

The Winner Takes it All: The Effect of Direct Democracy on Democratic Satisfaction and Political Trust Revisited

Sofie Marien, University of Leuven, University of Amsterdam
Anna Kern, University of Leuven

Contact: sofie.marien@kuleuven.be

Abstract

Despite the strong theoretical expectations about the beneficial effects of direct democratic institutions on citizens' opinions vis-à-vis the political system, the empirical evidence is scarce and inconsistent. We add to this literature by examining the effect of direct citizen involvement in the political decision-making process on democratic satisfaction and political trust as well as the underlying causal mechanism. We use a unique panel collected in the context of a local Belgian referendum, including inhabitants of a neighborhood that held a referendum and a comparison group (i.e. inhabitants of a comparable neighborhood without referendum). This design combines a strong test of causality with a high level of ecological validity. In line with our expectations, we show that the increase in democratic satisfaction and trust in local political institutions following the referendum is not driven by involvement or procedural fairness perceptions but by an increase in satisfaction and trust levels among the winners of the decision.

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Introduction

Declining participation in elections and political parties as well as widespread distrust in political institutions and actors have raised concerns about a deficit of democratic legitimacy in advanced democracies (Blais and Rubenson 2013; della Porta 2013; Norris 2011; van Biezen et al. 2012). To address citizens' novel participation preferences and to foster political trust, proposals for more direct citizen involvement in the political decision-making process have been launched increasingly (Newton and Geissel 2013; Scarrow 2001; Smith 2009). Direct participation in policy-making through e.g. a referendum seems to align well with citizens' participation preferences as it allows them to vote on specific issues, consumes little time and does not entail long-term commitments. Exactly these characteristics are considered important elements of the participation preferences of contemporary citizens (Stolle & Hooghe 2004). Moreover, procedural fairness and participatory democracy scholars theorise that direct involvement will foster citizens' support for the political decision-making process and its institutions because eligible citizens value voice and influence in the political decision-making process (Barber 1984; Pateman 1970; Gherghina 2016).

Despite these strong theoretical claims and a number of prominent empirical studies on the effects of direct democracy (e.g. Smith & Tolbert 2004), empirical studies on the effect of direct citizen involvement within political decision-making on citizens' satisfaction with the political system and its institutions remains scarce and the findings are inconsistent. Therefore, the aim of this study is to enhance our understanding of how and why direct democracy affects citizens' support for the political system. In particular, we analyse its effects on political trust and democratic satisfaction. Political trust can be defined as the evaluation of how well a political system is living up to citizens' normative expectations (Miller and Listhaug 1990; Persson et al. 2013). Democratic satisfaction includes citizens' opinions on the extent to which their political system functions democratically. These two indicators are frequently used to assess citizens' support of their political system.

To date, most studies rely on cross-sectional data studying whether democratic satisfaction or political trust levels are higher in states or cantons in which direct democratic rights or experiences are more extensive (e.g. Bauer and Fatke 2014; Dyck 2009; Hug 2005; Stadelmann-Steffen & Vatter 2012). These studies provide inconsistent findings with positive, non-significant and negative relationships between direct democracy on the one hand, and democratic satisfaction and political trust on the other hand. Despite all its merit, as with all cross-sectional designs, establishing causality

includes a challenge. For instance, the causal claim that extensive use of direct democratic rights in Swiss cantons leads to distrust in political authorities could also be reversed as distrust in authorities is likely to stimulate citizens to push for a citizen initiative. The available lab experiments show positive effects of a direct vote on legitimacy beliefs (Esaiasson et al. 2012). While lab experiments allow for stronger causal claims than cross-sectional designs, it is uncertain whether these results can be generalised to real-life involvement. Moreover, despite the strong theoretical claims about the underlying causal mechanisms, empirical insight into the causal mechanisms that can explain changes in democratic satisfaction and political trust levels remains scarce.

This study seeks to amend this lacuna and examines the effect of a referendum on democratic satisfaction and political trust and the underlying causal mechanism. We argue that providing citizens with a voice in the decision-making process by means of a vote will increase satisfaction with the functioning of democracy and political trust. However, we argue that this increase does not result from the increase in perceived influence or fairness of the decision-making process as previous studies theorized, but from an increase in the democratic satisfaction and political trust levels among the winners of the direct democratic process, who by definition make up the majority. Hence, we do not expect that having voice in the decision-making process is enough to boost democratic satisfaction and political trust. Rather we argue direct democracy fosters instrumental voting as it allows little room for preference transformation compared to for instance deliberative processes.

To date, political decision-making processes that include elements of direct democracy are especially gaining popularity at the local level. In effect, this level offers good opportunities to engage citizens as decisions relate closely to citizens' everyday life and generally traditional party politics is less at play (Bryan 2004; Oliver 2012). As a result, the introduction of more extensive opportunities for direct citizen involvement in the (local) political decision-making process has the potential to mobilise citizens to engage, thereby, counteracting the current decline in participation (Dalton and Welzel 2014). Therefore, in this study we offer an original research design to test how and why direct democracy at the local level affects democratic satisfaction and political trust. We gathered panel data within two comparable Belgian neighbourhoods (with and without referendum) which enables us to conduct a stronger causal test than previous cross-sectional studies, while offering higher levels of ecological validity than lab experiments. In the remaining of this article, we first review the literature on direct democracy and citizens' opinions towards the political system.

Subsequently, we will describe the context of the study, the research design and its results. Finally, the results and its implications will be summarised in the conclusion.

