrats are accountable in the context of formal rules and hierarchical relationships, and hence they are encouraged to strictly follow procedures and orders, rather than try to improve results or respond to citizens' demands and needs. The formal delineation of responsibilities and procedures also makes bureaucracies slow and highly unadaptable to changes in their environment.

Participatory responses to the deficits of the traditional combination of representative democracy and hierarchical government

Leading American democratic theorists explain the surge of new participatory institutions over the last few decades as a response to the democratic deficits that we have described in the preceding section, and state that these new institutions must be considered as *complements* or *supplements* to the traditional representative system in order to enhance its democratic quality (Goodhart et al., 2012: 33, 37). 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 solve. And, even more important, it is not yet clear to what extent new democratic experiments are actually functioning as *complements* to or as *substitutes* for representative institutions (Montecinos, 2011), and how this complementarity can best 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 and their relation to representative institutions clarified. To begin with, we need to elucidate whether a specific participatory mechanism is intended to be subordinate to or an alternative to traditional representative institutions.

We can start distinguishing between responses to political (or input side) deficits, and responses to policy design and implementation (or throughput and output) deficits. Among the former we can find *direct democracy* institutions and *deliberative forums*, and among the latter we can find *interactive governance* arrangements and *participatory budgeting*.

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 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 approximation to the democratic ideal of 'power by the people' or 'self-government' can certainly increase deliberation and responsiveness. However, it seems to be feasible only in the smallest polities, mainly small towns and neighbourhoods, and it seems to be losing importance in New England towns (Bryan, 2004). Another direct democracy institution, with origins going back to the 19th century, is the *Landsgemeinde* in Switzerland. In these open-air political assemblies, all citizens of a canton have the right to discuss and vote on diverse questions, including constitutional amendments, laws, and the selection of canton officials (Dickson, 2014: 12–13). Eight Swiss cantons adopted at some point the *Landsgemeinde*, but most of them abolished the practice during the 20th century, because of population growth, and because the practice violates the fundamental right to vote anonymously (citizens vote by show of hands in these assemblies).

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 the repeal of an old one. *Initiatives* are propositions of new laws, while *referendums* place a challenge on a law already 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 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 the government too much control of the process, popular initiatives and referendums offer the strongest potential for citizens to influence decisions, because they not only let them directly decide on laws, but also exercise control over the political agenda. Currently, around 40 countries worldwide have legal provisions that allow these forms of direct democracy. Most of the provisions are very restrictive, however, so that only a few countries have used them with any 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 for the amendment of 20 US state constitutions during the first two decades of the 20th century, and for the 1934 constitution of Uruguay. The main promoters 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 perceived democratic deficits of representative institutions and their bias towards the wealthier and the well-organized as against the majority or the common good. And the response was to design and integrate into the political system new formal institutions of citizen 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, on the other hand, 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 deliberative democracy scholars and research-advocacy centres.[2] The aim of these forums is to produce a more representative, consensual and informed account of citizens' opinions and preferences on policy issues. The organizers try to accomplish these goals by random selection of ordinary citizens and by giving the participants the time, space and resources – mainly technical and legal information – to freely and rationally consider their choices, and those of the other participants.

Deliberative forums have thus proliferated during the last four decades as a response by activist deliberative scholars to democratic deficits of representative institutions. It must be noted that these forums are not 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 mostly limited to the provision of recommendations or guidance, and therefore they cannot be considered as governance mechanisms on their own. They could however serve as an important complement to true governance arenas, as we will see in the fourth section below. The most important problem that these forums face today 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;[3] they remain as isolated, irregular events, promoted by some politician and/or research centre. In this sense, these forums do not yet work as a complement to representative democracy.

Interactive governance is also an umbrella concept for more or less institutionalized arenas of collaboration and negotiation with 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 began reforming their public administrations in order to confront the inefficiencies of bureaucracies and the lack of sufficient public resources. These reforms aimed to restrict 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. These type of reforms were soon labelled New Public Management (NPM), and, among other innovations, developed interactive governance mechanisms like 'relational contracting out' and 'public–private partnerships' to deal with private providers of public goods (Torfing et al., 2012). The main goal of these reforms was to directly improve the output side of governance.

