Participatory Democracy

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Main references

- Aragones and Sanchez-Pages

- A theory of Participatory Democracy based on the real case of Porto Alegre, EER 2009.

- The disadvantage of winning an election, Barcelona GSE WP 439.

Participatory democracy

- A process of collective decision making that combines elements from both Direct Democracy and Representative Democracy.

- Choices:
  - Policy proposals (DD)
  - Policy implementation (DD and RD)
  - Election of representatives (RD)

Institutions added to RD

- Popular initiatives
- Non-binding referenda initiated by: citizens, other parties, …
- Participatory budgeting

Real examples

- Non-binding referenda
- Popular initiatives in the US
- Town meetings in New England
- School councils in Chicago
- Participatory budgeting in Brazil

motivation

- In a standard RD system the policy outcome can be very different from what voters want.

- Need to transfer information about voters' preferences to parties

- Need to make parties responsive to that information (electoral accountability).

Two types of participation

- **Participation in assemblies/referenda:**

  Based on models of meeting with costly participation.

- **Participation in elections:**

  Combination of prospective and retrospective voting.

two asymmetries

- Voters' evaluation of different issues:
    - Popular issues
    - Electoral issues

- Voters' evaluation of different candidates:
    - Incumbent
    - Challenger

asymmetric evaluation of candidates

- Voters use all the information available.
- Voters evaluate candidates rather than policies.

- Voters evaluate incumbent according to:
    - Performance on popular issues
    - Promises on electoral issues

- Voters evaluate challenger according to:
    - Promises on electoral issues

Advantages of PD

- Mechanism to implement DD's policy outcome.
- Implements an effective electoral control.
- Direct information transmission of voters' policy preferences.
- Voters' welfare increases with respect to RD, when incumbent and citizens' policy preferences are aligned.

Other implications of PD

- Incumbent advantage when incumbent and citizens' policy preferences are aligned.

- Incumbent disadvantage when incumbent and citizens' policy preferences are not aligned.

The rest of the talk

- Construct a formal model of PD combining elements from DD and RD.
  - Implications on agents' behavior and policy outcomes.

- Given a policy proposal:
  - Analyze the incumbent's policy choice
  - Analyze the incumbent's re-election process

- Analyze policy proposal formation.

the whole game

- (1) Citizens decide whether to attend a meeting.
- (*) An aggregation rule selects the most preferred policy of the assembly (deliberative democracy).
- (2) A proposal is submitted to the incumbent.
- (3) The incumbent chooses a policy.
- (4) Incumbent and challenger compete for votes.
- (5) Citizens decide whether to reelect the incumbent.

Analysis in two parts

- **Part 1**
- Given a policy proposal:
- The incumbent chooses a policy.
- Incumbent and challenger compete for votes.
- Citizens decide whether to reelect the incumbent.
-
- **Part 2**
- Citizens decide whether to attend a meeting.
- An aggregation rule selects the most preferred policy of the assembly (deliberative democracy).
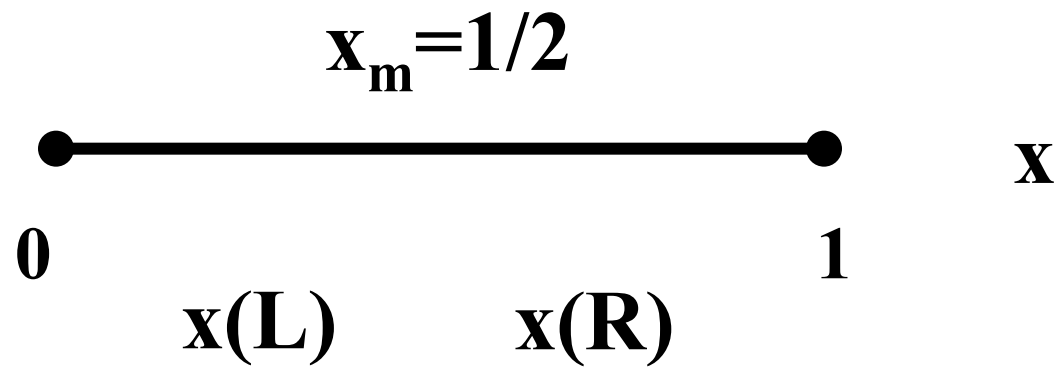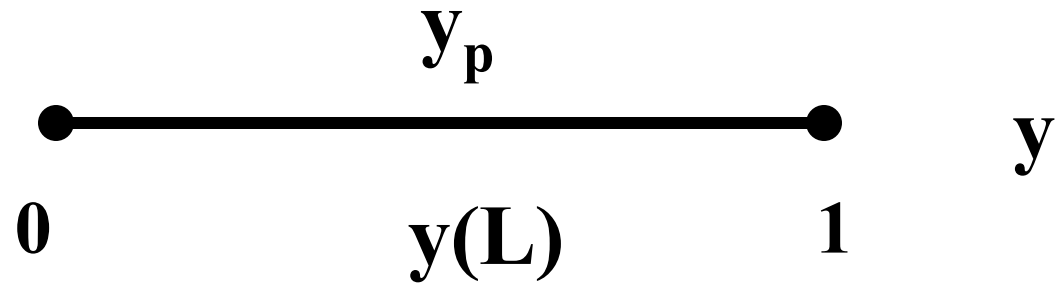
Part 1: incumbent's decision and reelection