The Effect of Direct Democratic Processes on Democratic Satisfaction and Political Trust

One of the most prominent theoretical frameworks on the beneficial effects of citizen involvement in the political decision-making process is participatory democracy theory. Theorists have argued that engagement in the decision-making process leads to the development and nurturing of more positive, democratic characteristics, such as community-mindedness, political efficacy and support for the democratic system and its functioning (Barber 1984; Finkel 1987; Pateman 1970). Two mechanisms underlying the theorized increase in citizens' political support resulting from direct democratic instruments are prominent in the literature. A first causal mechanism relates to the *perception of the fairness of the decision-making process* among citizens. A critical argument within this line of reasoning is that fair procedures are able to mitigate the negative effect of unfavorable decisions. Citizens might not get the preferred outcome but because they had a voice in the process, they consider the process as fair, which fosters satisfaction with the decision-making process and support for the political system more generally. This is the core idea within procedural fairness theory, which has been used increasingly to think about and study the nature, making and implications of decisions within different disciplines in social sciences e.g. organisational psychology, policing, socio-psychological literature (e.g. Tyler 2011). Within political science, however, empirical studies have paid less attention to procedural fairness theory. While there are some indications voice in the decision-making processes fosters fair process perceptions, it is unclear whether direct democracy is perceived as a fairer process of decision-making than the purely representative process and how this impacts citizens' opinion vis-à-vis the political system.

A second mechanism focuses on citizens' *perceived influence* over their society and living conditions. The perception of greater influence on political decisions can foster citizens' satisfaction with the democratic process and its institutions. Following an instrumental rationality approach, citizen direct involvement in the decision-making process might be considered a less cost-effective rational means to make political decisions than decision-making by experts such as representatives. The rationale is that it is more efficient if political parties aggregate citizens' interests and make political decisions for which they are held accountable at elections. However, this type of rationality leads to a lack of self-determination and immediate influence on one's society and living conditions.

Because of this disconnection between citizens and the political system, this decision-making process could undermine citizens' support and ultimately even fail to meet its end to authoritatively make political decisions in a society (Habermas 1984; Easton 1965).

Through direct democratic decision making citizens get an "occasional voice in government" (Bowler and Donovan 2002, p. 376). The feeling of being able to make decisions on particular issues themselves and being listened to can strengthen citizens' perception of influence on the political decision-making process, which is argued to increase their satisfaction with the functioning of democracy and political trust more generally. The increase in self-expressive values in the past decades is likely to have even increased this effect as the importance contemporary citizens attach to influence in the political decision-making process has heightened (Dalton and Welzel 2014). In sum, the reasoning is that being able to exert influence in the decision-making process enhances democratic satisfaction and political trust, regardless of the favorability of the outcome. Even if you do not get what you want, citizens had the opportunity to voice their interests and perceive they can influence the decision-making process and their living conditions. Most participatory theorists argue that personal involvement is a critical condition to its transformative effects. Hence, in the context of direct democratic procedures, we expect different effects depending on whether people have cast a vote. Yet Pateman (1970, p. 73), one of the seminal scholars within participatory theory, argued that: "[...] even the mere feeling that participation is possible, even situations of pseudo-participation have beneficial effects on confidence, job satisfaction, etc."

Our argument

We argue that a third possible causal mechanism is frequently overlooked. In particular, we argue that due to the polarising nature of direct democracy, voters of the winning outcome gain more utility from direct democratic processes than voters who voted for the option that did not get the majority of votes. Thereby winners are expected to change their opinions' towards the political system that granted their wishes. Decision losers are able to have their say over the outcome, yet their loss in this polarising process inhibits a positive change in opinion towards the political system. Given that winners are by definition in the majority, on the aggregate an increase in support will occur. To date, insights into the causal mechanisms are scarce given the prominence of cross-sectional studies. Yet it is important to gain a better understanding of why direct democratic processes affect citizens' opinions toward the political system as the different causal mechanism have different implications.

If increased citizens' support for the political system would resort for a direct democratic process due to outcome favorability, this signals that this support is based on specific support rather than diffuse support derived from the beneficial effects of the process characteristics.

In this study, we aim to study the effect of direct democracy at the local level on democratic satisfaction and political trust and test this causal argument and the two frequently proposed alternative explanations. Hence, we will analyse the influence of the *outcome* of the direct democratic process. The idea is that increases in democratic satisfaction and political trust will only occur if citizens get what they want out of the process. While in the alternative mechanisms participation also has expressive functions, the focus is on the instrumental function of participation. Following adherents of the theory of liberal democracy, the main function of political participation is to protect one's interests (della Porta 2013). Following this logic, citizens participate because they want to ensure that representatives do not take measures that run against their interests. Direct democracy provides citizens an extra opportunity to propose policies and to interfere if decisions are taken that threaten citizens' personal interests (Wagschal 1997). The option of direct democratic "interference" allows citizens to control their representatives more frequently than when purely representative procedures are used to make political decisions. Citizens can either directly influence decision making by approving legislation, or indirectly by constraining and pressuring elected representatives with the "threat" of initiating an initiative (Bowler and Donovan 2002). In sum, perceiving influence is not enough, the main factor of this final mechanism is the favorability of the decision. This idea is key to instrumental voting theory (Downs 1957 ; Geys 2006).

