

centralized in Chapter 10. The ninth federal system, Belgium, has one of the lowest indexes of bank independence, but Belgium did not become federal until 1993, and as discussed in Chapter 3, it made its central bank much more independent at about the same time. As is shown in the next chapter, central bank independence is also strongly correlated with the other three variables of the federal-unitary dimension.

CHAPTER 14

The Two-Dimensional Conceptual Map of Democracy

In this brief chapter I summarize the main findings of Chapters 5 through 13, which have dealt with each of the ten basic majoritarian versus consensus variables. I focus on two aspects of the “grand picture”: the two-dimensional pattern formed by the relationships among the ten variables and the positions of each of the thirty-six democracies in this two-dimensional pattern. In addition, I explore the changes in these positions from the pre-1970 to the post-1971 period of twenty-six of the thirty-six democracies for which a sufficiently long time span is available in the first period.

The Two Dimensions

In Chapter 1, I previewed one of the most important general findings of this book: the clustering of the ten institutional variables along two clearly separate dimensions, which I have called the executives-parties and federal-unitary dimensions—although, as I explained in Chapter 1, it might be more accurate and theoretically more meaningful to call the two dimensions the joint-power and divided-power dimensions. In Chapters 5 through 13, too, I have repeatedly called attention to the close links among some of the variables within each cluster. Table 14.1 now presents the overall pattern by means of the correlation

Table 14.1 Correlation matrix of the ten variables distinguishing majoritarian from consensus democracy in thirty-six democracies, 1945-96

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
Variable 1: Effective number of parliamentary parties	1.00									
Variable 2: Minimal winning one-party cabinets	-0.87**	1.00								
Variable 3: Executive dominance	-0.71**	0.68**	1.00							
Variable 4: Electoral disproportionality	-0.50**	0.57**	0.33*	1.00						
Variable 5: Interest group pluralism	-0.55**	0.68**	0.38*	0.56**	1.00					
Variable 6: Federalism-decentralization	0.26	-0.25	-0.23	-0.16	-0.28	1.00				
Variable 7: Bicameralism	0.02	0.00	0.01	0.10	0.05	0.64**	1.00			
Variable 8: Constitutional rigidity	0.02	-0.06	-0.09	-0.02	-0.06	0.54**	0.35*	1.00		
Variable 9: Judicial review	-0.13	0.06	-0.05	0.26	0.20	0.48**	0.41**	0.39**	1.00	
Variable 10: Central bank independence	-0.01	-0.14	-0.06	-0.06	-0.07	0.57**	0.34*	0.42**	0.39**	1.00

* Statistically significant at the 5 percent level (one-tailed test)

** Statistically significant at the 1 percent level (one-tailed test)

matrix for all ten variables. It shows strong relationships within each cluster and only weak connections between variables belonging to different clusters. All of the correlations within the two clusters are statistically significant: sixteen of the twenty at the 1 percent level and the remaining four at the 5 percent level; the correlation coefficients are shown in the two highlighted triangles in Table 14.1. In sharp contrast, none of the twenty-five correlations between variables in the different clusters, shown in the bottom left of the table, are statistically significant at either level.

The first cluster of variables has somewhat stronger interconnections than the second cluster: the averages of the absolute values of the correlation coefficients are 0.58 and 0.45, respectively. Within the first cluster, the percentage of minimal winning one-party cabinets is a particularly strong element: it has the highest correlations with the other variables. This finding is of great theoretical interest because, as argued earlier (in the beginning of Chapter 5), this variable can also be seen as conceptually close to the essence of the distinction between concentration of power and the joint exercise of power. The effective number of parliamentary parties is a second key component in this cluster. In the second cluster, the federalism and decentralization variable emerges as the strongest element. This finding is theoretically significant, too, because this variable can be seen as conceptually at the heart of the federal-unitary dimension.

An even better and more succinct summary of the relationships among the ten variables can be achieved by means of factor analysis. The general purpose of factor analysis is to detect whether there are one or more common underlying dimensions among several variables. The factors that are found can then be seen as "averages" of the closely related variables. Table 14.2 presents the results of the factor analysis of our ten basic variables. The values that are shown for each variable are the factor loadings, which may be interpreted as the correlation coefficients between the variable and the first and second factors detected by

Table 14.2 Varimax orthogonal rotated factor matrix of the ten variables distinguishing majoritarian from consensus democracy in thirty-six democracies, 1945–96

Variable	Factor I	Factor II
Effective number of parliamentary parties	-0.90	0.02
Minimal winning one-party cabinets	0.93	-0.07
Executive dominance	0.74	-0.10
Electoral disproportionality	0.72	0.09
Interest group pluralism	0.78	-0.01
Federalism-decentralization	-0.28	0.86
Bicameralism	0.06	0.74
Constitutional rigidity	-0.05	0.71
Judicial review	0.20	0.73
Central bank independence	-0.07	0.71

Note: The factor analysis is a principal components analysis with eigenvalues over 1.0 extracted

the factor analysis. The same two clusters emerge prominently from this analysis; they are also clearly separate clusters, because the factor analysis used an orthogonal rotation, which guarantees that the two factors are completely uncorrelated.

The factor loadings are very high within each of the two clusters and much lower—in fact, close to zero in most cases—outside of the clusters. The percentage of minimal winning one-party cabinets again turns out to be the strongest variable in the first dimension: its factor loading of 0.93 means that it almost coincides with the factor. The effective number of parties is an almost equally strong element with a factor loading of -0.90. And the federalism variable emerges once more as the strongest element in the second dimension with a factor loading of 0.86. The remaining factor loadings within the two clusters are lower but still impressively strong: all between 0.70 and 0.80.

The Conceptual Map of Democracy

The two-dimensional pattern formed by the ten basic variables allows us to summarize where the thirty-six individual

countries are situated between majoritarian and consensus democracy. Their characteristics on each of the two sets of five variables can be averaged so as to form just two summary characteristics, and these can be used to place each of the democracies on the two-dimensional conceptual map of democracy shown in Figure 14.1.¹ The horizontal axis represents the executives-parties and the vertical axis the federal-unitary dimension. Each unit on these axes represents one standard deviation; high values indicate majoritarianism and low values consensus. On the executives-parties dimension, all countries are within two standard deviations from the middle; on the federal-unitary dimension, two countries—Germany and the United States—are at the greater distance of almost two and a half standard deviations below the middle. The exact scores of each of the thirty-six countries on the two dimensions can be found in Appendix A.²

Most of the prototypical cases of majoritarian and consensus democracy discussed in Chapters 2 and 3 are in the expected positions on the map. The United Kingdom and New Zealand are in the top right corner. The United Kingdom is slightly more majoritarian on the executives-parties dimension, but New Zealand is a great deal more so on the federal-unitary dimension and its overall position is therefore more extreme—in line with the proposition that, until 1996, New Zealand was the purer

1. In order for the five variables in each of the two clusters to be averaged, they first had to be standardized (so as to have a mean of 0 and a standard deviation of 1), because they were originally measured on quite different scales. Moreover, their signs had to be adjusted so that high values on each variable represented either majoritarianism or consensus and low values the opposite characteristic; for the purpose of constructing the conceptual map, I arbitrarily gave the high values to majoritarianism (which entailed reversing the signs of the effective number of parties and of all five variables in the federal-unitary dimension). After averaging these standardized variables, the final step was to standardize the averages so that each unit on the two axes represents one standard deviation.

2. Note, however, that in Appendix A all values on the two dimensions are expressed in terms of degrees of consensus democracy; these can be converted easily into degrees of majoritarian democracy by reversing the signs.

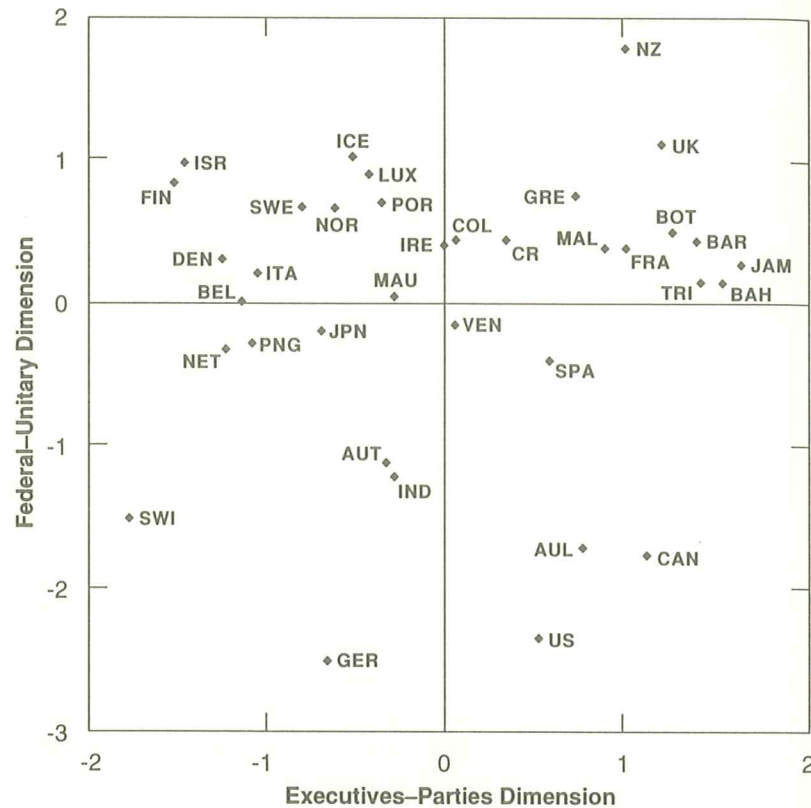


Fig. 14.1 The two-dimensional conceptual map of democracy

example of the Westminster model. Chapter 2 used Barbados as an exemplar of majoritarian democracy on the executives-parties dimension only and not as typically majoritarian on the federal-unitary dimension; its location below the United Kingdom and New Zealand but also somewhat farther to the right fits this description well. Switzerland is, as expected, in the bottom left corner but not quite as far down as several other countries, mainly due to its one nonconsensual characteristic—the absence

of judicial review. It is still the clearest consensual prototype, however, because it is more than one and a half standard deviations away from the center on both dimensions, whereas Germany—which the map suggests could also have served as the prototype—is located far down but less than one standard deviation left of the center.³ Belgium is the one exemplar case not to be in an extreme position, but this is not unexpected either because it only became fully federal in 1993; it does, however, have a strong consensual position on the executives-parties dimension.

The two-dimensional map also reveals prototypes of the two combinations of consensus and majoritarian characteristics. In the top left corner, Israel represents the combination of consensus democracy on the executives-parties dimension (in particular, frequent oversized coalition cabinets, multipartism, highly proportional PR elections, and interest group corporatism) but, albeit somewhat less strongly, majoritarianism on the federal-unitary dimension (an unwritten constitution and a unicameral parliament, moderated, however, by intermediate characteristics with regard to federalism and central bank independence). In the bottom right-hand corner, Canada is the strongest candidate for the opposite prototype of majoritarianism on the executives-parties and consensus on the federal-unitary dimension: on one hand, dominant one-party cabinets, a roughly two-and-a-third party system, plurality elections, and interest group pluralism, but on the other hand, strong federalism and judicial review, a rigid constitution, an independent central bank, and a bicameral parliament (albeit of only medium strength). The United States is located in the same corner and is stronger on

3. However, Germany's location on the clearly consensual side of both dimensions does confirm Manfred G. Schmidt's (1996, 95) characterization of Germany as "the grand coalition state"; he writes that "it is almost impossible in the Federal Republic not to be governed by a formal or informal Grand Coalition of the major established parties and a formal or hidden Grand Coalition of federal government and state governments."

the federal-unitary dimension—but not exceptionally majoritarian on the executives-parties dimension, especially due to the executive-legislative balance in its presidential system.

Explanations

Are any general patterns revealed by the distribution of the thirty-six democracies on the map? Is there, for instance, any correspondence between the conceptual and geographical maps? There does appear to be such a relationship as far as the consensus side of the executives-parties dimension is concerned: most continental European countries are located on the left side of the map, including the five Nordic countries, which have been called “the consensual democracies” with a “distinctively Scandinavian culture of consensus and . . . structures for conciliation and arbitration” (Elder, Thomas, and Arter 1988, 221). On the right-hand side, the three Latin American democracies are close together and only slightly to the right of the center. Considerably farther to the right, the four Caribbean countries are located near one another. But most of the countries on the right-hand side of the conceptual map are geographically distant from one another. Instead, the striking feature that many of these countries, including those in the Caribbean, have in common is that they are former British colonies. In fact, it is the presence or absence of a British political heritage that appears to explain the distribution on the left and right side of the executives-parties dimension better than any geographical factor.