- Two dimensional policy space [0,1] x [0,1]

- x = electoral issue
- y = popular issue

- A continuum of voters with ideal points on issue x distributed uniformly over [0,1]
- y_p : citizens' proposal on issue y

parties

- Two parties: L and R
- L is the incumbent

- Parties' ideal points:
- $x_L = 0$, $x_R = 1$
- $y_L = 0$

- Incumbent's policy choice: y(L)
- Parties' electoral promises: x(L) and x(R)

policy and election stages

- Given the policy proposal y_p :

1. Incumbent implements $y(L)$

2. Parties propose $x(L)$ and $x(R)$

3. Voters decide on the incumbent's re-election

$$\mathbf{y_p}$$

●━━━━━━━━━━━━━━━● **y**

0   **y(L)**   **1**

$$\mathbf{x_m = 1/2}$$

●━━━━━━━━━━━━━━━● **x**

0   **1**

x(L)   **x(R)**

parties' payoffs

- Incumbent's:
- $V_L = - |y_L - y(L)| + \pi_L(K - |x_L - x(L)|) + (1 - \pi_L)(- |x_L - x(R)|)$

- Challenger's:
- $V_R = (1 - \pi_L)(K - |x_R - x(R)|) + \pi_L(- |x_R - x(L)|)$

- $K \geq 0$ denotes the value of holding office.
- If $K = 0$, politicians are only policy motivated.
- If K very large, politicians are office motivated.

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voters' decision

$$U_i^L\big(x(L), y(L)\big) = -(1 - \mu)\big|y(L) - y_p\big| - \mu\big|x_i - x(L)\big|$$

$$U_i^R\big(x(R)\big) = -\big|x_i - x(R)\big|$$

- $\mu = 0$: Retrospective vote.
- $\mu = 1$: Prospective vote.

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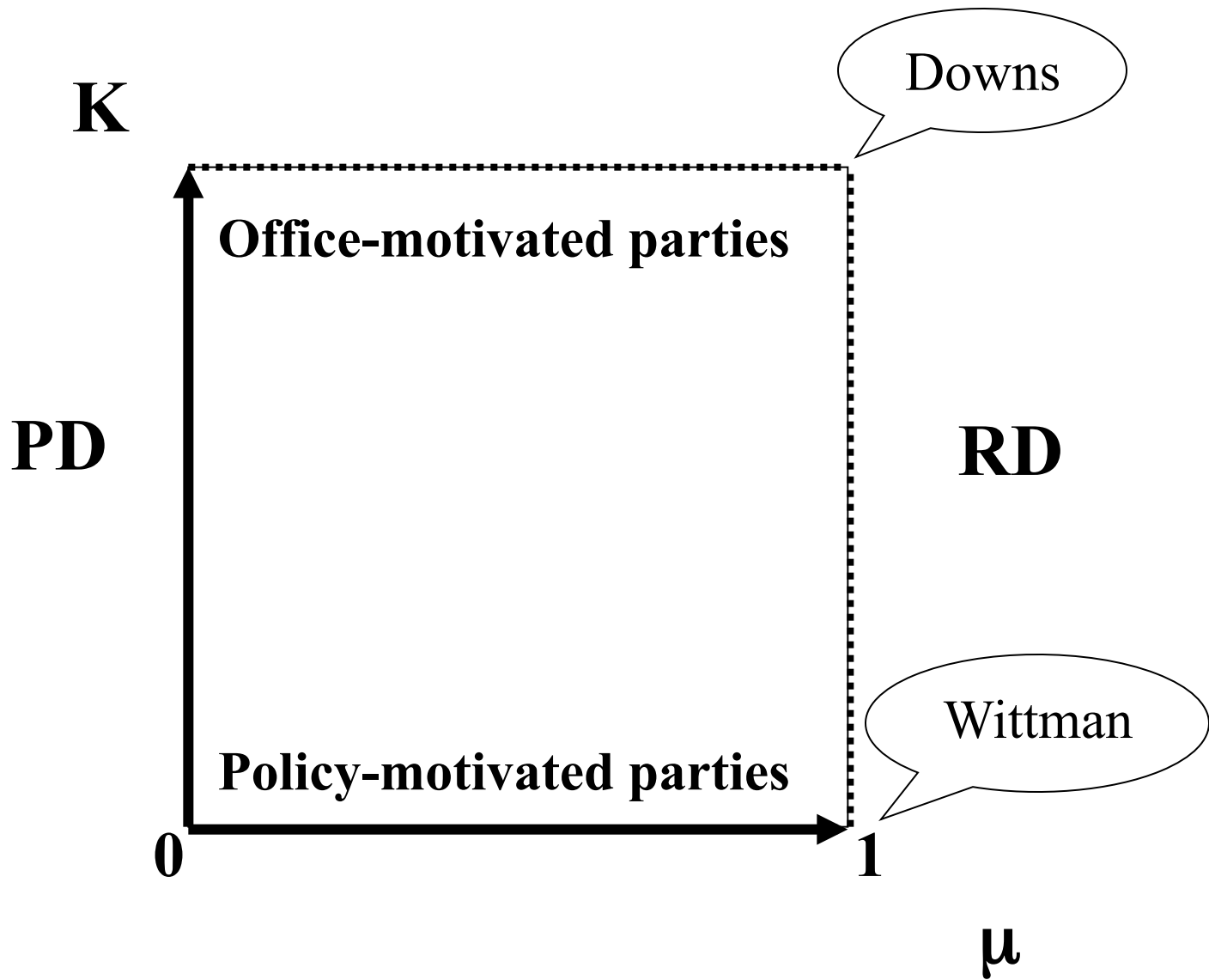$$U_i^R \left(x(R) \right) = - \left| x_i - x(R) \right|$$