Despite strong theoretical claims and a number of prominent empirical studies on the effect of direct democracy, empirical evidence on its effects on citizens' satisfaction with the democratic process and its institutions are limited. Moreover, the results are mixed. On the one hand, empirical studies show that citizens who live in contexts in which citizens are more directly involved in the decision-making process believe more strongly that the government is responsive to their demands (Bowler and Donovan 2002; Hero and Tolbert 2004; Mendelsohn and Cutler 2000; Smith and Tolbert 2004) and are more satisfied with how democracy is working (Stadelmann-Steffen & Vatter 2012). On the other hand, Gilens, Glaser, and Mendelberg (2001) cannot find a direct effect of propositions on political attitudes. The absence of a direct effect between direct democratic procedures on the one hand and internal and external efficacy on the other hand is also ascertained by Schlozman and Yohai (2008) and by Dyck and Lascher (2009). Moreover, Dyck (2009) finds that the usage of direct

democratic rights decreases trust. This negative effect is confirmed in the study of trust in cantonal authorities in Switzerland (Bauer and Fatke 2014).

Studies on election outcomes provide indications that winners of direct democratic processes would become more satisfied and trusting while losers would become less satisfied and distrusting despite their involvement in the political decision-making process. In effect, several studies have shown that citizens who voted on a political party that lost the election became less satisfied with the democratic process and less trustful of the political system more generally (Anderson et al. 2007; Marien 2011). If this would apply to voting on specific issues as well, increases in trust and satisfaction are likely to be driven by outcome favorability rather than process fairness or perceived influence. In sum, to date, it is unclear what the impact is of direct democratic processes on citizens' support for the political system and what the underlying causal mechanisms are.

Therefore, in this paper, we aim to contribute to this literature by studying the effects of a referendum at the local level on citizens' democratic satisfaction and political trust. While citizen involvement in the political decision-making process can take place at different levels of governance, the local level of government in particular plays an important role in "educating" the individual according to participatory theory. To participate effectively in government, the local level forms an ideal context to develop the necessary qualities. In this context, Mill for instance writes "*a political act, to be done only once in a few years, and for which nothing in the daily habits of the citizen has prepared him, leaves his intellect and his moral dispositions very much as it found them*" (cited in Pateman 1970, p. 30). Hence, citizens need a context in which they can practice their engagement in the decision making process. This context can be participatory structures in the workplace or in all "*lower level authority structures*" (Pateman 1970, p.35). These environments enable citizens to experience and practice to influence decision-making. In order to gain insight into how and why direct democratic processes affect democratic satisfaction and political trust, we developed a design that allows a stronger causal test than cross-sectional studies and allows to shed light on the causal mechanisms. By tracking individuals over time, we are able to gain insight into the trends in democratic satisfaction and political trust and the factors that can explain these trends.

In particular, we expect:

H1: A referendum increases democratic satisfaction and political trust levels.

H2: People that vote in a referendum become more satisfied with the democratic process and more trustful of political institutions than people that did not vote.

H3: Voting for the winning outcome in a referendum increases democratic satisfaction and political trust compared to voting for the losing outcome.

The direct democratic process under study

The data for this study was gathered in the scope of a referendum on traffic circulation in a medium sized city in the Dutch speaking part of Belgium in the spring of 2015. Local policymakers aimed to improve the quality of life in one of its central neighborhoods, as they assume that the city's population will substantively increase in the coming decades. A major issue in this context was traffic circulation in the neighborhood, as many car drivers from the outskirts of the city passed through the neighborhood in order to reach the city center. Therefore, the policymakers aimed to reduce this traffic, stemming from car drives whose destination is not located in the neighborhood. In consultation with its inhabitants the city's administration drafted a new circulation plan that aimed to drastically reduce east-west traffic within the neighborhood. However, soon after the plans were presented to the public, fierce resistance arose among some of the inhabitants, mainly because they feared that the new circulation plan would reduce their own mobility within the neighborhood.

Therefore, the city's administration agreed that a group of citizens who opposed the circulation plan could draft an alternative scenario which would fulfill some basic conditions and that a referendum would be held in which all inhabitants of the neighborhood above the age of 16 could choose between the circulation plan that was drafted initially (scenario A) and the alternative circulation plan (scenario B). Despite the consultative nature of Belgian local referenda, the policy makers promised beforehand that the result of the referendum would be respected and implemented shortly afterwards. The referendum was held on the 26th of April in 2015 and about 2,000 inhabitants of 7,700 eligible inhabitants casted a ballot (about 26 percent). With 63 percent of the voters choosing the alternative, less interfering circulation plan (scenario B), the vote was clear. The result was

announced on the same evening and the new circulation plan was implemented in the weeks following the referendum. Although the referendum was on a local policy domain, it attracted a lot of attention within the neighborhood. In the weeks before the referendum, only about 7 percent of the inhabitants that participated in our survey indicated that they had not yet heard about it. Also, about 57 percent of the inhabitants assumed that a change in the circulation plan would have a strong effect on their daily mobility. Hence, it is safe to assume the referendum was not trivial and likely to affect inhabitants' opinions on the governing process.

Research Design

Data

We rely on a unique panel dataset containing public opinion data before and after the referendum. Data on civic attitudes and political orientations was collected using postal surveys in the month before the referendum (Wave 1) and in the two months following the referendum (Wave 2) in the neighborhood in which citizens had the right to participate in the referendum (i.e. 'treatment group'). For both waves, the same questions were asked in a postal survey that was conducted in a comparable neighborhood of the same city in which no referendum was held (i.e. 'comparison group')¹. This second sample allows us to take changes in democratic satisfaction and political trust into account that are not related to the referendum. In both neighborhoods respondents were selected based on a random sample that was drawn from the city's official register of residents. A sample of 1,800 citizens was drawn in both neighborhoods.