There are several obvious exceptions to this twofold division based on the influence of a British heritage. The three Latin American countries constitute one exception but not a major exception, because they are located more in the center than on the right. Farther to the right, however, are Spain, Greece, and especially France. In view of French president de Gaulle’s deeply felt and frequently expressed antagonism toward *les*

anglo-saxons, it is ironic that the republic he created is the most Anglo-Saxon of any of the continental European democracies. There are exceptions on the left side of this dimension, too: India, Israel, and Mauritius emerged from British colonial rule, and Papua New Guinea was ruled by Australia (itself a former British colony). However, what also unites these four countries is that they are plural societies—suggesting that it is the degree of pluralism that explains why countries are consensual rather than majoritarian on the executives-parties dimension. Of the eighteen plural and semiplural societies listed in Table 4.3, twelve are located on the left side of the map.

Regression analysis confirms that both explanations are important but also that British political heritage is the stronger influence. The correlation between British heritage—a dummy variable with a value of one for Britain itself and for the fifteen countries it formerly ruled, and zero for the other twenty countries—and majoritarian democracy on the executives-parties dimension has a coefficient of 0.54 (significant at the 1 percent level); the correlation with degree of plural society—plural versus semiplural versus nonplural—is -0.32 (significant at the 5 percent level). When both of the independent variables are entered into the regression equation, the multiple correlation coefficient is 0.65, and both variables are now significant explanatory variables at the 1 percent level. Finally, in a stepwise regression analysis, British heritage explains 28 percent of the variance in majoritarian democracy, and the degree of pluralism adds another 11 percent for a total of 39 percent of the variance explained (measured in terms of the adjusted R-squared).⁴

4. It can be argued that three additional countries—Austria, Germany, and Japan—should also be coded as having had a strong degree of British, or rather Anglo-American, influence on their political systems. The postwar Japanese constitution was drafted by General Douglas MacArthur’s staff and was largely inspired by the British model. American and British occupation authorities also oversaw the reestablishment of democracy in Germany and Austria, and they had an especially strong and direct hand in the shaping of the postwar German

The degree to which countries are plural societies also appears to explain the location of the thirty-six democracies on the federal-unitary dimension. Of the thirteen countries situated below the middle (including Belgium, which, with a score of -0.01 , is barely below the middle), ten are plural or semi-plural societies. An additional explanation suggested by the map is population size. The three largest countries—India, the United States, and Japan—are all located in the bottom part of the map, and of the fifteen countries with populations greater than ten million, ten are in the bottom part. This potential explanation is bolstered by Robert A. Dahl and Edward R. Tufte's (1973, 37) finding that size is related to federalism and decentralization, the key variable in the federal-unitary dimension: "the larger the country, the more decentralized its government, whether federal or not."

Regression analysis again confirms both of these impressions. The correlation coefficients are -0.50 for population size (logged) and -0.40 for degree of pluralism (both significant at the 1 percent level). In the multiple regression, both remain significant explanatory variables (although pluralism only at the 5 percent level), and the multiple correlation coefficient is 0.57 . Population size by itself explains 23 percent of the variance, and pluralism adds another 6 percent for a total of 29 percent explained variance. The degree of pluralism is again the weaker variable, but it can be regarded as the strongest overall explanation because it can explain a significant portion of the variation in the locations of the thirty-six democracies on both dimensions.⁵ Although the joint-power and divided-power as-

democratic system (Muravchik 1991, 91–114). However, assigning these three countries a code of 1 on the British heritage variable weakens all of the correlations; for instance, the total variance explained goes down from 39 to 28 percent.

5. British political heritage is not related to the second dimension. Neither is population size related to the first dimension—contradicting Dahl and Tufte's (1973, 91) argument that "the small system, being more homogeneous, is . . .

pects of consensus democracy are conceptually and empirically distinct dimensions, they represent complementary institutional mechanisms for the accommodation of deep societal divisions. This finding strengthens Sir Arthur Lewis's recommendation, stated in Chapter 3, that both dimensions of consensus democracy—in particular, Lewis advocates power-sharing cabinets and federalism—are needed in plural societies.

Shifts on the Conceptual Map

The locations of the thirty-six democracies on the conceptual map are *average* locations over a long period: close to fifty years for the twenty older democracies and a minimum of nineteen years for the three newest democracies (see Table 4.1). These averages conceal any large or small changes that may have taken place. Obviously, political systems can and do change; for instance, in previous chapters I called attention to changes in the party, electoral, and interest group systems of the thirty-six democracies as well as in their degrees of decentralization, the cameral structure of their legislatures, and the activism of their judicial review. To what extent have these changes added up to shifts in the direction of greater majoritarianism or greater consensus on either or both of the dimensions?

To explore this question, I divided the period 1945–96 in two roughly equal parts: the period until the end of 1970 and the period from 1971 to the middle of 1996. For countries with a sufficiently long time span in the first period, scores on both of the dimensions were calculated for each period. This could be done for the twenty countries covered since the middle or late

likely to be more consensual [and that] the larger system, being more heterogeneous, is . . . likely to be more conflictual." Our thirty-six democracies also differ a great deal with regard to level of development, but this variable (measured in terms of the human development index) is not related to either of the two dimensions.

1940s and for six additional countries: Costa Rica, France, Colombia, Venezuela, Trinidad, and Jamaica.⁶ Figure 14.2 shows the shifts that took place in these twenty-six democracies from the pre-1970 period to the post-1971 period. The arrows point to the positions in the later period. The general picture is one of many relatively small shifts, but no radical transformations: not a single country changed from a clearly majoritarian democracy to a clearly consensual democracy or vice versa. There are more shifts from left to right or vice versa than from higher to lower locations or vice versa—a pattern that reflects the greater stability of the institutional characteristics of the federal-unitary dimension because these are more often anchored in constitutional provisions. The arrows appear to point in different directions almost randomly, suggesting that there was no general trend toward more majoritarianism or consensus. This suggestion is largely correct, although there were actually tiny shifts toward greater consensus on both dimensions: an average of 0.03 of a standard deviation on the first and an average of 0.06 on the second dimension—such small shifts that they deserve to be disregarded.⁷

Although the overall pattern is one of great stability, some countries shifted considerably more than others. The least change took place in the United States and the most in Belgium. In addition to Belgium, sizable shifts also occurred in Germany, Jamaica, Sweden, Norway, France, and Venezuela. The shift toward greater majoritarianism in Germany reflects the change from frequent oversized cabinets in the first period to mainly minimal winning cabinets in the second period, from short-

6. Costa Rica is covered from 1953 on; France, Colombia, and Venezuela from 1958; Trinidad from 1961; and Jamaica from 1962. Botswana, Barbados, and Malta were not included in this analysis because the time span from the beginning of their coverage in 1965 and 1966 until 1970 was much too short; the remaining seven countries became independent and democratic, or were re-democratized, after 1971.

7. Because the scores for the second period (1971–96) may be of special interest to other researchers, they are included in Appendix A.

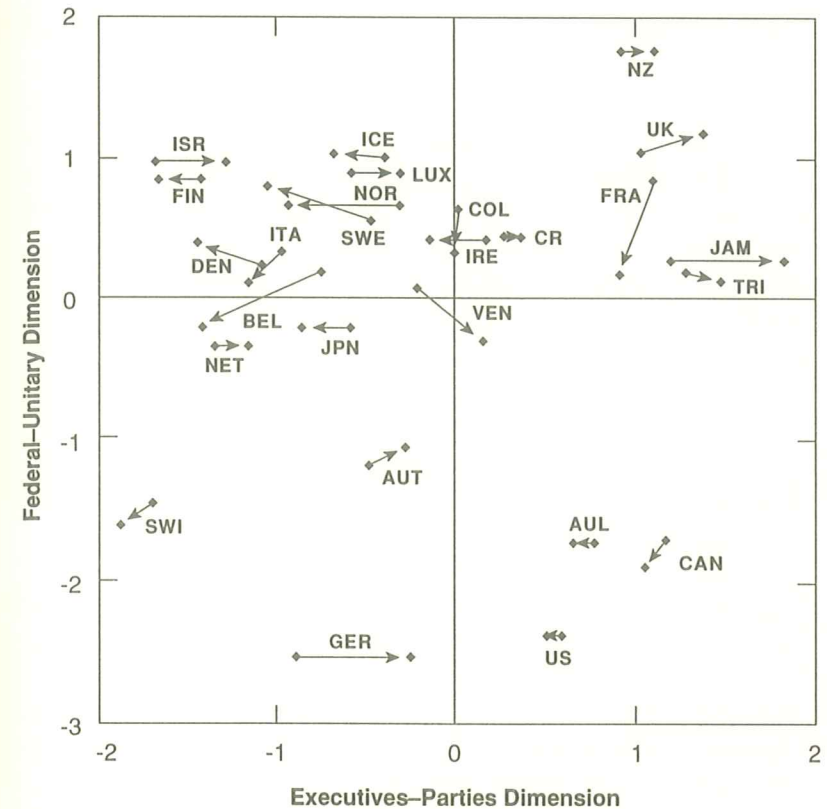


Fig. 14.2 Shifts on the two-dimensional map by twenty-six democracies from the period before 1971 to the period 1971–96

lived to longer-lived cabinets, and to a slight reduction in the effective number of parties—only slightly counterbalanced by more proportional election results in the second period. Jamaica moved in the same direction and about the same distance, but from an already strongly majoritarian early period; its party system changed from roughly a two-party system to a one-and-a-half party system, and the disproportionality of its elections escalated from about 9 percent to more than 21 percent. Norway

and Sweden moved in the other direction: more minority and coalition cabinets, shorter cabinet duration, increases in the effective number of parties, and lower disproportionality; Sweden's slight shift on the federal-unitary dimension mainly reflects its adoption of unicameralism in 1970.

Belgium, France, and Venezuela experienced significant changes on both dimensions. Belgium moved down, mainly due to the adoption of judicial review, and to the left, largely caused by an increase in oversized cabinets and a sharp increase in multipartism from a roughly three-party to a five-and-a-half party system. Most of France's move was toward greater consensus on the federal-unitary dimension, reflecting its more rigid constitution and active judicial review from 1974 on and its decentralization after 1981—counterbalanced, however, by a decrease in the independence of the Bank of France; the small shift to the left was primarily caused by small increases in multipartism and proportionality. Finally, Venezuela became more majoritarian on the executives-parties dimension mainly as a result of having fewer coalition and oversized cabinets and the change from an approximately four-party to a three-party system; the shift away from majoritarianism on the federal-unitary dimension reflects the substantial increase in the legal independence of the central bank.

All of the other countries experienced less change, although these changes may loom larger when compared with changes in the other direction in neighboring countries. For instance, Peter Mair (1994, 99) has argued that, while the trend toward less consensus democracy in the Netherlands on the executives-parties dimension since the early 1970s may not have been all that impressive by itself, "many of the other European democracies seem to have adopted a more consensual style of politics"—rendering the Dutch shift away from consensus a more notable development in relative terms. Figure 14.2 bears out Mair's point: especially compared with the shifts toward consensus by all of the smaller democracies in northwestern Europe (except

Luxembourg), the change in the other direction by the Netherlands presents a sizable contrast.

The second-period (1971–96) scores of the twenty-six democracies on the two dimensions, introduced in this chapter, are used again in the next two chapters (together with the scores for the other ten democracies that are covered from only a few years before or after 1970 on). These chapters analyze the consequences that type of democracy may have for the effectiveness, democratic character, and general policy orientation of governments. Reliable data on these variables are generally available only for recent decades; moreover, focusing on the more recent period enables us to include as many of the thirty-six democracies as possible in the analysis. It therefore also makes sense to measure the degrees of consensus or majoritarianism of the twenty-six longer-term democracies in terms of their characteristics in the second period.

Macro-Economic Management and the Control of Violence

Does Consensus Democracy Make a Difference?

In this chapter and the next I deal with the “so what?” question: does the difference between majoritarian and consensus democracy make a difference for the operation of democracy, especially for how well democracy works? The conventional wisdom—which is often stated in terms of the relative advantages of PR versus plurality and majority elections but which can be extended to the broader contrast between consensus and majoritarian democracy along the executives-parties dimension—is that there is a trade-off between the quality and the effectiveness of democratic government. On one hand, the conventional wisdom concedes that PR and consensus democracy may provide more accurate representation and, in particular, better minority representation and protection of minority interests, as well as broader participation in decision-making. On the other hand, the conventional wisdom maintains that the one-party majority governments typically produced by plurality elections are more decisive and hence more effective policy-makers. This view is reflected in the adage, recently restated by Samuel Beer (1998, 25), that “representative government must not only represent, it must also govern”—with its clear implication that representativeness comes at the expense of effective government.