However, already by the end of the 1990s, the increasingly autonomous and fragmented nature of the public sector was showing signs of illegitimacy and incapacity to effectively confront important policy problems. This was especially the case in cross-cutting or inter-sectoral policy areas like regional or local development, public safety, environmental sustainability, job creation, and preventive health. This situation motivated executive governments and public administrators to search for new ways to bring together, not just one public actor with private providers as in NPM type of reforms, but different public actors and civil society actors or 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 the perceived legitimacy and effectiveness deficits of both traditional–hierarchical and NPM–market-like public administration. They have little to do with democratic movements fighting to close democratic deficits, and have actually tapped some concerns, especially among European scholars and practitioners, about their democratic qualities (Papadopoulos, 2013). These types of reforms have been named by some scholars 'New Public Governance,' and they also try to enhance the output part of the political–administrative systems, but mainly by improving the throughput process.

There are many different types of governance network, but we still lack a commonly accepted terminology for them. Some are formed between different public organizations, while others are formed between public and private actors. Some are quite informal, while others are formally institutionalized. Most of them aim just to gather information or consult stakeholders (private participants have a voice but no vote), but some have been granted formal decision-making powers. In the absence of a widely accepted term, we shall give the name of *public–private co-governance councils* to those institutionalized governance arenas 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 the following discussion.

Finally, although some scholars include *participatory budgeting* (PB) as a sub-type of public–private co-governance councils, we believe it has important elements that warrant a separate classification. 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 councils the main actors participating are public officials and civil society organizations (CSOs) sharing decision-making power, the actors participating in PB are individual citizens. In other words, CSOs are not allowed to directly participate in PB, and public officials only participate as facilitators of the process, with no formal powers, so that we cannot strictly speak of co-governance among stakeholders. Within neighbourhood assemblies, individual citizens debate on public infrastructure priorities and elect delegates, which in a second stage elect councillors for the so-called Municipal Budget Council.

Analysing PB in Brazil, Marcus Melo explains how the majority of these experiments were initiated by elected PT mayors lacking the support of the local legislative chamber, and were aimed at 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 budget for public infrastructure investments and an implementation monitoring role. Traditionally these are seen as two of the major roles of municipal legislators. In this way, PB has downplayed and delegitimized local legislatures, reinforcing the long-standing 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 with 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 (see, for example, Goldfrank, 2011).

We can therefore conclude that PB, as initiated 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. Brazilian PB can therefore be seen as an example of a new participatory institution that does not complement representative institutions. It substitutes for them. This situation has provoked at best an uneasy relationship with opposition parties and CSOs with political agendas, which can explain why Brazilian PB – the most well-known and praised innovation by leading participatory scholars 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.

Here, a note on terminology seems necessary: regional and 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 much more than the original Brazilian PB. That is, the main participating actors as stated in the laws of these countries are public officials and CSOs, jointly deciding on the priorities of public investment. Regarding PB continuity or sustainability, 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 initiated between 2000 and 2010 lasted more than one legislative period (Montecinos, 2011).

Meanwhile, public–private co-governance councils have been formally integrated by law in many countries, including Brazil, in policy sectors like school, health, and local development.

After briefly analysing the origins and characteristics of the main participatory responses, we are now able to at least begin clarifying the relationship between them and representative democracy institutions. 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 where 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, without a clear relationship to the legislature, and that has not been elected by all 'the people.'[4] And finally, public–private co-governance councils and deliberative forums are, and need to be, subordinate to representative institutions, because at least some participants are not directly or indirectly elected by the people.

We can also try to compare the potential and limitations of these participatory mechanisms with those of traditional representative and bureaucratic institutions. 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 the regular functioning of representative and bureaucratic institutions. More specifically, we will compare the potential and limitations of traditional representative institutions with those of popular initiatives and referendums, and the potential and limitations of bureaucratic institutions with those of public–private co-governance councils.

Comparing traditional representative–bureaucratic institutions with other institutionalized, participatory and empowered governance mechanisms

In the second section above, we tried to carefully disentangle and analyse the different limitations of traditional representative institutions. To sum them up, these institutions appear to be affected by at least seven important democratic deficits. First, they apparently exhibit 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 device for citizens to influence political decisions is through voting every few years. Third, they offer a limited choice because elections bundle an array of different preferences and values into single candidacies. Fourth, they provide incentives for short-term policies with visible results, against more sustainable and necessary policy solutions with not-so-obvious results. Fifth, they do not promote an environment of deliberation that helps citizens form more informed and other-regarding policy preferences. Sixth, mainstream parties have shown a reduction in their capacity or willingness to represent equally the demands of citizens, either because they tend to over-represent the 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 of ensuring vertical accountability for administrative decisions.