In the first wave, 1,360 completed surveys were received (620 from the treatment group and 720 surveys from the comparison group) resulting in a response rate of about 38 percent. Those respondents were re-contacted in the second wave and we obtained filled in questionnaires from 1,119 respondents (512 from the treatment group and 607 from the comparison) resulting in a response rate of 31 percent for both waves. We compared the respondents' main socio-demographic data in all waves and excluded respondents for which sex and age did not match between the waves or did not correspond to the information from the register of residents, leaving us with consistent data from 1,049 respondents (out of which 483 stem from the treatment group and 566 are from the comparison group). The sample offers a good representation of the population in both

¹ All respondents were originally contacted by post. They also had the opportunity to complete the questionnaire online using their personalized login data that was distributed together with the postal survey.

neighborhoods in terms of sex with a slight overrepresentation of older respondents². Moreover, respondents in the treatment group also provide a good representation of the neighborhood in terms of their vote choice. The referendum resulted in 63 percent of the voters in the neighborhood voting for scenario B. This is within the the 95 percent confidence interval of 52 to 65 percent calculated based on our sample.

The design of this study is diagrammed in Table 1. It is based on a ‘treatment’ group and an ‘untreated comparison’ group with both pre- and posttest data gathered in the same units (Shadish et al. 2002). Compared to randomized experiments, a major advantage is that this study can be carried out on a larger scale and is more realistic increasing its ecological validity (Remler and van Ryzin 2010, p. 428). It is particularly well-suited to study causality because of the longitudinal nature of the data as well as the comparison group which allow to take contextual changes into account. Therefore, it offers a unique design in the field of research on direct democracy. Yet unlike previous cross-sectional studies that examine differences between states or cantons with varying levels of direct democracy, this study only exams one direct democratic process at the local level. Hence, despite its advantages to establish causality by studying change in attitudes in a rather controlled but realistic setting, only one process is studied. Moreover, direct democratic processes are rare in Belgium which also affects the generalizability of the results. However, to date, most empirical evidence on direct democratic processes relies on a small number of countries with strong direct democratic traditions. Hence, it is interesting to expand the nature of cases to a context with fewer experience with direct democracy. The implications for generalizability will be discussed in the conclusion.

² Based on the information from the city’s register of residents, we compared those 1,049 respondents that answered twice with the respondents that answered only once or not at all. Results show that there are more women among the respondents (54 percent) than among the group of those who didn’t answer or answered only once (50 percent). However, the difference is not statistically significant on the 5 percent level. With an average age of 52, the group of consistent respondents is significantly older than the group of non-respondents and respondents that participated in only one wave. The average age in this group is 45.

Table 1: Two Group-Pretest-Posttest-Design

	Wave 1	Wave 2
	27 March 2015 - 25 April 2015	May 1 st 2015 – 31 July 2015
	Pretest	Posttest
Treatment Group	O ₁	O ₂
Comparison Group	O ₃	O ₄

Critical to this design is that the treatment and comparison group are as similar as possible (Remler and van Ryzin 2010). The comparison group was carefully chosen within the same municipality (i.e. Mechelen), thereby inhabitants in both neighborhoods have the same policymakers. Further, the choice of comparison neighborhood in the city was based on its average declared income in 2008 which is highly similar to the average declared income in the neighborhood which forms the treatment group. We used fiscal data from the Belgian Federal Government from 2008 because it was the most recent data available for statistical sectors at the time of sampling. In terms of ethnic diversity as well, the city’s administration confirmed that the two neighborhoods were highly similar. We further checked whether the distribution of relevant socio-demographics and political attitudes differs among the respondents from the two neighborhoods (Table 2) and found no differences between the two neighborhoods concerning sex, age, level of education, political interest and generalized trust.

Next to the comparability of both neighborhoods, it is important that direct democratic processes are as likely in both neighborhoods to avoid endogeneity. Based on interviews with the policymakers and civil servants, it was clear that there are no systematic differences in the likelihood of the use of direct democratic processes within the different neighborhoods. Finally, to act as a comparison group, it is important a group of citizens that is ‘treated’ by a referendum is compared to an ‘untreated’ group. Due to the choice for two neighborhoods in the same municipality, it is possible that the use of the direct democratic process in one neighborhood might influence the opinions of inhabitants in the other neighborhood. Hence, the choice for two neighborhoods in the same municipality to maximize comparability and lower endogeneity problems but also has a downside. While we cannot fully avoid that inhabitants in the comparison neighborhood were influenced by the use of a direct democratic process in a different neighborhood, the survey data show strong differences among both neighborhoods in knowledge and salience of the referendum

and the issue which indicates the second sample can offer a good comparison group. For instance, the first wave data reveal that unlike the treatment group, most people in the comparison group were not aware that a referendum would take place (38 percent) or only recently heard about it (14 percent). Further, the second wave data reveals that the overall majority of the respondents in the comparison group (i.e. 91 percent) believes that a change in the traffic circulation in the neighborhood of the treatment group would affect their daily mobility weakly or not at all. In sum, the second sample is not a strict control group as one can create in an experimental setting, yet it does offer a good comparison group outside the lab, which allows to not only investigate changes in democratic satisfaction and political trust over time but also investigate to what extent these changes are unique to the occurrence of a referendum in one's neighborhood.