Conventional wisdom has long been widely accepted with-

out adequate empirical examination, perhaps because its logic appears to be so strong that no test was thought to be needed. For instance, I have already called attention (in Chapter 5) to Lowell's (1896) assertion that it was a self-evident “axiom” that one-party majority cabinets were needed for effective policy-making. The first part of the conventional wisdom, which concerns democratic quality, is discussed in the next chapter. In this chapter I critically examine the second part, which posits a link between majoritarian democracy and effective decision-making.

Hypotheses and Preliminary Evidence

The theoretical basis for Lowell's axiom is certainly not implausible: concentrating political power in the hands of a narrow majority can promote unified, decisive leadership and hence coherent policies and fast decision-making. But there are several counterarguments. Majoritarian governments may be able to make decisions faster than consensus governments, but fast decisions are not necessarily wise decisions. In fact, the opposite may be more valid, as many political theorists—notably the venerable authors of the *Federalist Papers* (Hamilton, Jay, and Madison 1788)—have long argued. The introduction of the so-called poll tax, a new local government tax in Britain in the 1980s, is a clear example of a policy, now universally acknowledged to have been a disastrous policy, that was the product of fast decision-making; in all probability, the poll tax would never have been introduced had it been more carefully, and more slowly, debated (Butler, Adonis, and Travers 1994).

Moreover, the supposedly coherent policies produced by majoritarian governments may be negated by the alternation of these governments; this alternation from left to right and vice versa may entail sharp changes in economic policy that are too frequent and too abrupt. In particular, S. E. Finer (1975) has forcefully argued that successful macroeconomic management requires not so much a *strong* hand as a *steady* one and that PR

and coalition governments are better able to provide steady, centrist policy-making.¹ Policies supported by a broad consensus, furthermore, are more likely to be carried out successfully and to remain on course than policies imposed by a "decisive" government against the wishes of important sectors of society. Finally, for maintaining civil peace in divided societies, conciliation and compromise—goals that require the greatest possible inclusion of contending groups in the decision-making process—are probably much more important than making snap decisions. These counterarguments appear to be at least slightly stronger than the argument in favor of majoritarian government that is based narrowly on the speed and coherence of decision-making.

The empirical evidence is mixed. Peter Katzenstein (1985) and Ronald Rogowski (1987) have shown that small countries adopted PR and corporatist practices to compensate for the disadvantages of their small size in international trade; that is, these consensus elements served as sources of strength instead of weakness. Richard Rose (1992) and Francis G. Castles (1994) find no significant differences in economic growth, inflation, and unemployment between PR and non-PR systems among the industrialized democracies. Nouriel Roubini and Jeffrey D. Sachs (1989) do find a clear connection between multiparty coalition government and governments with a short average tenure—both characteristics of consensus democracy—on one hand and large budget deficits on the other; their methods and conclusions, however, have been challenged by Stephen A. Borrelli and Terry J. Royed (1995) and by Sung Deuk Hahm, Mark S. Kamlet, and David C. Mowery (1996). Markus M. L. Crepaz (1996) finds that, in the OECD countries, consensual institutions are not related to economic growth but do have significantly favorable effects on inflation, unemployment, and the number of working days lost as a result of industrial unrest. Finally, G. Bingham Powell (1982) finds that "representational"

1. That PR also provides greater electoral justice is an added bonus but, in *Finer's* eyes, not the main advantage.

democracies—similar to what I call consensus democracies—have a better record than majoritarian democracies with regard to controlling violence.²

The above tests all had to do with macroeconomic management and the control of violence. These are excellent performance indicators both because they involve crucial functions of government and because precise quantitative data are available. I therefore also focus on these two sets of variables. Because the theoretical arguments and the empirical evidence are mixed but give a slight edge to consensus democracy, my working hypothesis is that consensus democracy produces better results—but without the expectation that the differences will be very strong and significant. Another reason not to expect major differences is that economic success and the maintenance of civil peace are not solely determined by government policy. As far as British macroeconomic policy is concerned, for instance, Rose (1992, 11) points out that "many influences upon the economy are outside the control of the government. . . . Decisions taken independently of government by British investors, industrialists, consumers and workers can frustrate the intentions of the government of the day. In an open international economy, Britain is increasingly influenced too by decisions taken in Japan, Washington, New York, Brussels, or Frankfurt."

Rose's point should obviously not be exaggerated: the fact that governments are not in full control does not mean that they have no control at all. When the economy performs well—when economic growth is high, and inflation, unemployment, and

2. Powell (1982) also examines the performance of democracies with regard to voter turnout and government stability. He finds that voter participation in elections is better in the representational systems—a topic to which I return in Chapter 16—but that majoritarian democracies have a better record on government stability. Note, however, that Powell's measure of government stability is executive durability. As discussed in Chapter 7, this kind of durability is indeed a good indicator of political power, but executive strength does not necessarily spell effective policy-making. A strong executive mainly means relatively weak legislative power, and an imbalance in executive-legislative power favoring the executive is simply part of the syndrome of majoritarian characteristics.

budget deficits are low—governments routinely claim credit for this happy state of affairs. And voters are known to reward government parties in good economic times and to punish them when the economy is in poor shape. The Maastricht Treaty, concluded in 1992 among the members of the European Union, was also based on the assumption that governments do have the capacity to control macroeconomic forces because it obligated the signatories *inter alia* to keep inflation low—defined as not exceeding the average of the three countries with the lowest inflation rates by more than 1.5 percent—and to keep their national budget deficits below 3 percent of gross domestic product.

Rose's argument, however, does point up the need to take these other influences into account. To the extent that they are identifiable and measurable variables, they should be controlled for in the statistical analyses. For economic performance, the level of economic development is such a potentially important explanatory variable. For the control of violence, the degree of societal division should be controlled for, because deep divisions make the maintenance of public order and peace more difficult. A third variable whose influence must be checked is population, if only because our democracies differ widely in this respect. It may also be hypothesized that large countries face greater problems of public order than smaller ones. In other respects, it is not clear whether size is a favorable or an unfavorable factor. Large countries obviously have greater power in international relations, which they can use, for instance, to gain economic benefits for their citizens. And yet, greater international influence also means more responsibility and hence higher expenses, especially for military purposes.

Fortuitous events may also affect economic success, such as the good luck experienced by Britain and Norway when they discovered oil in the North Sea. The effects of such fortuitous events as well as external influences that cannot be clearly identified and controlled for can be minimized when economic performance is examined over a long period and for many coun-

tries. These two desiderata are frequently in conflict: extending the period of analysis often means that some countries have to be excluded. And they may both conflict with a third desideratum—that the most accurate and reliable data be used. Therefore, in the analysis below, I usually report the results for different periods, different sets of countries, and different types of data in order to provide as complete and robust a test of the hypotheses as possible. Finally, in testing the influence of the type of democracy on the economic performance variables, I limit the potential disturbing impact of external forces by excluding the five smallest democracies with populations of less than half a million—the Bahamas, Barbados, Iceland, Luxembourg and Malta—from the analysis because these small countries are obviously extremely vulnerable to international influences.

Consensus Democracy and Successful Macro-Economic Management

Table 15.1 shows the results of the bivariate regression analyses of the effect of consensus democracy on six groups of macroeconomic variables (as well as on four indicators of violence, discussed in the next section). The independent variable is the degree of consensus democracy on the executives-parties dimension; because all of the economic variables are for the 1970s or later years, the consensus variable used is the degree of consensus democracy in the period 1971–96. The estimated regression coefficient is the increase or decrease in the dependent variable for each unit increase in the independent variable—in our case, each increase by one standard deviation of consensus democracy. Because the range in the degrees of consensus democracy is close to four standard deviations (see Figure 14.1), the distance between the “average” consensus democracy and the “average” majoritarian democracy is about two standard deviations. Therefore, in answer to the question “How much difference does consensus democracy make?” the reply can be—

roughly—twice the value of the estimated regression coefficient. For instance, based on the first row of Table 15.1, the effect of consensus democracy on economic growth is approximately twice the estimated regression coefficient of -0.07 percent, or about one-seventh (0.14) of a percent less annual growth than majoritarian democracy.

Because the table reports bivariate regression results, the standardized regression coefficient in the second column equals the correlation coefficient. The statistical significance of the correlations depends on the absolute *t*-value, shown in the third column, and the number of cases, shown in the fourth column. Whether the correlations are significant is indicated by asterisks; three levels of significance are reported, including the least demanding 10 percent level. If the number of countries is twenty-one or lower, the countries are usually the OECD countries and the data are usually the most reliable OECD data; when the number is above twenty-one, the developing countries are also included to the extent that the necessary data on them are available.

The first set of three dependent variables are average annual economic growth figures in three periods and for three sets of countries. The first is for thirty-one countries, that is, all of our democracies except the five with the smallest populations. The majoritarian democracies appear to have a slightly better record with 0.14 percent greater annual growth than the consensus democracies (twice the estimated regression coefficient, as explained above)—obviously a very small and completely insignificant difference. This small difference is reduced to zero when the level of development, measured in terms of the human development index, is introduced into the equation; the level of development is itself highly correlated with economic growth (at the 1 percent level), with the less developed countries having higher growth rates. Introducing population size (logged) as an additional control does not affect the results. Among the thirty-one countries, Botswana is an unusual outlier with an astound-

ing 9.5 percent average annual growth rate in the fourteen years from 1980 to 1993—and it is this case that is responsible for the overall higher economic growth of the majoritarian democracies. When Botswana is removed from the analysis, the consensus democracies actually show better growth—by approximately half of a percent (the estimated regression coefficient is 0.24 percent)—which is not affected when the level of development is controlled for, but the relationship is not statistically significant.

The second economic growth figure is for eighteen OECD countries from 1970 to 1995, and the third for the shorter period 1980–95 but for three additional countries: Spain, Portugal, and Greece, which became democratic during the 1970s. The majoritarian democracies again appear to have a slightly better record with 0.28 percent and 0.14 percent higher growth, respectively, in the two periods. The first percentage is reduced to 0.17 percent when the level of development and population size, which are not significant themselves, are controlled for, but the second percentage is not affected. The positive relationships between majoritarianism and growth remain, but they are obviously very small and not statistically significant.

Average annual inflation levels are again reported for different sets of countries and periods, and also in terms of two measures: the GDP deflator and the consumer price index. The consumer price index is the more widely used measure, but the GDP deflator is the more comprehensive index because it measures inflation in the entire economy instead of merely consumer items; the two measures, however, are usually not far apart. The consensus democracies have the better record regardless of the differences in periods, countries, and measures used, and two of the bivariate relationships are statistically significant at the 10 percent level. The greatest difference in inflation levels occurs in the period 1980–93 period for thirty-one countries: the typical consensus democracy has about 3.7 percentage points less inflation than the typical majoritarian democracy. Higher

Table 15.1 Bivariate regression analyses of the effect of consensus democracy (executives-parties dimension) on nineteen macroeconomic performance variables and on four indicators of violence

	Estimated regression coefficient	Standardized regression coefficient	Absolute t-value	Countries (N)
Economic growth (1980-93)	-0.07	-0.04	0.22	31
Economic growth (1970-95)	-0.14	-0.20	0.81	18
Economic growth (1980-95)	-0.07	-0.13	0.57	21
GDP deflator (1980-93)	-1.87*	-0.28	1.58	31
GDP deflator (1970-95)	-0.51	-0.25	1.04	18
GDP deflator (1980-95)	-1.01	-0.28	1.26	21
Consumer price index (1970-95)	-0.56	-0.30	1.25	18
Consumer price index (1980-95)	-1.13*	-0.31	1.44	21
Unemployment, standardized (1971-95)	-0.70	-0.35	1.22	13
Unemployment, unstandardized (1971-95)	-0.69	-0.27	1.13	18
Unemployment, standardized (1980-95)	-1.38*	-0.38	1.42	14
Unemployment, unstandardized (1980-95)	-1.19*	-0.32	1.45	21
Strike activity (1970-94)	-39.02	-0.23	0.95	18
Strike activity (1980-94)	-71.99	-0.26	1.28	25
Budget deficits (1970-95)	-0.07	-0.02	0.09	16
Budget deficits (1980-95)	-0.41	-0.12	0.48	19
GLB freedom index (1993-95)	-0.14	-0.16	0.89	32
HJK freedom index (1996)	0.04	0.09	0.52	35
Freedom House index (1996)	0.04	0.01	0.07	26
Riots (1948-82)	-0.40	-0.12	0.51	19
Riots (1963-82)	-1.26***	-0.55	3.14	25
Political deaths (1948-82)	-2.62*	-0.33	1.42	19
Political deaths (1963-82)	-35.37**	-0.39	2.03	25

* Statistically significant at the 10 percent level (one-tailed test)

** Statistically significant at the 5 percent level (one-tailed test)

*** Statistically significant at the 1 percent level (one-tailed test)

Source: Based on data in United Nations Development Programme 1996, 186-87, 208; United Nations Development Programme 1997, 202-3, 223; OECD 1990, 194; OECD 1991, 208-9; OECD 1995, 22-23; OECD 1996a, A4, A17, A19, A24-A25, A33; OECD 1996b, 22-23; International Labour Organization 1996 (and earlier volumes); Gwartney, Lawson, and Block 1996, xxi; Holmes, Johnson, and Kirkpatrick 1997, xxix-xxxii; Messick 1996, 12-14; Taylor and Jodice 1983, 1:91-93, 2:33-36, 48-51; Taylor 1986

levels of development and, more weakly, population size are associated with lower inflation, but when these variables are controlled for, the negative relationship between consensus democracy and inflation remains significant.