However, focusing on advanced representative democracies or 'polyarchies',[5] it is also well accepted 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. In other words, we can (almost) all agree that our traditional representative institutions do not realize any democratic ideal to its fullest extent, but do so to some degree. What is needed then is to contrast how each of the more participatory mechanisms that we have considered in the previous section compares on these values to traditional representative mechanisms. Intuitively, we can think that there is no institutional mechanism that will ever reach any or several ideals to the fullest extent, but that each one will probably score better on some values and worse on others. Moreover, it is possible that such diverse mechanisms could be integrated in some way, so that their potential and limitations compensate each other. This is what we shall attempt here and in the next section of the paper.

Regarding traditional bureaucracies, we mentioned previously that problems of rigidity and lack of coordination, as well as discouragement of innovation, seemed to be pervasive. However, bureaucracies also have well-known and important positive features: their rule-bound and hierarchical organization produces strong control, objectivity and predictability regarding 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 aimed at 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 having only a traditional representative democracy: greater legitimacy of both political decisions and the political system (Bowler and Donovan, 2002); citizens are better informed on political issues (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 (Hug, 2011); interest group and associational systems are larger and more diverse (Boehmke, 2002); and, by stripping out individual issues, citizens are given more choices to decide upon (Matsusaka, 2005).

However, one of the oldest criticisms of direct democracy is that ordinary citizens lack the competence to directly participate in decision-making (Dahl, 1989; Schumpeter, 1942). The

counter-argument is that if citizens are not able to decide adequately on specific policy issues, how can they hold politicians accountable through electoral decisions? (Budge, 1996). In this sense, Downs (1957) convincingly argued long ago that voters with limited information relied on short-cuts and simple cues to make competent choices on elections for representatives. Actually, the same types of strategies have been observed in voting for ballot law measures in direct democracy (Qvortrup, 2015).

More uncontested are three important democratic deficits of popular initiatives and referendums: ordinary citizens lack the capacity of legislatures to deliberate and negotiate different proposals; resourceful interest groups have more means to develop initiatives and referendums, and to campaign for their preferred position (Stratmann, 2006);[6] and they might exacerbate the problem of majority tyranny.[7]

The main potential of public–private co-governance councils relates directly to the reason for which they were first created: they can increase public policy effectiveness, sustainability and legitimacy 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 policy solutions. And such potential is becoming increasingly important in order to confront currently existing policy problems characterized by complexity and interdependency. The main limitation of such councils is that they can significantly raise transaction costs, in terms of money and time spent in arriving at collaborative solutions. This does not necessarily translate into co-governance councils being less efficient, 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 at better solutions than those provided by hierarchies or markets. Regrettably, whether, and under what specific circumstances co-governance councils provide more effective, legitimate and sustainable policy solutions, 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 democratic 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 (which are granted formal powers), participants are more often appointed by the executive power, which diminishes the problem of vertical accountability – the government can be deemed responsible for the council's performance – but increases the problem of inequality, because interests that are stronger and ideologically closer to the government, will likely prevail. On the contrary, in less formal and less empowered governance networks, participants are often self-appointed, therefore equalizing participation, but increasing the problem of vertical accountability.

In his summary of recent empirical literature on governance networks, Maggetti (2014) acknowledges that networks can be selective, opaque and inward-looking, and that they can even damage the legitimacy of the democratic process by favouring capture by interest groups. In his own empirical study of four European regulatory networks, Maggetti (2014) shows that membership in such networks has allowed national agencies to expand their regulatory competences at the domestic level, with relative independence of democratic oversight. In addition to this issue of inadequate coupling of governance networks with democratically authorized institutions, Papadopoulos emphasizes that governance networks seldom operate under public scrutiny, due to the prevalence of informal and opaque decisional procedures (Papadopoulos, 2013).

The main democratic potential of governance networks resides in their capacity to establish more fluid, transparent and deliberative mediating channels between citizens and the state (Peruzzotti, 2012), than their main alternative: informal interest group pluralism. When compared also to formal corporatism or tripartism, co-governance councils can be more transparent and inclusive, simply because more actors are present.[8]

Table 1. Potential and limitations of participatory and empowered governance mechanisms compared to traditional representative and bureaucratic institutions.