Table 2: Comparison of socio-demographic and attitudinal characteristics respondents

	Treatment group	Comparison group	Difference
Percentage female respondents	52.59	54.42	-1.83
Average age	50.93	52.68	-1.75
Percentage respondents with no or primary education	23.00	21.44	1.56
Percentage respondents with secondary education	31.86	33.15	-1.29
Percentage respondents with tertiary education	45.15	45.41	-0.26
Average level of political interest (measured on a 10 point scale)	5.47	5.33	0.14
Average level of generalized trust (measured on a 10 point scale)	5.58	5.59	-0.01

Note: Differences are tested with two-sample t-tests. Sign.:*** p<0.01, ** p <0.05, * p<0.1

Measurement

Given that the referendum was at the local level, initiated by the city's mayor and councilors, we investigate satisfaction with the functioning of democracy in the city and trust in the local institutions and authorities. For democratic satisfaction, we relied on the answers to the question *"How democratic do you think is your city currently governed?"* Respondents could answer on an 11-point scale ranging from 0 "not at all democratic" to 10 "completely democratic". For trust in local institutions, we used the questions: *"Can you indicate on a scale from 0 to 10, how much trust you have in city's local council?"* and *"Can you indicate on a scale from 0 to 10, how much trust you have in city's mayor and the councilors?"*. As the answers to both questions were highly correlated (0.94 in the first wave and 0.95 in the second wave), we combined them in an index ranging from 0 to 10 with a mean of 5.27 in the first wave and 5.53 in the second wave (corresponding standard deviations are 2.42 in wave one and 2.28 in wave two).

To gain insight into the causal mechanisms (outcome favorability, fairness, influence), we asked respondents in the post-wave whether they voted and on which scenario they voted and recoded them as "winners" or "losers" of the outcome of the referendum. We asked about their perceptions of the decision-making process. We rely on two questions that were only asked in the post-wave of the survey after the referendum was held: *"How fair do you think that the referendum proceeded?"* and *"how much influence did you have on the decision about the traffic circulation in Nekkerspoel?"*. Respondents indicated their answer on 8-point scales that ranged from 0 "not fair at all" to 7 "very fair" for the first question and from 0 "not influence at all" to 7 "very strong influence" for the second question. We also asked their opinion about the quality of the decision outcome to gain additional insights into the reasons underlying changes in democratic satisfaction and political trust: *"How good do you think the decision is that has been taken?"* from 0 "not good at all" to 7 "very good".

Method

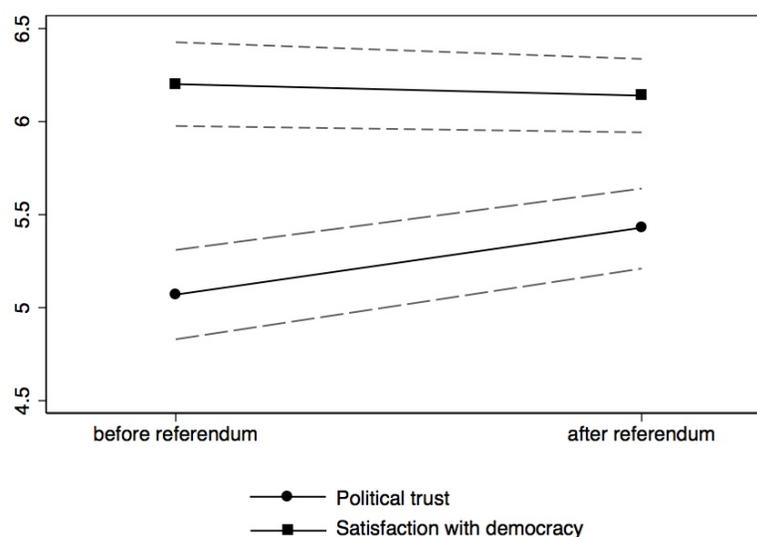
In a first step, we analyze the data by looking at the changes that occurred in the treatment group between both waves. In a second step, we rely on a difference-in-differences strategy to identify the attitudinal effects of the referendum. This means we compare the difference between two pre-post differences (Remler and van Ryzin 2010). Given the fact that traffic circulation was a highly salient subject in the treatment group, we expect that satisfaction with local democracy and local political

trust changed during the observation period. The difference-in-differences strategy departs from the assumption that if the referendum would not have been held, the average change in political attitudes in the treatment group would have been the same as in the comparison group (“parallel path assumption”). During the entire period of observation, we followed the two neighborhoods closely. No intervening events happened between the pre- and the posttest, therefore, the assumption is that potential changes in attitudes in the treatment group between the two point of measurement can mainly be attributed to the referendum. By applying this strategy, we control for unobservable and time-invariant characteristics of the respondents. In a final step, we conduct a regression analysis, in which we aim to gain more insight into the causal mechanism by examining the effect of taking part in the referendum and its outcome on satisfaction with local democracy and local political trust.

Results

Looking at the pre- and post-measurements in the treatment group we find, as expected, that changes occurred: trust in local political institutions increased after the referendum, while satisfaction with the working of democracy in the city seemed to decrease (see figure 1). Subsequent analyses show that while the increase in local political trust is significant, the decrease in satisfaction with local democracy is insignificant (Table 3).

Figure 1: Change in political trust and satisfaction with democracy in the treatment group



The question, however, arises whether these changes occurred due to the referendum or whether they are part of a general trend that would have also occurred without the referendum. In order to answer this question, we conducted a difference-in-differences analysis in which we account for the potential changes in the comparison group (Table 3). Table 3 confirms what we have seen in the previous figure already: Trust in local institutions significantly increased in the treatment group. The decrease in satisfaction with local democracy is not significant. Hence, the referendum seemed to increase or did not impact support among citizens. Table 3, furthermore, shows that local political trust also rose in the comparison group. While trust in local political institutions was significantly higher in the comparison group before the referendum, no significant difference could be observed after the referendum. As a result, the difference of the differences test is not statistically significant. So while there are indications of an increase in local political trust after the referendum, the strict statistical test of this does not reach standard levels of significance. Looking at satisfaction with the functioning of local democracy, we see a decline in both groups during the observation period. However, the decline is significantly stronger in the comparison group than in the treatment group as the difference in differences test shows. It seems that the referendum was able to mitigate a decrease in democratic satisfaction.