For the OECD countries, there is a statistically significant negative bivariate correlation between consensus democracy and inflation in the period 1980–95 when the consumer price index is used to measure inflation. When the level of development and population size are controlled for, all of the correlations become statistically significant: at the 5 percent level in the period 1970–95 and at the 1 percent level in the period 1980–95. Two countries are outliers with unusually high average inflation rates: Italy in the period 1970–95 with a GDP deflator of 11.4 percent and consumer price inflation of 10.5 percent, and Greece in the period 1980–95 with inflation percentages of 16.9 and 17.8 percent according to the two measures. When these countries are removed from the analysis, however, and with the controls still in place, all four correlations remain significant, three at the 1 percent level.

Unemployment statistics are available for the OECD countries, and Table 15.1 reports the results for the usual two periods and for two measures: the standardized unemployment percentages, which are fully comparable across the different countries but are available for fewer countries, and the unstandardized and hence somewhat less reliable percentages. Here again, the consensus democracies have the better record and the two bivariate correlations for the period 1980–95 are significant at the 10 percent level. However, Spain had exceptionally high unemployment in the period 1980–95—annual averages of 18.4 and 18.8 percent according to the standardized and unstandardized measures, respectively—and when it is removed from the analysis, the relationships are no longer significant. Controlling for the level of development and population size strengthens all of the correlations slightly but not enough to give them statistical significance. However, all of the relationships remain negative,

indicating that the consensus democracies performed at least slightly better.

Strike activity is measured in terms of working days lost per thousand workers per year. The differences between countries on this variable are huge; in the period 1970–94, for instance, the numbers for Italy and Canada were 570 and 497 compared with 1 and 5 for Switzerland and Austria. The countries included in the years 1970–94 are mainly OECD countries but also Israel. For the period 1980–94, not only Spain, Portugal, and Greece but also India, Costa Rica, Mauritius, and Trinidad were added. The estimated regression coefficients give the impression of a considerably better record for the consensus democracies compared with the majoritarian countries: they lost about 78 and 144 fewer working days per thousand workers in the two periods. The differences are not statistically significant, however, mainly because there are several big exceptions to the tendency of consensus countries to be less strike-prone than majoritarian democracies: especially majoritarian France with relatively few strikes and mainly consensual Finland and Italy with high strike levels (see also Cornwall 1990, 120–21). Controlling for the level of development and population size barely affects these relationships.³

There are also large differences between countries with regard to budget deficits. Italy had the highest annual deficits in both periods—9.7 and 10.4 percent of gross domestic product—whereas Norway and Finland had, on average, slight budget surpluses. Overall, the consensus democracies show a somewhat

3. I should point out that the type of democracy and strike levels are not defined completely independently of each other. I relied on Siaroff's (1998) measure of the degree of interest group pluralism and corporatism, which is based in part on differential strike levels in different countries; and the degree of corporatism is a component of the degree of consensus democracy. However, only one-eighth of Siaroff's measure is based on strikes, and only one-fifth of the degree of corporatism goes into the overall measure of consensus democracy. Hence, only 2.5 percent of the degree of consensus democracy is defined in terms of low strike levels.

better performance, but the differences are not great and not statistically significant. Controlling for the level of development and population size strengthens the correlations considerably, but not enough to make them statistically significant.

Table 15.1 also reports the correlations between consensus democracy and three economic freedom indexes—not because economic freedom itself is an appropriate indicator of macroeconomic performance but because many economists believe that long-term economic growth depends on it. The three indexes were independently developed by James Gwartney, Robert Lawson, and Walter Block (1996) and by Kim R. Holmes, Bryan T. Johnson, and Melanie Kirkpatrick (1997) for most of the countries of the world, including most of our thirty-six democracies, and by Freedom House for the larger countries (Messick 1996). The results are mixed: consensus democracy is negatively correlated with the first index and positively with the other two, but the negative correlation is the strongest. However, even this correlation is far from statistically significant.⁴

The results of these tests of macroeconomic management can be summarized as follows: the evidence with regard to economic growth and economic freedom is mixed, but with regard to all of the other indicators of economic performance, the consensus democracies have a slightly better record and a significantly better record as far as inflation is concerned.

Consensus Democracy and the Control of Violence

The last four performance variables shown in Table 15.1 are measures of violence: numbers of riots and numbers of deaths

4. The HJK index ranges from one (the highest economic freedom) to five (the least economic freedom). I reversed the signs so that high values would indicate high degrees of economic freedom. The GLB index is measured on a ten-point and the Freedom House index on a seventeen-point scale. The three indexes are highly correlated: $r=0.81$ between the GLB and HJK indices, $r=0.85$ between HJK and Freedom House, and $r=0.58$ between GLB and Freedom House.

from political violence per million people. These data are only available for the period from 1948 to 1982. A separate shorter period, from 1963 to 1982, was constructed to be able to include countries that were not yet independent and democratic before 1963. Both the longer and shorter periods overlap the two separate periods (1945–70 and 1971–96) for which degrees of consensus democracy were calculated; therefore, the independent variable for this part of the analysis is the degree of consensus democracy in the entire period.⁵

The simple bivariate relationships all show that consensus democracy is associated with less violence, and three of the four correlations are statistically significant. This evidence is weakened, however, when controls are introduced and two extreme outliers are removed. Violence tends to occur more in plural, populous, and less developed societies. The strongest negative relationship, significant at the 1 percent level, is between consensus democracy and riots in the period 1963–82. When level of development, degree of societal pluralism, and population are controlled for, the significance decreases to 5 percent. In the analyses of the relationship between consensus democracy and deaths from political violence, the United Kingdom is an extreme outlier in the period 1948–82 as a result of the Northern Ireland problem, and Jamaica is an extreme outlier in the period 1963–82 mainly as a result of large-scale violence surrounding the 1980 election. When the same three controls are introduced and the outliers removed, the statistical significance disappears completely, although both correlations remain negative—showing at least a slightly better performance of the consensus democracies.

5. Because in Israel international and domestic violence cannot be clearly separated, I excluded this country from the analysis. Because the degree of societal pluralism is an important control variable, and because most of the violence in the United Kingdom was concentrated in Northern Ireland, the United Kingdom is regarded as a plural society for the purpose of this analysis.

The Effects of the Federalist Dimension of Consensus Democracy

In this chapter I have concentrated so far on the consequences of the executives-parties dimension of consensus democracy. These are the effects that the conventional wisdom addresses and posits to be unfavorable. The conventional wisdom does not concern itself explicitly with the federal-unitary dimension, but its logic applies to this second dimension as well. Federalism, second chambers, rigid constitutions, strong judicial review, and independent central banks can all be assumed to inhibit the decisiveness, speed, and coherence of the central government's policy-making compared with unitary systems, unicameralism, flexible constitutions, weak judicial review, and weak central banks. For this reason, I repeated the twenty-three regression analyses reported in Table 15.1 but now with consensus democracy on the federal-unitary dimension as the independent variable. With one big exception, discussed shortly, all of the relationships are extremely weak. Consensus democracy again has a slight edge over majoritarianism: it is positively related to the economic growth variables and negatively to strike activity and to deaths from political violence; the results for budget deficits, unemployment, and riots are mixed. To repeat, however, the correlations are so weak that they do not allow any substantive conclusions in favor of one or the other type of democracy.

The big exception is inflation. For all five indicators of inflation, the correlations with consensus democracy are very strong and significant (at the 1 and 5 percent levels). The results of the regression analyses are shown in Table 15.2. Consensus democracy is uniformly associated with lower levels of inflation. Among the thirty-one countries in the period 1980–93, the typical consensus democracy had almost 4.8 percentage points less inflation (twice the estimated regression coefficient) than the typical majoritarian democracy. As mentioned earlier in this

Table 15.2 Bivariate regression analyses of the effect of consensus democracy (federal-unitary dimension) on five measures of inflation

	Estimated regression coefficient	Standardized regression coefficient	Absolute t-value	Countries (N)
GDP deflator (1980–93)	−2.38**	−0.36	2.07	31
GDP deflator (1970–95)	−1.06***	−0.62	3.14	18
GDP deflator (1980–95)	−1.41**	−0.45	2.21	21
Consumer price index (1970–95)	−1.04***	−0.65	3.42	18
Consumer price index (1980–95)	−1.41**	−0.46	2.26	21

*Statistically significant at the 10 percent level (one-tailed test)

**Statistically significant at the 5 percent level (one-tailed test)

***Statistically significant at the 1 percent level (one-tailed test)

Source: Based on data in United Nations Development Programme 1996, 186–87, 208; OECD 1996a, A17, A19

chapter, the level of development and, to some extent, population size are inversely related to inflation, but when these two variables are controlled for, all five correlations remain as strong and significant as the bivariate correlations. When, in addition, outlier Italy is removed from the two 1970–95 regression analyses and outlier Greece is removed from the 1980–95 analyses, the four relationships survive intact at the same levels of significance.

This important finding is obviously not surprising. One of the five ingredients of consensus democracy on the federal-unitary dimension is central bank independence, and the most important reason why central banks are made strong and independent is to give them the tools to control inflation. It should be noted that the underlying logic of central bank independence is diametrically at odds with the logic of the conventional wisdom: strong and coherent policy-making here is posited to flow from the division of power instead of the concentration of power.

The findings of this chapter warrant three conclusions. First,

on balance, consensus democracies have a better performance record than majoritarian democracies, especially with regard to the control of inflation but also, albeit much more weakly, with regard to most of the other macroeconomic performance variables and the control of violence; majoritarian democracies do not have an even slightly better record on any of the six groups of performance variables. Second, however, the overall results are relatively weak and mixed; when controls were introduced and outliers were removed, few statistically significant correlations were found. Hence, the empirical results do not permit the definitive conclusion that consensus democracies are better decision-makers and better policy-makers than majoritarian systems. Therefore, third, the most important conclusion of this chapter is negative: majoritarian democracies are clearly *not* superior to consensus democracies in managing the economy and in maintaining civil peace. This means that the second part of conventional wisdom does not—or not yet—need to be completely *reversed*: it is not proven that consensus democracies are actually better at governing. What is proven beyond any doubt, however, is that the second part of the conventional wisdom is clearly wrong in claiming that majoritarian democracies are the better governors. The first part of the conventional wisdom, which concedes that consensus democracies are better at representing, is the subject of the next chapter.

The Quality of Democracy and a “Kinder, Gentler” Democracy Consensus Democracy Makes a Difference

The conventional wisdom, cited in the previous chapter, argues—erroneously, as I have shown—that majoritarian democracy is better at governing, but admits that consensus democracy is better at representing—in particular, representing minority groups and minority interests, representing everyone more accurately, and representing people and their interests more inclusively. In the first part of this chapter I examine several measures of the quality of democracy and democratic representation and the extent to which consensus democracies perform better than majoritarian democracies according to these measures. In the second part of the chapter I discuss differences between the two types of democracy in broad policy orientations. Here I show that consensus democracy tends to be the “kinder, gentler” form of democracy. I borrow these terms from President George Bush’s acceptance speech at the Republican presidential nominating convention in August 1988, in which he asserted: “I want a kinder, and gentler nation” (*New York Times*, August 19, 1988, A14). Consensus democracies demonstrate these kinder and gentler qualities in the following ways: they are more likely to be welfare states; they have a better record with regard to the protection of the environment; they put fewer people in prison and are less likely to use the death penalty; and the

consensus democracies in the developed world are more generous with their economic assistance to the developing nations.