Governance mechanism	Potential	Limitations
Modern representative (electoral, party and legislative) institutions	• Inclusive representation and possibility of legislative deliberation Or • Strong accountability and expediency	• Trade-off between democratic quality and government accountability • Unequal capacity of citizens to influence decisions between elections • Limited choice for electors • Limited citizen deliberation • Short-term focus • Unwillingness or incapacity to equally represent demands of 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 • Might increase inequality to influence decisions • Probably greater tendency to compromise minority rights
Hierarchical bureaucracies	• Strong control, objectivity, and continuity • Technical expertise • Some insulation from political pressures	• Rigidity • Lack of coordination • Discouragement of creativity and innovation
Public–private co-governance councils	• More coordination, creativity and innovation. • Longer term policies • More deliberative, transparent, and fluid channels of mediation	• Higher transaction costs • Might increase inequality to influence decisions • Lack of vertical accountability

Source: authors' elaboration based on literature review.

In order to facilitate the development of theoretical propositions on how to integrate participatory institutions into current political–administrative systems, as will be attempted in the next section, Table 1 summarizes this section's conclusions on the potential and limitations of existing governance mechanisms. As stated above, traditional representative and bureaucratic institutions form the benchmark against which popular initiatives and referendums, as well as public–private co-governance councils, have to be compared and contrasted in terms of their democratic quality and effectiveness.

Integrating participatory and empowered institutions into a reformed representative–bureaucratic model of public governance

Popular initiatives and referendums, as previously discussed, expand the issues open for choice by citizens; increase the quantity and quality of citizens' political participation; and strengthen the

responsiveness of legislation to the preferences of the majority. However, since popular initiatives and referendums bypass the legislature, they cannot be designed to balance each other. Therefore, we will need other mechanisms in order to solve the loss of legislative deliberation, the probable increased inequality of citizen influence, and the probable decrease in the protection of minority rights that popular initiatives and referendums bring with them.

To confront the first problem, public deliberative forums can be formally established as a regular practice for the evaluation of all popular propositions before they appear on the ballot. A successful precedent for this institutional design has been the Initiative Review of the State of Oregon, which began to be tested in 2010, and has become established by state law as a regular part of the state's initiative process. As Gastil and Richards (2013) suggest, the model could be expanded to make it possible for initiative petitioners to ask (and assume the financial burden for) the state to convene a Design Deliberative Panel that would evaluate and revise their proposition before it is circulated for signature. The incentive for petitioners to do so could come from substantially reducing the legally required signature threshold if they accept the recommended changes.

In order to balance the influence and increase the representativeness of civic associations and interest groups, a feasible and seemingly effective proposal has been advanced by Schmitter (1995). His idea is based on two main elements. First, the state should grant a semi-public or public-interest status to civic associations 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. And second, all adult citizens could be issued an equal (but small in value) number of publicly-funded vouchers for the support of these semi-public organizations according to their free choice. Schmitter's idea of granting vouchers, which might initially sound complicated to implement, can nevertheless be easily transformed into the widely used system of granting tax credits for private charitable giving. 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, €150. 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).

Finally, the fear of compromising important minority rights could be mitigated by having a rigid constitution – requiring a special majority popular vote to be amended – that guarantees minority rights, and by the presence of judicial review, whereby a court can judge on the constitutionality of winning ballot propositions.

Popular initiatives and referendums can be especially useful in treating issues where the majority of legislators have incentives that can run contrary to the wishes of the majority of the population. This is, for example, the case when reforming representative institutions, because we cannot expect a majority of legislators to be neutral, or exclusively focused on the public good, in deciding about their own powers. Empirical evidence from the United States corroborates this argument: states that have adopted the mechanism of popular initiative are significantly more likely to adopt term (Karp, 1995), tax and expenditure (Tolbert, 1998), and campaign finance (Pippen et al., 2002) 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 civil society organizations, public administrators, and politicians. They can however also significantly increase transaction costs, increase inequalities of representation, and erode vertical accountability. For a solution to the inequality challenge, we have found useful ideas from Cohen and Rogers' (1995) *associative democracy* theoretical proposition, which has important similarities with Schmitter's (1995) proposal mentioned above.[9] First, as before, we propose that only civil society organizations that have been granted a semi-public status – in response to internal democracy, high transparency and

membership openness – would be eligible to participate in co-governance councils and to receive tax credit private donations.