Table 3: Comparison of the difference between the two pre-post differences in trust and democratic satisfaction

		TG	CG	Difference TG-CG
Local Political Trust	before the referendum	5.07	5.44	-0.37**
	after the referendum	5.43	5.63	0.20
	Change	0.36**	0.19	0.17
Satisfaction with Local Democracy	before the referendum	6.20	6.71	-0.51***
	after the referendum	6.14	6.20	-0.06
	Change	-0.06	-0.51***	0.45**

Note: Sign.:*** p<0.01, ** p<0.05, * p<0.1

Having isolated the changes that occurred in both groups during the observation period, we can focus in the following step on whether and how those changes can be explained. The data allows to gain more insight into the possible causal mechanisms. First of all, we study whether participation

in the referendum is needed to increase democratic satisfaction and political trust levels. We do not look at absolute levels as voters and non-voters might have different levels before the referendum, but we look at the changes in satisfaction with local democracy and trust in local institutions. Table 4 shows that the observed increases in satisfaction and trust in the neighborhood are driven by changes in voters' attitudes. Voters' satisfaction with the functioning of local democracy increased with 0.21 points which is significantly different from the decrease in democratic satisfaction among non-voters and inhabitants from the comparison neighborhood. There is no difference between non-voters and the comparison group. Similarly, voters' trust in local political institutions increased with 0.55 points, which is significantly more than the modest increases among non-voters and the comparison group. In sum, the opportunity to participate is not sufficient. The trend in democratic satisfaction and political trust of non-voters does not significantly differ from the trend in the comparison group. While these trends could be interesting, the observed changes are likely to result from factors unrelated to the referendum. In line with expectations, democratic satisfaction and political trust of citizens increased after they participated in the referendum and the changes are significantly different from non-voters and the comparison group.

Table 4: Gaining insight into change in democratic satisfaction and political trust

Change in:	Voters	Non voters	Comparison group
Satisfaction with democracy	0.21 ^a	-0.38 ^b	-0.49 ^b
Trust in local political institutions	0.55 ^c	0.11 ^d	0.19 ^d

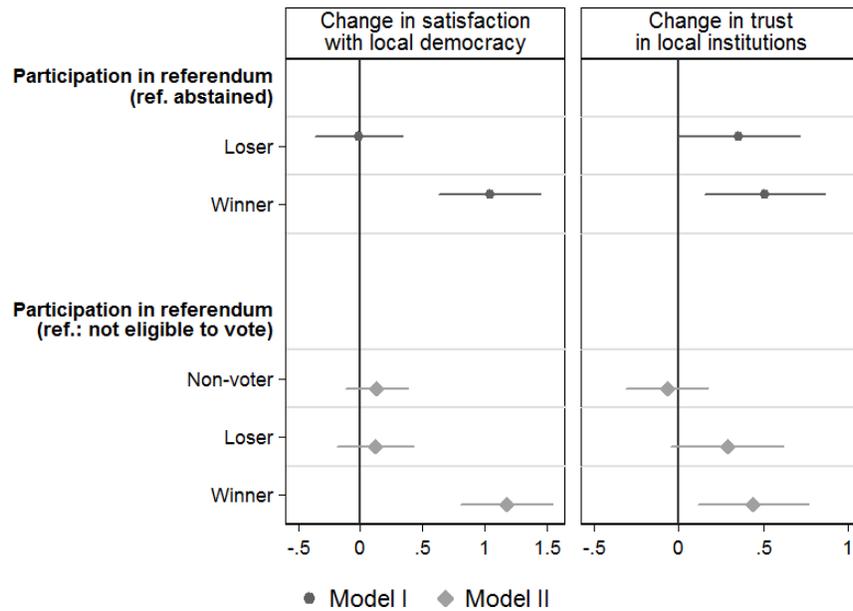
Note: Differences are tested with two ANOVA tests that both revealed significant results at the 0.05 level. Sheffe posthoc tests are visualized by letters (a and b for democratic satisfaction posthoc tests. C and d for trust posthoc tests). Coefficients with the different letters differ significantly at the 0.05 level.

In a next step, we try to gain more insight into why voters' democratic satisfaction and political trust levels increased over time. We test the third hypothesis that changes in democratic satisfaction and political trust originate from the fact that citizens obtained a favorable outcome. Also in these analyses we focus not on absolute levels but on change in democratic satisfaction and political trust over time. In particular, we use first differences regressions where the dependent variables are the change in satisfaction with local democracy and the change in trust in local institutions that occurred

from the measurement before the referendum to the measurement after the referendum. Positive values on these variables indicate that trust and satisfaction have risen, whereas negative values point to a decline. A major advantage of this research design is that we do not look at absolute differences between e.g. voters and non-voters but that we look at changes over time among different groups. As a result, this design allows us to study whether democratic satisfaction and trust among voters increased after the referendum compared to non-voters and which factors can account for this.