Consensus Democracy and Democratic Quality

Table 16.1 presents the results of bivariate regression analyses of the effect of consensus democracy on eight sets of indicators of the quality of democracy. The organization of the table is similar to that of Tables 15.1 and 15.2 in the previous chapter. The independent variable is the degree of consensus democracy on the executives-parties dimension, generally in the period 1971–96 (unless indicated otherwise). The first two indicators are general indicators of democratic quality. Many studies have attempted to distinguish between democracy and nondemocratic forms of government not in terms of a dichotomy but in terms of a scale with degrees of democracy from perfect democracy to the complete absence of democracy. These degrees of democracy can also be interpreted as degrees of the quality of democracy: how democratic a country is reflects the degree to which it approximates perfect democracy. Unfortunately, most of these indexes cannot be used to measure different degrees of democratic quality among our thirty-six democracies because there is insufficient variation: all or most of our democracies are given the highest ratings. For instance, both the ratings of the Freedom House Survey Team (1996) and those by Keith Jagers and Ted Robert Gurr (1995), which I used in Chapter 4 to defend the selection of the thirty-six democracies for the analysis in this book, place almost all of these countries in their highest category.

There are two exceptions. One is Robert A. Dahl's (1971, 231–45) *Polyarchy*, in which 114 countries are placed in thirty-one scale types from the highest type of democracy to the lowest type of nondemocracy as of approximately 1969. All of our democracies that were independent and democratic at that time, except Barbados, Botswana, and Malta, were rated by Dahl—a total of twenty-six of our thirty-six democracies—and their rat-

ings span nine scale types. To give a few examples, the highest summary ranking goes to Belgium, Denmark, and Finland; Austria and Germany are in the middle; and Colombia and Venezuela at the bottom. Table 16.1 shows that consensus democracy is strongly and significantly correlated (at the 1 percent level) with the Dahl rating of democratic quality.¹ The difference between consensus and majoritarian democracy is more than three points (twice the estimated regression coefficient) on the nine-point scale. Dahl's rating contains a slight bias in favor of consensus democracy because it is partly based on a higher ranking of multiparty compared with two-party systems. However, this difference represents only a third of the variation on one of ten components on which the rating is based; if it could somehow be discounted, the very strong correlation between consensus democracy and the rating of democratic quality would only be reduced marginally. A more serious potential source of bias is that the Third World democracies are all placed in the lowest three categories. However, when the level of development is used as a control variable, the estimated regression coefficient goes down only slightly (to 1.28 points) and the correlation remains statistically significant at the 1 percent level.

The second rating of democratic quality is the average of Tatu Vanhanen's (1990, 17–31) indexes of democratization for each year from 1980 to 1988 for almost all of the countries in the world, including all thirty-six of our democracies. Vanhanen bases his index on two elements: the degree of competition, defined as the share of the vote received by all parties except the largest party, and participation, defined as the percentage of the total population that voted in the most recent election; these two numbers are multiplied to arrive at the overall index. The values of the index range from a high of 43.2, for Belgium, to a low of zero; for our thirty-six countries the lowest value is 5.7 for

1. The independent variable is consensus democracy in the 1945–70 period. On Dahl's scale, 1 is the highest and 9 the lowest point; I reversed the sign in order to make the higher values represent higher degrees of democratic quality.

Table 16.1 Bivariate regression analyses of the effect of consensus democracy (executives-parties dimension) on seventeen indicators of the quality of democracy

	Estimated regression coefficient	Standardized regression coefficient	Absolute t-value	Countries (N)
Dahl rating (1969)	1.57***	0.58	3.44	26
Vanhanen rating (1980-88)	4.89***	0.54	3.75	36
Women's parliamentary representation (1971-95)	3.33***	0.46	3.06	36
Women's cabinet representation (1993-95)	3.36**	0.33	2.06	36
Family policy (1976-82)	1.10*	0.33	1.41	18
Rich-poor ratio (1981-93)	-1.41**	-0.47	2.50	24
Decile ratio (c. 1986)	-0.38**	-0.49	2.20	17
Index of power resources (c. 1990)	3.78*	0.26	1.57	36
Voter turnout (1971-96)	3.07*	0.24	1.46	36
Voter turnout (1960-78)	3.31*	0.30	1.49	24
Satisfaction with democracy (1995-96)	8.42*	0.36	1.55	18
Differential satisfaction (1990)	-8.11***	-0.83	4.51	11
Government distance (1978-85)	-0.34**	-0.62	2.51	12
Voter distance (1978-85)	-5.25**	-0.64	2.63	12
Corruption index (1997)	-0.32	-0.14	0.71	27
Popular cabinet support (1945-96)	1.90*	0.22	1.32	35
J. S. Mill criterion (1945-96)	2.51	0.07	0.42	35

*Statistically significant at the 10 percent level (one-tailed test)

**Statistically significant at the 5 percent level (one-tailed test)

***Statistically significant at the 1 percent level (one-tailed test)

Source: Based on data in Dahl 1971, 232; Vanhanen 1990, 27-28; Inter-Parliamentary Union 1995; Banks 1993; Banks, Day, and Muller 1996; Wilensky 1990, 2, and additional data provided by Harold L. Wilensky; United Nations Development Programme 1996, 170-71, 198; Atkinson, Rainwater, and Smeeding 1995, 40; Vanhanen 1997, 86-89; International IDEA 1997, 51-95; Powell 1980, 6; Klingemann 1999; Anderson and Guillery 1997, and additional data provided by Christopher J. Anderson; Huber and Powell 1994, and additional data provided by John D. Huber; Transparency International 1997

Botswana. The first element effectively distinguishes one-party rule from democratic electoral contestation, but it also necessarily suffers from the bias that two-party systems tend to get lower scores than multiparty systems. Moreover, this bias affects one of the two components of Vanhanen's index and therefore has a much greater impact than the slight bias in Dahl's index. Because the Vanhanen index is widely used and because it is available for all of our democracies, I report the result of its regression on consensus democracy in Table 16.1 anyway. The correlation is impressively strong and remains strong at the same level of significance when the level of development is controlled for and when Botswana, which is somewhat of an outlier, is removed from the analysis. However, its sizable bias in favor of multiparty systems makes the Vanhanen index a less credible index of democratic quality than the Dahl index.

Women's Representation

The next three indicators in Table 16.1 measure women's political representation and the protection of women's interests. These are important measures of the quality of democratic representation in their own right, and they can also serve as indirect proxies of how well minorities are represented generally. That there are so many kinds of ethnic and religious minorities in different countries makes comparisons extremely difficult, and it therefore makes sense to focus on the "minority" of women—a political rather than a numerical minority—that is found everywhere and that can be compared systematically across countries. As Rein Taagepera (1994, 244) states, "What we know about women's representation should [also] be applicable to ethnoracial minorities."

The average percentage of women elected to the lower or only houses of parliament in all elections from 1971 to 1995 in our thirty-six democracies ranges from a high of 30.4 percent in Sweden to a low of 0.9 percent in Papua New Guinea. These

differences are strongly and significantly related to the degree of consensus democracy. The percentage of women's parliamentary representation is 6.7 percentage points higher (again, twice the estimated regression coefficient) in consensus democracies than in majoritarian systems. Women tend to be better represented in developed than in developing countries, but when the level of development is controlled for, the relationship between consensus democracy and women's legislative representation weakens only slightly and is still significant at the 1 percent level. It can be argued that in presidential systems the percentage of women's representation should not be based only on women's election to the legislature but also, perhaps equally, on their election to the presidency. If this were done, the relationship between consensus democracy and women's political representation would be reinforced because not a single woman president was elected in Colombia, Costa Rica, France, the United States, and Venezuela in the entire period under consideration and because all five presidential democracies are on the majoritarian side of the spectrum (see Figures 14.1 and 14.2).

The pattern is similar for the representation of women in cabinets in two recent years—1993 and 1995—although the correlation is significant only at the 5 percent level.² The percentages range from 42.1 percent in Norway to 0 percent in Papua New Guinea. Here again, the level of development is also a strong explanatory variable, but controlling for it does not affect the correlation between consensus democracy and women's cabinet representation.

As a measure of the protection and promotion of women's interests, I examined Harold L. Wilensky's (1990) rating of the industrialized democracies with regard to the innovativeness and expansiveness of their family policies—a matter of special concern to women. On Wilensky's thirteen-point scale, from a

2. The percentages are based on data in the *Political Handbook of the World* (Banks 1993; Banks, Day, and Muller 1996); 1993 is the first year for which the *Political Handbook* reports the gender of cabinet members.

maximum of twelve to a minimum of zero, France and Sweden have the highest score of eleven points and Australia and Ireland the lowest score of one point.³ Consensus democracies score more than two points higher on the scale, and the correlation is significant at the 10 percent level and unaffected by level of development. France is an unusual deviant case: it is a mainly majoritarian system but receives one of the highest family-policy scores. When it is removed from the analysis, the correlation becomes stronger and is statistically significant at the 5 percent level.

Political Equality

Political equality is a basic goal of democracy, and the degree of political equality is therefore an important indicator of democratic quality. Political equality is difficult to measure directly, but economic equality can serve as a valid proxy, since political equality is more likely to prevail in the absence of great economic inequalities: "Many resources that flow directly or indirectly from one's position in the economic order can be converted into political resources" (Dahl 1996, 645). The rich-poor ratio is the ratio of the income share of the highest 20 percent to that of the lowest 20 percent of households. The United Nations Development Programme (1996) has collected the relevant statistics for twenty-four of our democracies, including six of the developing countries: Botswana, Colombia, Costa Rica, India, Jamaica, and Venezuela. The ratio varies between 16.4 in highly inegalitarian Botswana and 4.3 in egalitarian Japan. Consensus democracy and inequality as measured by the rich-poor ratio are

3. Wilensky's (1990, 2) ratings are based on a five-point scale, from four to zero, "for each of three policy clusters: existence and length of maternity and parental leave, paid and unpaid; availability and accessibility of public daycare programs and government effort to expand daycare; and flexibility of retirement systems. They measure government action to assure care of children and maximize choices in balancing work and family demands for everyone."

negatively and very strongly related (statistically significant at the 5 percent level and almost at the 1 percent level). The difference between the average consensus democracy and the average majoritarian democracy is about 2.8. The more developed countries have less inequality than the developing countries; when the level of development is controlled for, the correlation between consensus democracy and equality weakens only slightly and is still significant at the 5 percent level. When, in addition, the most extreme case of Botswana is removed from the analysis, the relationship remains significant at the same level.

The decile ratio is a similar ratio of income differences: the income ratio of the top to the bottom decile. It is available for most of the OECD countries, based on the most painstaking comparative study of income differences that has been done so far (Atkinson, Rainwater, and Smeeding 1995). Consensus democracies are again the more egalitarian; the correlation is significant at the 5 percent level and is not affected when level of development is controlled for. Finland has the lowest decile ratio, 2.59, and the United States has the highest, 5.94. The United States is an extreme case: the midpoint between its ratio and that of Finland is 4.26, and the sixteen other democracies are all below this midpoint; the country with the next highest decile ratio after the United States is Ireland with a ratio of 4.23. When the United States is removed from the analysis, the correlation between consensus democracy and income equality becomes even stronger although not enough to become significant at the higher level.

Vanhanen's (1997, 43, 46) Index of Power Resources is an indicator of equality based on several indirect measures such as the degree of literacy ("the higher the percentage of literate population, the more widely basic intellectual resources are distributed") and the percentage of urban population ("the higher [this] percentage . . . , the more diversified economic activities and economic interest groups there are and, consequently, the

more economic power resources are distributed among various groups"). Although Vanhanen's index is an indirect and obviously rough measure, it has the great advantage that it can be calculated for many countries, including all of our thirty-six democracies. The highest value, 53.5 points, is found in the Netherlands, and the lowest, 3.3 points, in Papua New Guinea. Consensus democracy is positively correlated with the Index of Power Resources but only at the 10 percent level of significance. However, when level of development, which is also strongly correlated with Vanhanen's index, is controlled for, the relationship becomes stronger and is significant at the 5 percent level.