Regarding the problem of deficient vertical accountability, we propose that the legislature should be given the capacity and powers to *metagovern* these co-governance councils from a distance. Instead of the common new modes of governance whereby policy-making is taking place 'under the shadow of hierarchy' – as in the European Union – we propose that co-governance councils should work under the shadow of parliaments. These powers would include setting the criteria for participants' selection and performance targets to be met, as well as periodically monitoring them. In terms of Torfing et al.'s (2012) classification of metagovernance tools, legislatures would be involved in 'hands-off' metagovernance, while bureaucrats should be mainly involved in 'hands-on' activities. Here, a level of proportionality would be necessary, since we can only expect the inclusive representation of civil society organizations and some neutrality in monitoring, from a fairly representative legislature.

Comparing the potential and limitations of bureaucracies and co-governance councils, we can also conclude that public–private co-governance councils seem to be especially appropriate to deal with the complex and inter-sectoral policy challenges that are increasingly becoming the norm rather than the exception. However, there are still some existing government functions that require strong control, objectivity and decisiveness, like taxation and national defence, where bureaucracies under strict norms and hierarchies might perform better.

Concluding remarks

The main conclusion that we draw from the empirical studies and theoretical arguments that we have reviewed throughout this essay is that in order to enhance the effectiveness and equality of public governance, a three-pronged democratic deepening strategy seems to be necessary. First, we need to further democratize the system of interest associations; second, we need to further democratize traditional electoral, party and legislative institutions; and third, we need to '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. These semi-public associations would be eligible for indirect – that is, through citizens' free choice – public funding, and for participation in public–private co-governance councils.

By democratizing traditional representative institutions we mean, first, assuring an important degree of 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, including public–private co-governance councils[10]. And second, we mean employing the same procedure explained above to grant semi-public status to political parties that would permit them to receive (maybe 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 public policy areas. This can be done at the national, regional and local levels, especially in those more demanding and inter-sectoral policy areas.

Second, the word 'carefully' is intended to mean taking into account the limitations or deficits that such participatory governance mechanisms carry with them and trying to compensate for them

through both the formal integration of other democratic innovations like deliberative forums, and through the aforementioned reforms of traditional representative institutions. As we have seen, establishing popular initiatives and referendums without balancing 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 and less vertical accountability. Both of these effects would be contrary to the main democratic goal intended by proponents of more participatory governance mechanisms.

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Notes

1. In characterizing the political–administrative process we will follow Schmidt's (2013) three stages: input; output; and throughput. Throughput consists of governance processes 'with the people,' analyzed in terms of accountability, transparency and openness to interest consultation; rather than output effectiveness 'for the people' and input participation 'by the people'.
2. 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.
3. The only exception that we are aware of is the Initiative Review of the State of Oregon, which is briefly described in the next section.
4. Any citizen can attend the neighbourhood assemblies and vote for delegates, but the time cost of attending these assemblies is much higher than the time cost of voting in representative elections, which makes the latter closer to the universal principle of democracy.
5. 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).
6. However, it must be noted that the power of money seems to have an impact on the outcome of ballot measures only when issues are closely contested. In other words, money seems unable to win against clear preferences of the majority (Qvortrup, 2015).
7. It must be noted that this democratic deficit is basically the reversal of one of its main positive properties, that is, that popular initiatives and referendums more accurately reflect the preference of the majority.
8. A political–administrative system that relies heavily on formal multilateral co-governance type of arrangements is sometimes called 'plural corporatism'. We will not use 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).
9. 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 partici-
pants and establish accountability rules to 'conventional political institutions' (Cohen and Rogers,
1995: 74).

10. This conclusion is in line with 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 a highly proportional legislative representation – as being more
democratic and possibly more effective than 'majoritarian democracies'. It also closely resembles the
arguments of Skelcher et al. (2011) stating that majoritarian democracies facilitate the instrumentaliza-
tion of governance networks by representative institutions or the incompatibility between them; whereas
a more complementary relationship exists between representative democracy and governance networks
in consensual democracies.

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