In the first model (see Figure 2 and also Table A1, Appendix) we distinguish between those that obtained a favorable outcome (i.e. the ‘winners’ of the referendum) and those who did not obtain a favorable outcome (i.e. the ‘losers’ of the referendum) and we compare both groups to those who abstained from voting. As Figure 2 shows, satisfaction with the local democracy and trust in local institutions rose significantly stronger for those respondents who voted for the proposal which won the referendum. The rise in democratic satisfaction and political trust is significantly higher for those ‘winners’ compared to respondents that did not take part in the referendum. The attitudes of those who voted for the proposal that did not receive the majority of the votes (i.e. the ‘losers’) did not change more or less than the attitudes of non-voters. This implies, in line with hypothesis 3, that the positive effect of participation is driven by the winners of the referendum. Positive effects on satisfaction and trust do not stem from the opportunity to get involved but rather from whether one belongs to the winners of the decision. This “satisfaction gap” was also found for voting in elections (Anderson and Guillory 1997, Anderson et al. 2007) and this study shows that also in direct democratic processes winning is of major importance to democratic satisfaction and political trust. We can conclude that the positive effect of participation is driven by the winners of the referendum.

Figure 2. The effect of winning on the change in citizens' support

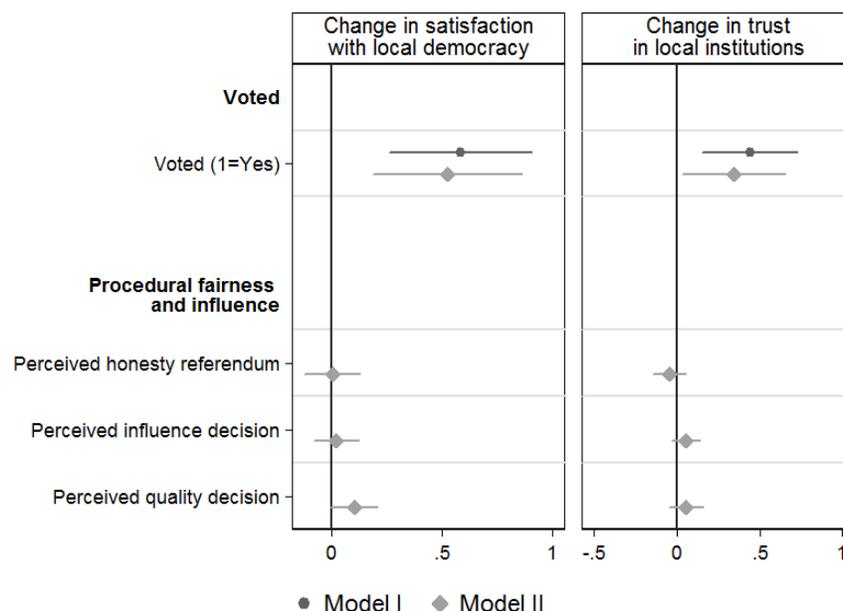


Note: Regression coefficients are illustrated together with confidence intervals (lines). Independent variables are labelled on the y-axis. Coefficients are based on models that are first differences regressions where the dependent variable is the change satisfaction with local democracy and change in trust in local institutions from before to after the referendum (see Table A3, Appendix).

In Model I we studied the change in satisfaction and trust but we did not account for the general trend in those two attitudes that was demonstrated in Table 3, namely that trust in local institutions has risen in both, the treatment and the control group, whereas satisfaction with local democracy declined in both groups. In order to take this general trend into account we contrast the change in attitudes of the winners in Model II (Figure 2) not only with the losers and the non-voters from the treatment group but also with the respondents from the comparison group, that were not eligible to vote (reference category). As Model II shows, the change in satisfaction with local democracy and the change in trust in local institutions of losers and non-voters in the treatment group does not differ from the change in those attitudes of the respondents from the comparison group that were not eligible to vote. We can conclude that the “satisfaction gap” and “trust gap” do not arise because non-voters and losers became particularly dissatisfied and distrusting as an analysis on solely the ‘treated’ neighborhood seems to suggest, but rather, because the rise in winners’ satisfaction and trust was particularly strong.

Finally, we test two alternative explanations for the causal mechanism that links participation in the referendum and a rise in democratic satisfaction and political trust. In an additional analysis we investigate the effect of perceived fairness and influence in the decision making process that are prominent in previous empirical studies. The results of these analyses are presented in Figure 3 (see also Table A2, Appendix). The first models confirm the ANOVA results, satisfaction with the local democracy and trust in local institutions rose significantly stronger for those respondents who participated in the referendum, compared to those who abstained from voting. In the second models we test whether this increase can be attributed to the perception of influence over the outcome or the fairness of the decision-making process by including two items that measure the perceived influence of respondents on the decision that was taken and the perceived fairness of the referendum. Furthermore, we also include the perceived quality of the decision as a variable that is linked to the outcome of the referendum. The results in Figure 3 show that both models are unable to explain the change in democratic satisfaction and political trust. Also, the effect of having participated remains significant which contradicts the idea that participation is mediated by perceived influence, fairness or the quality of the outcome of the decision.

Figure 3. The effect of voting and the referendum outcome on changes in satisfaction with local democracy and trust in local institutions



Note: Regression coefficients are illustrated together with confidence intervals (lines). Independent variables are labelled on the y-axis. Coefficients are based on models that are first differences regressions where the dependent variable is the change satisfaction with local democracy and change in trust in local institutions from before to after the referendum (see Table A2, Appendix).