Electoral Participation

Voter turnout is an excellent indicator of democratic quality for two reasons. First, it shows the extent to which citizens are actually interested in being represented. Second, turnout is strongly correlated with socioeconomic status and can therefore also serve as an indirect indicator of political equality: high turnout means more equal participation and hence greater political equality; low turnout spells unequal participation and hence more inequality (Lijphart 1997b). Table 16.1 uses the turnout percentages in national elections that attract the largest numbers of voters: legislative elections in parliamentary systems and, in presidential systems, whichever elections had the highest turnout—generally the presidential rather than the legislative elections and, where presidents are chosen by majority-runoff, generally the runoff instead of the first-ballot elections. The basic measure is the number of voters as a percentage of voting-age population.⁴

4. This is a more accurate measure of turnout than actual voters as a percent of registered voters, because voter registration procedures and reliability differ greatly from country to country. The only problem with the voting-age measure is that it includes noncitizens and hence tends to depress the turnout percentages of countries with large noncitizen populations. Because this prob-

In the period 1971–96, Italy had the highest average turnout, 92.4 percent, and Switzerland the lowest, 40.9 percent. Consensus democracy and voter turnout are positively correlated, but the correlation is significant only at the 10 percent level. However, several controls need to be introduced. First of all, compulsory voting, which is somewhat more common in consensus than in majoritarian democracies, strongly stimulates turnout.⁵ Second, turnout is severely depressed by the high frequency and the multitude of electoral choices to be made both in consensual Switzerland and the majoritarian United States. Third, turnout tends to be higher in more developed countries. When compulsory voting and the frequency of elections (both in the form of dummy variables) as well as the level of development are controlled for, the effect of consensus democracy on voter turnout becomes much stronger and is now significant at the 1 percent level. With these controls in place, consensus democracies have approximately 7.5 percentage points higher turnout than majoritarian democracies.

The regression analysis was repeated with the average turnout figures collected by G. Bingham Powell (1980) for an earlier period, 1960–78.⁶ Both the bivariate and multivariate relationships are very similar to the pattern reported in the previous paragraph. The bivariate correlation is significant at the 10 percent level, but when the three control variables are added, the correlation between consensus democracy and turnout becomes

lem assumes extreme proportions in Luxembourg with its small citizen and relatively very large noncitizen population, I made an exception in this case and used the turnout percentage based on registered voters.

5. The democracies with compulsory voting in the 1971–96 period are Australia, Belgium, Costa Rica, Greece, Italy, Luxembourg, and Venezuela. Compulsory voting was abolished in the Netherlands in 1970. For the regression analysis with the 1960–78 Powell data, reported below, the Netherlands is counted as having compulsory voting, and the average Dutch turnout percentage is only for the elections in which voting was still compulsory.

6. The independent variable here is the degree of consensus democracy for the entire 1945–96 period.

strong and significant at the 1 percent level. The difference in turnout between consensus and majoritarian democracies is about 7.3 percentage points—very close to the 7.5 percent difference in the period 1971–96.⁷

Satisfaction with Democracy

Does the type of democracy affect citizens' satisfaction with democracy? Hans-Dieter Klingemann (1999) reports the responses to the following survey question asked in many countries, including eighteen of our democracies, in 1995 and 1996: "On the whole, are you very satisfied, fairly satisfied, not very satisfied, or not at all satisfied with the way democracy works in (your country)?" The Danes and Norwegians expressed the highest percentage of satisfaction with democracy: 83 and 82 percent, respectively, said that they were "very" or "fairly" satisfied. The Italians and Colombians were the least satisfied: only 19 and 16 percent, respectively, expressed satisfaction. Generally, as Table 16.1 shows, citizens in consensus democracies are significantly more satisfied with democratic performance in their countries than citizens of majoritarian democracies; the difference is approximately 17 percentage points.

In an earlier study of eleven European democracies, Christopher J. Anderson and Christine A. Guillory (1997) found that, in each of these countries, respondents who had voted for the winning party or parties were more likely to be satisfied with how well democracy worked in their country than respondents who had voted for the losing party or parties. Because it is easy to be satisfied when one is on the winning side, the degree to which winners and losers have similar responses can be regarded as a

7. PR is probably the most important institutional element responsible for the strong relationships between consensus democracy on one hand and voter turnout and women's representation on the other; PR is the usual electoral system in consensus democracies, and it has been found to be a strong stimulant to both voter participation and women's representation (Blais and Carty 1990, Rule and Zimmerman 1994).

more sensitive measure of the *breadth* of satisfaction than simply the number of people who say they are very or fairly satisfied. The largest difference, 37.5 percentage points, was in Greece, where 70.3 percent of the respondents on the winning side expressed satisfaction compared with only 32.8 percent of the losers; the smallest difference occurred in Belgium, where 61.5 percent of the winners were satisfied compared with 56.8 percent of the losers—a difference of only 4.7 percentage points. The general pattern discovered by Anderson and Guillory was that in consensus democracies the differences between winners and losers were significantly smaller than in majoritarian democracies. My replication of Anderson and Guillory's analysis, using the degree of consensus democracy on the executives-parties dimension in the period 1971–96, strongly confirms their conclusion. As Table 16.1 shows, the difference in satisfaction is more than 16 percentage points smaller in the typical consensus than in the typical majoritarian democracy. The correlation is highly significant (at the 1 percent level).⁸

Government-Voter Proximity

The next two variables can be used to test the following key claim that is often made on behalf of majoritarian democracy: because in the typical two-party system the two major parties are both likely to be moderate, the government's policy position is likely to be close to that of the bulk of the voters. John D. Huber and G. Bingham Powell (1994) compared the government's position on a ten-point left-right scale with the voters' positions on the same scale in twelve Western democracies in

8. In Anderson and Guillory's eleven countries, there was also a positive, but not statistically significant, relationship between consensus democracy and the percentage of respondents expressing satisfaction with democracy. However, Italy is an extreme outlier, with only 21.7 percent of the respondents expressing satisfaction; the percentages in the other countries range from 83.8 percent in Germany to 44.7 percent in Greece. When the Italian case is removed from the analysis, the correlation becomes significant at the 5 percent level.

the period 1978–85. One measure of the distance between government and voters is simply the distance between the government's position on the left-right scale and the position of the median voter; this measure is called "government distance" in Table 16.1. The other measure is the percentage of voters between the government and the median citizen, called "voter distance" in the table. The smaller these two distances are, the more representative the government is of the citizens' policy preferences.

Government distance ranges from a high of 2.39 points on the ten-point scale in the United Kingdom to a low of 0.47 in Ireland. Voter distance is the greatest in Australia, 37 percent, and the smallest in Ireland, 11 percent. Contrary to the majoritarian claim, both distances are actually smaller in consensus than in majoritarian democracies: the differences in the respective distances are about two-thirds of a point on the ten-point scale and more than 10 percent of the citizens. Both correlations are significant at the 5 percent level.

Accountability and Corruption

Another important claim in favor of majoritarian democracy is that its typically one-party majority governments offer clearer responsibility for policy-making and hence better accountability of the government to the citizens—who can use elections either to "renew the term of the incumbent government" or to "throw the rascals out" (Powell 1989, 119). The claim is undoubtedly valid for majoritarian systems with pure two-party competition. However, in two-party systems with significant third parties, "rascals" may be repeatedly returned to office in spite of clear majorities of the voters voting for other parties and hence against the incumbent government; all reelected British cabinets since 1945 fit this description. Moreover, it is actually easier to change governments in consensus democracies than in majoritarian democracies, as shown by the shorter duration of

cabinets in consensus systems (see the first two columns of Table 7.1). Admittedly, of course, changes in consensus democracies tend to be partial changes in the composition of cabinets, in contrast with the more frequent complete turnovers in majoritarian democracies.

A related measure is the incidence of corruption. It may be hypothesized that the greater clarity of responsibility in majoritarian democracies inhibits corruption and that the consensus systems' tendency to compromise and "deal-making" fosters corrupt practices. The indexes of perceived corruption in a large number of countries, including twenty-seven of our democracies, by Transparency International (1997) can be used to test this hypothesis. An index of 10 means "totally corrupt" and 0 means "totally clean."⁹ Among our democracies, India and Colombia are the most corrupt, with scores between 7 and 8; at the other end of the scale, six countries are close to "totally clean" with scores between 0 and 1: Denmark, Finland, Sweden, New Zealand, Canada, and the Netherlands. Contrary to the hypothesis, there is no significant relationship between consensus democracy and corruption. Moreover, the weak relationship that does appear is actually negative: consensus democracies are slightly *less* likely to be corrupt than majoritarian systems (by about two-thirds of a point on the index). This relationship becomes a bit stronger, but is still not statistically significant, when the level of development, which is strongly and negatively correlated with the level of corruption, is controlled for.

John Stuart Mill's Hypotheses

The final two variables that measure the quality of democracy are inspired by John Stuart Mill's (1861, 134) argument that majority rule is the most fundamental requirement of democ-

9. Transparency International's highest scores are for the "cleanest" and the lowest scores for the most "corrupt" countries. I changed this 10–0 scale to a 0–10 scale so that higher values would indicate more corruption.

racy and that the combination of plurality or majority elections and parliamentary government may lead to minority rule. He proves his point by examining the most extreme case: "Suppose . . . that, in a country governed by equal and universal suffrage, there is a contested election in every constituency, and every election is carried by a small majority. The Parliament thus brought together represents little more than a bare majority of the people. This Parliament proceeds to legislate, and adopts important measures by a bare majority of itself." Although Mill does not state so explicitly, the most important of these "important measures" is the formation of a cabinet supported by a majority of the legislators. Mill continues: "It is possible, therefore, and even probable" that this two-stage majoritarian system delivers power "not to a majority but to a minority." Mill's point is well illustrated by the fact that, as I showed in Chapter 2, the United Kingdom and New Zealand have tended to be *pluralitarian* instead of majoritarian democracies since 1945 because their parliamentary majorities and the one-party cabinets based on them have usually been supported by only a plurality—the largest minority—of the voters.

Mill argues that the best solution is to use PR for the election of the legislature, and he is obviously right that under a perfectly proportional system the problem of minority control cannot occur. His argument further means that consensus democracies, which frequently use PR and which in addition tend to have more inclusive coalition cabinets, are more likely to practice true majority rule than majoritarian democracies. Two measures can be used to test this hypothesis derived from Mill. One is popular cabinet support: the average percentage of the voters who gave their votes to the party or parties that formed the cabinet, or, in presidential systems, the percentage of the voters who voted for the winning presidential candidate, weighted by the time that each cabinet or president was in office. The second measure may be called the John Stuart Mill Criterion: the percentage of time that the majority-rule requirement—the require-

ment that the cabinet or president be supported by popular majorities—is fulfilled. Both measures can be calculated for the entire period 1945–96 for all democracies except Papua New Guinea due to the large number of independents elected to its legislature and frequently participating in its cabinets.¹⁰

The highest average popular cabinet support occurred in Switzerland (76.6 percent), Botswana (71.2 percent), and Austria (70.7 percent), and the lowest in Denmark (40.3 percent) and Spain (40.7 percent). The John Stuart Mill Criterion was always satisfied—100 percent of the time—in the Bahamas, Botswana, Jamaica, Luxembourg, and Switzerland, and never—0 percent of the time—in Norway, Spain, and the United Kingdom. These examples already make clear that the best and the poorest performers on these measures include both consensus and majoritarian democracies. We should therefore not expect strong statistical correlations between consensus democracy and either measure. Table 16.1 shows that, though both correlations are positive, they are fairly weak and only one is statistically significant. Popular cabinet support is only about 3.8 percent greater in consensus than in majoritarian democracies.

The evidence does not lend stronger support to Mill's line of thinking for three reasons. One is that the smallest majoritarian democracies—Botswana, the Bahamas, Jamaica, Trinidad, and Barbados—have high popular cabinet support as a result of their almost pure two-party systems in which the winning party usually also wins a popular majority or at least a strong popular plurality. This finding is in line with Robert A. Dahl and Edward R. Tufte's (1973, 98–108) conclusion that smaller units have fewer political parties even when they use PR. Dag Anckar (1993) argues that, in addition to size, insularity plays a role in

10. In a few other countries, relatively short periods had to be excluded: for instance, the period 1958–65 in France because the president was not popularly elected, and the periods 1979–80 and 1984–86 in India and Mauritius, respectively, because the cabinets contained fragments of parties that had split after the most recent elections. Moreover, nonpartisan cabinets and cabinets formed after boycotted elections were excluded.

reducing the number of parties. The case of the small island state of Malta, with PR elections but virtually pure two-party competition, bears out both arguments. When population size is controlled for, the correlation between consensus democracy and popular cabinet support becomes statistically significant at the 5 percent level. Controlling for population has an even more dramatic effect on the correlation between consensus democracy and the John Stuart Mill Criterion: it is now both strong and highly significant (at the 1 percent level).

The second explanation is that the presidential systems are on the majoritarian half of the spectrum but that they tend to do well in securing popular support for the executive: competition tends to be between two strong presidential candidates, and majority support is guaranteed—or, perhaps more realistically speaking, contrived—when the majority-runoff method is used.