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incumbent's advantage and disadvantage

$$U_i^L\big(x(L), y(L)\big) = -(1 - \mu)\big|y(L) - y_p\big| - \mu\big|x_i - x(L)\big|$$

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- For $0 < \mu < 1$
  - If $y(L) = y_p$ the incumbent has a net advantage on the electoral issue.
  - If $y(L) \neq y_p$ the incumbent has a disadvantage on the popular issue and an advantage on the electoral issue.

incumbent's trade-off

- The incumbent always has a strategy that guarantees his re-election.
- But it may be too costly…
- The incumbent is not re-elected in equilibrium when
  - large y_p: non-aligned preferences
  - small K: incumbent is strongly policy motivated
  - large μ : strong electoral competition

if L wins	if R wins

- Policy outcomes on the popular issue are closer to the proposal for medium values of μ.

- Policy outcomes on the electoral issue coincide with the median for large values of μ.

- Policy outcomes on the popular issue reflect only the incumbents' preferences.

- Policy outcomes on the electoral issue are closer to the median for larger values of μ.

Part 2: formation of policy proposal

Based on models of meeting with costly participation.

Osborne, Rosenthal and Turner, AER 2000

- Policy space = [0,1]
- Policy implemented: y(L)
- Policy proposal: y_p

Meetings with costly participation

- Citizens: i = 1, ..., N
- Citizen i's ideal point: y_i
- $F(y_i)$ = p.d.f. on [0,1] with $y_1 = 0$ and $y_N = 1$
- Population median: y^*

$$V_i(y, a_i) = -|y - y_i| - a_i c$$

$$where \quad a_i = \begin{cases} 1 & if\ i\ attends \\ 0 & otherwise \end{cases}$$

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Participation

- If c is large enough then there is a unique equilibrium in which nobody attends the meeting.
- If c is small enough then nobody attending the meeting is not an equilibrium because
- Any i such that $\left| y_i - y_L \right| > c$ is better off attending.

$$0 \quad\quad y_L\text{-b} \quad\quad y_L \quad\quad y_L\text{+b} \quad 1$$

Existence of equilibrium

- Existence of an **interior equilibrium** depends on the specific distribution of voters' preferences.

- Existence of an **extreme equilibrium** does not depend on the specific distribution of voters' preferences.

Alignment of preferences

$$y^* \in \left(y_L - b, y_L + b \right)$$

- Necessary condition for existence of an Interior Equilibrium with an Extreme Incumbent.

- Necessary condition for existence of Equilibrium with a Moderate Incumbent.

Main results

- Non-participation of the moderates.
- Moderation as a relative concept.
- Importance of alignment.
- Low participation.
- Instability.

Alignment of preferences

- According to the citizen-candidate model we would always have alignment of preferences.

- Non-alignment of preferences induces instability that could imply a change of candidate or a change of system.

- Incumbent's preferences, society's preferences, and the relevant policy space change over time, thus instability is not necessarily persistent.

Participatory democracy

Provides information on voters' preferences to parties and to voters.

and

- Destroys parties' monopoly on agenda setting.
- Makes lobbying less successful.

thus improves social welfare

Further research

- Need of better explanations for the participation stage:

1. Origin of popular initiatives
2. Deliberation stage
3. Aggregation of preferences for policy proposal
4. Citizens' participation

- Do people compare incumbents and challengers in a symmetric way?
- Role of lobbies at both stages.