Further analyses reveal that the perceived fairness and perceived influence of the decision-making process are not independent of the outcome of the decision. Winners perceive the decision-making process as significantly more fair and perceive they have more influence than decision losers. Voters that voted for the losing outcome perceive the decision-making process as significantly less fair. Despite their participation in the decision-making process they perceive they had less influence than decision winners (Table 5). In sum, winning proves to be critical for citizens' perceptions towards the decision-making process and impacts their evaluation of the functioning of the democratic process and its institutions.

Table 5: Winners average fairness and influence perceptions

Change in:	Winners	Non-Winners	Difference
Perceived fairness referendum	5.18	4.28	0.90***
Perceived influence decision	4.02	2.60	1.42***
Perceived quality decision	4.61	3.43	1.18***

Note: Average fairness and influence perceptions of winners are compared to those of non-winners (i.e. losers, non-voters and those not eligible to vote). Sign.:*** p<0.01, ** p<0.05, * p<0.1.

Conclusion

In the academic and public debate, more extensive citizen involvement in the political decision-making process is repeatedly presented as a potential solution for democratic dissatisfaction among citizens. A recent study, for instance, revealed that more extensive involvement of citizens in the candidate selection procedures within political parties increases their satisfaction with democracy levels (Shomer, Put & Gedalya-Lavy 2016). One way to involve citizens that is gaining increasing popularity is the use of direct democratic procedures. Proposals that include more extensive use of direct democracy in the political decision-making process are implemented at an ever increasing rate (Scarrow 2001). Despite the strong theoretical claims on the beneficial effects of direct democracy on democratic satisfaction and political trust, only few studies provided empirical evidence for these claims. Moreover, most studies are cross-sectional or take place in the lab lowering its internal or ecological validity. To tackle this question, we developed an original research design in which citizens were followed over time and questioned before a referendum took

place and afterwards. The results of this sample was compared to a sample of a comparable neighborhood without referendum to account for contextual changes in satisfaction and trust that were unrelated to the referendum. The results indicate that the referendum led to a significant increase in satisfaction with the functioning of local democracy and trust in local institutions. The actual use of the right to vote proved to be important. Voters' satisfaction with the functioning of local democracy and trust increased with the referendum, while non-voters' trends in satisfaction and trust were different from voters and did not differ from respondents in the comparison group.

Our design allows to gain even more insight in what is driving this increase in voters' satisfaction and trust. We show that, in contrast to the bulk of the theoretical literature, procedural fairness or perceived influence do not moderate the effect of voting on satisfaction in trust. In contrast, in line with election studies, the driving force behind the increase in satisfaction and trust proves to be having voted for the outcome that has received the majority of the vote. In a direct democratic process, winners are by definition the majority which leads to an increase in democratic satisfaction and political trust. This increase is, however, not the result of satisfaction with being involved but merely with getting what one wanted as an outcome. So while we found positive effects of a direct democratic process on democratic satisfaction and political trust, we qualify the expectations from participatory democracy theory and procedural fairness theory as they assume that involvement will mitigate the effect of an unfavorable outcome. This does not mean citizen involvement could not take up that function. It is, however, unlikely that a direct democratic process will do this. More deliberative forms of involvement might be a better way to involve citizens in the political decision-making process as this might increase democratic satisfaction and political trust among winners and losers given that these forms are less polarizing in nature and enhance preference transformation and consensus seeking.

Self-evidently, our study has a number of limitations as well. We have chosen to study one case in depth. While this case can be seen as a typical case of a direct democratic process in a system that does not use these initiatives frequently (such as the US or Switzerland), more research of other cases is needed to investigate whether these results can be generalized to other cases and countries. We believe the design we developed can offer important advantages for future studies to gain an in depth understanding of how citizen involvement impacts democratic satisfaction and political trust as it allows to investigate the driving forces behind trends in public opinion.

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Appendix

Table A1. The effect of winning on the change in democratic attitudes

	Change in satisfaction with local democracy		Change in trust in local institutions	
	I	II	I	II
Participation in referendum (ref. not voted)				
Loser	-0.015 (0.180)		0.354 (0.183)	
Winner	1.044*** (0.209)		0.507** (0.181)	
Participation in referendum (ref. not eligible to vote)				
Non-voters		0.132 (0.128)		-0.069 (0.124)
Loser		0.117 (0.157)		0.285 (0.168)
Winner		1.176*** (0.190)		0.438** (0.166)
Constant		-0.509*** (0.066)		0.177*** (0.066)
<i>N</i>	461	1016	457	1000
adj. <i>R</i> ²	0.065	0.049	0.016	0.008

Note: Regression coefficients shown with robust standard errors in parentheses. Models are first differences regressions where the dependent variable is the change satisfaction with local democracy and change in trust in local institutions from before to after the referendum. Sign.: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Table A2: The effect of voting and the referendum outcome on changes in satisfaction with local democracy and trust in local institutions

	Change in satisfaction with local democracy		Change in trust in local institutions	
	I	II	I	II
Voted	0.583*** (0.164)	0.522** (0.172)	0.439** (0.146)	0.344* (0.158)
Perceived honesty referendum		0.003 (0.064)		-0.045 (0.051)
Perceived influence decision		0.020 (0.052)		0.052 (0.042)
Perceived quality decision		0.101 (0.054)		0.056 (0.052)
Constant	-0.377** (0.109)	-0.759** (0.243)	0.107 (0.101)	0.038 (0.173)
<i>N</i>	467	457	463	453
adj. <i>R</i> ²	0.024	0.034	0.017	0.017

Note: Regression coefficients shown with robust standard errors in parentheses. Models are first differences regressions where the dependent variable is the change satisfaction with local democracy and change in trust in local institutions from before to after the referendum. Sign.: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.