Third, consensus democracies with frequent minority cabinets, especially the Scandinavian countries, have relatively low popular cabinet support. There is still a big difference, of course, between cabinets with only minority popular support but also minority status in the legislature, as in Scandinavia, and cabinets with minority popular support but with majority support in parliament, as in Britain and New Zealand; the lack of popular support is clearly more serious in the latter case. Moreover, popular cabinet support is based on actual votes cast and does not take into account strategic voting, that is, the tendency—which is especially strong in plurality elections—to vote for a party not because it is the voters' real preference but because it appears to have a chance to win. Hence, if popular cabinet support could be calculated on the basis of the voters' sincere preferences instead of their actual votes, the consensus democracies would do much better on this indicator of democratic quality.

The general conclusion is that consensus democracies have a better record than majoritarian democracy on all of the measures of democratic quality in Table 16.1, that all except two

correlations are statistically significant, and that most of the correlations are significant at the 1 or 5 percent level. For reasons of space, I am not presenting a table, similar to Table 16.1, with the bivariate correlations between consensus democracy on the federal-unitary dimension and the seventeen indicators of democratic quality. The reason is that there are no interesting results to report: the only strongly significant bivariate relationship (at the 5 percent level) is a negative correlation between consensus democracy and voter turnout in the period 1971–96. However, when compulsory voting, the frequency of elections, and level of development are controlled for, the correlation becomes very weak and is no longer significant.

Consensus Democracy and Its Kinder, Gentler Qualities

The democratic qualities discussed so far in this chapter should appeal to all democrats: it is hard to find fault with better women's representation, greater political equality, higher participation in elections, closer proximity between government policy and voters' preferences, and more faithful adherence to John Stuart Mill's majority principle. In addition, consensus democracy (on the executives-parties dimension) is associated with some other attributes that I believe most, though not necessarily all, democrats will also find attractive: a strong community orientation and social consciousness—the kinder, gentler qualities mentioned in the beginning of this chapter. These characteristics are also consonant with feminist conceptions of democracy that emphasize, in Jane Mansbridge's (1996, 123) words, "connectedness" and "mutual persuasion" instead of self-interest and power politics: "The processes of persuasion may be related to a more consultative, participatory style that seems to characterize women more than men." Mansbridge further relates these differences to her distinction between "adversary" and "unitary" democracy, which is similar to the majoritarian-consensus con-

trast. Accordingly, consensus democracy may also be thought of as the more feminine model and majoritarian democracy as the more masculine model of democracy.

There are four areas of government activity in which the kinder and gentler qualities of consensus democracy are likely to manifest themselves: social welfare, the protection of the environment, criminal justice, and foreign aid. My hypothesis is that consensus democracy will be associated with kinder, gentler, and more generous policies. Table 16.2 presents the results of the bivariate regression analyses of the effect of consensus democracy on ten indicators of the policy orientations in these four areas. The independent variable in all cases is the degree of consensus democracy on the executives-parties dimension in the period 1971–96.

The first indicator of the degree to which democracies are welfare states is Gøsta Esping-Andersen's (1990) comprehensive measure of "decommodification"—that is, the degree to which welfare policies with regard to unemployment, disability, illness, and old age permit people to maintain decent living standards independent of pure market forces. Among the eighteen OECD countries surveyed by Esping-Andersen in 1980, Sweden has the highest score of 39.1 points and Australia and the United States the lowest—13.0 and 13.8 points, respectively. Consensus democracy has a strong positive correlation with these welfare scores. The difference between the average consensus democracy and the average majoritarian democracy is almost ten points. Wealthy countries can afford to be more generous with welfare than less wealthy countries, but when the level of development is controlled for, the correlation between consensus democracy and welfare becomes even a bit stronger.

Esping-Andersen's measure has been severely criticized for understating the degree to which Australia, New Zealand, and the United Kingdom are welfare states (Castles and Mitchell 1993). Because these three countries are, or were, also mainly

majoritarian systems, this criticism throws doubt on the link between consensus democracy and welfare statism. In order to test whether the original finding was entirely driven by Esping-Andersen's classification of Australia, New Zealand, and the United Kingdom, I re-ran the regression without these three disputed cases. The result is reported in the second row of Table 16.2. The relationship between consensus democracy and the welfare state is weakened only slightly, and it is still statistically significant at the 5 percent level.

Another indicator of welfare statism is social expenditure as a percentage of gross domestic product in the same eighteen OECD countries in 1992, analyzed by Manfred G. Schmidt (1997). Sweden is again the most welfare-oriented democracy with 37.1 percent social expenditure, but Japan now has the lowest percentage, 12.4 percent, followed by the United States with 15.6 percent. The correlation with consensus democracy is again strong and significant, and it is not affected when level of development is controlled for. Consensus democracies differ from majoritarian democracies in that they spend an additional 5.3 percent of their gross domestic product on welfare.

Environmental performance can be measured by means of two indicators that are available for all or almost all of our thirty-six democracies. The first is Monte Palmer's (1997) composite index of concern for the environment, based mainly on carbon dioxide emissions, fertilizer consumption, and deforestation. This index ranges from a theoretical high of one hundred points, indicating the best environmental performance to a low of zero points for the worst performance. The highest score among our democracies is for the Netherlands, seventy-seven points, and the lowest score is Botswana's, zero points.¹¹ Consensus democracies score almost ten points higher than majoritarian

11. Palmer (1997, 16) gives the highest scores to "the most environmentally troubled nations." I changed his 0–100 scale to a 100–0 scale so that higher scores would indicate better environmental performance.

Table 16.2 Bivariate regression analyses of the effect of consensus democracy (executives-parties dimension) on ten indicators of welfare statism, environmental performance, criminal justice, and foreign aid

	Estimated regression coefficient	Standardized regression coefficient	Absolute t-value	Countries (N)
Welfare state index (1980)	4.90***	0.68	3.70	18
Adjusted welfare index (1980)	4.29**	0.58	2.60	15
Social expenditure (1992)	2.66**	0.44	1.94	18
Palmer index (c. 1990)	4.99*	0.30	1.67	31
Energy efficiency (1990-94)	0.93***	0.51	3.50	36
Incarceration rate (1992-95)	-32.12*	-0.30	1.39	22
Death penalty (1996)	-0.35***	-0.44	2.86	36
Foreign aid (1982-85)	0.09*	0.30	1.38	21
Foreign aid (1992-95)	0.10**	0.39	1.86	21
Aid versus defense (1992-95)	5.94***	0.51	2.58	21

*Statistically significant at the 10 percent level (one-tailed test)

**Statistically significant at the 5 percent level (one-tailed test)

***Statistically significant at the 1 percent level (one-tailed test)

Source: Based on data in Esping-Andersen 1990, 52; Schmidt 1997, 155; Palmer 1997, 16-20; World Bank 1992, 26-27; World Bank 1993, 26-27; World Bank 1994, 26-27; World Bank 1995, 26-27; World Bank 1997, 26-27; Mauer 1994, 3; Mauer 1997, 4; Bedau 1997, 78-82; United Nations Development Programme 1994, 197; United Nations Development Programme 1995, 204, 206; United Nations Development Programme 1996, 199, 201; United Nations Development Programme 1997, 214-15

democracies; the correlation is statistically significant at the 10 percent level and is not affected when level of development is controlled for.

An even better overall measure of environmental responsibility is energy efficiency. Table 16.2 uses the World Bank's figures for the gross domestic product divided by total energy consumption for the years from 1990 to 1994. The most environmentally responsible countries produce goods and services with the lowest relative consumption of energy; the least responsible countries waste a great deal of energy. Among our thirty-six democracies, Switzerland has the highest value, an annual average of \$8.70, and Trinidad the lowest, \$0.80. The correlation between consensus democracy and energy efficiency is extremely strong (significant at the 1 percent level) and unaffected by the introduction of level of development as a control variable.

One would also expect the qualities of kindness and gentleness in consensus democracies to show up in criminal justice systems that are less punitive than those of majoritarian democracies, with fewer people in prison and with less or no use of capital punishment. To test the hypothesis with regard to incarceration rates, I used the average rates in 1992-93 and 1995 collected by the Sentencing Project (Mauer 1994, 1997). These rates represent the number of inmates per hundred thousand population. The highest and lowest rates are those for the United States and India: 560 and 24 inmates per hundred thousand population, respectively. Consensus democracy is negatively correlated with incarceration, but only at the modest 10 percent level of significance. However, this result is strongly affected by the extreme case of the United States: its 560 prisoners per hundred thousand people is more than four times as many as the 131 inmates in the next most punitive country, New Zealand. When the United States is removed from the analysis, the negative correlation between consensus democracy and the incarceration rate is significant at the 5 percent level; when in addition the

level of development is controlled for, the correlation becomes significant at the 1 percent level. The remaining twenty-one countries range from 24 to 131 inmates per hundred thousand population; with level of development controlled, the consensus democracies put about 26 fewer people per hundred thousand population in prison than the majoritarian democracies.

As of 1996, eight of our thirty-six democracies retained and used the death penalty for ordinary crimes: the Bahamas, Barbados, Botswana, India, Jamaica, Japan, Trinidad, and the United States. The laws of twenty-two countries did not provide for the death penalty for any crime. The remaining six countries were in intermediate positions: four still had the death penalty but only for exceptional crimes such as wartime crimes—Canada, Israel, Malta, and the United Kingdom—and two retained the death penalty but had not used it for at least ten years—Belgium and Papua New Guinea (Bedau 1997, 78–82). On the basis of these differences, I constructed a three-point scale with a score of two for the active use of the death penalty, zero for the absence of the death penalty, and one for the intermediate cases. The negative correlation between consensus democracy and the death penalty is strong and highly significant (at the 1 percent level), and is not affected by controlling for level of development.

In the field of foreign policy, one might plausibly expect the kind and gentle characteristics of consensus democracy to be manifested by generosity with foreign aid and a reluctance to rely on military power.¹² Table 16.2 uses three indicators for twenty-one OECD countries: average annual foreign aid—that is, economic development assistance, not military aid—as a percentage of gross national product in the period 1982–85 before the end of the Cold War; average foreign aid levels in the post-

12. This hypothesis can also be derived from the “democratic peace” literature (Ray 1997). The fact that democracies are more peaceful, especially in their relationships with each other, than nondemocracies is often attributed to their stronger compromise-oriented political cultures and their institutional checks and balances. If this explanation is correct, one should expect consensus democracies to be even more peace-loving than majoritarian democracies.

Cold War years from 1992 to 1995; and foreign aid in the latter period as a percent of defense expenditures. In the period 1982–85, foreign aid ranged from a high of 1.04 percent of gross national product (Norway) to a low of 0.04 percent (Portugal); in the period 1992–95, the highest percentage was 1.01 percent (Denmark and Norway) and the lowest 0.14 percent (the United States). The highest foreign aid as a percent of defense expenditure was Denmark’s 51 percent, and the lowest that of the United States, 4 percent.

In the bivariate regression analysis, consensus democracy is significantly correlated with all three indicators, albeit at different levels. However, two important controls need to be introduced. First, because wealthier countries can better afford to give foreign aid than less wealthy countries, the level of development should be controlled for. Second, because large countries tend to assume greater military responsibilities and hence tend to have larger defense expenditures, which can be expected to limit their ability and willingness to provide foreign aid, population size should be used as a control variable; Dahl and Tufte (1973, 122–23) found a strong link between population and defense spending. When these two controls are introduced, the correlations between consensus democracy and the three measures of foreign aid remain significant, all at the 5 percent level. With the controls in place, the typical consensus democracy gave about 0.20 percent more of its gross national product in foreign aid than the typical majoritarian democracy in both the Cold War and post-Cold War periods, and its aid as a percent of defense spending was about 9.5 percentage points higher.

Similar regression analyses can be performed to test the effect of the other (federal-unitary) dimension of consensus democracy on the above ten indicators, but few interesting results appear. The only two significant bivariate correlations are between consensus democracy on one hand and the incarceration rate and social expenditure on the other, both at the 5 percent

level. The negative correlation with social expenditure is not affected when the level of development is controlled for; the explanation is that three federal systems—Australia, Canada, and the United States—are among the only four countries with social spending below 20 percent of gross domestic product. The positive correlation with the rate of incarceration is entirely driven by the extreme case of the United States; when the United States is removed from the analysis, the relationship disappears.

As the subtitle of this chapter states: consensus democracy makes a difference. Indeed, consensus democracy—on the executives-parties dimension—makes a big difference with regard to almost all of the indicators of democratic quality and with regard to all of the kinder and gentler qualities. Furthermore, when the appropriate controls are introduced, the positive difference that consensus democracy makes generally tends to become even more impressive.

CHAPTER 17

Conclusions and Recommendations

Two conclusions of this book stand out as most important. The first is that the enormous variety of formal and informal rules and institutions that we find in democracies can be reduced to a clear two-dimensional pattern on the basis of the contrasts between majoritarian and consensus government. The second important conclusion has to do with the policy performance of democratic governments: especially as far as the executives-parties dimension is concerned, majoritarian democracies do not outperform the consensus democracies on macroeconomic management and the control of violence—in fact, the consensus democracies have the slightly better record—but the consensus democracies do clearly outperform the majoritarian democracies with regard to the quality of democracy and democratic representation as well as with regard to what I have called the kindness and gentleness of their public policy orientations. On the second dimension, the federal institutions of consensus democracy have obvious advantages for large countries, and the independent central banks that are part of this same set of consensus characteristics effectively serve the purpose of controlling inflation.

These conclusions have an extremely important practical implication: because the overall performance record of the consensus democracies is clearly superior to that of the majoritarian

democracies, the consensus option is the more attractive option for countries designing their first democratic constitutions or contemplating democratic reform. This recommendation is particularly pertinent, and even urgent, for societies that have deep cultural and ethnic cleavages, but it is also relevant for more homogeneous countries.

The Good News

Two pieces of good news and two pieces of bad news are attached to this practical constitutional recommendation. The first bit of good news is that, contrary to the conventional wisdom, there is no trade-off at all between governing effectiveness and high-quality democracy—and hence no difficult decisions to be made on giving priority to one or the other objective. Both dimensions of consensus democracy have advantages that are not offset by countervailing disadvantages—almost too good to be true, but the empirical results presented in Chapters 15 and 16 demonstrate that it *is* true.

Additional good news is that it is not difficult to write constitutions and other basic laws in such a way as to introduce consensus democracy. Divided-power institutions—strong federalism, strong bicameralism, rigid amendment rules, judicial review, and independent central banks—can be prescribed by means of constitutional stipulations and provisions in central bank charters. How these constitutional provisions work also depends on how they are interpreted and shaped in practice, of course, but the independent influence of explicit written rules should not be underestimated. It may also be possible to strengthen these institutions by choosing a particular form of them; for instance, if one wants to stimulate active and assertive judicial review, the best way to do so is to set up a special constitutional court (see Chapter 12). A central bank can be made particularly strong if its independence is enshrined not just in a central bank charter but in the constitution.

The institutions of consensus democracy on the executives-parties dimension do not depend as directly on constitutional provisions as the divided-power institutions. But two formal elements are of crucial indirect importance: proportional representation and a parliamentary system of government. Especially when they are used in combination, and if the PR system is proportional not just in name but reasonably proportional in practice, they provide a potent impetus toward consensus democracy. On the conceptual map of democracy (see Figure 14.1), almost all of the democracies that have both PR and parliamentary systems are on the left, consensual side of the map, and almost all of the democracies that have plurality or majority elections or presidential systems of government or both are on the right, majoritarian side.¹

Because the hybrid Swiss system can be regarded as more parliamentary than presidential (see Chapter 7) and because the Japanese SNTV electoral system can be regarded as closer to PR than to plurality (see Chapter 8), there are, among our thirty-six democracies, only three major and three minor exceptions to the proposition that PR and parliamentarism produce consensus democracy. Four PR-parliamentary systems are not clearly on the consensus side of the map: Ireland, Greece, Spain, and Malta. Ireland is almost exactly in the middle and hence not a significant exception. Greece and Spain are the two PR countries with notoriously impure PR systems (see Chapter 8) and are therefore not major exceptions either. The only major exception is Malta, where the proportional STV system has not

1. Because our set of thirty-six democracies includes only five presidential systems, and because France is a rather unusual presidential system, the conclusion concerning the effects of presidentialism cannot be regarded as definitive. Remember, however, that several majoritarian features are inherent in the nature of presidentialism, especially the majoritarian character of presidential cabinets and the disproportionality of presidential elections, and that presidentialism strongly promotes a system with relatively few parties. It is clearly not a coincidence that Costa Rica, Colombia, and Venezuela end up on the majoritarian side of the executives-parties dimension even though presidentialism in these three countries is combined with PR in legislative elections.

prevented the development and persistence of an almost pure two-party system. The two exceptions on the other side—clear and significant exceptions—are India and Mauritius: their ethnic and religious pluralism and the multiplicity of their ethnic and religious groups have produced multiparty systems and coalition or minority cabinets in spite of plurality elections.

Both parliamentarism and PR can be fine-tuned to fit the conditions of particular countries and also to allay any fears that the combination of PR and parliamentary government will lead to weak and unstable cabinets—however exaggerated such fears may be, given the analysis in Chapter 15 of this book. One reinforcement of parliamentary government that has been introduced in several countries is the German-style constructive vote of no confidence, which requires that parliament can dismiss a cabinet only by simultaneously electing a new cabinet.² One problem with this rule is that a parliament that has lost confidence in the cabinet but is too divided internally to elect a replacement may render the cabinet impotent by rejecting all or most of its legislative proposals; this scenario is similar to the divided-government situation that often afflicts presidential democracies. This problem can be solved, however, by adding the French rule that gives the cabinet the right to make its legislative proposals matters of confidence—which means that parliament can reject such proposals only by voting its lack of confidence in the cabinet by an absolute majority (see Chapter 6). The combination of these German and French rules can prevent both cabinet instability and executive-legislative deadlock without taking away parliament's ultimate power to install a cabinet in which it does have confidence.

Similarly, PR systems can be designed so as to control the degree of multipartism. The evidence does not support fears that PR, if it is too proportional, will inevitably lead to extreme

2. In the German model, it is the prime minister (chancellor) rather than the cabinet as a whole who is elected by parliament and who can be constructively replaced by parliament, but in practice this distinction is not significant.

party proliferation. Nor is there a strong connection between the degree of proportionality of PR and the effective number of parliamentary parties (see Figure 8.2). Nevertheless, if, for instance, one wants to exclude small parties with less than 5 percent of the vote from legislative representation, it is easy to do so by writing a threshold clause into the electoral law and (unlike the German electoral law) not allowing any exceptions to this rule.³

And the (Seemingly) Bad News

Unfortunately, there are also two pieces of bad news: both institutional and cultural traditions may present strong resistance to consensus democracy. As far as the four institutional patterns defined by the PR-plurality and parliamentary-presidential contrasts are concerned, there is a remarkable congruence with four geographical regions of the world, defined roughly in terms of the Eastern, Western, Northern, and Southern hemispheres (Powell 1982, 66–68). In the Eastern hemisphere, the “North” (western and central Europe) is mainly PR-parliamentary, whereas the “South” (especially the former British dependencies in Africa, Asia, and Australasia) is characterized by the plurality-parliamentary form of government. In the Western hemisphere, the “South” (Latin America) is largely PR-presidential in character, whereas the “North” (the United States) is the world's principal example of plurality-presidential government.⁴

Most of the older democracies, but only a few of the newer

3. The only danger of electoral thresholds, especially if they are as high as 5 percent or even higher, is that in unconsolidated party systems there may be many small parties that will be denied representation—leading to an extremely high degree of disproportionality.

4. The congruence is far from perfect, of course. France is a major exception in the PR-parliamentary “North-East”; the plurality-presidential—or majority-presidential—“North-West” has extensions into East Asia (especially the Philippines), Central Asia (the former Soviet republics), and eastern Europe (Ukraine, Belarus, and Moldova); and the plurality-parliamentary “South-East” has important representatives in other regions (Canada and former British colonies in the Caribbean as well as the United Kingdom itself in western Europe).

ones (like the Czech Republic, Hungary, Slovenia, Estonia, and Latvia), are in the PR-parliamentary "North-East." Most of the newer democracies—both those analyzed in this book and the somewhat younger ones—as well as most of the democratizing countries are in the "South-East" and "South-West." These two regions are characterized by either plurality elections or presidentialism. The majoritarian propensities of these institutions and the strength of institutional conservatism are obstacles to consensus democracy that may not be easy to overcome.

The second piece of bad news appears to be that consensus democracy may not be able to take root and thrive unless it is supported by a consensual political culture. Although the focus of this book has been on institutions rather than culture, it is clear that a consensus-oriented culture often provides the basis for and connections between the institutions of consensus democracy. For instance, four of the five elements of the executives-parties dimension are structurally connected—PR leading to multipartism, multipartism to coalition cabinets, and so on—but there is no such structural connection between these four and the fifth element of interest group corporatism. The most plausible explanation is cultural. Consensus democracy and majoritarian democracy are alternative sets of political institutions, but more than that: they also represent what John D. Huber and G. Bingham Powell (1994) call the "two visions" of democracy.

Similarly, four of the five elements of the second dimension of consensus democracy are structurally and functionally linked to the requirements of operating a federal system, as theorists of federalism have long insisted (see Chapter 1). But there is no such link with central bank independence. Instead, the most likely connection is a political-cultural predisposition to think in terms of dividing power among separate institutions. My final example concerns the connection found in Chapter 16 between consensus democracy and several kinder and gentler public policies. It appears more plausible to assume that both consensus

democracy and these kinder, gentler policies stem from an underlying consensual and communitarian culture than that these policies are the direct result of consensus institutions.

Grounds for Optimism

These two items of bad news do not necessarily mean that consensus democracy has no chance in newly democratic and democratizing countries, because there are two important counter-arguments. One is that we tend to think of culture and structure in terms of cause and effect, respectively, but that there is actually a great deal of interaction between them; this is especially true of political culture and political structure. As Gabriel A. Almond and Sidney Verba (1963, 35) argued in *The Civic Culture*, structural and cultural phenomena are variables in "a complex, multidirectional system of causality." This means that, although a consensual culture may lead to the adoption of consensus institutions, these institutions also have the potential of making an initially adversarial culture less adversarial and more consensual. Consensus democracies like Switzerland and Austria may have consensual cultures today, but they have not always been so consensual: the Swiss fought five civil wars from the sixteenth to the middle of the nineteenth century, and the Austrians fought a brief but bloody civil war as recently as 1934. In the late 1990s, Belgium, India, and Israel have—and clearly need—consensus institutions, but they do not have consensual cultures. Observers of the Belgian political scene often wonder whether the country can stay together or will fall apart. Israel and India, too, can only be described as having highly contentious and conflictual political cultures.

Moreover, although the institutional traditions in the "South-East" and "South-West," where most of the newly democratic and democratizing countries are located, are not favorable to consensus democracy, the prevalent political cultures in these areas of the world are much more consensual than majoritarian.

In his classic work *From Empire to Nation*, Rupert Emerson (1960, 284) argued that the assumption that the majority has the "right to overrule a dissident minority after a period of debate does violence to conceptions basic to non-Western peoples." While he conceded that there were important differences among the traditions of Asian and African peoples, "their native inclination is generally toward extensive and unhurried deliberation aimed at ultimate consensus. The gradual discovery of areas of agreement is the significant feature and not the ability to come to a speedy resolution of issues by counting heads." Sir Arthur Lewis (1965, 86), a native of St. Lucia in the Caribbean and of African descent, not only strongly advocated consensus democracy for the West African countries (see Chapter 3) but also emphasized their strong consensually oriented traditions: "The tribe has made its decisions by discussion, in much the way that coalitions function; this kind of democratic procedure is at the heart of the original institutions of the people."

More recently, the same point has been made forcefully and repeatedly in the book *Will of the People: Original Democracy in Non-Western Societies* by Philippine statesman and scholar Raul S. Manglapus (1987, 69, 78, 82, 103, 107, 123, 129). He argues not only that the non-West has strong democratic traditions but that these traditions are much more consensual than majoritarian: "the common characteristic [is] the element of consensus as opposed to adversarial decisions." And time and again he describes the non-Western democratic process as a "consensual process" based on a strong "concern for harmony." My final example is a statement by Nigerian scholar and former United Nations official Adebayo Adedeji (1994, 126): "Africans are past masters in consultation, consensus, and consent. Our traditions abhor exclusion. Consequently, there is no sanctioned and institutionalized opposition in our traditional system of governance. Traditionally, politics for us has never been a zero-sum game."

Such statements are often regarded as suspect because they

have been abused by some non-Western political leaders to justify deviations from democracy (Bienen and Herbst 1991, 214). But the fact that they have been used for illegitimate purposes does not make them less valid. All of the authors I have cited are both sincere democrats and sensitive observers without ulterior nondemocratic motives. Hence the consensus-oriented political cultures of the non-Western world can be regarded as a strong counterforce to its majoritarian institutional conservatism, and they may well be able to provide fertile soil for consensus democracy.